Comprehensive Annual Financial Report

Year Ended December 31, 2008

Hennepin County Minnesota

Hennepin County, Minnesota

Financial Highlights

			2008		2007	Percent Change
Government-wide:	Assets	$	2,560,284,307	$	2,557,744,769	0.1%
	Liabilities	$	1,404,459,830	$	1,221,604,548	15.0%
	Net Assets	$	1,155,824,477	$	1,336,140,221	-13.5%
Government-wide:	Program Expenses	$	2,219,723,422	$	2,054,088,821	8.1%
	Program Revenues		1,334,525,986		1,215,552,464	9.8%
	Net Program Expense		(885,197,436)		(838,536,357)	
	General Revenues		704,881,692		692,046,955	1.9%
	Change in Net Assets	$	(180,315,744)	$	(146,489,402)	
	Expense Per Capita	$	1,945.44	$	1,807.22	7.6%

All government-wide amounts shown above include the discretely presented component unit. See Management's Discussion and Analysis, which begins on page 15 for explanations of the changes reflected above, such as those relating to the Ballpark project.

Funds Available for Investment at December 31:					
General Investible Funds	$	602,026,149	$	551,269,395	9.2%
Bond Proceeds/Non-General Investible Funds		31,542,142		17,942,753	75.8%
Total Investible Funds	$	633,568,291	$	569,212,148	11.3%
Annual Daily Average of General Investible Funds	$	735,664,843	$	686,563,287	7.2%
Average Investment Return for All Funds *		4.81%		5.89%	-18.3%
Average Investment Yield for All Funds		3.99%		3.98%	0.3%

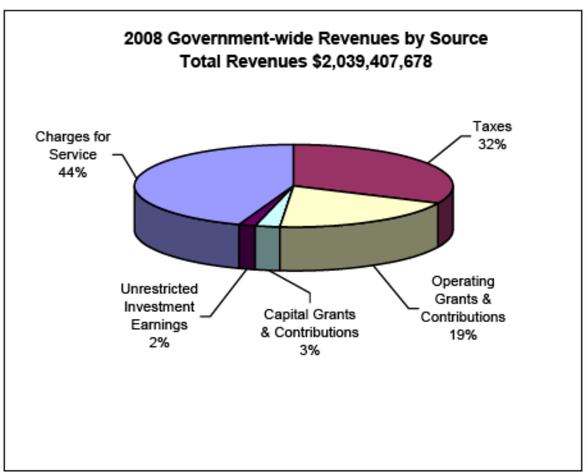
* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has recorded investments at fair value. Investment income for 2008 before recording the net change in fair value of investments was $30,148,631 as compared to $28,841,902 in 2007.

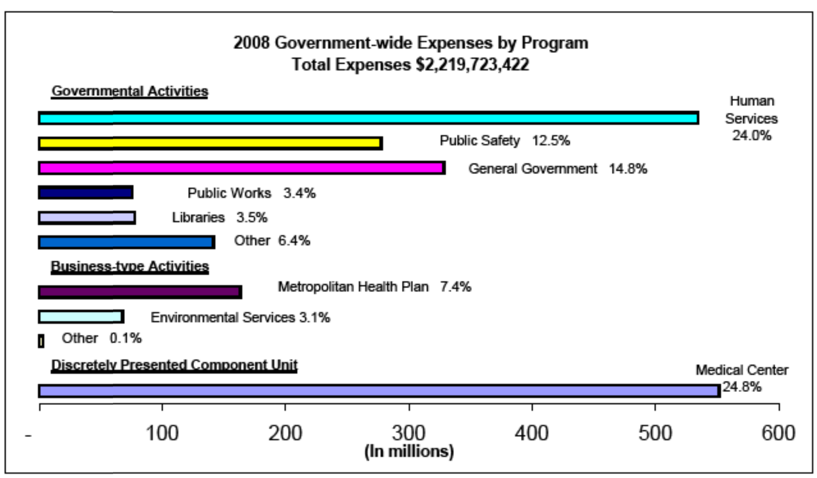
Total County Issued Bonds and Notes*		$	599,320,000	$	558,675,000	7.3%
Average Interest Rate on General Obligation Debt			4.42%		4.50%	-1.7%
Net General Obligation Debt Per Capita		$	491.10	$	413.82	18.7%
Ratio of Net General Obligation Debt to Property Market Value			0.379%		0.317%	19.5%
Long-term Bond Ratings:*	Moody's Investors Service		Aaa		Aaa	
	Standard & Poor's		AAA		AAA	
	Fitch Ratings		AAA		AAA	

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

Net Tax Capacity*	$	1,602,797,286	$	1,480,713,060	8.2%
Tax Capacity Rates:					
City of Minneapolis		34.554%		34.870%	-0.9%
Suburban		38.571%		39.110%	-1.4%
Estimated Market Value*	$	148,192,546,800	$	140,297,495,800	5.6%

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





Hennepin County, Minnesota

Comprehensive Annual Financial Report
Year Ended December 31, 2008

Hennepin County Board of Commissioners
Randy Johnson, Chair, 5th District
Gail Dorfman, Vice Chair, 3rd District
Mike Opat, 1st District
Mark Stenglein, 2nd District
Peter McLaughlin, 4th District
Linda Koblick, 6th District
Penny Steele, 7th District

Hennepin County Administrator
Richard P. Johnson

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

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

Hennepin County does not discriminate on the basis of race, color, creed, religion, national origin, sex, age, disability, marital status, sexual orientation, or public assistance status. If you believe you have been discriminated against by Hennepin County, contact the Human Resources Department, A-400 Government Center, Minneapolis, MN 55487-0040; (612) 348-3562, or TTY (612) 348-3770.

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Hennepin

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2008 Comprehensive Annual Financial Report

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Transmittal Letter

Hennepin County Administration

Richard Johnson, County Administrator
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55487-0233

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FAX: 612-348-8228
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www.hennepin.us

June 19, 2009

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

Minnesota Statutes require all counties to issue an annual report on their financial position and activity prepared in conformity with 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 Hennepin County for the fiscal year ended December 31, 2008.

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

McGladrey & Pullen, LLP, Certified Public Accountants, has issued an unqualified ("clean") opinion on Hennepin County's financial statements for the year ended December 31, 2008. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of the Government

Hennepin County, incorporated in 1852, is part of one of the nation's major metropolitan areas and ranks sixteenth in the nation in population. The County is the most populous of Minnesota's 87 counties with almost one-quarter of the State's estimated population. Hennepin County has a broad-based economy with sizable manufacturing, financial, governmental, trade, healthcare, and entertainment sectors. The diversity of this base has typically provided some level of insulation against economic downturns. Many major corporations are headquartered in the County. Income levels tend to exceed the national average, and the County's tax base continues to be strong. Employment remains relatively stable and the unemployment rate has typically remained below the national average.

2008 Hennepin County Facts	
Population -	***1.1 million***
Per Capita Income (2007 estimate) -	***$34,747***
2008 Approved Budget -	***$1.6 billion***
Assessed Valuation -	***$148 billion***

The County operates under the Board of Commissioners-Administrator form of government. Policy-making and legislative authority are vested in the Board of Commissioners, which consists of seven members. The Board of Commissioners is responsible for, among other things, authorizing resolutions, adopting the annual budget, appointing committees, and hiring the County Administrator.

The County Administrator is responsible for carrying out the policies and resolutions of the Board of Commissioners, overseeing the day-to-day operations of the County, and appointing the heads of County departments. The Board is elected on a non-partisan basis. Board members are elected from within their respective districts and serve four-year staggered terms with three or four members elected every two years. The financial reporting entity (the County) includes all the funds of the primary government (i.e., Hennepin County as legally defined) as well as all of its component units. Blended component units are legally separate entities that are included in the County's reporting entity due to the significance of their operational and financial relationships with the County. Accordingly, the Hennepin County Regional Railroad Authority and the Hennepin County Housing and Redevelopment Authority, blended component units, are reported as special revenue funds. The County's discretely presented component unit, Hennepin County Medical Center, is also a legally separate entity; however discrete presentation is required because this component unit's governing board is not essentially the same as the governing board of the County.

County Services. At the end of 2008, the County had 8,217 employees providing a full range of services. The following statistics are representative of the 2008 services provided.

Human Services and Public Health
Number of employees: 2,910

- Average number of active unduplicated cases on cash assistance, food stamps or healthcare per month: 86,952
- Percent of children at age two with up-to-date immunizations: 68%

Human Services is responsible for the administration of Federal and State-aided public assistance programs; public health function; provision of counseling and residential programs for mentally ill, mentally handicapped, or chemically dependent individuals; child protection, foster care and adoption; assistance to veterans; and employment and training services.

Libraries
Number of employees: 832

Circulation: 16,600,000 items

As described in the Community Enrichments section below, the Hennepin County Library system now provides services to the *entire* County through 41 libraries, the Hennepin Library web page, the Children's Readmobile, deposit collections at nursing homes and correctional facilities, mail services to homebound residents, and outreach services to new immigrants. The Hennepin County Library system consistently ranks among the top library systems in the Country.

Hennepin County Library supports early literacy. In 2008, Hennepin County Library won a National Association of Counties best of category achievement award for its World Language Story Time's series in promoting reading readiness in diverse populations.

Public Safety
Number of employees: 2,602

- County Attorney: Approximately 18,000 adult and juvenile criminal cases reviewed
- Public Defender: Opened 49,916 juveniles and adults cases
- Sheriff's Office: Daily average of 728 inmates supervised at the County Jail
- Community Corrections: Managed 33,170 adult and 3,341 juvenile cases under their jurisdiction

Services such as criminal prosecution, legal counsel for the indigent, law library services, and corrections programs are administered through the Public Safety program. Public Safety's mission is to protect life and property, protect the rights of citizens, and rehabilitate offenders.

Public Works
Number of employees: 435

Lane miles of road maintained: 2,013

Drawing of the Planned Lowry Bridge

Public Works services include the maintenance and construction of County roads and bridges, management of the County's solid waste system, investing in housing and transit through public and private partnerships, and emergency preparedness. These services are provided through four departments: Transportation, Environmental Services; Housing, Community Works and Transit; and Public Works Management Support. Public Works also manages two County-wide internal service funds; the Central Mobile Equipment Division (CMED) and the Hennepin County Energy Center (HCEC). In addition, Public Works provides staff support to the Hennepin County Housing and Redevelopment Authority (HCHRA) and the Hennepin County Regional Rail Authority (HCRRA).

Health
Number of employees: 368

• NorthPoint Health and Wellness patient visits	72,222
• Metropolitan Health Plan members at December 31	21,624
• Medical Examiner's reported cases	3,830

Healthcare services available to citizens include basic care, medical services to the indigent, emergency medical services, and investigations of certain deaths. These services are provided through the NorthPoint Health and Wellness Center, Metropolitan Health Plan (MHP), the office of the Medical Examiner, and Hennepin County Medical Center, a component unit of the County.

General Government
Number of employees: 1,070

General Government provides legislative direction, administrative support, and general services for the management of County business and programs. This area includes the following departments:

Board of Commissioners	Establishes all formal policies, executes agreements, and authorizes budgets and staffing as the legislative authority for the County.
County Administration	Administers the overall operation of the County, implements the programs and policies established by the County Board, and advises the County Board on policy matters.
Assessor	Administers property assessments.
Budget & Finance	Reviews budgets, prepares forecasts, conducts policy analysis and research, manages debt and investments, and performs general accounting, payroll, and other financial management functions.
Research, Planning & Development	Performs research and analysis relating to the County's strategic direction, leads and coordinates the County's strategic initiatives and strategic management framework, Develops partnerships to improve the well-being of Hennepin County residents.
Property Services	Operates and manages 5.7 million square feet of building space owned and leased by the County to provide services to citizens.
Information Technology	Provides effective, efficient, and innovative technology services and tools to Hennepin County departments and lines of business, building a technical infrastructure that supports the delivery of services to community partners and the citizens of Hennepin County.
Taxpayer Services	Administers elections including maintenance of a centralized voter registration file, issues various licenses such as driver, marriage, motor vehicle, and fish/game licenses, handles the administration of property tax collection activities and distribution to local governments within the County.
Human Resources	Provides human resource programs and support services.
Public Affairs	Raises the public's awareness of Hennepin County's role in enhancing the quality of life through effective communication.
Internal Audit	Reviews and evaluates adequacy and effectiveness of the County's internal control system.
General County Purposes	Encourages and assists public programs and activities dedicated to cultural enrichment and to educational and technical assistance; provides dues and contributions to organizations benefiting the County; and reserves available funding for contingent activities further define during the budget year.
Intergovernmental Relations	Coordinates the County's legislative activities with Federal, State, and local governments.

B U D G E T

Budget Process. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, and enterprise funds. All annual appropriations lapse at year-end to the extent that they have not been expended or encumbered. Project-length financial plans are adopted for all capital projects. The budget process is described in more detail in the Notes to Required Supplementary Information on page 90.

2008 Budget Focus. The challenge of the 2008 budget was to continue to provide quality services in an environment of constricted resources and increasing reliance on the property tax. Meeting this challenge necessitated focusing on results while maintaining the superior financial health of the County. The 2008 budget reflected an effort to maintain essential services and respond to new needs. However, the budget also included reductions in some programs and services, especially in discretionary Human Services programs that were supported by property taxes. Difficult choices were made in the 2008 budget in an attempt to refocus efforts and reduce service costs without adversely affecting the County's mission to enhance the health, safety and quality of life of County residents.

Budget Reporting. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and other governmental funds with appropriated annual budgets, this comparison is presented in the Required Supplementary Information subsection of this report, which starts on page 80. This comparison is presented for enterprise funds in the Supplementary Information - Enterprise Funds subsection of this report, which starts on page 106.

Major Initiatives and Achievements

HEALTHY IMPROVEMENTS

During 2008, the County funded several capital projects for the Medical Center component unit. For example, the relocation of the **Family Medical Center** took a significant step forward with the acquisition of property at Nicollet Avenue and 29th Street in Minneapolis. The current facility is located in leased quarters that cannot be expanded to keep up with the ever-increasing demand for clinic services. When completed in early 2010, the new $30 million Family Medical Center will be approximately twice as large as the current facility.

Significant progress was achieved on the **In-patient Bed Expansion** project at the Medical Center during 2008. The entire project is estimated to cost approximately $125 million and will be completed in phases. During 2008, approximately one-half of phase one of the project was completed. It is estimated that phase one of the project will be completed in 2010 and the entire project will be completed in 2013.

"Making Hennepin a Cool County" is a new educational tool on the Hennepin County's web-site to encourage employee and public awareness about the County's commitment to reducing greenhouse gas emissions and the impacts of climate change. This resource provides helpful tips for employees, residents, businesses and other governments of how we can impact our climate.

EMERGENCY PREPAREDNESS

The **2008 National Republican Convention (RNC)** was held at St. Paul's Xcel Energy Center from September 1st – 4th with the City of St. Paul delegated as the host city and the fiscal agent for the U.S. Department of Justice.

The Hennepin County Sheriff's Office in cooperation with the Minneapolis Police Department and other public safety entities were members of the Rapid Response Team that aided in providing public safety-related assistance through out the St. Paul-Minneapolis metropolitan area.

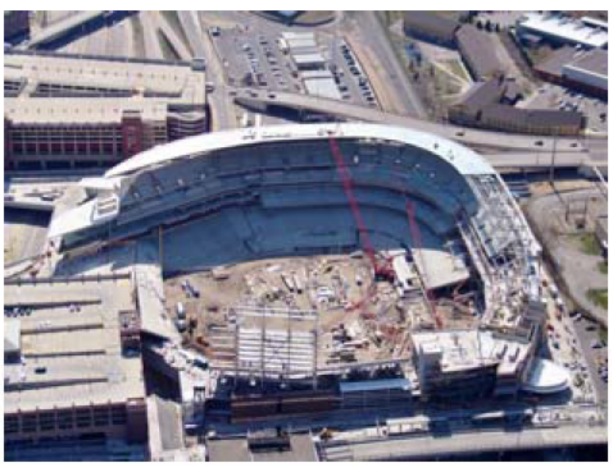
In preparation for the RNC, the Hennepin County Sheriff's Office had several team members working full time in planning the logistics for this event. This included everything from training, equipment acquisition, and scheduling, to developing plans for command posts, communications, transportation, and the accommodation of arrested individuals at the Adult Detention Center.

Outcomes of the RNC –

* Approximately 45,000 guests attended
* 716 Arrests in St. Paul
* 102 Arrests in Minneapolis
* Bulk of arrests were misdemeanors
* Estimated $150 million in new spending
* Approximately 2,800 new jobs created

Hennepin County Public Health leads one of seven national public health emergency preparedness Advanced Practiced Centers (APC) in partnership with the City of Minneapolis and Ramsey County environmental health staff. The Twin Cities Metro APC focuses on preparing environmental health professionals to respond to public health emergencies and develops tools to teach and ensure food safety. Some of these tools were used by Federal, State and local agencies during the Republican National Convention 2008, and again during the Presidential inauguration in early 2009.

COMMUNITY ENRICHMENTS



During 2008, progress continued on the creation of a **new Ballpark for the Minnesota Twins** major league baseball team. The project is owned by the Minnesota Ballpark Authority, with the County and the Minnesota Twins supplying the needed revenues to construct the facility and related infrastructure. During 2008, the County issued the final two of three total bond transactions to fund the County's $350 million share of the project costs. The County bonds are repaid by the proceeds from a 0.15 percent sales tax in Hennepin County.

The State Legislature authorized the **15 Minneapolis Public Libraries to merge with Hennepin County's 26 Libraries**. The two systems began operating as one library system under Hennepin County as of January 1, 2008. The pooling of resources and combining the strengths of each library system will enhance the services to its residents. Three formerly closed libraries were re-opened and excess revenue from the ballpark sales tax has made it possible for certain libraries to be open for additional hours of service.

TRANSPORTATION DEVELOPMENTS

The County continues to address the goal of improving mobility — that people and goods move easily and safely throughout the County and region through an integrated and varied system of transportation. Projects of significance for 2008 include:

- Continued reconstruction and widening along County State Aid Highway 1 (Pioneer Trail) in Eden Prairie to accommodate the rapid growth in traffic in the area.
- Reconstruction of County State Aid Highway 61 from Hopkins to Minnetonka continued in 2008. The purpose of the project is to improve safety and capacity, and includes bicycle accommodation.
- Continued progress on the reconstruction of County State Aid Highway 101 in Plymouth. This effort includes improvements to the structure, drainage, geometrics and carrying capacity of the roadway.

In addition to highway projects, the County continues to budget for the right-of-way acquisition and construction of bikeways and trails on local and regional bicycle trail systems. Significant work continued to take place on the planning of the Lowry Avenue Corridor. Replacement of the Lowry Avenue Bridge will begin in 2009.

PUBLIC SAFETY ADVANCEMENTS

Public safety advancements can be seen through the decrease in violent crimes. Since 2007 the number of violent crimes in Hennepin County has decreased by 8.2 percent, with a decrease of 20.0 percent from 2006. Some of the programs that attributed to this decline include:

- The "Violent Offenders Task Force" combining the resources of the County Sheriff along with other law enforcement agencies and Federal prosecutors.
- The County Attorney's Office, "Gang Initiative," which has specific focus on investigating and prosecuting gangs and gang leaders for crimes.
- A collaborative effort between the County Attorney's Office and Human Services and Public Health Department's resources to address truancy. This program focuses on the role and responsibility of both children and parents in successful school attendance.

The Sentencing to Serve (STS) program provides adult and juvenile offenders a supervised environment that is safe and structured.

During 2008, the STS work crews completed over 280,000 hours of work within the community that were valued at $2.5 million.

Economic and Financial Condition

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

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

At year-end 2008, employment in Hennepin County shows some slowed growth. The December 2008 unemployment rate at 4.9 percent was higher than the previous month's rate of 3.8 percent. However, the year-end 2008 rate remained lower than the State rate of 5.4 percent and the national rate of 5.8 percent.

Long-term Financial Planning. In its 2009 budget, Hennepin County continues to feel the multi-year effects of reduced intergovernmental revenues and continued service mandates in its operated and contracted human service programs. The budget absorbs some cost shifts from the State and backfills some revenue losses. The same State and Federal revenue reductions have resulted in an increased budget for County-supported, uncompensated medical care at Hennepin County Medical Center. Additionally, County-paid employee healthcare costs are increasing by more than 12 percent in 2009.

To address these on-going fiscal challenges, the County:

- approved a net property tax levy of $644 million, which is a 6.98 percent increase over the 2008 level of $602.2 million,
- discontinued postemployment healthcare benefits for the majority of new employees and is in discussion with current employees to reduce those costs in the future;
- refocused and improved efforts towards the efficient delivery of essential services;
- and leveraged technology in service and process improvements with the planned acquisition of new enterprise financial, human resources, tax collection and public records systems.

The County maintains strong financial management and continues to receive the highest possible credit rating. As in past years, the County general obligation debt received Aaa from Moody's Investor Services, AAA from Standard & Poor's Corporation and AAA from Fitch Ratings. Only 22 of about 3,100 counties nationwide received the highest ratings from all three credit rating agencies.

Debt Administration. The County administers debt under a formal debt management policy which includes the following guidelines:

- Debt is normally issued only for major capital projects costing the County more than $100,000.
- Debt is not issued or used for the operating costs of capital assets, operational programs, or for capital projects with a life expectancy that is less than the term of the debt.
- In funding capital projects, the County balances the issuance of debt with the levy of current property taxes, and also seeks outside sources when available, such as intergovernmental revenue and municipal participation, to manage its debt burden.

Cash Management Policies and Practices. The County manages its cash and investments internally in order to be able to closely match invested balances to operating cash flow needs for maximum advantage and safety. With the exception of a small percentage of escrowed funds (held in trust in US Treasuries or money market funds), the County's cash is invested in AAA-rated obligations of U.S. government-sponsored enterprises and repurchase agreements with primary dealers. The County manages its exposure to fair value losses arising from market conditions by limiting its effective duration to six years or less, and by ensuring that it could hold investments to maturity if necessary. On December 31, 2008, the County's investment portfolio had an effective duration of 1.02 years and a 12-month cash yield of 3.99 percent. Unrealized portfolio gains occurring in 2008 totaled $4.4 million.

Risk Management. The County has a comprehensive risk management program, which includes risk retention, transfer, and control techniques. Purchased insurance primarily covers certain property loss exposures. Workers' compensation and tort liability claims are self-financed. Resources are accumulated in the Self Insurance Fund to meet potential losses. See note 14 to the basic financial statements for additional information.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the year ended December 31, 2007. This was the thirty-third consecutive year that the County has received this notable award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe the current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The County also received the GFOA's Award for Distinguished Budget Presentation for its 2008 annual budget. This was the twenty-fourth consecutive year that the County has received this notable award. To qualify for the award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hennepin County Minnesota

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

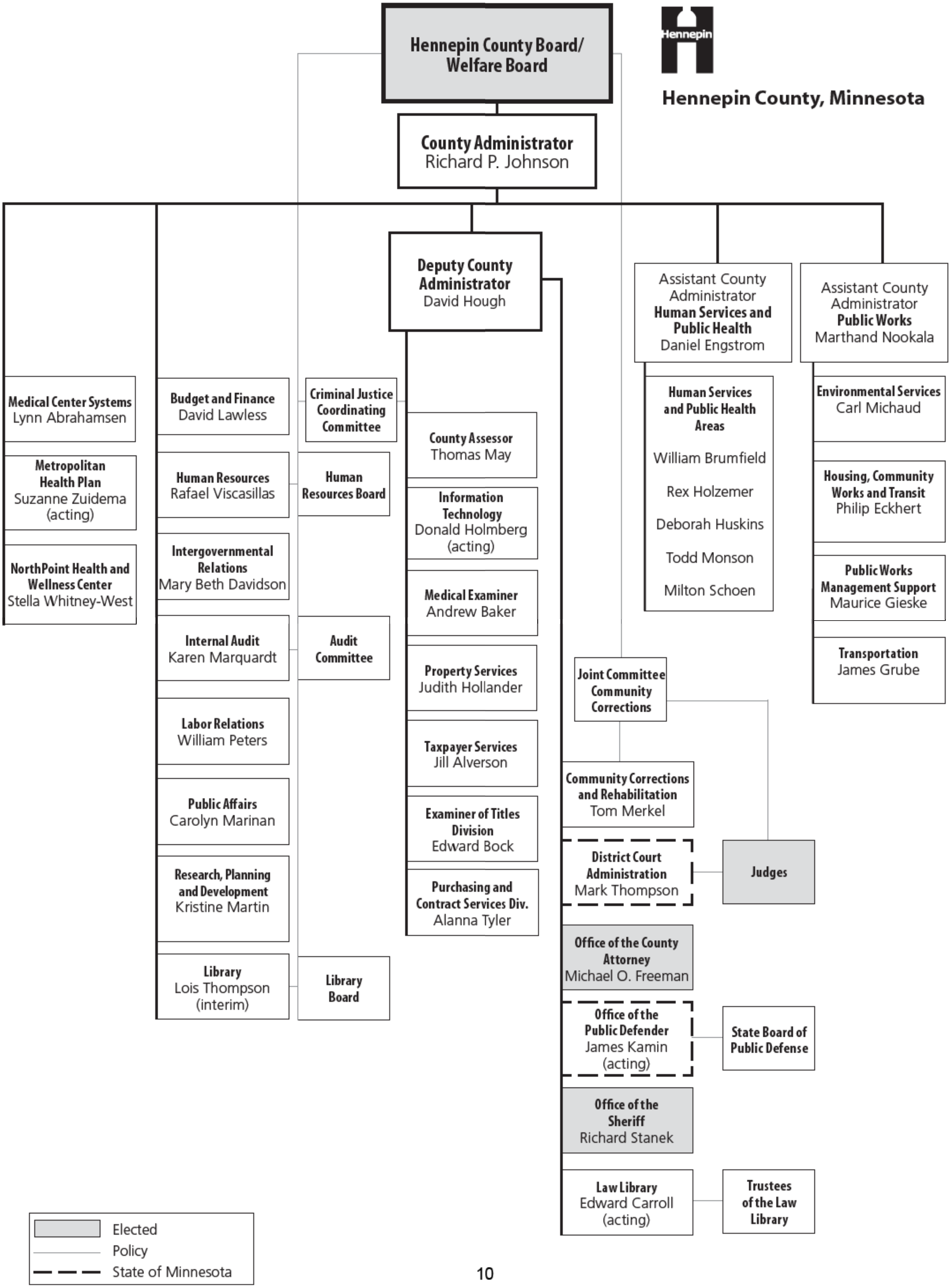
Government Finance Officers Association of the United States and Canada Corporation SEAL Chicago

President

Executive Director

Richard P. Johnson
County Administrator

David R. Lawless
Director of Budget and Finance



Hennepin County, Minnesota
Hennepin County Board/ Welfare Board
County Administrator Richard P. Johnson
Deputy County Administrator David Hough
Assistant County Administrator Human Services and Public Health Daniel Engstrom
Assistant County Administrator Public Works Marthand Nookala
Medical Center Systems Lynn Abrahamsen
Metropolitan Health Plan Suzanne Zuidema (acting)
NorthPoint Health and Wellness Center Stella Whitney-West
Budget and Finance David Lawless
Human Resources Rafael Viscasillas
Intergovernmental Relations Mary Beth Davidson
Internal Audit Karen Marquardt
Labor Relations William Peters
Public Affairs Carolyn Marinan
Research, Planning and Development Kristine Martin
Library Lois Thompson (interim)
Criminal Justice Coordinating Committee
Human Resources Board
Audit Committee
Library Board
County Assessor Thomas May
Information Technology Donald Holmberg (acting)
Medical Examiner Andrew Baker
Property Services Judith Hollander
Taxpayer Services Jill Alverson
Examiner of Titles Division Edward Bock
Purchasing and Contract Services Div. Alanna Tyler
Joint Committee Community Corrections
Community Corrections and Rehabilitation Tom Merkel
District Court Administration Mark Thompson
Judges
Office of the County Attorney Michael O. Freeman
Office of the Public Defender James Kamin (acting)
State Board of Public Defense
Office of the Sheriff Richard Stanek
Law Library Edward Carroll (acting)
Trustees of the Law Library
Human Services and Public Health Areas
William Brumfield
Rex Holzemer
Deborah Huskins
Todd Monson
Milton Schoen
Environmental Services Carl Michaud
Housing, Community Works and Transit Philip Eckhert
Public Works Management Support Maurice Gieske
Transportation James Grube
Elected
Policy
State of Minnesota

Hennepin County, Minnesota
Principal Officials 2008

Commissioners:

District 1	Mike Opat
District 2	Mark Stenglein
District 3	Gail Dorfman, Vice Chair
District 4	Peter McLaughlin
District 5	Randy Johnson, Chair
District 6	Linda Koblick
District 7	Penny Steele

County Administrator	Richard P. Johnson
Deputy County Administrator	David Hough
Assistant County Administrator – Human Services	Daniel Engstrom
Assistant County Administrator – Public Works	Marthand Nookala

Governmental Activities

Public Works	
Housing, Community Works and Transit	Philip Eckhert
Public Works Management Support	Maurice Gieske
Transportation	Jim Grube
Public Safety and Judiciary	
County Attorney	Michael O. Freeman
Sheriff	Richard Stanek
Community Corrections and Rehabilitation	Tom Merkel
Law Library	Edward Carroll, Acting
Health	
Medical Examiner	Andrew Baker
NorthPoint Health and Wellness Center	Stella Whitney-West
Libraries	Lois Thompson, Acting
Human Services	
Service Area Director	William Brumfield
Service Area Director	Rex Holzemer
Service Area Director	Deborah Huskins
Service Area Director	Todd Monson
Service Area Director	Milton Schoen
General Government	
Assessor	Thomas May
Budget and Finance	David Lawless
Examiner of Titles	Edward Bock, Jr.
Human Resources	Rafael Viscasillas
Information Technology	Donald Holmberg, Acting
Intergovernmental Relations	Mary Beth Davidson
Internal Audit	Karen Marquardt
Labor Relations	William Peters
Property Services	Judy Hollander
Public Affairs	Carolyn Marinan
Purchasing and Contract Services	Alanna Tyler
Research, Planning and Development	Kristine Martin
Taxpayer Services	Jill Alverson

Business-type Activities

Metropolitan Health Plan	Susan Zuidema, Acting
Solid Waste - Environmental Services	Carl Michaud

Hennepin

Financial Section

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

To the Board of County Commissioners
Hennepin County, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the County's 2007 financial statements, which were subsequently restated to reflect the merger with the Minneapolis Public Library. In our original report dated June 19, 2008, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota, as of December 31, 2008, and the respective changes in financial positions and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the basic financial statements, the 2007 basic financial statements have been restated to reflect the merger transaction with the Minneapolis Public Library. We have audited the adjustments discussed in Note 18 that were applied to restate the 2007 basic financial statements. In our opinion, such adjustments are properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2009, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedule of funding progress for the retiree health plan, and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hennepin County, Minnesota's basic financial statements. The financial highlights, introductory section, supplementary information, individual fund information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2008, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the County's basic financial statements for the year ended December 31, 2007, which are not presented in the accompanying financial statements. In our report dated June 19, 2008, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. In our opinion, the 2007 supplementary information and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2007, taken as a whole.

The financial highlights, introductory section and statistical section as listed in the accompanying table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
June 18, 2009

Management's Discussion and Analysis

Management's Discussion and Analysis

This discussion and analysis is intended to provide financial statement readers with a financial overview and narrative analysis of the financial position and activities of Hennepin County and its blended component units for the year ended December 31, 2008. On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for under the concept of pooling of interests (see Note 18). The information provided here should be read in conjunction with the letter of transmittal that begins on page 1 and the notes to the financial statements, which are presented on pages 47 to 79.

FINANCIAL HIGHLIGHTS

Government-Wide

- At December 31, 2008, the assets of the County exceeded its liabilities by $962,872,918. Of this amount, $130,616,844 is restricted by specific statutory requirements and $5,227,834 is restricted by external commitments. The County's net assets invested in capital assets, net of related debt, are $934,839,014. The unrestricted amount of assets available is $(107,810,744) at the end of 2008. Negative net assets result from $336,850,000 of outstanding debt that was issued to partially fund the construction of a Ballpark for the Minnesota Ballpark Authority, which is not a County agency or component unit. This project is being funded by the sales tax of 0.15 percent on taxable sales in Hennepin County.

- Hennepin County Medical Center became a discretely presented component unit of Hennepin County in 2007. Hennepin County is committed to contributions to the Medical Center for capital improvement projects. In 2008, the County contributed $24,537,239 to four different capital projects.

Fund Level

- As reported in the Governmental Fund Balance Sheets on pages 32 and 33, at the end of 2008 the County's governmental funds reported total ending fund balances of $342,712,514, which is a decrease of $4,263,060 from the 2007 total of $346,975,574. Approximately 55 percent of the total fund balance, or $186,947,860, is considered unreserved with respect to the limitations of the various fund types. In 2007, approximately 52 percent, or $180,684,505, was unreserved fund balance.

- Unreserved fund balance for the General Fund was $118,901,366, or 24 percent of total General Fund expenditures for the year ended December 31, 2008, compared to $128,617,879 and 28 percent for 2007.

Long-Term Debt

- The County's total long-term debt increased over $227.8 million during 2008. The County issued $123.3 million in general obligation debt and $191.8 million in revenue bonds for the Ballpark Project. Other changes in long-term debt were due to the refunding of the certificates of participation at $20.7 million and issuing new certificates of participation at $18.9 million. Capital notes were also issued to finance other shorter term County capital projects for $15 million. The remaining factor of the change in debt results from regularly scheduled principal payments on previously issued debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

- *The statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets serve as an indicator of whether the financial position of the County is improving or deteriorating.

- *The statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused postemployment healthcare benefits).

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

The government-wide financial statements include not only the County itself (known as the *primary government),* but also two legally separate entities, the Hennepin County Regional Railroad Authority (RRA) and the Hennepin County Housing and Redevelopment Authority (HRA). The Hennepin County commissioners comprise the entire boards of the RRA and the HRA. Financial information for the *component units* is blended with the financial information for the primary government and is included in the governmental activities section of the government-wide financial statements. The government-wide financial statements can be found on pages 29 to 31 of this report.

Fund Financial Statements

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

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

Fund Financial Statements – Continued

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.* Also, detailed information on the differences in measurement focus, basis of accounting, and financial statement presentation of the fund statements compared to the government-wide statements can be found on pages 49 to 52 of the Notes to the Basic Financial Statements.

The County maintains the following governmental funds: the general fund, special revenue funds, debt service funds, and the capital projects fund. The County has five special revenue funds: Human Services Fund, Library Fund, the Ballpark Sales Tax Fund, and funds for the two blended component units, the RRA and the HRA. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds. The basic governmental fund financial statements can be found on pages 32 to 38.

- ***Proprietary funds*** are divided into two different types of funds: enterprise funds and internal service funds. *Enterprise funds* are used to report essentially the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the activities of the Metropolitan Health Plan, Solid Waste System, Glen Lake Golf Course, and Radio Communications. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its Central Services operations (e.g. mail delivery, print shop activities), Central Mobile Equipment Division, Information Technology activities, Energy Center, Self-Insurance function, Practis-Business Services Office, and Other Employee Benefits. The *Practis – Business Services Office Fund* is used to account for medical billing and other services provided by primarily to County-owned medical service providers. At December 31, 2008, the activities of this fund were transferred to the Human Services Fund, or transferred to the Metropolitan Health Plan Fund, or discontinued. In the government-wide financial statements, internal service funds have been consolidated into the governmental activities that they primarily benefit.

  Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the four enterprise funds, all of which are considered to be major funds of the County. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 40 to 44 of this report. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

- ***Fiduciary funds*** are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 45 of this report.

Notes to the Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Basic Financial Statements can be found on pages 47 to 79 of this report. Notes to Required Supplementary Information are shown on page 90.

Required and Supplementary Information

Supplementary information beginning on page 80 includes a schedule of funding progress for the retiree health plan, schedules of revenue and expenditures for individual funds with a comparison of actual revenues and actual expenditures compared to budget and prior year, schedules of expenditures by program for specific funds, and combining schedules for internal service funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets serve as an indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $962.9 million at December 31, 2008.

The largest portion of the County's net assets, $934.9 million, reflects the investment in capital assets (e.g., land, buildings, machinery, equipment, roads, and bridges) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. In 2008, the long-term liabilities outstanding had the most significant increase of $275.2 million due to bonds issued for financing of the ballpark stadium, HCMC and other County projects. The County's current liabilities decreased by $102.2 million due to repayment of the reverse purchase agreements and interfund payables in 2008.

An additional $135.8 million of the County's net assets represents resources that are subject to external restrictions on how they may be used (e.g. by contract, donation restriction, state statute). The remaining balance of $(107.8) is the *unrestricted net* assets amount that is a result of the County's commitment to the Ballpark project.

Summary of Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2008	(Restated) 2007	2008	(Restated) 2007	2008	(Restated) 2007
Current and other assets	$609.1	$669.5	$94.7	$97.5	$703.8	$767.0
Capital assets	1,412.5	1,377.8	110.5	115.1	1,523.0	1,492.9
Total assets	2,021.6	2,047.3	205.2	212.6	2,226.8	2,259.9
Long-term liabilities outstanding	1,022.2	734.4	24.8	37.4	1,047.0	771.8
Current liabilities	175.5	271.8	41.4	47.3	216.9	319.1
Total liabilities	1,197.7	1,006.2	66.2	84.7	1,263.9	1,090.9
Invested in capital assets, net of related debt	859.6	896.4	75.3	67.3	934.9	963.7
Restricted	78.2	107.2	57.6	55.2	135.8	162.4
Unrestricted	(113.9)	37.6	6.1	5.4	(107.8)	43.0
Total net assets	$823.9	$1,041.2	$139.0	$127.9	$962.9	$1,169.1

As shown below, the County's net assets decreased in the current year by $206,177,085, a change from 2007 of 17.6 percent. Factors that impacted this decrease in net assets were from a variety of sources. Increasing costs in the area of Health (20.3 percent) and interest on Long Term Debt expense (37.8 percent) and General Government (16.8 percent) had a large impact on the net assets. The decrease in certain revenue sources also was a contributing factor, such as in the areas of capital grants (52 percent) and investment earnings (20 percent). The significant changes are further discussed in sections following this table.

Changes in Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2008	(Restated) 2007	2008	(Restated) 2007	2008	(Restated) 2007
Revenues:						
Program revenues:						
Charges for services	$129.9	$125.6	$230.8	$200.3	$360.7	$325.9
Operating grants and Contributions	367.4	327.1	6.3	3.2	373.7	330.3
Capital grants and Contributions	19.0	43.8	3.6	3.3	22.6	47.1
General revenues:					-	-
Property taxes	606.8	564.7	0.5	0.5	607.3	565.2
Sales Tax	28.1	27.1	-	-	28.1	27.1
Other Taxes	2.2	2.6	3.2	4.2	5.4	6.8
Grants and contributions	34.8	54.7	-	-	34.8	54.7
Investment earnings	29.3	38.3	-	-	29.3	38.3
Total revenues	1,217.5	1,183.9	244.4	211.5	1,461.9	1,395.4
Expenses:						
General Government	328.3	281.0	-	-	328.3	281.0
Human Services	534.4	525.1	-	-	534.4	525.1
Health	86.4	71.8	-	-	86.4	71.8
Public Safety	277.4	262.0	-	-	277.4	262.0
Public Works	75.2	71.5	-	-	75.2	71.5
Libraries	77.4	76.5	-	-	77.4	76.5
Housing and Redevelopment Authority	5.6	6.6	-	-	5.6	6.6
Regional Railroad Authority	12.6	11.3	-	-	12.6	11.3
Interest on long-term debt	36.8	26.7	-	-	36.8	26.7
Metropolitan Health Plan	-	-	163.2	132.6	163.2	132.6
Solid Waste Management	-	-	67.7	67.2	67.7	67.2
Glen Lake Golf Course	-	-	0.9	0.9	0.9	0.9
Radio Communications	-	-	2.2	2.2	2.2	2.2
Total expenses	1,434.1	1,332.5	234.0	202.9	1,668.1	1,535.4
Increase (decrease) in net assets before transfers	(216.6)	(148.6)	10.4	8.6	(206.2)	(140.0)
Special Item-Creation of HHS	-	3.6	-	(177.1)	-	(173.5)
Transfers	(0.7)	(8.7)	0.7	8.7	-	-
Increase (decrease) in net assets	(217.3)	(153.7)	11.1	(159.8)	(206.2)	(313.5)
Net assets – beginning	1,041.2	1,194.9	127.9	287.7	1,169.1	1,482.6
Net assets – ending	$823.9	$1,041.2	$139.0	$127.9	$962.9	$1,169.1

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

The net assets of governmental activities decreased by $217.3 million in 2008, with expenses exceeding revenues by $216.6 million. During the year, revenue bonds totaling $191.8 million were issued for the construction of a new ballpark, which will become the home of the Minnesota Twins at the start of the 2010 baseball season. The general government program has contributed towards this ballpark since the project began in 2007. Future revenues collected through a 0.15 percent County wide sales tax will repay the County bonds issued for this project. Proceeds from the bonds are held by a trustee for the benefit of the Minnesota Ballpark Authority and will finance specific types of Ballpark construction costs. The Ballpark will be owned by the Minnesota Ballpark Authority, which is not a County agency or component unit. The County's issuance of debt to build a capital asset for another government results in a significant net assets decrease. Other changes impacting governmental activities are explained in more detail in the discussion of governmental funds below.

On January 1, 2008, Hennepin County Libraries (a Hennepin County special revenue fund) merged with Minneapolis Public Libraries (formerly a discretely presented component unit of the City of Minneapolis). The Library program has been restated to reflect the merger. The merger allowed combined assets to be used in and for the benefit of the consolidated system. In the future, property tax levies (formerly a levy on Minneapolis properties for Minneapolis libraries and a separate levy on non-Minneapolis properties for those libraries) will be combined into one consolidated library levy on all County properties.

Business-type Activities

In 2008, business-type activities net assets increased by $11.1 million. The increase was due primarily to an $18.7 million increase in the net assets of the Solid Waste Fund offset by an $8.0 million decrease in the Metropolitan Health Fund. These changes in business-type activities occurred at the fund level and those variances are explained in the discussion of proprietary funds included in the next section.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

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

As discussed in the financial highlights above, the County's governmental funds reported combined ending fund balances of $342,712,514, a decrease of $4,263,060 from the prior year's balances. Approximately 54.6 percent of total fund balance, or $186,947,860, constitutes *unreserved fund balance*. The remainder of fund balance is *reserved,* indicating it has already been committed: 1) $109,774,880 to fulfill contracts and purchase orders for the prior period, and 2) $45,989,774 for other external obligations.

Governmental fund revenues that changed significantly from the prior year included:

- Property taxes increased $27.4 million in 2008, a 4.7 percent increase from 2007. The increase in property tax revenues are the result of budget decisions to increase the County's property tax levy to fund higher expenditures in the areas of Public Safety, Health, Human Services, and Debt Service.

Governmental Funds – Continued

The table below presents the amount of revenues recorded in governmental funds and originating from various sources, as well as increases or decreases from the prior year.

Revenues Classified by Source
Governmental Funds
(in millions)

	FY 2008		FY 2007 - (Restated)		Increase (Decrease)	
Revenues by Source	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Property taxes	$603.5	49.1%	$576.1	48.1%	$27.4	4.8%
Sales Tax	28.1	2.3%	27.1	2.3%	1.0	3.7%
Other taxes	2.2	0.2%	2.6	0.2%	(0.4)	-15.4%
Intergovernmental	419.1	34.0%	404.2	33.8%	14.9	3.7%
Investment earnings	30.9	2.5%	39.7	3.3%	(8.8)	-22.2%
Charges for services	95.0	7.7%	96.0	8.0%	(1.0)	-1.0%
Fines and forfeits	1.8	0.1%	1.8	0.2%	-	0.0%
Licenses and permits	4.9	0.4%	4.6	0.4%	0.3	6.5%
Other	45.6	3.7%	44.4	3.7%	1.2	2.7%
Total Revenues	$1,231.1	100.0%	$1,196.5	100.0%	$34.6	2.9%

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

- General government expenditures increased $17.6 million from 2007 to 2008. Part of the reason for the increase was the initiation of two significant capital projects in the general government category. The first project (titled the APEX project) is the replacement of the County's decades-old financial and human resources/payroll systems with an integrated enterprise resource planning system. The second project (titled the DART project) is the replacement of current legacy systems that support assessment and property tax processes. In 2008, project costs for both projects totaled $8.4 million. General government's expenses continued to remain higher than past years due to the budgeted $195 million in expenditures relating to the Ballpark project, which are discussed on page 20. General government also contributed $24.5 million to the Medical Center component unit for improvement to infrastructure.

- Overall, debt service expenditures increased significantly in 2008. This was primarily due to the crossover debt refunding of the Series 1999A and 2000A bonds. $42 million of the 2006A bond proceeds issued to refund this debt had been held by an escrow trustee. Final crossover refunding payments occurred during 2008.

Governmental Funds – Continued

The table below presents expenditures by function as well as increases or decreases from the prior year.

Expenditures by Function
Governmental Funds (in millions)

	FY 2008		FY 2007 - (Restated)		Increase (Decrease)	
Expenditures by Function	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General Government	$330.0	21.2%	$312.4	22.1%	$17.6	12.9%
Human Services	524.2	33.7%	511.2	36.1%	13.0	9.6%
Health	60.9	3.9%	27.4	1.9%	33.5	24.6%
Public Safety	250.8	16.2%	237.2	16.7%	13.6	10.0%
Public Works	51.7	3.3%	49.1	3.5%	2.6	1.9%
Libraries	66.5	4.3%	65.2	4.6%	1.3	1.0%
HRA	4.9	0.3%	8.4	0.6%	(3.5)	-2.6%
RRA	12.3	0.8%	11.6	0.8%	0.7	0.5%
Debt Service:						
Principal retirement	78.6	5.1%	44.5	3.1%	34.1	25.1%
Interest and fiscal charges	37.1	2.4%	27.2	1.9%	9.9	7.3%
Capital Projects	136.8	8.80%	123.5	8.7%	13.3	9.8%
Total expenditures	$1,553.8	100.0%	$1,417.7	100.0%	$136.1	9.6%

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was $118,901,366 while total fund balance was $147,309,953. Comparing the unreserved fund balance and total fund balance to total fund expenditures can be used as a measure of the General Fund's liquidity. The General Fund unreserved fund balance represents 24 percent and total fund balance represents 30 percent of total General Fund expenditures. In 2007, the unreserved fund balance represented 28 percent and total fund balance represented 34 percent of total General Fund expenditures.

The General Fund closed the 2008 year with a decrease of $10,655,068 in fund balance. Although the fund incurred the loss, it was minimized by cost containment through holding vacant positions open, delaying implementation of DART, postponing consulting and network purchases for APEX, and minimizing use of contingency dollars for newly approved purposes. Overall, the decrease in General Fund balance can be attributed to the economic downturn, which resulted in the State's un-allotment of $4.9 million of County program aid, as well as a decrease in demand for public record information and passport issuance that led to a $5.5 million loss of expected revenue.

General Fund Budgetary Highlights. Between the time of original approval and the time the amended 2008 budget was finalized, the General Fund property tax revenue budget was decreased by $7.2 million, which was primarily due to County's receipt of information regarding the Market Value Credit that resulted in the budgeting of $6.8 million of intergovernmental revenue rather than property tax revenue. Additional increases in the intergovernmental revenue budget were primarily due to new grants and activities, such as Emergency Preparedness funding and reimbursement for services provided for the Republican National Convention. Overall, the General Fund expenditure budget increased 2.6 percent from the time it was originally adopted until it was finalized. The Health program received $4.4 million of this budget increase, primarily for support of uncompensated care costs incurred by the Medical Center component unit.

Governmental Funds – Continued

The Human Services Fund ended 2008 with an increase in fund balance of $6,628,533. Property tax revenue increases were the result of the County Board's approval of additional property tax support to provide funding for the Mental Health Center's transition from the Practis billing system to the Medical Center's EPIC system. The increase included funding for software and staffing; for the transfer of school success contracts from the Research, Planning and Development department ($1,300,000); and for the Cornerstone Integrated Care Initiative ($900,000). The Integrated Care Initiative is a partnership between Human Services and Metropolitan Health Plan that was formed to develop and implement a new model of service delivery for people with disabilities. Funding for the local share of Children's Mental Health Targeted Case Management was increased by $1,500,000 in 2008. Lastly, Mandated Day Treatment funding was increased $700,000, reflecting the increase in the number of individuals eligible for the services.

The County's cost of care for mentally ill persons committed to state Regional Treatment Centers increased approximately $1.6 million in 2008. The increase in personal services over 2007 includes increases in cost of living adjustments, merit and health insurance increases, along with increases relating to strategically filling certain positions that were held vacant in 2007 as a part of the department's staffing management plan.

The Library Fund ended 2008 with an increase in fund balance of $393,849. Due to the timing of the merger of the Minneapolis Public Library system with the Hennepin County Library system and public notices under the State's Truth-in-Taxation laws for taxes payable in 2008, the City of Minneapolis collected property taxes on behalf of the combined Library System and transferred them to Hennepin County as intergovernmental revenue. For taxes payable in 2009 and after, Hennepin County will levy taxes on a County-wide basis for the support of the merged library system

The Ballpark Sales Tax Fund reported a $4.7 million increase in fund balance due to the receipt of sales tax revenues exceeding original projections. In addition to supporting the debt service of the sales tax revenue bonds issued for the Ballpark project, in accordance with State Statute $1.2 million of sales tax revenues were transferred to the Library Fund to extend the operating hours of several libraries and the same amount was transferred to the General Fund for youth activities and amateur sports programs.

The expenditures in ***the RRA Fund*** increased in 2008 due to the RRA's final contribution for Hiawatha Light Rail Transit Corridor operating costs. Operating costs that Minnesota Statutes previously required the RRA to support will instead be supported by sales tax revenues collected for the Counties Transit Improvement Board beginning in 2009. Additional information regarding CTIB is included in Note 7. There were no significant changes in the expenditures by function for ***the HRA Fund***.

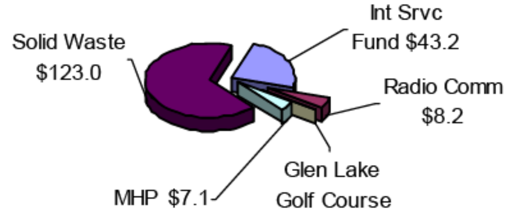
Significant changes in ***the General Debt Service Fund*** and ***Capital Projects Fund*** are discussed on page 21 in relationship to expenditures by function.

Proprietary Funds

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

Total proprietary fund net assets, shown on the chart at right, were positive at the end of the fiscal year for each fund exhibited. During the year, enterprise fund net assets increased $11.1 million and internal service fund net assets decreased $5.5 million.

Proprietary Funds Net Assets (in millions)



Proprietary Funds - Continued

Items that contributed to the significant changes in net assets of enterprise funds are listed below:

The Solid Waste Fund had an increase in net assets of $18.7 million in 2008. Revenues were $5.5 million more than budget, primarily due to increases in solid waste fees; sales of electricity and scrap materials; grant revenue, and favorable rates of return on investments. Expenditures were lower than budget by $1.7 million. This decrease is largely due to lower consulting costs, decreased cost of other services (conservation, air and energy education, and storm assistance), and electronics disassembled by PPL Industries.

The Metropolitan Health Plan Fund had a decrease in net assets during 2008 of $8 million. Although revenues increased significantly from 2007, expenditures grew at an even faster rate. Most of the decrease in net assets was attributable to the Metropolitan Health Plan (MHP) Medicare private fee for service products (PFFS). PFFS revenues were under budget due to lower than expected rates while expenses were over budget as a result of higher than expected utilization by PFFS members. Effective January 1, 2009, in an agreement with the Federal Centers for Medicare and Medicaid Services, MHP terminated its PFFS product.

Internal service Fund total net assets declined overall by $5.5 million. In 2008, the Practis – Business Service Office Fund was transitioned over to the Human Services Fund due to the replacement of the Practis billing system with the HCMC Epic System. In the Other Employee Benefits Fund, accrued costs for compensated absences increased faster than the governmental fund contributions to fund that long-term liability. This imbalance is expected to be resolved in future years.

There were no significant changes in 2008 for ***the Radio Communications Fund*** or ***the Glen Lake Golf Course Fund.***

Fiduciary Fund

The County maintains one fiduciary fund, an agency fund used to account for assets that the County holds for others in an agency capacity, including pass-through grants that are equivalent to pure cash conduits; client, inmate, and other governmental agency funds held in the custody of the County; and revenues collected on behalf of other governmental units related to property taxes. Amounts held or due as agent at December 31, 2008 were $133.1 million, an increase from the prior year $91.6 balance that primarily related to new fiscal agent responsibilities for the Counties Transit Improvement Board.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to $1.5 billion, net of accumulated depreciation. Capital assets include land, buildings, improvements, equipment, roads and bridges, library collections, art, and historical treasures. The total investment in capital assets was restated to include the merger of the Minneapolis Public Libraries and Hennepin County Libraries, resulting in an $190.4 million increase. Additionally, net capital assets increased $30.3 million during 2008, primarily due to infrastructure projects.

Projects of significance for 2008 included:

- Continued reconstruction and widening along County State Aid Highway 1 (Pioneer Trail) in Eden Prairie to accommodate the rapid growth in traffic in the area

Capital Assets – Continued

- Reconstruction of County State Aid Highway 61 from Hopkins to Minnetonka to improve safety and capacity.
- Continued progress on the reconstruction of County State Aid Highway 101 in Plymouth to improve the structure, drainage, geometrics and carrying capacity of the roadway.

The table below summarizes the County's change in net capital assets during 2008. Additional information on the County's capital assets can be found in Note 5 on pages 59 to 60 of this report.

Hennepin County's Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2008	(Restated) 2007	2008	(Restated) 2007	2008	(Restated) 2007
Land	$104.8	$102.6	$9.2	$9.2	$114.0	$111.8
Land improvements	20.2	15.3	1.9	1.9	22.1	17.2
Buildings	681.4	680.9	124.6	122.6	806.0	803.5
Construction in progress-buildings	9.6	3.0	2.1	-	11.7	3.0
Furnishings and equipment	154.9	149.9	18.9	19.1	173.8	169.0
Library books and other media	89.8	87.9	-	-	89.8	87.9
Leasehold improvements	11.4	12.1	2.3	2.1	13.7	14.2
Arts & Historical Treasures	4.6	4.6	-	-	4.6	4.6
Infrastructure	950.8	910.8	-	-	950.8	910.8
Construction in progress-infrastructure	158.5	141.8	-	-	158.5	141.8
	2,186.0	2,108.9	159.0	154.9	2,345.0	2,263.8
Less: accumulated depreciation and amortization	(773.5)	(731.1)	(48.5)	(39.8)	(822.0)	(770.9)
	$1,412.5	$1,377.8	$110.5	$115.1	$1,523.0	$1,492.9
Percent change from prior year	*2.5%*		*-4.0%*		*2.0%*	

Debt Administration

As shown in the following table, general obligation bonds and notes decreased 10 percent during 2008. The decrease primarily related to the final crossover refunding payment discussed on page 21. During the year, general obligation bonds totaling $123.3 million were issued. This included $95 million to finance County-wide capital improvements, $15.0 million for Library capital improvements, and $13.3 million to refund the remaining balance of series 1998B (see Note 10).The State limits the amount of general obligation debt that counties can issue to 2.0 percent of property estimated market value. The County's outstanding general obligation debt is significantly below this $2.4 billion State-imposed limit.

Debt Administration – Continued

Revenue bonds for the construction of the new Ballpark were issued for $191.8 million, which is reported in governmental activities. An additional 0.15 percent sales tax in Hennepin County has been collected since January 2007, primarily to fund the debt service for these revenue bonds. Solid Waste revenue bonds in business-type activities decreased 27 percent during 2008 due to regular scheduled payments.

County Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2008	(Restated) 2007	2008	(Restated) 2007	2008	(Restated) 2007
General obligation bonds and notes	$570.3	$517.9	$2.0	$2.2	$572.3	$520.1
Revenue bonds	346.4	156.8	33.3	45.6	379.7	202.4
Ceritificates of participation	18.3	20.0	0.0	0.0	18.3	20.0
	$935.0	$694.7	$35.3	$47.8	$970.3	$742.5

The County's credit ratings on long-term general obligation bonds as of December 31, 2008 were:

Moody's Investor Services	Aaa
Standard and Poor's Ratings Services	AAA
Fitch Ratings	AAA

Additional information on the County's long-term debt can be found in notes 10 and 11 on pages 66 to 68 of this report and on the Schedule of Changes in Long-term Debt, which is located on pages 102 and 103.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2009 Hennepin County governmental and proprietary fund budgets total $1.7 billion, including a net property tax levy of $644.3 million. The 2009 budget is $91.5 million (5.49 percent) higher than the $1.6 billion, 2008 budget. The net property tax levy is a 6.98 percent increase over the 2008 level of $602.2 million. It should be noted that the County's $644 million property tax levy for 2009 includes $14.7 million previously levied by the City of Minneapolis for the Minneapolis Public Library, which is now assumed by the County as a result of the library merger. While the general levy is increasing by almost 7.0 percent, the overall impact on Hennepin County taxpayers is much less. This is because the Library increase described above was previously levied by the City. Also, there were reductions in the separate Regional Rail Authority levy and the Solid Waste Management Fee. Therefore, the net increase by all County taxing authorities, excluding the Library transfer, is only 2.1 percent.

Although the total 2009 total governmental fund budget is increasing by 5.49 percent, the operating portion of the budget is increasing only 2.5 percent over 2008. This overall increase in operations includes an 8.1 percent increase in the Library budget and 3.5 percent for all Public Safety departments, including 7.8 percent for the Sheriff's Office. The Human Services and Public Health Department is essentially flat from 2008 to 2009. The approved 2009 budget reflects an effort to maintain essential services and identify and respond to new needs.

Contributing greatly to the County's fiscal challenges is the inability of the State and Federal governments to maintain the level of funding historically provided in order to pay for the services the County provides. In preparing the 2009 budget, there was an assumption of a reduction of approximately $15 million from these sources, primarily affecting the Human Services area. However, the reductions may be much greater than $15 million. In December, 2008, the Minnesota Governor took the step of reducing County revenues by over $10 million through a process known as "un-allotment". More reductions are likely as the State of Minnesota faces a budget shortfall in excess of $4.8 billion. These reductions are the latest in a series of reductions that the County has experienced in recent years. More and more, the County must rely on property taxes to provide mandated services and programs for residents.

The County's constrained fiscal situation comes at a time when residents and taxpayers themselves are struggling. According to the Census Bureau, the poverty rate in Minneapolis increased from 7.8 percent to 9.5 percent between 2001 and 2007. Costs keep increasing, with energy price fluctuations leading the way. Foreclosures are up dramatically and people are having trouble making ends meet. The County is dealing with higher costs and reduced revenues at the very time that County residents have a higher need for government services of all kinds. The County's active case numbers for every public assistance program have increased. Much of the increase in caseloads can be attributed to significant growth in demand for health care and food support. The number of individuals or families receiving publicly funded health care coverage grew to nearly 85,000 cases by July 2008. In the last two years, the number of food support cases increased by more than 10 percent to almost 42,000 open cases in July 2008. In addition, County homeless shelters — both public and private — have been full as families deal with job losses and foreclosures.

The 2009 overall budget attempts to focus on the basics and manage expectations. In order for County government to remain strong, flexible and responsive, policy decisions are driven by the County's mission with a focus on strong fiscal management. To meet this requirement, several actions were taken to reduce costs, including trimming and eliminating certain contracts in the Human Services and Community Corrections areas and reducing 260 staff positions county-wide (which are partially offset by staff additions in select areas, such that the overall net decrease in staffing is 220.9 positions). In addition, other actions were taken. such as redesigning children services to gain efficiencies with fewer staff while ensuring that child protection remains a highest priority; redesigning the out-of-home placement approach in Community Corrections to better utilize the County Home School and reduce costs by over $1.8 million in 2009; managing Information Technology resources more effectively and reducing costs by $11 million and 38 staff positions; closing three Service Centers on Saturday and changing all service hours to be more consistent with customer traffic patterns; and reducing the capital budget where feasible.

The approved 2009 capital budget is $216.8 million, supported by $139.1 million of bonding for 2009. The most significant project in the capital program is the $80 million replacement of the Lowry Avenue Bridge. In April, 2008, the Lowry Avenue Bridge over the Mississippi River was closed because of structural issues with one of the bridge's piers. The closure decision was made in the best interest of public safety and the 2009 budget includes funding for a new Lowry Avenue Bridge beginning in 2009. In response to the burgeoning need for Library services, construction has begun on the new Plymouth and Maple Grove libraries. In addition, repair and renovation work is being undertaken on many of the Minneapolis libraries that are now part of the County system. Debt service for 2009 represents 8.75 percent of the total property tax levy and is projected to increase to over 10 percent in 2010. Given identified capital improvement needs within the County over the next five years, management of all projects and the required debt service will be essential to the County's future fiscal stability.

REQUESTS FOR INFORMATION

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

Hennepin

Basic Financial Statements

Hennepin County, Minnesota
Statement of Net Assets
December 31, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hennepin County Medical Center
ASSETS				
Current Assets:				
Cash and investments	$ 474,377,103	$ 75,839,456	$ 550,216,559	$ 28,287,851
Receivables, net	103,595,040	17,675,036	121,270,076	100,232,371
Due from component unit or primary government	2,591,922	15,907	2,607,829	1,468,864
Prepaid items	4,651,202	1,178,904	5,830,106	2,165,736
Inventories	3,096,210	2,964	3,099,174	3,441,297
Capital lease receivable from component unit	2,266,070	-	2,266,070	-
Total Current Assets	590,577,547	94,712,267	685,289,814	135,596,119
Noncurrent Assets:				
Deferred issuance costs	3,112,819	-	3,112,819	-
Capital lease receivable from component unit	15,442,130	-	15,442,130	-
Capital assets:				
Land	104,798,778	9,164,524	113,963,302	12,833,507
Land improvements	20,226,474	1,893,908	22,120,382	-
Buildings	681,425,400	124,601,870	806,027,270	236,366,756
Construction in progress-buildings	9,604,940	2,080,826	11,685,766	17,522,944
Equipment	154,867,455	18,907,073	173,774,528	186,477,640
Library books and other media	89,812,721	-	89,812,721	-
Leasehold improvements	11,385,780	2,317,221	13,703,001	4,123,089
Art and historical treasures	4,641,516	-	4,641,516	-
Infrastructure	950,808,704	-	950,808,704	-
Construction in progress-infrastructure	158,468,551	-	158,468,551	-
	2,186,040,319	158,965,422	2,345,005,741	457,323,936
Less accumulated depreciation and amortization	(773,581,437)	(48,431,237)	(822,012,674)	(259,473,578)
Net Capital Assets	1,412,458,882	110,534,185	1,522,993,067	197,850,358
Total Noncurrent Assets	1,431,013,831	110,534,185	1,541,548,016	197,850,358
Total Assets	2,021,591,378	205,246,452	2,226,837,830	333,446,477
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable	91,172,146	9,334,414	100,506,560	23,670,037
Accrued interest payable	2,574,184	426,146	3,000,330	-
Accrued liabilities	27,111,048	18,620,251	45,731,299	30,789,491
Due to component unit or primary government	1,468,864	-	1,468,864	2,607,829
Unearned revenue	8,581,987	-	8,581,987	-
Workers' compensation claims	1,500,000	-	1,500,000	1,700,000
Capital lease	-	-	-	226,465
Capital lease due to primary government	-	-	-	2,266,070
Lease revenue certificates of participation	2,334,331	-	2,334,331	-
Revenue bonds	3,272,219	12,630,466	15,902,685	-
General obligation bonds and notes	33,546,976	200,000	33,746,976	-
Notes payable	658,092	-	658,092	-
Compensated absences	3,300,000	73,000	3,373,000	-
Total Current Liabilities	175,519,847	41,284,277	216,804,124	61,259,892
Noncurrent Liabilities:				
Workers' compensation claims	6,905,668	-	6,905,668	5,369,011
Capital lease	-	-	-	57,244
Capital lease due to primary government	-	-	-	15,442,130
Lease revenue certificates of participation	15,956,255	-	15,956,255	-
Revenue bonds	343,151,067	20,623,159	363,774,226	-
General obligation bonds and notes	536,810,020	1,820,000	538,630,020	-
Notes payable	18,349,472	-	18,349,472	-
Postemployment healthcare benefits	14,860,564	622,436	15,483,000	19,506,641
Compensated absences	86,173,498	1,888,649	88,062,147	38,860,000
Total Noncurrent Liabilities	1,022,206,544	24,954,244	1,047,160,788	79,235,026
Total Liabilities	1,197,726,391	66,238,521	1,263,964,912	140,494,918
NET ASSETS				
Invested in capital assets, net of related debt	859,578,454	75,260,560	934,839,014	179,858,449
Restricted for:				
External commitments	4,140,147	1,087,687	5,227,834	746,038
Statutory requirements	74,080,950	56,535,894	130,616,844	-
Unrestricted	(113,934,564)	6,123,790	(107,810,774)	12,347,072
Total Net Assets	$ 823,864,987	$ 139,007,931	$ 962,872,918	$ 192,951,559

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

Hennepin County, Minnesota

Statement of Activities

For the Year Ended December 31, 2008

FUNCTIONS/PROGRAMS	Program Expenses: All Other Direct Expenses	Program Expenses: Direct Depreciation Expenses	Program Expenses: Total Direct Expenses	Program Expenses: Indirect Expenses
Primary Government:				
Governmental Activities:				
General Government	$ 346,579,109	$ 3,768,095	$ 350,347,204	$ (22,069,686)
Human Services	522,670,430	4,515,680	527,186,110	7,159,223
Health	85,398,090	481,402	85,879,492	540,947
Public Safety	260,424,108	6,242,379	266,666,487	10,695,521
Public Works	58,055,409	15,446,716	73,502,125	1,746,303
Libraries	58,696,098	16,937,537	75,633,635	1,780,711
Housing and Redevelopment Authority	4,940,368	632,729	5,573,097	32,158
Regional Railroad Authority	12,285,308	171,818	12,457,126	114,823
Interest on Long-term Debt	36,829,329	-	36,829,329	-
Total Governmental Activities	1,385,878,249	48,196,356	1,434,074,605	-
Business-type Activities:				
Metropolitan Health Plan	159,078,986	4,157,604	163,236,590	-
Environmental Services	62,938,667	4,809,041	67,747,708	-
Glen Lake Golf Course	812,156	117,914	930,070	-
Radio Communications	1,306,150	905,922	2,212,072	-
Total Business-type Activities	224,135,959	9,990,481	234,126,440	-
Total Primary Government	$ 1,610,014,208	$ 58,186,837	$ 1,668,201,045	$ -
Component Unit:				
Hennepin County Medical Center	$ 520,951,906	$ 30,570,471	$ 551,522,377	$ -

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

Program Revenues			Net Revenue (Expense) and Changes in Net Assets			
			Primary Government			Component Unit
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Hennepin County Medical Center
$ 34,987,173	$ 6,688,788	$ -	$ (286,601,557)	$ -	$ (286,601,557)	$ -
48,198,564	252,909,000	-	(233,237,769)	-	(233,237,769)	-
14,172,998	1,718,301	-	(70,529,140)	-	(70,529,140)	-
19,125,946	40,255,364	-	(217,980,698)	-	(217,980,698)	-
7,732,993	34,413,861	17,393,700	(15,707,874)	-	(15,707,874)	-
4,173,651	30,624,185	-	(42,616,510)	-	(42,616,510)	-
656,748	743,975	-	(4,204,532)	-	(4,204,532)	-
863,209	110	1,628,111	(10,080,519)	-	(10,080,519)	-
-	-	-	(36,829,329)	-	(36,829,329)	-
129,911,282	367,353,584	19,021,811	(917,787,928)	-	(917,787,928)	-
153,838,000	-	976,342	-	(8,422,248)	(8,422,248)	-
73,703,294	6,349,240	2,671,294	-	14,976,120	14,976,120	-
963,595	-	-	-	33,525	33,525	-
2,353,826	-	-	-	141,754	141,754	-
230,858,715	6,349,240	3,647,636	-	6,729,151	6,729,151	-
$ 360,769,997	$ 373,702,824	$ 22,669,447	(917,787,928)	6,729,151	(911,058,777)	-
$ 532,363,067	$ 16,780,698	$ 28,239,953	-	-	-	25,861,341

	Governmental Activities	Business-type Activities	Total	Hennepin County Medical Center
General Revenues:				
Property taxes	606,810,980	531,193	607,342,173	-
Sales tax	28,053,049	-	28,053,049	-
Other taxes	2,199,892	3,156,617	5,356,509	-
Grants & contributions not restricted to specific programs	34,838,403	-	34,838,403	-
Unrestricted investment earnings	29,291,558	-	29,291,558	-
Transfers	(692,082)	692,082	-	-
Total General Revenues & Transfers	700,501,800	4,379,892	704,881,692	-
Change in Net Assets	(217,286,128)	11,109,043	(206,177,085)	25,861,341
Net Assets - Beginning, as Restated (Note 18)	1,041,151,115	127,898,888	1,169,050,003	167,090,218
Net Assets - Ending	$ 823,864,987	$ 139,007,931	$ 962,872,918	$ 192,951,559

Hennepin County, Minnesota
Balance Sheets
Governmental Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	General	Human Services	Library	Ballpark Sales Tax
ASSETS				
Cash and investments	$ 164,965,321	$ 106,001,315	$ 29,931,494	$ 11,642,278
Due from component unit	981,102	194,718	-	-
Delinquent taxes receivable, net	8,981,527	4,073,677	814,486	-
Due from other governmental agencies	4,302,522	38,949,242	-	-
Accrued investment interest	5,896,433	-	-	-
Interfund receivable	-	-	-	-
Advances to other fund	-	-	-	-
Other receivable	19,864,633	552,459	373,385	4,325,583
Prepaid items	1,030,150	-	201,267	-
Inventories	2,476,848	-	-	-
Restricted cash and investments	-	-	2,278,511	-
Total Assets	$ 208,498,536	$ 149,771,411	$ 33,599,143	$ 15,967,861
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	$ 42,960,286	$ 24,984,112	$ 1,372,514	$ -
Accrued liabilities	8,708,944	16,991,474	1,055,607	-
Obligations under reverse repurchase agreements	-	-	-	-
Interfund payable	-	-	-	-
Due to component unit	1,348,887	119,977	-	-
Deferred revenue - delinquent taxes	7,535,168	3,455,678	482,172	-
Deferred revenue	635,298	638,296	-	-
Total Liabilities	61,188,583	46,189,537	2,910,293	-
Fund Balances:				
Reserved for:				
Encumbrances	6,551,287	-	1,320,659	-
Advances and prepaid items	1,030,150	-	201,267	-
Inventories	2,476,848	-	-	-
Special purposes - external commitments	300,571	561,065	2,278,511	-
Special purposes - statutory requirements	18,049,731	-	2,749,339	15,967,861
Unreserved:				
Designated for:				
Subsequent year's expenditures	30,512,554	550,000	600,000	-
Special purposes	1,730,457	107,399	1,904,234	-
Tort liability risk retention	1,800,000	-	-	-
Unrealized gain on investments	7,615,003	-	-	-
Undesignated	77,243,352	102,363,410	21,634,840	-
Total Fund Balances	147,309,953	103,581,874	30,688,850	15,967,861
Total Liabilities and Fund Balances	$ 208,498,536	$ 149,771,411	$ 33,599,143	$ 15,967,861

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

Housing and Redevelopment Authority (HRA)	Regional Railroad Authority (RRA)	RRA Debt Service	General Debt Service	Capital Projects	Totals	
					2008	2007
$ 2,175,160	$ 30,388,827	$ 408,488	$ 3,362,420	$ 16,728,307	$ 365,603,610	$ 391,250,978
-	-	-	-	-	1,175,820	4,996,849
-	237,209	-	773,491	45,753	14,926,143	12,281,863
-	-	-	-	9,393,062	52,644,826	60,731,190
-	-	-	-	12,050	5,908,483	5,588,461
-	-	-	-	-	-	17,000,000
-	-	-	-	409,416	409,416	509,416
37,405	162,386	-	4,811	3,686,943	29,007,605	20,968,674
303,635	-	-	-	-	1,535,052	838,311
-	-	-	-	-	2,476,848	2,210,367
-	-	-	1,682,470	-	3,960,981	41,249,168
$ 2,516,200	$ 30,788,422	$ 408,488	$ 5,823,192	$ 30,275,531	$ 477,648,784	$ 557,625,277
$ 260,714	$ 1,096,483	$ 10,594	$ 184,909	$ 15,100,016	$ 85,969,628	$ 77,545,485
-	4,545	-	-	-	26,760,570	11,903,755
-	-	-	-	-	-	80,175,000
-	-	-	-	-	-	17,000,000
-	-	-	-	-	1,468,864	5,772,391
-	-	-	644,370	37,833	12,155,221	9,251,146
-	3,737	-	-	7,304,656	8,581,987	9,001,927
260,714	1,104,765	10,594	829,279	22,442,505	134,936,270	210,649,704
-	154,548	-	-	101,748,386	109,774,880	90,402,134
303,635	-	-	-	409,416	1,944,468	1,337,971
-	-	-	-	-	2,476,848	2,210,367
-	-	-	1,000,000	-	4,140,147	41,976,519
-	-	-	661,380	-	37,428,311	30,364,077
-	5,743,276	-	1,280,300	-	38,686,130	54,305,281
-	100,000	-	-	-	3,842,090	2,032,183
-	-	-	-	-	1,800,000	2,000,000
8,770	425,981	-	-	-	8,049,754	2,697,610
1,943,081	23,259,852	397,894	2,052,233	(94,324,776)	134,569,886	119,649,431
2,255,486	29,683,657	397,894	4,993,913	7,833,026	342,712,514	346,975,573
$ 2,516,200	$ 30,788,422	$ 408,488	$ 5,823,192	$ 30,275,531	$ 477,648,784	$ 557,625,277

Hennepin County, Minnesota

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

For the Year Ended December 31, 2008

Total governmental fund balances (page 33)	$ 342,712,514
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital and Unavailable Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (The capital assets of the internal service funds that serve governmental activities are included in a separate reconciling item.)	1,360,779,740
Other assets are not available to pay for current-period expenditures and, therefore, are not reported as revenues in the current period, but instead are deferred in the funds.	15,268,040
The capital lease receivable from component unit is not reported in the primary government's fund statements because that receivable is offset by an equal amount of long-term debt not reported at the fund level.	17,708,200
Internal Service Funds	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds that primarily serve govermental activities are included in governmental activities in the statement of net assets. This reconciling item includes the adjustment of functional expense to eliminate internal service fund surpluses and deficits.	58,506,673
Measurement Focus	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(971,110,180)
Net assets of governmental activities (page 29)	$ 823,864,987

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

Hennepin

Hennepin County, Minnesota
Statements of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008
With Comparative Totals for the Year Ended December 31, 2007

	General	Human Services	Library	Ballpark Sales Tax	Housing and Redevelopment Authority (HRA)
REVENUES					
Property taxes	$ 278,439,975	$ 221,623,389	$ 38,521,667	$ -	$ -
Sales tax	-	-	-	28,053,049	-
Other taxes	2,018,856	126,003	16,312	-	-
Intergovernmental	80,946,326	262,353,605	25,477,382	-	225,883
Investment earnings (loss)	27,913,113	-	(1,407,388)	312,873	30,986
Charges for services	49,023,039	45,145,973	224,062	-	601,372
Fines and forfeits	314,676	-	1,544,650	-	-
Licenses and permits	4,874,046	-	-	-	-
Other	38,863,286	3,047,696	2,199,478	-	55,376
Total Revenues	482,393,317	532,296,666	66,576,163	28,365,922	913,617
EXPENDITURES					
Current:					
General government	132,238,888	-	-	3,170,625	-
Human services	-	524,224,244	-	-	-
Health	60,972,106	-	-	-	-
Public safety	250,802,864	-	-	-	-
Public works	51,662,027	-	-	-	-
Libraries	-	-	66,452,281	-	-
Housing and Redevelopment Authority	-	-	-	-	4,940,368
Regional Railroad Authority	-	-	-	-	-
Debt service:					
Principal retirement	-	-	100,000	-	-
Interest and fiscal charges	-	-	457,409	-	-
Capital projects	-	-	-	-	-
Total Expenditures	495,675,885	524,224,244	67,009,690	3,170,625	4,940,368
Excess (Deficiency) of Revenues Over Expenditures	(13,282,568)	8,072,422	(433,527)	25,195,297	(4,026,751)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	5,135,500	390,000	1,151,800	615,106	3,999,369
Transfers out	(2,508,000)	(1,833,889)	(324,424)	(21,085,806)	-
Sale of capital assets	-	-	-	-	-
Debt premiums and discounts	-	-	-	-	-
Total Other Financing Sources (Uses)	2,627,500	(1,443,889)	827,376	(20,470,700)	3,999,369
Net Change in Fund Balances	(10,655,068)	6,628,533	393,849	4,724,597	(27,382)
Fund Balances - Beginning, as Restated (Note 18)	157,965,021	96,953,341	30,295,001	11,243,264	2,282,868
Fund Balances - Ending	$ 147,309,953	$ 103,581,874	$ 30,688,850	$ 15,967,861	$ 2,255,486

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

Regional Railroad Authority (RRA)	RRA Debt Service	General Debt Service	Capital Projects	Totals 2008	Totals 2007
$ 11,897,976	$ 3,186,970	$ 46,128,301	$ 3,698,336	$ 603,496,614	$ 576,154,864
-	-	-	-	28,053,049	27,063,825
6,845	1,833	28,433	1,610	2,199,892	2,645,147
384,178	-	5,719,809	43,960,412	419,067,595	404,225,279
1,628,111	-	1,862,078	579,896	30,919,669	39,679,080
-	-	-	-	94,994,446	96,015,530
-	-	-	-	1,859,326	1,821,355
-	-	-	-	4,874,046	4,565,987
863,209	-	-	607,310	45,636,355	44,382,136
14,780,319	3,188,803	53,738,621	48,847,564	1,231,100,992	1,196,553,203
-	-	-	194,600,319	330,009,832	312,387,545
-	-	-	-	524,224,244	511,193,622
-	-	-	-	60,972,106	27,363,437
-	-	-	-	250,802,864	237,181,654
-	-	-	-	51,662,027	49,143,153
-	-	-	-	66,452,281	65,195,167
-	-	-	-	4,940,368	8,443,442
12,323,007	-	-	-	12,323,007	11,566,823
-	1,005,000	77,486,294	-	78,591,294	44,543,430
-	2,118,831	34,530,386	-	37,106,626	27,150,227
-	-	-	136,750,072	136,750,072	123,526,899
12,323,007	3,123,831	112,016,680	331,350,391	1,553,834,721	1,417,695,399
2,457,312	64,972	(58,278,059)	(282,502,827)	(322,733,729)	(221,142,196)
-	-	31,822,018	316,775,000	348,597,018	223,140,000
-	-	(31,686,395)	-	(31,686,395)	(15,730,000)
-	-	20,315,674	857,161	32,464,610	27,619,655
-	-	-	(8,546,380)	(34,298,499)	(38,854,470)
-	-	-	-	-	222,899
-	-	192,683	3,201,252	3,393,935	7,449,943
-	-	20,643,980	312,287,033	318,470,669	203,848,027
2,457,312	64,972	(37,634,079)	29,784,206	(4,263,060)	(17,294,169)
27,226,345	332,922	42,627,992	(21,951,180)	346,975,574	364,269,742
$ 29,683,657	$ 397,894	$ 4,993,913	$ 7,833,026	$ 342,712,514	$ 346,975,573

Hennepin County, Minnesota

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

For the Year Ended December 31, 2008

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

Net change in governmental fund balances (page 37)	$	(4,263,060)
<u>Capital Assets</u>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		48,274,075
The net effect of transactions involving capital asset donations, sales, and disposals is to decrease net assets in the Statement of Activities. These amounts are not reported in the governmental funds because they do not affect current financial resources. Governmental funds only report proceeds from the sale of capital assets.		(8,854,620)
<u>Measurement Focus</u>		
Capital lease payments received from component unit provide current financial resources (revenue) to governmental funds. However, in the statement of activities the payment instead reduces a capital lease receivable.		(1,757,645)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		3,314,366
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of the issuance and repayment of long-term debt.		(247,335,329)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds (i.e. interest on long-term debt and the amortization of long-term debt discount and issuance costs).		676,394
<u>Internal Service Funds</u>		
The net expense of certain activities of internal service funds is reported with governmental activities.		(7,340,309)
Change in net assets of governmental activities (page 31)	$	(217,286,128)

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

Hennepin

Hennepin County, Minnesota
Statements of Net Assets
Proprietary Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	Business-type Activities - Enterprise Funds			
	Metropolitan Health Plan	Solid Waste	Glen Lake Golf Course	Radio Communications
ASSETS				
Current Assets:				
Cash	$ 15,289,600	$ 38,658,322	$ 188,183	$ 5,809,695
Delinquent taxes receivable, net	-	8,844	-	-
Due from component unit	-	-	-	15,907
Tip fees receivable	-	2,874,704	-	-
Other receivable	9,117,704	5,513,824	-	159,960
Inventories	-	-	2,964	-
Prepaid items	1,080,821	95,577	2,506	-
Total Current Assets	25,488,125	47,151,271	193,653	5,985,562
Noncurrent Assets:				
Restricted cash and investments	500,000	15,393,656	-	-
Capital assets:				
Land	-	8,179,432	985,092	-
Land improvements	-	-	1,893,908	-
Buildings	-	123,758,703	843,167	-
Equipment	8,223,958	3,417,694	188,034	7,077,387
Leasehold improvements	2,317,221	-	-	-
Construction in progress	-	2,080,826	-	-
	10,541,179	137,436,655	3,910,201	7,077,387
Less accumulated depreciation and amortization	7,255,593	34,981,524	1,414,976	4,779,144
Net Capital Assets	3,285,586	102,455,131	2,495,225	2,298,243
Total Noncurrent Assets	3,785,586	117,848,787	2,495,225	2,298,243
Total Assets	$ 29,273,711	$ 165,000,058	$ 2,688,878	$ 8,283,805
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable	$ 2,088,381	$ 7,190,608	$ 16,312	$ 39,113
Accrued interest payable	-	426,146	-	-
Accrued expenses	18,499,662	120,589	-	-
Current portion of:				
Workers' compensation claims	-	-	-	-
Lease revenue certificates of participation	-	-	-	-
General obligation bonds and notes	-	12,630,466	200,000	-
Compensated absences	50,000	23,000	-	-
Unearned revenue	-	-	-	-
Total Current Liabilities	20,638,043	20,390,809	216,312	39,113
Noncurrent Liabilities, Net of Current Portion:				
Advance from other funds	-	-	-	-
Workers' compensation claims	-	-	-	-
Lease revenue certificates of participation	-	-	-	-
General obligation bonds and notes	-	20,623,159	1,820,000	-
Postemployment healthcare benefits	440,436	182,000	-	-
Compensated absences	1,076,108	812,541	-	-
Total Noncurrent Liabilities	1,516,544	21,617,700	1,820,000	-
Total Liabilities	$ 22,154,587	$ 42,008,509	$ 2,036,312	$ 39,113
NET ASSETS				
Invested in capital assets, net of related debt	$ 3,285,586	$ 69,201,506	$ 475,225	$ 2,298,243
Restricted for:				
Special purposes - external commitments	-	1,087,687	-	-
Special purposes - statutory requirements	500,000	15,393,656	-	-
Unrestricted	3,333,538	37,308,700	177,341	5,946,449
Total Net Assets	$ 7,119,124	$ 122,991,549	$ 652,566	$ 8,244,692

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

Totals 2008	Totals 2007	2008 Internal Service Funds
$ 59,945,800	$ 64,534,366	$ 104,812,512
8,844	7,064	-
15,907	265,640	1,416,102
2,874,704	1,704,322	-
14,791,488	12,528,252	1,107,983
2,964	2,240	619,362
1,178,904	1,994,869	3,116,150
78,818,611	81,036,753	111,072,109
15,893,656	16,501,034	-
9,164,524	9,164,524	1,040,600
1,893,908	1,893,908	-
124,601,870	122,639,780	28,613,339
18,907,073	19,111,791	104,147,905
2,317,221	2,121,033	-
2,080,826	-	-
158,965,422	154,931,036	133,801,844
48,431,237	39,826,987	82,122,702
110,534,185	115,104,049	51,679,142
126,427,841	131,605,083	51,679,142
$ 205,246,452	$ 212,641,836	$ 162,751,251
$ 9,334,414	$ 14,475,280	$ 5,202,518
426,146	564,958	605
18,620,251	11,388,045	350,478
-	-	1,500,000
-	-	65,253
12,830,466	12,542,727	891,522
73,000	81,000	7,056,500
-	8,263,717	-
41,284,277	47,315,727	15,066,876
-	-	409,416
-	-	6,905,668
-	-	384,450
22,443,159	35,273,623	13,930,039
622,436	293,000	403,000
1,888,649	1,860,598	82,416,998
24,954,244	37,427,221	104,449,571
$ 66,238,521	$ 84,742,948	$ 119,516,447
$ 75,260,560	$ 67,287,699	$ 36,407,878
1,087,687	-	-
15,893,656	16,501,033	-
46,766,028	44,110,156	6,826,926
$ 139,007,931	$ 127,898,888	$ 43,234,804

Hennepin County, Minnesota

Statements of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended December 31, 2008

With Comparative Totals for the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			
	Metropolitan Health Plan	Solid Waste	Glen Lake Golf Course	Radio Communications
OPERATING REVENUES				
Net charges for services	$ 153,838,000	$ 73,703,294	$ 963,595	$ 2,353,826
OPERATING EXPENSES				
Personal services	16,183,657	5,217,034	445,858	-
Commodities	9,952,025	332,554	87,617	296,826
Contractual services	130,786,493	52,865,262	132,397	1,009,324
Depreciation and amortization	4,157,604	4,809,041	117,914	905,922
Other	2,050,350	812,516	65,724	-
Total Operating Expenses	163,130,129	64,036,407	849,510	2,212,072
Operating Income (Loss)	(9,292,129)	9,666,887	114,085	141,754
NONOPERATING REVENUES (EXPENSES)				
Property taxes	-	531,193	-	-
Other taxes	-	246,540	-	-
Intergovernmental	-	6,349,240	-	-
Investment earnings	976,342	2,671,294	-	-
Interest expense	(106,461)	(1,700,619)	(80,560)	-
Gain (loss) on sale of capital assets	-	-	-	-
Other	-	2,910,077	-	-
Environmental grants awarded	-	(2,010,682)	-	-
Total Nonoperating Revenues (Expenses)	869,881	8,997,043	(80,560)	-
Income (Loss) Before Contributions and Transfers	(8,422,248)	18,663,930	33,525	141,754
Capital contributions	-	-	-	260,646
Transfers in	431,436	-	-	-
Transfers out	-	-	-	-
Special item - change due to creation of H.H.S. (note 1)	-	-	-	-
Net Contributions, Transfers and Special Item	431,436	-	-	260,646
Change in Net Assets	(7,990,812)	18,663,930	33,525	402,400
Total Net Assets - Beginning as restated (Note 18)	15,109,936	104,327,619	619,041	7,842,292
Total Net Assets - Ending	$ 7,119,124	$ 122,991,549	$ 652,566	$ 8,244,692

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

Total 2008	Total 2007	2008 Internal Service Funds
$ 230,858,715	$ 200,296,210	$ 80,262,393
21,846,549	21,508,835	29,911,222
10,669,022	11,059,459	10,746,759
184,793,476	153,987,034	29,350,019
9,990,481	8,494,781	17,906,170
2,928,590	4,190,053	1,431,055
230,228,118	199,240,162	89,345,225
630,597	1,056,048	(9,082,832)
531,193	490,878	-
246,540	323,553	-
6,349,240	3,186,567	-
3,647,636	3,378,413	-
(1,887,640)	(2,372,717)	(608,470)
-	94,874	948,540
2,910,077	3,725,274	-
(2,010,682)	(1,259,999)	-
9,786,364	7,566,843	340,070
10,416,961	8,622,891	(8,742,762)
260,646	296,476	1,826,691
431,436	8,384,815	1,833,889
-	-	(431,436)
-	(173,528,968)	-
692,082	(164,847,677)	3,229,144
11,109,043	(156,224,786)	(5,513,618)
127,898,888	284,123,674	48,748,422
$ 139,007,931	$ 127,898,888	$ 43,234,804

Hennepin County, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds					
	Metropolitan Health Plan	Solid Waste	Glen Lake Golf Course	Radio Communications	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 150,860,860	$ 72,465,089	$ 963,595	$ 2,353,775	$ 226,643,319	$ 80,088,827
Payments to suppliers for goods and services	(142,599,370)	(55,603,412)	(219,640)	(1,365,701)	(199,788,123)	(42,088,610)
Payments to employees for services	(16,023,210)	(5,027,994)	(445,858)	-	(21,497,062)	(24,847,398)
Other operating disbursements	(2,050,350)	(812,516)	(65,724)	-	(2,928,590)	(1,531,055)
Cash Provided (Used) by Operating Activities	(9,812,070)	11,021,167	232,373	988,074	2,429,544	11,621,764
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property taxes	-	529,413	-	-	529,413	-
Other taxes	-	246,540	-	-	246,540	-
Intergovernmental subsidies	-	6,349,240	-	-	6,349,240	-
Grants and contributions	-	899,395	-	-	899,395	-
Transfers in	-	-	-	-	-	1,833,889
Cash Provided by Noncapital Financing Activities	-	8,024,588	-	-	8,024,588	1,833,889
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of property, plant and equipment	(878,685)	(4,070,063)	-	(247,287)	(5,196,035)	(15,124,168)
Interest paid	(106,461)	(1,839,431)	(80,560)	-	(2,026,452)	(611,017)
Contributed capital from other funds	-	-	-	-	-	1,826,691
Proceeds on sale of property, plant and equipment	467,500	-	-	-	467,500	948,540
Debt issuance cost and principal payments	-	(12,357,725)	(185,000)	-	(12,542,725)	(362,568)
Cash Used by Capital and Related Financing Activities	(517,646)	(18,267,219)	(265,560)	(247,287)	(19,297,712)	(13,322,522)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	976,342	2,671,294	-	-	3,647,636	-
Cash Provided By Investing Activities	976,342	2,671,294	-	-	3,647,636	-
Increase (Decrease) In Cash	(9,353,374)	3,449,830	(33,187)	740,787	(5,195,944)	133,131
Cash at Beginning of Year	25,142,974	50,602,148	221,370	5,068,908	81,035,400	104,679,381
Cash at End of Year	$ 15,789,600	$ 54,051,978	$ 188,183	$ 5,809,695	$ 75,839,456	$ 104,812,512
CASH COMPONENTS:						
Cash	$ 15,289,600	$ 38,658,322	$ 188,183	$ 5,809,695	$ 59,945,800	$ 104,812,512
Restricted cash	500,000	15,393,656	-	-	15,893,656	-
Cash at End of Year	$ 15,789,600	$ 54,051,978	$ 188,183	$ 5,809,695	$ 75,839,456	$ 104,812,512
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ (9,292,129)	$ 9,666,887	$ 114,085	$ 141,754	$ 630,597	$ (9,082,832)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	4,157,604	4,809,041	117,914	905,922	9,990,481	17,906,170
(Increase) decrease in:						
Receivables and prepaid items	(1,380,179)	(1,236,332)	1,098	266	(2,615,147)	(2,351,043)
Inventories	-	-	(724)	-	(724)	(244,407)
Increase (decrease) in:						
Accounts payable and accrued expenses	4,716,301	(2,218,429)	-	(59,551)	2,438,321	(9,188)
Due to (from) component unit	250,050	-	-	(317)	249,733	5,503,064
Unearned revenue	(8,263,717)	-	-	-	(8,263,717)	(100,000)
Net Cash Provided (Used) by Operating Activities	$ (9,812,070)	$ 11,021,167	$ 232,373	$ 988,074	$ 2,429,544	$ 11,621,764
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Contributions of capital assets	$ 431,436	$ -	$ -	$ 260,646	$ 692,082	$ 526,082
Increase in fair value of investments	188,473	513,371	-	-	701,844	1,826,691

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

Hennepin County, Minnesota
Statement of Fiduciary Net Assets
Agency Fund
December 31, 2008

		Agency
ASSETS		
Cash and investments	$	93,091,279
Delinquent taxes receivable net of allowance for uncollectible		40,013,117
Total Assets		133,104,396
LIABILITIES		
Amounts held or due as agent	$	133,104,396

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

Hennepin

Notes to the Basic Financial Statements

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2008

INDEX TO NOTES **Page**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

Hennepin County (the County) was established in 1852 as an organized county having powers, duties, and privileges granted counties by Minnesota Statutes. The County is governed by a seven-member board of commissioners elected from districts within the County. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the activities of the County and its blended component units (the primary government), as well as its discretely presented component unit. While legally separate entities, the blended component units discussed below are included as part of the primary government, due to their governance structure and the significance of their operational and financial relationships with the County. The County's discretely presented component unit is also a legally separate entity; however discrete presentation is required because this component unit's governing board is not essentially the same as the governing board of the County. Each component unit has a December 31 year end.

On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for under the concept of pooling of interests (see Note 18).

Blended Component Units

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

The Hennepin County Housing and Redevelopment Authority (HRA) provides for the development of housing, the expanding of the tax base, increasing jobs, and industrial and commercial development. The county commissioners comprise the entire HRA board and exercise financial accountability. The HRA is included in the County's governmental funds, and separately issued financial statements can be obtained from the HRA.

Discretely Presented Component Unit

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

➢ **Government-wide Financial Statements**

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

➢ Fund Financial Statements

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

Governmental Funds

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues, including property tax revenues, to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, compensated absences, and other post-employment benefits, are recorded only when payment is due.

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

The County reports the following governmental funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

- The *Human Services Fund* is used to account for health policy; community health; veterans' services; economic assistance; children, adult, and family services; and training and employment assistance programs.
- The *Library Fund* is used to account for the activities of the County's public libraries.
- The *Ballpark Sales Tax Fund* is used to account for the inflows of cash from taxpayers to the trustee and transfers to other funds for repayment of Ballpark related bonds, Minnesota Ballpark Authority operating costs, and other expenditures allowed under legislation.
- The *Regional Railroad Authority Fund* is used to account for the preservation and improvement of local rail service for agriculture, industry, or passenger traffic when determined to be practicable and necessary for the public welfare.
- The *Housing and Redevelopment Authority Fund* is used to account for the development of housing, the expanding of the tax base, increasing jobs, and industrial and commercial development.

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

The Capital Projects Fund accounts for the acquisition of certain capital assets or the construction of major capital projects not being financed by proprietary funds, such as construction costs of highways, libraries, roads, bridges, and other construction and improvement projects. This fund is also used for the County's contributions toward other capital projects that ultimately will not be owned by the County.

Proprietary Funds

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In applying the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20 to enterprise funds, the County adopted all applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, with the exception of those pronouncements that conflict with GASB pronouncements. The County has elected not to adopt FASB Statements and Interpretations issued after November 30, 1989.

The County reports the following proprietary funds:

Enterprise funds are proprietary funds used to account for those operations that are financed and operated in a manner similar to private business or where the Board of County Commissioners has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

- The *Metropolitan Health Plan Fund* (MHP) is used to account for the state-certified health maintenance organization operations. MHP serves Medicaid, General Assistance Medical Care, and MinnesotaCare participants residing in Hennepin, Anoka, Scott, and Carver Counties, as well as Medicare/Medicaid-eligible residents of Hennepin County. Funding for these services is provided through a contract with the Minnesota Department of Human Services.
- The *Solid Waste Fund* is used to account for the management of the solid waste system, which includes the resource recovery facilities, transfer stations, and recycling and household hazardous waste programs and the environmental response fund program. The environmental response program is funded by certain mortgage registry and deed taxes, which are used for acquisition of polluted or contaminated properties, indemnifying or holding harmless, remediation, or improving those properties for economic development.
- The *Glen Lake Golf Course Fund* is used to account for the operations of the golf course.
- The *Radio Communications Fund* is used to account for the Sheriff radio system and related maintenance activities. Radios are used by the County or leased to participating entities.

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

- The *Central Services Fund* is used to account for receiving and distribution, mail handling, printing, paper recycling, and surplus furnishings and equipment services.
- The *Central Mobile Equipment Division Fund* is used to account for the costs of purchasing, operating, and replacing all automotive and other mobile equipment used by departments.
- The *Information Technology Fund* is used to account for the costs of data processing and data processing equipment leasing services provided to departments.
- The *Energy Center Fund* is used to account for the costs of operating the Energy Center, which provides heat and air conditioning primarily to County-owned facilities.
- The *Self Insurance Fund* is used to account for worker's compensation and the funds designated for the building and contents property insurance retentions.
- The *Practis – Business Services Office Fund* is used to account for medical billing and other services provided by primarily to county-owned medical service providers. At December 31, 2008, the activities of this fund were transferred to the Human Services Fund, or transferred to the Metropolitan Health Plan Fund, or discontinued.
- The *Other Employee Benefits Fund* is used to account for the cost of compensated absences and the funding of other post employment benefit obligations for governmental funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fiduciary Funds

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

Cash and Investments

The County maintains an investment pool for substantially all cash and investments of all funds. Each fund's portion of the pool is presented as "cash" or "restricted cash" as appropriate. For the County funds that receive investment earnings, the allocation of those earnings is based on average monthly balances of cash and investments.

Investments are stated at fair value. The fair value of investments is determined annually and is based on current market prices received from broker dealers. State law authorizes the County to invest in the following instruments:

- United States Treasury obligations
- Federal agency issues
- Repurchase agreements
- Reverse repurchase agreements
- Certificates of deposit
- 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
- Shares of certain investment companies

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables" (i.e., the current portion of interfund loans) or advances due to/from other funds (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Taxes receivable are shown net of the allowance for uncollectible delinquent taxes, which is an estimate based on historical collection experience. The portion of property taxes not included in the allowance and not collected within 60 days is offset by deferred revenue in the governmental fund financial statements. All other receivables are shown net of any allowance for uncollectible accounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories and Prepaid Items

All inventories are valued at the lower of cost or market, using the first-in, first-out (FIFO) method. Expenditures or expenses are recognized in the funds when inventories are consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Governmental fund inventories and prepaid items are offset by reservation of fund balance.

Capital Assets

Capital assets, which include property (e.g. land, art collections, historical treasures), plant (e.g. buildings, improvements), equipment (e.g. vehicles, computers, office equipment), and infrastructure assets (e.g., roads, bridges), are reported in the proprietary fund financial statements and in the applicable governmental or business-type activities columns in the government-wide financial statements. The capitalization thresholds are $5,000 for equipment and improvements, and $500,000 for buildings and infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized (e.g. County road overlays).

In governmental funds, all capital outlays are reported as expenditures. In the proprietary funds, major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on project specific invested debt proceeds over the same period. Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Infrastructure:	Major river crossings	90 years
	Conventional steel and concrete bridges	70 years
	County roads	60 years
Buildings and improvements		20-50 years
Equipment:	Automobiles and light trucks	4-6 years
	Construction and maintenance vehicles	10-20 years
	General machinery and office equipment	10 years
	Computer equipment	3-4 years
Leasehold improvements		Initial lease term

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-Term Obligations - Continued

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. Debt principal payments are reported as expenditures.

Employee Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused compensated absences. Under certain conditions, employees are compensated upon termination of employment for their accumulated unpaid vacation, paid time off, and sick leave up to a maximum number of hours. Accumulated compensated absences are reported as an expense and an accrued liability as the benefits accrue to employees in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements. The Other Employee Benefits internal service fund reports the governmental funds' liability for compensated absences on the accrual basis.

Fund Balance and Net Assets

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties to be used for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the enterprise fund and government-wide financial statements, the portion of net assets that is invested in capital assets net of related debt is reported separately. Restricted net assets are reported for amounts that are legally restricted by outside parties to be used for a specific purpose.

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and footnotes in order to provide an understanding of the changes in the County's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

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

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The basic financial statements include a reconciliation of the governmental fund balance sheet to the statement of net assets. One element of that reconciliation relates to capital assets, which consists of the following:

Governmental fund capital assets (note that the capital assets of the internal service funds that serve governmental activities are included in a separate reconciling item.)	$ 2,060,314,023
Governmental fund accumulated depreciation	(699,534,283)
Total Capital Assets Reconciliation Item	$ 1,360,779,740

Another element of that reconciliation refers to long-term liabilities. The details of this reconciliation item are as follows:

General obligation (G.O.) bonds and notes payable	$ (565,255,000)
Revenue bonds	(346,423,286)
Issuance premium (to be amortized over life of debt)	(5,101,996)
Lease revenue certificate of participation payable	(18,290,586)
Notes payable	(19,007,564)
Accrued interest payable	(2,574,184)
Postemployment healthcare (note that retiree healthcare liabilities of the internal service funds that serve governmental activities are included in a separate reconciling item.)	(14,457,564)
Total Long-Term Liabilities Reconciliation Item	$ (971,110,180)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The basic financial statements include a reconciliation of the governmental fund statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities. One element of that reconciliation refers to the amount by which capital outlays exceeded depreciation. The details of this reconciliation item are as follows:

Capital outlay	$ 96,731,077
Less capital contributions from governmental activities to business-type activities	(260,646)
Less depreciation expense	(48,196,356)
Total Capital Outlays and Depreciation Reconciliation Item	$ 48,274,075

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

Issuance of debt	$ (348,597,018)
Bond premiums	(3,393,935)
Issuance costs	1,675,179
Principal repayments – G.O. debt	71,620,222
Principal repayments – Ballpark revenue bonds	4,925,000
Principal repayments – refundings	31,686,395
Principal repayments – note payable	103,280
Principal repayments – lease revenue certificate of participation	1,942,792
Postemployment healthcare benefit increases	(7,297,244)
Total Long-term Debt Reconciliation Item	$ (247,335,329)

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions

It is the County's policy to follow MN Statute 118A.03, which states that to the extent that funds deposited are in excess of available federal deposit insurance, the County must require the financial institution to furnish collateral security or a corporate surety bond. All collateral must be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution not owned/controlled by the financial institution furnishing the collateral.

At year end, the bank balance was $93,362,244. The bank balance was covered by either federal depository insurance, surety bonds, or by collateral held by the County's agent in the County's name. The carrying amount of deposits at year end was $96,637,973. County, fiduciary, and discretely presented component unit cash and investments are pooled. Of the carrying amount, the December 31 portion of cash relating to the Medical Center discretely presented component unit was $28,327,986.

Management of Investment Risk

At December 31, 2008, the County had the following investments. Effective duration is shown in years.

Non-fiduciary Investments	Fair Value	Effective Duration
U.S. government agency securities	$ 556,996,595	1.02
Money market funds	13,337,205	0.01
Mutual funds	4,664,051	3.48
Total fair value	$ 574,997,851	
Effective duration		1.02

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

Credit Risk. The County's investments in the bonds of U.S. agencies were rated AAA by Standard & Poor's and Fitch Ratings, and Aaa by Moody's Investors Service. The money market funds and mutual funds were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The County's general investment policy is to apply the prudent-investor rule: investments are made as a prudent investor would be expected to act. County policy allows investment in all instruments authorized by State law (detailed in Note 1), with the exception of:

- Bankers acceptances
- Commercial paper (except indirect investments through repurchase agreements)
- Shares of investment companies
- Mortgage-backed securities not backed by the Government National Mortgage Association.

As discussed in Note 1, the Minneapolis Public Library (MPL) system merged with the Hennepin County Library operation in 2008. MPL had invested private donations in mutual funds holding equity and fixed income securities. This is permissible under State law providing that those donations are not considered public funds. Mutual funds holding equities are not an investment vehicle that Hennepin County intends to continue using. The Investment Manager will move these investments to a more conservative investment over time in a manner that will limit realized losses.

Concentration of Credit Risk. The County primarily invests in U.S. government agency securities and, therefore, places no limit on the amount that may be invested in any one issuer. More than five percent of the fair value of the County's total investments are in each of the following: Federal Home Loan Mortgage Corporation (40%), Federal National Mortgage Association (40%), and Federal Home Loan Bank (17%).

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

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

Investment Income, Realized Gains and Losses, and Unrealized Gains and Losses
Cash from all funds is pooled for deposit and investment purposes. In accordance with legal restrictions, investment earnings from pooled deposits and investments are recorded in the General Fund, MHP Fund, Housing and Redevelopment Fund, Solid Waste Fund, Capital Projects Fund, Regional Railroad Authority Fund, and Agency Fund (for Three Rivers Park District). Investment earnings are allocated based on average monthly cash balances. The net change in the fair value of investments is reported as a component of total investment earnings. A detail, by fund type, of this activity for 2008 is as follows:

Fund	Investment Income and Realized Gains and Losses	Net Increase in the Fair Value of Investments	Total Investment Earnings
Governmental Funds:			
General	$ 22,890,472	$ 5,022,641	$ 27,913,113
Special Revenue:			
Libraries	227,926	(1,635,314)	(1,407,388)
Ballpark Sales Tax	312,873	-	312,873
Housing and Redevelopment	26,115	4,871	30,986
Regional Railroad	1,303,479	324,632	1,628,111
Capital Projects	579,896	-	579,896
Debt Service	1,862,078	-	1,862,078
	27,202,839	3,716,830	30,919,669
Proprietary Funds:			
Enterprise:			
Metropolitan Health Plan	787,869	188,473	976,342
Solid Waste	2,157,923	513,371	2,671,294
	2,945,792	701,844	3,647,636
Total	$ 30,148,631	$ 4,418,674	$ 34,567,305

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

	2008	2007
Investment income and realized gains and losses	$ 30,148,631	$ 28,841,902
Net annual increase (decrease) in the fair value of investments	4,418,674	13,483,731
Total Investment Earnings	$ 34,567,305	$ 42,325,633

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

4. RESTRICTED CASH AND INVESTMENTS

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

- $500,000 MHP cash restricted by MN statute 62D.041 for protection in the event of insolvency
- $15,393,656 Solid Waste Fund Environmental Response Program cash and investments restricted for purposes specified by Minnesota statutes, section 383B.81

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Balance January 1, 2008, as restated	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2008
Governmental Activities:				
Capital assets not being depreciated:				
Art & historical treasures	$ 4,641,516	$ -	$ -	$ 4,641,516
Land	102,641,437	2,157,341	-	104,798,778
Construction in progress – buildings	2,996,169	10,926,591	(4,317,820)	9,604,940
Construction in progress – infrastructure	141,836,481	62,321,053	(45,688,983)	158,468,551
Total capital assets not being depreciated	252,115,603	75,404,985	(50,006,803)	277,513,785
Capital assets being depreciated:				
Buildings	680,871,238	4,871,982	(4,317,820)	681,425,400
Furnishings and equipment	149,913,237	22,251,395	(17,297,177)	154,867,455
Library books and materials	87,868,172	6,951,630	(5,007,081)	89,812,721
Leasehold improvements	12,104,196	180,518	(898,934)	11,385,780
Land improvements	15,293,817	4,932,657	-	20,226,474
Infrastructure	910,742,001	45,688,983	(5,622,280)	950,808,704
Total capital assets being depreciated	1,856,792,661	84,877,165	(33,143,292)	1,908,526,534
Less accumulated depreciation for:				
Buildings	239,453,728	19,875,903	-	259,329,631
Equipment	98,158,003	20,848,226	(16,641,666)	102,364,563
Library books and materials	53,964,110	8,796,256	(5,007,081)	57,753,285
Leasehold improvements	8,765,168	2,191,020	(467,498)	10,488,690
Land improvements	2,377,352	1,321,646	-	3,698,998
Infrastructure	328,363,793	13,069,475	(1,486,998)	339,946,270
Total accumulated depreciation	731,082,154	66,102,526	(23,603,243)	773,581,437
Total capital assets being depreciated, net	1,125,710,507	18,774,639	(9,540,049)	1,134,945,097
Governmental activities capital assets, net	1,377,826,110	94,179,624	(59,546,852)	1,412,458,882
Business-type Activities				
Capital assets not being depreciated:				
Land	9,164,524	-	-	9,164,524
Construction in progress – buildings	-	2,080,826	-	2,080,826
Total capital assets not being depreciated	9,164,524	2,080,826	-	11,245,350
Capital assets being depreciated:				
Buildings	122,639,780	1,962,090	-	124,601,870
Equipment	19,111,791	949,817	(1,154,535)	18,907,073
Leasehold improvements	2,121,033	898,934	(702,746)	2,317,221
Land improvements	1,893,908	-	-	1,893,908
Total capital assets being depreciated	145,766,512	3,810,841	(1,857,281)	147,720,072
Less accumulated depreciation for:				
Buildings	27,627,838	4,801,325	-	32,429,163
Furnishings and equipment	11,238,786	4,106,103	(1,150,983)	14,193,906
Leasehold improvements	127,043	1,007,297	(235,248)	899,092
Land improvements	833,320	75,756	-	909,076
Total accumulation depreciation	39,826,987	9,990,481	(1,386,231)	48,431,237
Total capital assets being depreciated, net	105,939,525	(6,179,640)	(471,050)	99,288,835
Business-type activities capital assets, net	115,104,049	(4,098,814)	(471,050)	110,534,185
Total Capital Assets, Net	$1,492,930,159	$ 90,080,810	$ (60,017,902)	$ 1,522,993,067

5. CAPITAL ASSETS – CONTINUED

Due to the lookback requirements of GASB 34, depreciation expenses of Internal Service Funds totaling $17,906,170 are included in the following program direct expenses in the Statement of Activities: General Government $3,973,222, Human Services $5,004,096, Health $395,925, Public Safety $311,641, Public Works $5,605,066, Libraries $2,595,344, and RRA $20,876.

Of the capital assets shown in governmental activities in the previous table, the Hennepin County Regional Railroad Authority (RRA) and Hennepin County Housing Authority (HRA) blended component units' capital asset activity for the year ended December 31, 2008 was as follows:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
RRA Activities:				
Capital assets not being depreciated:				
Land (including rail corridor)	$ 36,197,290	$ -	$ -	$ 36,197,290
Capital assets being depreciated:				
Buildings	2,371,256	-	-	2,371,256
Equipment	-	-	-	-
Total capital assets being depreciated	2,371,256	-	-	2,371,256
Less accumulated depreciation	958,916	171,818	-	1,130,734
Total capital assets being depreciated, net	1,412,340	(171,818)	-	1,240,522
RRA Capital Assets, Net	$ 37,609,630	$ (171,818)	$ -	$ 37,437,812
HRA Activities:				
Capital assets being depreciated:				
Buildings	$ 12,654,573	$ -	$ -	$ 12,654,573
Less accumulated depreciation	1,046,123	632,729	-	1,678,852
Total capital assets being depreciated, net	11,608,450	(632,729)	-	10,975,721
HRA Capital Assets, Net	$ 11,608,450	$ (632,729)	$ -	$ 10,975,721

6. RECEIVABLES

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

	Taxes Receivable	Intergov-ernmental Receivable	Interest Receivable	Accounts Receivable	Allowance for Uncollectibles	Net Total Receivables
Fund(s):						
General	$11,568,026	$ 4,302,522	$ 5,896,433	$ 19,884,967	$ (2,606,833)	$ 39,045,115
Human Services	6,153,775	38,949,242	-	552,459	(2,080,098)	43,575,378
Library	1,115,660	-	-	373,385	(301,174)	1,187,871
Ballpark Sales Tax	-	-	-	4,325,583	-	4,325,583
HRA	-	-	-	37,405	-	37,405
RRA	359,239	-	-	162,386	(122,030)	399,595
Debt Service	1,166,548	-	-	4,811	(393,057)	778,302
Capital Projects	69,095	9,393,062	12,050	3,686,943	(23,342)	13,137,808
MHP	-	-	-	9,117,704	-	9,117,704
Solid Waste	13,355	-	-	8,388,528	(4,511)	8,397,372
Radio Comm.	-	-	-	159,960	-	159,960
Internal Service	-	-	-	1,107,983	-	1,107,983
Total	$20,445,698	$ 52,644,826	$ 5,908,483	$ 47,802,114	$ (5,531,045)	$121,270,076

6. RECEIVABLES – CONTINUED

Taxes

Property taxes are a lien on property from the year in which the property is assessed. The lien attaches on the first Monday of the following year. 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 $5,506,200 in the governmental funds and $4,511 in proprietary funds.

Deferred Long-term Loans

HCHRA Affordable Housing Incentive Fund Program Long-term Loans

In 2000 the HCHRA Board of Commissioners established the Affordable Housing Incentive Fund (AHIF) Program to assist municipalities, government and nonprofit agencies, private and nonprofit housing developers, and lenders in the development of affordable housing throughout Hennepin County.

As of December 31, 2008 there are 102 AHIF deferred loans outstanding, with original terms ranging from 10 to 60 years. Fifty-three of the loans are underwritten with no interest payments, and will be forgiven at the end of the loan period if all program conditions are met. These “forgivable” loans, which will become grants at the end of the loan period, total $12,067,075 at year end. Given the nature of these loans, they are not recognized in the financial statements.

The other 49 AHIF deferred loans are written so that both interest and principal payments are deferred for the full term of the loans if all program conditions are met. These deferred loans are established with between 0% and 3% simple interest; one with 1% deferred interest compounded. At December 31, 2008 these “payable” deferred loans which are expected to be repaid, or refinanced with extended terms as of their due date, total $18,441,305. Given the nature of these loans and the uncertainty of repayment, at the time of origination they are fully reserved resulting in a net carrying value of zero.

Community Development Block Grant Long-term Loans

Single-family home rehabilitation projects funded under the Community Development Block Grant (CDBG) deferred loan program are to be repaid when the related properties are transferred or sold. If the homeowners remain in their homes for the full term of the CDBG deferred loan, then the loan is “forgiven”, and becomes a grant. A lien is placed against the property for the city where the property is located to ensure the repayment of the loan and interest to the city if the property is transferred or sold before the end of the loan period. Such proceeds, including interest (usually 3% simple interest), are collected by the city holding the lien, and then returned to the Hennepin County CDBG program to assist additional low-income families.

The city of Edina operates its own single-family home rehabilitation deferred loan program for low-income homeowners in the city. Outstanding deferred loans at year-end totaled $293,950 for Edina. Hennepin County administers the rehabilitation deferred loan program for all other communities within the County. A total of $8,748,894 is outstanding at year-end for County administered loans. The original terms of the CDBG single-family home rehabilitation project loans generally range from 10 to 30 years, and all such loans will be forgiven and become grants if the homeowners remain in their homes for the full term of the loan. Given the nature of these loans, they are not recognized in the financial statements.

6. RECEIVABLES – CONTINUED

HOME Investment Partnerships Program Loans

The Home Investments Partnership (HOME) program focuses on meeting affordable housing needs by funding certain rental housing development and home ownership activities. The original terms of the HOME loans generally range from 20 to 30 years. Given the nature of these loans and the uncertainty of repayment, at the time of origination they are fully reserved resulting in a net carrying value of zero.

Rental Properties. As of December 31, 2008, there are 109 loan agreements totaling $20,239,404. These agreements are written at rates between 0% and 5.43% simple interest, with the principal and interest payments deferred until the loan ending date. At the end of the term, these deferred loans are expected to be repaid, or refinanced with extended terms. HOME monies repaid or otherwise recovered from these loans are returned to the program for other HOME program activities. Given the nature of these loans and the uncertainty of repayment, at the time of origination they are fully reserved resulting in a net carrying value of zero.

Home ownership. At year-end, there are 30 outstanding “forgivable” loan agreements, totaling $916,788 placed through Habitat for Humanity. The original terms of these loans include deferred, 30-year, zero percent interest loans to qualified low-income homebuyers for the cost of purchasing their homes. In addition, there are 44 “forgivable” 30-year deferred loans totaling $1,781,417, which provided funding to West Hennepin Affordable Housing Land Trust to purchase property to be resold to qualified low-income homebuyers. There are also 50 HOME loans totaling $1,089,997 that have been provided to low-income homebuyers through private and nonprofit organizations and governmental entities, such as the Bloomington Housing and Redevelopment Authority. These organizations use HOME funds to provide assistance to low-income homebuyers in the form of deferred, 30-year, zero interest loans that are payable at the end of their 30-year term. One additional $270,000 development gap HOME loan with Linden Park Condominium LLC is a loan to be forgiven when six of the condominiums are sold to income eligible households. Each buyer will receive a deferred HOME loan of up to $10,000 as direct buyer gap assistance. To-date, three condominiums have been sold with loans totaling $25,000.

Other assistance provided directly from Hennepin County with funding through the HOME program includes the American Dream Down Payment Initiative (ADDI) and Hennepin County’s HOME rehabilitation assistance programs. Forty-seven outstanding ADDI loans, totaling $495,429, provided down payment assistance to low-income first-time homebuyers, with 0% interest, and are payable at the end of 30- or 40-year terms; to match the terms of the first mortgages on the properties. The HOME rehabilitation programs have 35 outstanding HOME rehab loans, totaling $703,056, which helped low-income homeowners rehabilitate their homes, or helped to make their homes more physically accessible. These loans, with 0% interest, are “forgivable” loans with 15- or 30-year terms.

If HOME conditions are not met, or a home is sold, or when full term loans are repaid, the funds are returned to the program for another HOME eligible activity. Given the nature of these loans, they are not recognized in the financial statements.

Summary of deferred long-term loans that are not recognized in the financial statements:

Program	Loans Outstanding at December 31, 2008
Affordable Housing Incentive Fund	$30,508,380
Community Development Block Grant	9,042,844
HOME Investment Partnerships	25,521,091
	$ 65,072,315

7. COMMITMENTS

Solid Waste Facilities

The County is obligated under service agreements to make certain payments and supply solid waste to two solid waste facilities. Payments are being made from user charges and bond receipts, and future payments are expected to be:

Years Ending December 31	Expected Payment
2009	$ 22,528,074
2010	6,766,672
2011	6,969,672
2012	7,178,762
2013	7,394,125
2014-2018	40,434,104
Total	$ 91,271,409

Ballpark

Future sales tax revenues have been pledged to the repayment of debt issued to provide financing for repayment of Ballpark related bonds, Minnesota Ballpark Authority operating costs, and other expenditures allowed under legislation. In 2008, revenue bonds totaling $191,775,000 were issued, resulting in a year-end outstanding Ballpark bond principal balance of $336,850,000. See Note 11 for annual debt service requirements to be funded by future sales tax revenues.

Medical Center Discretely Presented Component Unit

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

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

Based on the community benefits provided by the Medical Center, the County is committed to the provision of significant support to Medical Center operations, including allowing the Medical Center to use specific County-owned land and buildings at essentially no cost, guaranteeing a specific level of cash liquidity for the Medical Center, providing funding for the provision of uncompensated care services based on a specific formula, and providing funding for Medical Center capital improvement projects approved through the County's budgeting process.

7. COMMITMENTS – CONTINUED

Medical Center Discretely Presented Component Unit – Continued

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

Counties Transit Improvement Board – Joint Venture

On April 1, 2008 the County Board authorized the County to join Anoka, Dakota, Ramsey, and Washington counties in the establishment of the Counties Transit Improvement Board (CTIB). The Minnesota Legislature authorized this joint powers board to impose a one-quarter percent sales and use tax, and an excise tax of $20 on sales of motor vehicles. The taxes began on July 1, 2008 and will be used to provide grants to fund improvements to the transit system, including light rail, commuter rail, and bus rapid transit. Separately issued financial statements can be obtained from CTIB.

8. RELATED PARTY TRANSACTIONS

Significant transactions between the County and the Medical Center discretely presented component unit during 2008 included the following.

- While the County has retained ownership of land and buildings used by Medical Center operations, the majority of those facilities were leased to the Medical Center for one dollar annually.
- The County received $1.9 million from the Medical Center under a capital lease agreement.
- The County provided $29.0 million to the Medical Center in support of uncompensated care provided to Hennepin County citizens.
- The County contributed $24.5 million to the Medical Center for capital improvement projects.
- The County's MHP enterprise fund is a health maintenance organization purchasing services from the Medical Center and other medical service providers. During 2008, MHP purchased Medical Center services totaling approximately $37.9 million.

9. INTERFUND BALANCES AND ACTIVITY

Interfund Advances

Advances between funds represent the non-current portion of interfund loans. At December 31, there was a $409,416 Internal Service Fund advance from the Capital Projects Fund for Energy Center facility modifications.

9. INTERFUND BALANCES AND ACTIVITY – CONTINUED

Interfund Transfers During 2008:

Fund Transferred From	Fund Transferred To	Purpose	Amount
Between Governmental Activities and Business-type Activities:			
Internal Service	Metropolitan Health Plan	Transfer of certain Practis - Business Services Office leasehold improvements	$ 431,436
Between Funds Within Governmental Activities:			
General	Human Services	Supervised visitation services for child protection	65,000
General	Human Services	Academic achievement and youth development for Latino youth	250,000
General	Human Services	Staff training: patterns of abuse, safety, assessment, family engagement	75,000
General	HRA	Affordable housing	250,000
General	Debt Service	Century Plaza Building debt service	1,868,000
Human Services	Internal Service	Support Practis – Business Services Office	1,833,889
Library	Capital Projects	Minneapolis libraries - facility preservation	324,424
Ballpark Sales Tax	General	Sales tax support of youth sports & activities	1,151,800
Ballpark Sales Tax	Library	Sales tax support of extended library hours	1,151,800
Ballpark Sales Tax	Debt Service	Ballpark debt service	18,249,469
Ballpark Sales Tax	Capital Projects	Ballpark project	532,737
Capital Projects	General	APEX software implementation project	3,878,169
Capital Projects	General	Support of Ballpark project	105,531
Capital Projects	Ballpark Sales Tax	Support of Ballpark project	615,106
Capital Projects	HRA	Affordable housing and transit oriented development	3,749,369
Capital Projects	Debt Service	Augsburg debt service	198,205
			34,298,499
			$ 34,729,935

10. LONG-TERM OBLIGATIONS

The Schedule of Changes in Long-term Debt on page 102 provides additional detail on bonds, notes, and certificates of participation. The balance of lease revenue certificates of participation shown below is net of an adjustment on refunding debt that is not included on the Schedule of Changes in Long-term Debt. Long-term liabilities of the internal service funds are included in governmental activities. An internal service fund is typically used to liquidate the long-term obligation for compensated absences and post-employment healthcare for governmental funds. Changes in long-term obligations for the year ended December 31, 2008 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
G.O. bonds – County-wide	$415,013,000	$108,335,000	$ (70,735,000)	$452,613,000	$ 25,201,500
G.O. bonds – libraries	51,187,000	15,000,000	(13,980,000)	52,207,000	5,858,500
Limited Authority G.O. bonds – RRA	44,900,000	-	(1,005,000)	43,895,000	1,045,000
G.O. bonds – non-levy supported	1,660,000	-	(120,000)	1,540,000	125,000
Capital Notes	-	15,000,000	-	15,000,000	1,000,000
Unamortized premiums	5,169,133	221,718	(288,855)	5,101,996	316,976
Total G.O. bonds & notes	517,929,133	138,556,718	(86,128,855)	570,356,996	33,546,976
Sales tax revenue bonds	150,000,000	191,775,000	(4,925,000)	336,850,000	2,900,000
Unamortized premiums	6,804,517	3,099,891	(331,122)	9,573,286	372,219
Total revenue bonds and notes	156,804,517	194,874,891	(5,256,122)	346,423,286	3,272,219
Total G.O. & revenue bonds and notes	674,733,650	333,431,609	(91,384,977)	916,780,282	36,819,195
Lease revenue certificates of participation (COPs)	19,964,418	18,935,000	(20,682,444)	18,216,974	2,323,561
Unamortized premiums	-	74,079	(467)	73,612	10,770
Total COPs	19,964,418	19,009,079	(20,682,911)	18,290,586	2,334,331
Notes payable	19,628,936	-	(621,372)	19,007,564	658,092
Compensated absences	84,598,675	8,146,829	(3,272,006)	89,473,498	3,300,000
Postemployment healthcare	7,402,320	19,370,564	(11,912,320)	14,860,564	-
	806,327,999	379,958,081	(127,873,586)	1,058,412,494	43,111,618
Business-type Activities:					
G.O. bonds – Golf Course	2,205,000	-	(185,000)	2,020,000	200,000
G.O. revenue bonds – Solid Waste	43,710,000	-	(11,665,000)	32,045,000	11,935,000
Unamortized premiums	1,901,350	-	(692,730)	1,208,620	695,466
Total G.O. Revenue bonds	45,611,350	-	(12,357,730)	33,253,620	12,630,466
Compensated absences	1,941,598	291,045	(270,994)	1,961,649	73,000
Postemployment healthcare	293,000	373,436	(44,000)	622,436	-
	50,050,948	664,481	(12,857,724)	37,857,705	12,903,466
Government-wide Total	$856,378,947	$380,622,562	$(140,731,310)	$1,096,270,199	$56,015,084

11. DEBT SERVICE REQUIREMENTS

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. During the year, general obligation bonds totaling $123,335,000 were issued. Of this amount, $95,000,000 was issued to finance County-wide capital improvements and $15,000,000 was issued for Library capital improvements. The remaining $13,335,000 was issued to refund the $13,380,000 remaining balance of series 1998B. The current refunding resulted in a reduction of the County's debt service payments of $381,278 over the next eleven years and an economic gain (difference between the present value of the debt service payments for the old and new debt) of $287,741. In 2008, the County issued $15,000,000 of general obligation capital notes to finance the APEX human resources and financial accounting system implementation.

The County also issues revenue bonds where the County pledges income derived from specific revenue streams to pay debt service. During the year, Second Lien and Third Lien Sales Tax Revenue Bonds (Ballpark Project) totaling $116,775,000 and $75,000,000, respectively, were issued for the construction of a new ballpark in Minneapolis, which will become the home of the Minnesota Twins. Revenue from a 0.15 percent Hennepin County sales tax was committed for servicing this debt. Proceeds from the bonds are held by a trustee for the benefit of the Minnesota Ballpark Authority and will finance specific types of ballpark construction costs. The ballpark will be owned by the Minnesota Ballpark Authority, which is not a County agency or component unit.

The two 2008 Ballpark revenue bond series are in addition to the 2007 revenue bonds issued for this purpose. At the time of issuance and at December 31, respectively, $600,394,618 and $579,806,149 of total remaining Ballpark Revenue Bond principal and interest was expected to be paid from future sales tax collected through 2037. The 2008 $16,884,315 principal and interest payments were paid from $27,363,924 of net sales tax revenues collected during 2008 (revenue total is net of State service fees for collecting sales tax).

On November 15, 2008, the County defeased the $18,750,000 remaining balance of series 1998 Lease Revenue Certificates of Participation using the $18,935,000 proceeds of Lease Revenue Refunding Certificates of Participation, Series 2008F. The majority of the Certificates of Participation debt are long-term obligations of the governmental funds, however $447,982 of the refunding proceeds relate to Internal Service Fund debt. The County will continue to lease the related facility from Center Hospital, Inc. and will have the option to purchase the facility upon full payment of the lease. The current refunding resulted in a reduction of the County's debt service payments of $1,383,013 over the next six years and an economic gain (difference between the present value of the debt service payments for the old and new debt) of $1,248,102.

The County has pledged future solid waste fee revenues, net of specified operating expenses, to repay $32,045,000 of General Obligation Solid Waste Refunding Revenue Bonds issued in July 2003. Proceeds from the original issue of bonds were used to provide financing for the acquisition of the Hennepin Energy Recovery Center. The bonds are payable from net fee revenues and are payable through 2012. The total principal and interest remaining to be paid on the bonds is $34,378,600. Principal and interest paid for the current year and total net fees available for debt service were $13,365,619 and $24,274,195, respectively.

11. DEBT SERVICE REQUIREMENTS – CONTINUED

Annual debt service requirements for revenue bonds and general obligation bonds and notes to maturity, as of December 31 (assuming that the liquidity facility agreement with respect to the Series 2005A variable rate bonds is renewed in 2010), are as follows:

	General Obligation Bonds & Notes		Sales Tax Revenue Bonds		
	Principal	Interest	Principal	Interest	Total
Governmental Activities:					
2009	$ 33,230,000	$ 23,977,750	$ 2,900,000	$ 13,391,300	$ 73,499,050
2010	35,290,000	22,688,723	3,850,000	13,287,183	75,115,906
2011	36,035,000	21,296,452	4,420,000	13,126,452	74,877,904
2012	36,145,000	19,869,632	4,900,000	12,948,070	73,862,702
2013	36,870,000	18,439,400	5,230,000	12,753,454	73,292,854
2014-2018	179,875,000	70,095,912	33,350,000	60,088,840	343,409,752
2019-2023	136,130,000	33,769,122	49,435,000	51,616,366	270,950,488
2024-2028	62,525,000	10,125,218	73,015,000	37,998,138	183,663,356
2029-2033	9,155,000	932,250	83,400,000	21,101,297	114,588,547
2034-2037	-	-	76,350,000	6,645,047	82,995,047
	565,255,000	221,194,459	336,850,000	242,956,147	1,366,255,606
Business-type Activities:					
2009	12,135,000	1,347,298	-	-	13,482,298
2010	12,120,000	825,298	-	-	12,945,298
2011	4,315,000	287,127	-	-	4,602,127
2012	4,330,000	129,952	-	-	4,459,952
2013	245,000	44,797			289,797
2014-2018	920,000	81,230			1,001,230
	34,065,000	2,715,702	-	-	36,780,702
Total	$ 599,320,000	$ 223,910,161	$336,850,000	$242,956,147	$1,403,036,308

The interest on variable rate debt is computed using the interest rate effective at December 31. The interest rates on the County's variable rate debt are set by the remarketing agent and are reset weekly on Wednesday effective Thursday. The liquidity facility that supports the Series 2005A variable rate bonds expires June 2010. If renewal or substitution efforts are unsuccessful, the Series 2005A bonds outstanding at that time will be mandatorily redeemed under the terms of the liquidity facility and the County will be required to reimburse the liquidity provider. As of December 31, 2008, the Series 2005A outstanding balance was $58.8 million, of which $54.8 million is reported in the table above as maturing in December 2010 through December 2021. If the bonds are mandatorily redeemed, the 2010 debt service requirement for g.o. principal will be $90,300,000, rather than the $35,500,000 shown in the table above.

Annual debt service requirements for notes payable are as follows:

Governmental Activities:	Principal	Interest	Total
2009	$ 658,092	$ 453,909	$ 1,112,001
2010	668,092	449,009	1,117,101
2011	698,092	443,759	1,141,851
2012	723,092	437,009	1,160,101
2013	753,092	428,809	1,181,901
2014-2018	4,305,460	1,972,805	6,278,265
2019-2023	5,470,460	1,497,682	6,968,142
2024-2028	5,731,184	676,397	6,407,581
Total	$ 19,007,564	$ 6,359,379	$ 25,366,943

11. DEBT SERVICE REQUIREMENTS – CONTINUED

Lease revenue certificates of participation, with final maturity in 2015, are secured by annual lease payments payable by the County for use of the related facility. Center Hospital Corporation, a public benefit corporation, was created to issue certificates of participation. The County leases a facility from Center Hospital, and the lease revenues are used by Center Hospital to pay bond interest and principal. Annual lease revenue certificate of participation debt service payments for the next five years range from $2,430,000 to $2,785,000 for principal, and from $285,106 to $552,430 for interest.

12. HOUSING AND REDEVELOPMENT AUTHORITY CONDUIT FINANCING

Community Provider Program
In August 1993, the HRA acted as an agent for a bond offering of $4,409,000 issued by the Community Provider Program. The HRA has no legal obligation to make principal and interest payments, and these bonds do not constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation. If the reserve fund falls below the reserve requirement, the county administrator is obligated pursuant to the moral obligation agreement to include in the annual budget presented to the board of county commissioners an amount sufficient to make up the deficiency, and the board may, but is not obligated to, make an appropriation for such purpose. The amount of the issue still outstanding at December 31, 2008, was $625,000.

Opportunity Partners, Inc.
In October 2001, the HRA issued a $3,528,400 revenue note for Opportunity Partners, Inc. to refinance sixteen residence facilities and a training center/workplace. The note was issued pursuant to the Municipal Industrial Development Act as a special limited obligation of the HRA, payable solely from the payments received under a loan agreement with Opportunity Partners. In September 2008, the HRA issued a $2,940,022 industrial development refunding note. The proceeds of the September 2008 note were used to redeem and prepay the October 2001 revenue note and to refinance taxable indebtedness used by Opportunity Partners to acquire two residence facilities. The note was issued pursuant to the Municipal Industrial Development Act as a special limited obligation of the HRA, payable solely from the payments received under a loan agreement with Opportunity Partners, and does not constitute an indebtedness of the HRA or the County within the meaning of any constitutional or statutory provision. The amount of the note still outstanding at December 31, 2008 was $2,910,304.

Loring Park Apartments, LLC
In December 2001, the HRA issued $17,250,000 in adjustable rate multifamily housing revenue bonds for Holtzman Interests No. 14 LLC ("Holtzman") to finance the acquisition, construction, and equipping of the City Apartments at Loring Park project. The bonds were issued pursuant to Minnesota Statutes, Chapter 462C as special limited obligations of the HRA, payable solely from amounts pledged under the indenture and secured by a letter of credit. The bonds do not constitute an indebtedness of the HRA or the County within the meaning of any constitutional or statutory provision. In December 2003 Holtzman transferred and conveyed the property to Loring Park Apartments, LLC in compliance with the requirements of the financing agreement of the indenture. Loring Park Apartments, LLC assumed all of Holtzman's obligations under the indenture. The amount of the obligation still outstanding at year-end was $17,250,000.

12. HOUSING AND REDEVELOPMENT AUTHORITY CONDUIT FINANCING – CONTINUED

Minneapolis Stone Arch Partners, LLC
In May 2002 the HRA issued $20,120,000 in multifamily housing revenue bonds ("initial bonds") for Minneapolis Stone Arch Partners, LLC (Stone Arch), to acquire and construct a 221-unit multifamily rental housing project. The bonds were issued pursuant to Minnesota Statutes, Chapter 462C as special limited obligations of the HRA, payable solely from amounts pledged under the indenture. In September 2002 the HRA issued $20,120,000 in multifamily housing revenue refunding bonds for Stone Arch. The proceeds of the September 2002 bonds were applied to the prepayment and refunding of the May 2002 initial bonds. The bonds were issued pursuant to Minnesota Statutes, Chapter 462C as special limited obligations of the HRA, payable solely from amounts pledged under the indenture and secured by a letter of credit. Upon meeting certain criteria set forth in the indenture and other documents, the letter of credit was replaced by a credit instrument issued by Fannie Mae on December 15, 2005. The bonds do not constitute an indebtedness of the HRA or the County within the meaning of any constitutional or statutory provision. The amount of the obligation still outstanding at December 31, 2008 was $20,120,000.

Bloomington Bethany Senior Housing, Inc.
In December 2008, the HRA issued $9,743,000 in tax-exempt loan participation notes for Bloomington Bethany Senior Housing, Inc. to finance a portion of the costs of the acquisition and construction of a 182-unit senior housing project. The notes were issued pursuant to Minnesota Statutes, Chapter 462C as special limited obligations of the HRA. The notes do not constitute an indebtedness of the HRA or the County within the meaning of any constitutional or statutory provision. The amount of the obligation still outstanding at December 31, 2008 was $9,743,000.

Conduit financing is summarized in the following table:

Conduit Financing, Agreement Date	Original Balance	Balance December 31, 2007	Balance December 31, 2008
Community Provider Program, August 1993	$ 4,409,000	$ 817,000	$ 625,000
Opportunity Partners, Inc., October 2001	3,528,400	2,789,341	-
Opportunity Partners, Inc., September 2008	2,940,022	-	2,910,304
Loring Park Apartments LLC, December 2001	17,250,000	17,250,000	17,250,000
Minneapolis Stone Arch Partners, LLC, May 2002	20,120,000	20,120,000	20,120,000
Bloomington Bethany Senior Housing, Inc., December 2008	9,743,000	-	9,743,000
Total	$ 57,990,422	$ 40,976,341	$ 50,648,304

13. RESTRICTED NET ASSETS

The use of restricted net assets is subject to constraints that are externally imposed by creditors, grantors, contributors, laws, or regulations. Restrictions indicate that the net assets may only be used for a specific purpose that is narrower than the purpose of the reporting unit. At the government-wide level, restricted net assets at December 31 total $78,221,097 in governmental activities and $57,623,581 in business-type activities. Additional detail for is shown below.

Net Assets Restricted for:	Governmental Activities	Business-type Activities	Total
External commitments:			
Grant restrictions	$ 861,343	$ 1,087,687	$ 1,949,030
Donor restrictions	2,278,804	-	2,278,804
Bond covenants	1,000,000	-	1,000,000
	4,140,147	1,087,687	5,227,834
Statutory requirements:			
Housing and Redevelopment Authority	287,329	-	287,329
Regional Railroad Authority	36,365,310	-	36,365,310
Metropolitan Health Plan	-	3,833,538	3,833,538
Solid waste management	-	37,308,700	37,308,700
Sales tax for authorized uses	22,530,380	-	22,530,380
Restricted fines and fees	13,766,796	15,393,656	29,160,452
Forfeitures	1,131,135	-	1,131,135
	74,080,950	56,535,894	130,616,844
Total Restricted Net Assets	$ 78,221,097	$ 57,623,581	$ 135,844,678

Restricted net assets reported in the governmental activities column of the Statement of Net Assets differ from reserved fund balance shown in the governmental funds. Restrictions such as Housing and Redevelopment are not shown at the fund level because the restrictions are not narrower than the purpose of the fund. Some restrictions, such as encumbrances, are shown at the fund level, but not at the government-wide level due to the difference in the basis of accounting. The difference in measurement focus results in lower restrictions at the government-wide level in areas such as capital projects because long-term liabilities reduce net assets when the economic resources measurement focus is used.

14. RISK MANAGEMENT

The County is exposed to various risks of loss related to general, automobile, and professional liability torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters.

The County has chosen to retain the risk of torts. The estimated tort liability is accrued at year-end. An undiscounted liability of $300,000 is recorded in the General Fund for open and incurred but not reported (IBNR) claims. Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payout, and other economic and social factors.

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

	General Fund	
	2008	2007
Estimated liability at beginning of year	$300,000	$300,000
Incurred claims (including IBNR)	565,706	301,266
Claim payments	(565,706)	(301,266)
Estimated Liability at End of Year	$300,000	$300,000

14. RISK MANAGEMENT – CONTINUED

The County maintains a self-insurance internal service fund for workers' compensation claims and certain property risks. Portions of the fund balance have been designated for workers' compensation and property risk retentions. The amount of net assets designated for workers' compensation is $1,400,000 and designated for property risk is $7,109,190.

During 2008, $1,579,736 in benefits and administrative costs were paid and charged to the workers' compensation liability account. The balance in the liability account at December 31, 2008 was $8,405,667. The liability amount is between the high and low actuarial estimates of the remaining ultimate claim costs.

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

	2008	2007
Estimated liability at beginning of year	$ 8,405,667	$ 15,075,175
Incurred claims (including IBNR)	1,579,736	2,047,676
Administrative payments	(421,970)	(390,536)
Claim Payments	(1,157,766)	(1,657,140)
Liabilities assumed by Medical Center	-	(6,669,508)
Estimated Liability at End of Year	$ 8,405,667	$ 8,405,667

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

15. CONTINGENT LIABILITIES

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

16. OTHER EMPLOYEE BENEFITS

Compensated Absences

Under certain conditions, employees are compensated upon termination of employment for accumulated unpaid vacation, sick leave, and/or paid time off up to a maximum of 1,280 hours. Payments to terminating employees for accumulated compensated absences totaled $3,543,001 in 2008. The Other Employee Benefits internal service fund, which is used to account for these benefits and to liquidate the liability for the governmental funds, has a deficit balance. The County expects to eliminate this deficit through future funding of benefits.

16. OTHER EMPLOYEE BENEFITS – CONTINUED

Compensated Absences – Continued

As of December 31, 2008, the liability for accumulated compensated absences for all employees totaled $91,435,147. At the government-wide level, $1,961,649 is reported in business-type activities. The remaining amount of $89,473,498 is reported in governmental activities, of which $38,744,967 is funded.

Single-Employer Postemployment Healthcare Benefit Program

Plan Description

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

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

This benefit is not available to non-organized employees beginning County employment after January 1, 2007 or to organized employees beginning County employment after January 1, 2008. Additionally, this benefit is not available to the 808 employees who, in 2008, traded their eligibility for the retiree healthcare benefit for participation in a Health Care Savings Program (HCSP). The HCSP is funded by contributions of one percent of salary by the employee and $500-$700 per year by the County, beginning in January 2009. The program was a one-time opt-out offered to organized employees hired prior to January 1, 2008.

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

The current retiree healthcare benefit plan is approved by the County Board on a year-to-year basis. According to MN Statute 179A.20, subdivision 2a, a contract may not obligate an employer to fund all or part of the cost of healthcare benefits for a former employee beyond the duration of the contract. The statute also states that a personnel policy may not obligate an employer to fund all or part of healthcare benefits for a former employee beyond the duration of the policy. Within the dictates of existing contracts, the County Board may change the benefit structure at any time. The retiree healthcare plan does not issue a publicly available financial report.

16. OTHER EMPLOYEE BENEFITS – CONTINUED

Funding Policy

Postemployment healthcare benefits are currently funded in relation to the Annual Required Contribution (ARC) on a pay-as-you-go basis. The County Board may change the funding policy at any time. In 2008, the County paid eligible single premium amounts for the enrolled retirees described above, while these retirees contributed $15.00 per month to the County for the benefit. Eligible retiree family members, as well as ineligible retirees, may pay their full premium to obtain coverage. In 2008, such member contributions totaled $777,499.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), which is actuarially determined in accordance with the parameters of GASB Statement 45. The County's ARC represents a level of funding that, if paid on an ongoing basis, would be projected to cover the normal cost each year and amortize the unfunded actuarial liabilities (UAL) over a 30-year period. The $19.7 million ARC in 2008 consists of an $9.2 million normal cost and a $10.5 million amortization of UAL. During 2008, 1,006 former employees received the postemployment healthcare benefit. Contributions in relation to the ARC totaled 59.9 percent of the 2008 ARC. The table below shows the components of the County's annual OPEB cost, the amount actually contributed to the plan, and changes in the County's net OPEB obligation relating to the postemployment healthcare plan:

ARC	$ 19,716,000
Interest on net OPEB obligation	377,000
Adjustments to ARC	(349,000)
Annual OPEB cost (expense)	19,744,000
Contributions made	(11,810,000)
Increase in net OPEB obligation	7,934,000
Net OPEB obligation - beginning of year	7,549,000
Net OPEB obligation - end of year	$ 15,483,000

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

Year Ended December 31:	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2007	$ 18,555,000	59%	$ 7,549,000
2008	19,744,000	60%	15,483,000

Funded Status and Funding Progress

The actuarial accrued liability for benefits as of January 1, 2008, the most recent actuarial valuation date, was $227.8 million. This liability will be phased in over 30 years. Contributions in relation to the $19.7 million ARC during 2008 totaled $11.8 million. No plan assets exist under the GASB 45 definition of plan assets; therefore the unfunded actuarial accrued liability (UAAL) at December 31, 2008 remained $227.8 million. The annual payroll of active employees covered by the plan was $474.8 million. The ratio of the UAAL to the covered payroll was 48.0 percent.

16. OTHER EMPLOYEE BENEFITS – CONTINUED

Funded Status and Funding Progress – Continued

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

A schedule of funding progress, showing multiyear trend information about the actuarial accrued liability for benefits and the non-funded status, immediately follows the notes to the basic financial statements.

Actuarial Methods & Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 5.0 percent investment rate of return, which is the expected long-term investment return on the County's own investments. An annual healthcare cost trend rate of 10 percent initially, reduced over five years to an ultimate rate of 5 percent, was used. Both rates include a 2.5 percent inflation assumption. County projections are composed of two groups of participants, bargained and non-bargained members. For the 2,085 non-bargained employees, a closed group projection was used. For the remaining 5,373 bargained employees, a level percentage of projected payroll 30-year open amortization period was used (i.e., new entrants are assumed to enter the population as current members retire, die, or otherwise terminate employment).

17. EMPLOYEE RETIREMENT SYSTEMS

Public Employees Retirement Association of Minnesota

Most employees are covered by a statewide, defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). In addition, a few employees are covered by the Minneapolis Employees Retirement Fund (MERF). All full-time and part-time employees in permanent positions are required to participate in PERA or MERF. PERA covers the vast majority of employees and MERF covers less than .2% of employees. In the case of MERF, only employees who were previously employed by the City of Minneapolis and whose work unit was transferred to the County under legislative authority are eligible to participate in MERF.

17. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Plan Description

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

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERF's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

17. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Plan Description – Continued

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

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.0%, respectively, of their annual covered salary in 2008. PEPFF members are required to contribute 8.6% of their annual covered salary in 2008. That rate will increase to 9.4% in 2009. PECF members are required to contribute 5.83% of their annual covered salary The County is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.5% for Coordinated Plan PERF members, 12.9% for PEPFF members, and 8.75% for PECF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.75% and 14.1% respectively, effective January 1, 2009. The County's contributions to PERF, PEPFF, and PECF for the years ending December 31, 2008, 2007, and 2006 $32,380,161, $32,008,456, and $38,410,128, respectively. The County's contributions were equal to the contractually required contributions for each year as set by state statute.

Supplemental Retirement Defined Contribution Plan

The County administers a plan which provides additional pension benefits for eligible employees through a nonelective deferred compensation plan "grandfathered" under Section 6064(d)(3) of the Technical and Miscellaneous Revenue Act of 1988 (TAMRA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is established and administered in accordance with Minnesota Statutes, Chapter 383B. Employees have the option to participate after five years of continuous service, although the plan has been discontinued for employees hired after April 13, 1982. State legislation requires that both the employee and the employer contribute an amount equal to 1% of the employee's gross salary each pay period. Contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. The County's contributions to the Supplemental Retirement Plan for the years ending December 31, 2008, 2007, and 2006 were $448,112, $501,271, and $657,706, respectively.

18. RESTATEMENT OF BEGINNING BALANCES

On January 1, 2008, Hennepin County Libraries (HCL, a Hennepin County special revenue fund) merged with Minneapolis Public Libraries (MPL, formerly a discretely presented component unit of the City of Minneapolis). The legislation and agreements characterized the transaction as a "merger" to allow combined assets to be used in and for the benefit of the Hennepin County library system. No consideration was paid; the transaction is reported under the concept of pooling of interests because of the combining of the activities of the HCL and MPL. Property tax levies (formerly a MPL levy on Minneapolis properties and a HCL levy on non-Minneapolis properties) will be combined into a library levy on all County properties for taxes payable in 2009 and later. Under the legislation the five-member MPL Board and the seven-member HCL Board were replaced by an eleven-member Hennepin County Library Board.

18. RESTATEMENT OF BEGINNING BALANCES – CONTINUED

The merged library system reports activity in the Library Fund. Library capital projects activities are reported in the Capital Projects Fund. Vehicles owned by the Library, as well as vested compensated absences of Library employees are reported in the internal service funds. Beginning fund and net assets balances were restated as shown below:

	Balance as Previously Reported	Change in Reporting Entity	Balance as Restated
Governmental Funds:			
Library Fund			
December 31, 2007 Assets	$ 26,165,910	$ 8,039,462	$ 34,205,372
December 31, 2007 Liabilities	9,155,970	(5,245,599)	3,910,371
December 31, 2007 Fund Balances	17,009,940	13,285,061	30,295,001
2007 Revenues	41,617,931	26,101,088	67,719,019
2007 Expenditures	40,432,068	25,320,508	65,752,576
2007 Other Financing Sources	2,050,000	1,447,185	3,497,185
2007 Net Change in Fund Balances	3,235,863	2,227,765	5,463,628
Capital Projects Fund			
December 31, 2007 Assets	21,209,834	397,429	21,607,263
December 31, 2007 Liabilities	43,574,868	(16,425)	43,558,443
December 31, 2007 Fund Balances	(22,365,034)	413,854	(21,951,180)
2007 Revenues	50,262,148	5,712,538	55,974,686
2007 Expenditures	280,214,962	4,021,497	284,236,459
2007 Other Financing Sources	211,856,200	(1,447,185)	210,409,015
2007 Net Change in Fund Balances	(18,096,614)	243,856	(17,852,758)
Total Governmental Funds			
December 31, 2007 Assets	549,188,386	8,436,891	557,625,277
December 31, 2007 Liabilities	215,911,728	(5,262,024)	210,649,704
December 31, 2007 Fund Balances	333,276,658	13,698,915	346,975,573
2007 Revenues	1,164,739,577	31,813,626	1,196,553,203
2007 Expenditures	1,388,353,394	29,342,005	1,417,695,399
2007 Other Financing Sources	203,848,027	-	203,848,027
2007 Net Change in Fund Balances	(19,765,790)	2,471,621	(17,294,169)
Proprietary Funds			
Internal Service Funds			
December 31, 2007 Assets	163,111,509	115,412	163,226,921
December 31, 2007 Liabilities	112,322,196	2,156,303	114,478,499
December 31, 2007 Net Assets	50,789,313	(2,040,891)	48,748,422
2007 Change in Net Assets	(5,205,455)	-	(5,205,455)
Governmental Activities			
December 31, 2007 Assets	1,848,423,661	198,875,235	2,047,298,896
December 31, 2007 Liabilities	999,407,754	6,740,027	1,006,147,781
December 31, 2007 Net Assets	849,015,907	192,135,208	1,041,151,115
2007 Program Revenues	519,969,827	31,167,005	551,136,832
2007 General Revenues, Transfers & Special Item	626,894,175	731,966	627,626,141
2007 Expenses	1,301,112,276	31,412,515	1,332,524,791
2007 Change in Net Assets	$ (154,248,274)	$ 486,456	$ (153,761,818)

19. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in the Current Year

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* addresses accounting and financial reporting standards for pollution remediation obligations (including contamination), which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This standard was implemented in 2008. The County had no pollution remediation obligations that met the disclosure or reporting requirements.

Accounting Standards Not Yet Adopted

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* will be effective for the County beginning the year ending December 31, 2010. This statement requires that all intangible assets not specifically excluded by its scope provisions by classified as capital assets, and it provides related guidance. The County's management has not yet determined the effect this statement will have on the financial statements.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the County beginning the year ending December 31, 2011. This statement provides clearer fund balance classifications and clarifies existing governmental fund type definitions. The County's management has not yet determined the effect this statement will have on the financial statements.

20. SUBSEQUENT EVENTS

On April 14, 2009, the County issued $60 million in series 2009A general obligation bonds at a premium of $583,271 to finance capital improvements.

Hennepin

Required Supplementary Information

Hennepin County, Minnesota
Schedule of Funding Progress
for the Retiree Health Plan
For the Year Ended December 31, 2008

Actuarial valuation date	1/1/2007	1/1/2008
Actuarial value of assets	$ -	-
Actuarial accrued aiability (AAL) entry age normal cost method	$ 216,093,000	227,798,000
Unfunded AAL (UAAL)	$ 216,093,000	227,798,000
Funded ratio	0.0 %	0.0 %
Covered payroll	$ 445,028,504	474,842,065
UAAL as a percentage of covered payroll	48.6 %	48.0 %

Trend Information for Year Ended:	12/31/07	12/31/08
Annual OPEB cost	$ 18,555,000	19,744,000
Employer contributions	$ 11,006,000	11,810,000
Contributions as a percentage of annual OPEB costs	59 %	60 %
Net OPEB obligation	$ 7,549,000	15,483,000
Active employees	7,528	7,458
Retirees utilizing the retiree health plan	1,023	1,006
Number of active employees age 55-60	1,242	1,305
Number of active employees age 60-65	515	617
Number of active employees age 65+ (ineligible for benefit)	53	144

Notes:
See Note 16 in the Notes to the Basic Financial Statements for additional information relating to the plan description, funding, cost, obligation, and actuarial methods/assumptions.

In 2008, retirees were required to make a contribution to the County for their healthcare benefits (e.g., $15 per month for single coverage). This change resulted in a decrease of $2.9 million in the accrued liability and $0.3 million in the annual required contribution. In 2008, retirement assumptions were updated to reflect fewer retirements relating to the Rule of 90 option. This resulted in a decrease of $7.3 million in the accrued liability and $0.4 million in the annual required contribution.

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Expenditures by Program Compared to Budget
General Fund
For the Year Ended December 31, 2008
With Comparative Actual Amounts for Year Ended December 31, 2007

	2008 Original Budget	2008 Final Amended Budget	2008 Actual	2008 Variance with Final Budget Positive (Negative)	2007 Actual
GENERAL GOVERNMENT					
County Board:					
Personal services	$ 2,257,149	$ 2,238,149	$ 2,241,360	$ (3,211)	$ 2,041,440
Commodities	35,224	(30,346)	25,990	(56,336)	31,436
Contractual services	222,598	222,598	112,413	110,185	134,550
Capital outlay	6,361	21,361	-	21,361	-
Other charges	134,931	134,931	76,133	58,798	62,075
	2,656,263	2,586,693	2,455,896	130,797	2,269,501
County Administration:					
Personal services	2,125,430	2,125,430	1,810,916	314,514	2,331,890
Commodities	33,217	33,217	14,592	18,625	31,175
Contractual services	2,022,532	2,583,308	1,735,888	847,420	3,819,673
Capital outlay	3,000	3,000	(51)	3,051	11,472
Other charges	56,246	280,181	40,433	239,748	37,410
	4,240,425	5,025,136	3,601,778	1,423,358	6,231,620
Assessor:					
Personal services	3,355,184	3,355,484	3,365,529	(10,045)	3,102,335
Commodities	15,900	23,468	25,628	(2,160)	17,997
Contractual services	285,050	284,968	278,867	6,101	260,655
Capital outlay	2,500	2,500	-	2,500	1,573
Other charges	26,350	26,350	22,745	3,605	26,481
	3,684,984	3,692,770	3,692,769	1	3,409,041
Budget & Finance:					
Personal services	3,206,373	3,206,373	2,704,302	502,071	2,720,122
Commodities	27,200	27,200	18,379	8,821	27,872
Contractual services	405,017	404,784	535,604	(130,820)	340,134
Capital outlay	-	-	4,972	(4,972)	1,216
Other charges	48,900	48,900	254,816	(205,916)	24,859
	3,687,490	3,687,257	3,518,073	169,184	3,114,203
Research, Planning and Development:					
Personal services	2,608,197	2,608,197	2,399,012	209,185	2,536,570
Commodities	28,390	102,297	111,528	(9,231)	49,806
Contractual services	2,631,853	3,276,212	1,703,571	1,572,641	2,864,983
Capital outlay	11,000	11,000	947	10,053	12,103
Other charges	52,185	52,185	26,308	25,877	43,315
	5,331,625	6,049,891	4,241,366	1,808,525	5,506,777
Property Services:					
Personal services	14,380,101	16,227,545	16,069,822	157,723	12,601,476
Commodities	1,133,648	1,126,172	1,263,663	(137,491)	1,114,676
Contractual services	22,843,834	22,936,698	22,782,546	154,152	18,508,388
Capital outlay	18,000	(19,759)	59,141	(78,900)	40,169
Other charges	416,825	406,069	366,494	39,575	397,351
	38,792,408	40,676,725	40,541,666	135,059	32,662,060
Information Technology:					
Personal services	14,194,938	14,194,938	13,081,464	1,113,474	12,272,637
Commodities	29,300	31,479	38,273	(6,794)	74,439
Contractual services	5,259,872	5,824,417	7,033,175	(1,208,758)	7,007,901
Capital outlay	41,430	41,430	8,329	33,101	12,330
Other charges	169,575	169,450	100,221	69,229	59,970
	19,695,115	20,261,714	20,261,462	252	19,427,277
Taxpayer Services:					
Personal services	21,937,740	21,932,460	20,345,412	1,587,048	18,469,739
Commodities	511,800	515,130	334,856	180,274	417,822
Contractual services	14,203,950	14,403,429	7,714,747	6,688,682	6,234,403
Capital outlay	65,960	67,407	10,592	56,815	34,277
Other charges	609,835	609,144	380,915	228,229	435,880
	37,329,285	37,527,570	28,786,522	8,741,048	25,592,121

(Continued)

Hennepin County, Minnesota
Schedules of Expenditures by Program Compared to Budget
General Fund
For the Year Ended December 31, 2008
With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)	2007 Actual
GENERAL GOVERNMENT, Contd.					
Human Resources:					
Personal services	6,106,583	6,106,583	5,857,949	248,634	5,711,961
Commodities	84,138	232,950	230,105	2,845	227,806
Contractual services	1,426,463	1,726,710	1,364,618	362,092	1,048,572
Capital outlay	3,700	4,161	6,320	(2,159)	4,471
Other charges	178,550	177,101	181,786	(4,685)	138,039
	7,799,434	8,247,505	7,640,778	606,727	7,130,849
Public Affairs:					
Personal services	1,430,542	1,430,542	1,348,452	82,090	1,418,646
Commodities	50,500	194,385	160,048	34,337	39,606
Contractual services	617,596	605,268	681,689	(76,421)	506,458
Capital outlay	2,000	137,259	189,232	(51,973)	17,778
Other charges	101,700	94,913	82,680	12,233	79,534
	2,202,338	2,462,367	2,462,101	266	2,062,022
Internal Audit:					
Personal services	1,045,573	1,045,573	995,757	49,816	972,656
Commodities	34,600	34,600	21,778	12,822	6,080
Contractual services	537,735	541,335	480,077	61,258	543,282
Capital outlay	-	-	-	-	-
Other charges	21,250	21,250	26,113	(4,863)	17,579
	1,639,158	1,642,758	1,523,725	119,033	1,539,597
General County Purposes[1]:					
Personal services	5,022,636	5,031,970	4,502,979	528,991	3,206,991
Commodities	65,272	60,990	109,038	(48,048)	75,234
Contractual services	10,801,908	10,693,972	5,667,384	5,026,588	4,278,025
Capital outlay	566,500	548,875	2,471,245	(1,922,370)	35,123
Other charges	13,922,325	11,717,475	762,106	10,955,369	964,620
	30,378,641	28,053,282	13,512,752	14,540,530	8,559,993
TOTAL GENERAL GOVERNMENT:					
Personal services	77,670,446	79,503,244	74,722,954	4,780,290	67,386,463
Commodities	2,049,189	2,351,542	2,353,878	(2,336)	2,113,949
Contractual services	61,258,408	63,503,699	50,090,579	13,413,120	45,547,024
Capital outlay	720,451	817,234	2,750,727	(1,933,493)	170,512
Other charges	15,738,672	13,737,949	2,320,750	11,417,199	2,287,113
	157,437,166	159,913,668	132,238,888	27,674,780	117,505,061
HEALTH					
NorthPoint Health and Wellness Center:					
Personal services	16,206,318	16,221,383	16,073,149	148,234	15,218,010
Commodities	2,195,300	2,207,550	1,994,094	213,456	2,053,033
Contractual services	6,891,950	6,955,669	6,455,042	500,627	6,436,698
Capital outlay	360,000	359,915	294,211	65,704	302,878
Other charges	489,365	491,171	447,718	43,453	387,524
	26,142,933	26,235,688	25,264,214	971,474	24,398,143
Medical Examiner:					
Personal services	2,714,375	2,714,375	2,740,555	(26,180)	2,532,863
Commodities	36,226	36,226	31,502	4,724	37,029
Contractual services	967,277	779,636	430,984	348,652	382,446
Capital outlay	-	-	(6,395)	6,395	-
Other charges	20,228	20,228	17,846	2,382	12,956
	3,738,106	3,550,465	3,214,492	335,973	2,965,294
Uncompensated Care:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	32,100,000	36,600,000	32,493,400	4,106,600	31,476,536
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	32,100,000	36,600,000	32,493,400	4,106,600	31,476,536
TOTAL HEALTH:					
Personal services	18,920,693	18,935,758	18,813,704	122,054	17,750,873
Commodities	2,231,526	2,243,776	2,025,596	218,180	2,090,062
Contractual services	39,959,227	44,335,305	39,379,426	4,955,879	38,295,680
Capital outlay	360,000	359,915	287,816	72,099	302,878
Other charges	509,593	511,399	465,564	45,835	400,480
	61,981,039	66,386,153	60,972,106	5,414,047	58,839,973

(Continued)

Hennepin County, Minnesota
Schedules of Expenditures by Program Compared to Budget
General Fund
For the Year Ended December 31, 2008
With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)	2007 Actual
PUBLIC SAFETY					
County Attorney:					
Personal services	34,594,902	34,594,902	34,105,865	489,037	32,124,671
Commodities	251,312	236,438	423,221	(186,783)	345,485
Contractual services	3,641,915	3,598,740	3,801,409	(202,669)	3,567,246
Capital outlay	-	-	63,876	(63,876)	-
Other charges	206,443	206,443	200,327	6,116	209,154
	38,694,572	38,636,523	38,594,698	41,825	36,246,556
Court Functions:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	3,300,000	3,262,702	2,455,270	807,432	2,991,823
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	3,300,000	3,262,702	2,455,270	807,432	2,991,823
Law Library:					
Personal services	658,700	658,700	601,594	57,106	621,692
Commodities	8,000	8,000	6,486	1,514	8,913
Contractual services	210,600	210,600	292,316	(81,716)	186,511
Capital outlay	829,000	829,000	760,940	68,060	785,215
Other charges	23,000	23,000	17,951	5,049	19,100
	1,729,300	1,729,300	1,679,287	50,013	1,621,431
Public Defender:					
Personal services	12,875,393	13,375,341	13,444,104	(68,763)	12,843,463
Commodities	124,397	124,397	62,295	62,102	122,005
Contractual services	1,651,586	1,658,428	1,593,617	64,811	2,291,867
Capital outlay	65,000	65,000	123,335	(58,335)	11,534
Other charges	63,650	72,556	60,916	11,640	76,983
	14,780,026	15,295,722	15,284,267	11,455	15,345,852
Sheriff:					
Personal services	66,394,843	68,894,843	69,745,377	(850,534)	64,612,717
Commodities	4,010,446	4,411,006	4,242,115	168,891	3,960,473
Contractual services	8,744,292	8,934,620	7,818,550	1,116,070	7,837,023
Capital outlay	225,935	131,112	482,543	(351,431)	952,444
Other charges	962,266	962,398	996,894	(34,496)	767,618
	80,337,782	83,333,979	83,285,479	48,500	78,130,275
Community Corrections:					
Personal services	85,059,810	85,091,602	84,682,693	408,909	80,424,237
Commodities	6,151,855	6,056,696	6,574,743	(518,047)	5,510,641
Contractual services	17,136,566	17,805,909	17,482,197	323,712	16,377,167
Capital outlay	233,623	138,338	391,919	(253,581)	120,875
Other charges	414,301	414,036	372,311	41,725	412,797
	108,996,155	109,506,581	109,503,863	2,718	102,845,717
TOTAL PUBLIC SAFETY					
Personal services	199,583,648	202,615,388	202,579,633	35,755	190,626,780
Commodities	10,546,010	10,836,537	11,308,860	(472,323)	9,947,517
Contractual services	34,684,959	35,470,999	33,443,359	2,027,640	33,251,637
Capital outlay	1,353,558	1,163,450	1,822,613	(659,163)	1,870,068
Other charges	1,669,660	1,678,433	1,648,399	30,034	1,485,652
	247,837,835	251,764,807	250,802,864	961,943	237,181,654

(Continued)

Hennepin County, Minnesota
Schedules of Expenditures by Program Compared to Budget
General Fund
For the Year Ended December 31, 2008
With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)	2007 Actual
PUBLIC WORKS					
Public Works Administration:					
Personal services	1,229,143	1,229,143	1,241,470	(12,327)	1,055,916
Commodities	11,663	11,850	41,409	(29,559)	116,145
Contractual services	198,646	2,395,935	616,670	1,779,265	592,762
Capital outlay	-	-	218,655	(218,655)	351
Other charges	54,767	53,706	39,253	14,453	39,363
	1,494,219	3,690,634	2,157,457	1,533,177	1,804,537
Housing, Community Works & Transit:					
Personal services	4,361,558	4,361,558	4,278,322	83,236	3,078,394
Commodities	40,025	40,025	30,848	9,177	18,970
Contractual services	9,456,546	9,831,197	9,326,774	504,423	8,623,910
Capital outlay	-	-	2,059	(2,059)	20,423
Other charges	107,310	106,985	689,649	(582,664)	80,111
	13,965,439	14,339,765	14,327,652	12,113	11,821,808
Management Support:					
Personal services	2,999,236	2,999,236	2,899,731	99,505	2,777,673
Commodities	17,025	17,757	20,189	(2,432)	22,952
Contractual services	275,869	477,715	386,808	90,907	276,205
Capital outlay	-	-	41,435	(41,435)	137,144
Other charges	45,439	45,439	11,126	34,313	6,089
	3,337,569	3,540,147	3,359,289	180,858	3,220,063
Transportation:					
Personal services	17,947,586	17,989,005	17,883,087	105,918	17,952,667
Commodities	4,602,122	4,591,621	4,606,401	(14,780)	4,790,202
Contractual services	9,189,153	8,823,461	8,707,440	116,021	8,721,979
Capital outlay	283,208	269,004	309,916	(40,912)	602,228
Other charges	175,327	179,669	310,785	(131,116)	229,669
	32,197,396	31,852,760	31,817,629	35,131	32,296,745
TOTAL PUBLIC WORKS:					
Personal services	26,537,523	26,578,942	26,302,610	276,332	24,864,650
Commodities	4,670,835	4,661,253	4,698,847	(37,594)	4,948,269
Contractual services	19,120,214	21,528,308	19,037,692	2,490,616	18,214,856
Capital outlay	283,208	269,004	572,065	(303,061)	760,146
Other charges	382,843	385,799	1,050,813	(665,014)	355,232
	50,994,623	53,423,306	51,662,027	1,761,279	49,143,153
TOTAL GENERAL FUND EXPENDITURES:					
Personal services	322,712,310	327,633,332	322,418,901	5,214,431	300,628,766
Commodities	19,497,560	20,093,108	20,387,181	(294,073)	19,099,797
Contractual services	155,022,808	164,838,311	141,951,056	22,887,255	135,309,197
Capital outlay	2,717,217	2,609,603	5,433,221	(2,823,618)	3,103,604
Other charges	18,300,768	16,313,580	5,485,526	10,828,054	4,528,477
	$ 518,250,663	$ 531,487,934	$ 495,675,885	$ 35,812,049	$ 462,669,841

[1] In 2008 the General County Purposes program in General Government included functions such as the Municipal Building Commission, the Purchasing and Contract Services Department, the Examiner of Titles Division, Extension Services, a Ballpark Project Office, the APEX Software Project, Extension Services, the Historical Society, and the County Fair.

See notes to required supplementary information.

Hennepin County, Minnesota

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

Human Services Fund

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2007 Actual
	Original	Final	Actual		
REVENUES					
Property taxes	$ 223,844,405	$ 218,730,631	$ 221,623,389	$ 2,892,758	$ 211,603,101
Other taxes	-	-	126,003	126,003	111,692
Intergovernmental	256,863,013	264,314,596	262,353,605	(1,960,991)	249,051,952
Charges for services	47,672,297	47,672,297	45,145,973	(2,526,324)	47,636,648
Other	1,880,000	1,880,000	3,047,696	1,167,696	4,556,000
Total Revenues	530,259,715	532,597,524	532,296,666	(300,858)	512,959,393
EXPENDITURES					
Human Services:					
Personal services	220,474,287	220,549,287	219,768,852	780,435	211,009,518
Commodities	2,450,358	2,450,358	2,238,995	211,363	2,512,954
Contractual services	39,634,695	39,634,695	37,123,744	2,510,951	35,133,609
Public aid assistance	258,680,617	257,259,586	252,181,019	5,078,567	247,256,091
Capital outlay	276,300	276,300	86,277	190,023	2,287,373
Other	8,743,458	12,699,798	12,825,357	(125,559)	12,994,077
Total Expenditures	530,259,715	532,870,024	524,224,244	8,645,780	511,193,622
Excess (Deficiency) of Revenues Over Expenditures	-	(272,500)	8,072,422	8,344,922	1,765,771
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	390,000	390,000	4,614,017
Transfers out	-	-	(1,833,889)	(1,833,889)	-
Total Other Financing Sources (Uses)	-	-	(1,443,889)	(1,443,889)	4,614,017
Net Change in Fund Balance	-	(272,500)	6,628,533	6,901,033	6,379,788
Fund Balance - Beginning	96,953,341	96,953,341	96,953,341	-	90,573,553
Fund Balance - Ending	$ 96,953,341	$ 96,680,841	$ 103,581,874	$ 6,901,033	$ 96,953,341

See notes to required supplementary information.

Hennepin County, Minnesota

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

Library Fund

For the Year Ended December, 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008 Budgeted Amounts Original	2008 Budgeted Amounts Final	2008 Actual	2008 Variance with Final Budget Positive (Negative)	2007 Actual
REVENUES					
Property taxes	$ 38,789,886	$ 37,836,711	$ 38,521,667	$ 684,956	$ 49,941,892
Other taxes	-	-	16,312	16,312	14,151
Intergovernmental	24,309,279	25,296,954	25,477,382	180,428	11,701,936
Investment earnings (loss)	-	-	(1,407,388)	(1,407,388)	731,860
Charges for services	143,954	143,954	224,062	80,108	861,954
Fines and forfeits	1,560,100	1,560,100	1,544,650	(15,450)	1,557,441
Other	1,956,336	1,956,336	2,199,478	243,142	2,909,785
Total Revenues	66,759,555	66,794,055	66,576,163	(217,892)	67,719,019
EXPENDITURES					
Libraries:					
Personal services	43,804,731	45,334,731	44,021,004	1,313,727	43,678,389
Commodities	753,771	639,999	851,083	(211,084)	534,558
Contractual services	14,350,844	14,349,681	14,126,396	223,285	10,133,552
Capital outlay	7,361,273	7,109,649	7,197,276	(87,627)	9,123,714
Other	488,936	488,887	256,522	232,365	1,724,954
Debt Service:					
Principal retirement	-	-	100,000	(100,000)	100,000
Interest and fiscal charges	-	-	457,409	(457,409)	457,409
Total Expenditures	66,759,555	67,922,947	67,009,690	913,257	65,752,576
Excess (Deficiency) of Revenues Over Expenditures	-	(1,128,892)	(433,527)	695,365	1,966,443
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,151,800	1,151,800	3,597,185
Transfers out	-	-	(324,424)	(324,424)	(100,000)
Total Other Financing Sources (Uses)	-	-	827,376	827,376	3,497,185
Net Change in Fund Balance	-	(1,128,892)	393,849	1,522,741	5,463,628
Fund Balance - Beginning, as Restated (Note 18)	30,295,001	30,295,001	30,295,001	-	24,831,373
Fund Balance - Ending	$ 30,295,001	$ 29,166,109	$ 30,688,850	$ 1,522,741	$ 30,295,001

See notes to required supplementary information.

Hennepin County, Minnesota

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

Ballpark Sales Tax

For the Year Ended December, 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2007 Actual
	Original	Final	Actual		
REVENUES					
Sales tax	$ -	$ -	$ 28,053,049	$ 28,053,049	$ 27,063,825
Investment Earnings	-	-	312,873	312,873	300,099
Total Revenues	-	-	28,365,922	28,365,922	27,363,924
EXPENDITURES					
Ballpark Sales Tax					
Contractual services	-	600,000	864,041	(264,041)	550,257
Grants	-	2,656,755	2,306,584	350,171	2,146,131
Total Expenditures	-	3,256,755	3,170,625	86,130	2,696,388
Excess (Deficiency) of Revenues Over Expenditures	-	(3,256,755)	25,195,297	28,452,052	24,667,536
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,256,755	615,106	(2,641,649)	-
Transfers out	-	-	(21,085,806)	(21,085,806)	(13,424,272)
Total Other Financing Sources (Uses)	-	3,256,755	(20,470,700)	(23,727,455)	(13,424,272)
Net Change in Fund Balance	-	-	4,724,597	4,724,597	11,243,264
Fund Balance - Beginning	11,243,264	11,243,264	11,243,264	-	-
Fund Balance - Ending	$ 11,243,264	$ 11,243,264	$ 15,967,861	$ 4,724,597	$ 11,243,264

See notes to required supplementary information.

Hennepin County, Minnesota

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

Housing and Redevelopment Authority Fund

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2007 Actual
	Original	Final	Actual		
REVENUES					
Intergovernmental	$ 258,000	$ 532,340	$ 225,883	$ (306,457)	$ 2,905,368
Investment earnings	15,000	15,000	30,986	15,986	74,683
Charges for services	615,199	615,199	601,372	(13,827)	562,548
Other	68,424	68,424	55,376	(13,048)	69,441
Total Revenues	956,623	1,230,963	913,617	(317,346)	3,612,040
EXPENDITURES					
Housing and Redevelopment Authority:					
Commodities	950	950	66	884	198,881
Contractual services	1,174,257	1,331,697	1,076,463	255,234	1,645,343
Other charges	2,022,774	2,022,774	23,597	1,999,177	172,194
Capital outlay	-	-	-	-	2,392,733
Grants	6,049,976	6,166,876	3,840,242	2,326,634	4,034,290
Total Expenditures	9,247,957	9,522,297	4,940,368	4,581,929	8,443,441
Deficiency of Revenues Over Expenditures	(8,291,334)	(8,291,334)	(4,026,751)	4,264,583	(4,831,401)
OTHER FINANCING SOURCES					
Transfers in	8,049,976	8,049,976	3,999,369	(4,050,607)	3,985,228
Sale of capital assets	-	-	-	-	197,974
Total Other Financing Sources	8,049,976	8,049,976	3,999,369	(4,050,607)	4,183,202
Net Change in Fund Balance	(241,358)	(241,358)	(27,382)	213,976	(648,199)
Fund Balance - Beginning	2,282,868	2,282,868	2,282,868	-	2,931,067
Fund Balance - Ending	$ 2,041,510	$ 2,041,510	$ 2,255,486	$ 213,976	$ 2,282,868

See notes to required supplementary information.

Hennepin County, Minnesota

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

Regional Railroad Authority Fund

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2007 Actual
	Original	Final	Actual		
REVENUES					
Property taxes	$ 12,004,561	$ 11,624,696	$ 11,897,976	$ 273,280	$ 8,908,997
Other taxes	4,700	4,700	6,845	2,145	4,912
Intergovernmental	12,450,000	12,829,865	384,178	(12,445,687)	1,639,436
Investment earnings	500,000	500,000	1,628,111	1,128,111	1,334,042
Other	369,178	369,178	863,209	494,031	703,400
Total Revenues	25,328,439	25,328,439	14,780,319	(10,548,120)	12,590,787
EXPENDITURES					
Regional Railroad Authority:					
Commodities	7,700	7,700	18,807	(11,107)	5,660
Contractual services	12,983,243	12,983,243	11,507,279	1,475,964	7,725,550
Capital outlay	2,051,250	2,051,250	-	2,051,250	3,491,479
Other	18,625,340	18,625,340	796,921	17,828,419	344,134
Total Expenditures	33,667,533	33,667,533	12,323,007	21,344,526	11,566,823
Excess (Deficiency) of Revenues Over Expenditures	(8,339,094)	(8,339,094)	2,457,312	10,796,406	1,023,964
OTHER FINANCING SOURCES					
Sale of capital assets	-	-	-	-	24,925
Net Change in Fund Balance	(8,339,094)	(8,339,094)	2,457,312	10,796,406	1,048,889
Fund Balance - Beginning	27,226,345	27,226,345	27,226,345	-	26,177,456
Fund Balance - Ending	$ 18,887,251	$ 18,887,251	$ 29,683,657	$ 10,796,406	$ 27,226,345

See notes to required supplementary information.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are presented on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt service, and enterprise funds. Project-length financial plans are adopted for all capital projects in the five-year Capital Improvement Plan and an annual capital budget is adopted which reflects the annual portion of the project-length plans. All annual appropriations lapse at year-end to the extent that they have not been expended or encumbered.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the General Fund, Human Services Fund, Library Fund, Regional Railroad Authority Fund, Housing and Redevelopment Authority, and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The encumbrances are reappropriated as part of the following year's budget.

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

The County Board must adopt a proposed maximum property tax levy by September 15. The Board holds public hearings, makes modifications to the budget, and legally enacts the budget by passage of a resolution. The final levy must be certified to the County Auditor by December 20. Expenditures may not legally exceed budgeted appropriations at the departmental level. Changes in the budget must be within the revenues and reserves estimated as available by the County Administrator or the revenue estimates must be changed by a vote of the County Board. Generally the County Administrator may adjust budgets only between accounts within a department. However, the Assistant Administrators for Public Works and Human Services have been delegated authority by the Board to transfer budgeted amounts between departments within those program areas. The County Board may authorize the transfer of budgeted amounts between all other departments.

Hennepin

Supplementary Information
Governmental Funds

Hennepin County, Minnesota
Comparative Balance Sheets
General Fund
December 31, 2008
With Comparative Totals for December 31, 2007

		2008		2007
ASSETS				
Cash and Investments	$	164,965,321	$	237,828,289
Due from component unit		981,102		3,676,470
Delinquent taxes receivable, net		8,981,527		7,012,294
Due from other governmental agencies		4,302,522		2,072,144
Accrued investment interest		5,896,433		5,561,542
Interfund receivable		-		17,000,000
Other receivable		19,864,633		11,356,013
Prepaid items		1,030,150		524,251
Inventories		2,476,848		2,210,367
Total Assets	$	208,498,536	$	287,241,370
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	$	42,960,286	$	33,219,845
Accrued liabilities		8,708,944		6,147,631
Obligations under reverse repurchase agreements		-		80,175,000
Due to component unit		1,348,887		4,004,826
Deferred revenue - delinquent taxes		7,535,168		5,646,815
Deferred revenue		635,298		82,232
Total Liabilities		61,188,583		129,276,349
Fund Balances:				
Reserved for:				
Encumbrances		6,551,287		9,249,516
Prepaid items		1,030,150		524,251
Inventories		2,476,848		2,210,367
Special purposes - external commitments		300,571		242,195
Special purposes - statutory requirements		18,049,731		17,120,813
Unreserved:				
Designated for:				
Subsequent year's expenditures		30,512,554		45,724,829
Special purposes		1,730,457		1,782,901
Tort liability risk retention		1,800,000		2,000,000
Unrealized gain on investments		7,615,003		2,592,362
Undesignated		77,243,352		76,517,787
Total Fund Balances		147,309,953		157,965,021
Total Liabilities and Fund Balances	$	208,498,536	$	287,241,370

Hennepin County, Minnesota
Comparative Balance Sheets
Special Revenue Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	Human Services		Library	
	2008	2007	2008	2007
ASSETS				
Cash and investments	$ 106,001,315	$ 82,152,840	$ 29,931,494	$ 32,886,226
Due from component unit	194,718	59,561	-	-
Delinquent taxes receivable, net	4,073,677	3,372,537	814,486	1,044,694
Due from other governmental agencies	38,949,242	42,907,804	-	-
Other receivables	552,459	258,685	373,385	274,452
Prepaid items	-	-	201,267	-
Restricted cash and investments	-	-	2,278,511	-
Total Assets	$ 149,771,411	$ 128,751,427	$ 33,599,143	$ 34,205,372
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	$ 24,984,112	$ 24,839,472	$ 1,372,514	$ 1,500,839
Accrued liabilities	16,991,474	4,137,074	1,055,607	1,604,255
Due to component unit	119,977	-	-	-
Deferred revenue - delinquent taxes	3,455,678	2,693,217	482,172	378,030
Deferred revenue	638,296	128,323	-	427,247
Total Liabilities	46,189,537	31,798,086	2,910,293	3,910,371
Fund Balances:				
Reserved for:				
Encumbrances	-	272,500	1,320,659	993,473
Prepaid items	-	-	201,267	-
Special purposes - external commitments	561,065	485,156	2,278,511	-
Special purposes - statutory requirements	-	-	2,749,339	2,000,000
Unreserved:				
Designated for:				
Subsequent year's expenditures	550,000	-	600,000	-
Special purposes	107,399	125,000	1,904,234	24,282
Unrealized gain on investments	-	-	-	-
Undesignated	102,363,410	96,070,685	21,634,840	27,277,246
Total Fund Balances	103,581,874	96,953,341	30,688,850	30,295,001
Total Liabilities and Fund Balances	$ 149,771,411	$ 128,751,427	$ 33,599,143	$ 34,205,372

Ballpark Sales Tax		Housing and Redevelopment Authority		Regional Railroad Authority	
2008	2007	2008	2007	2008	2007
$ 11,642,278	$ 5,691,420	$ 2,175,160	$ 2,208,160	$ 30,388,827	$ 28,058,746
-	-	-	-	-	-
-	-	-	-	237,209	165,414
-	-	-	-	-	-
4,325,583	5,551,844	37,405	46,073	162,386	97,641
-	-	303,635	304,304	-	-
-	-	-	-	-	-
$ 15,967,861	$ 11,243,264	$ 2,516,200	$ 2,558,537	$ 30,788,422	$ 28,321,801
$ -	$ -	$ 260,714	$ 275,670	$ 1,096,483	$ 1,090,911
-	-	-	-	4,545	4,545
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,737	-
-	-	260,714	275,670	1,104,765	1,095,456
-	-	-	-	154,548	81,356
-	-	303,635	304,304	-	-
-	-	-	-	-	-
15,967,861	11,243,264	-	-	-	-
-	-	-	241,358	5,743,276	8,339,094
-	-	-	-	100,000	100,000
-	-	8,770	3,899	425,981	101,349
-	-	1,943,081	1,733,306	23,259,852	18,604,546
15,967,861	11,243,264	2,255,486	2,282,867	29,683,657	27,226,345
$ 15,967,861	$ 11,243,264	$ 2,516,200	$ 2,558,537	$ 30,788,422	$ 28,321,801

Hennepin County, Minnesota

Comparative Balance Sheets

Debt Service Fund - Regional Railroad Authority Debt

December 31, 2008

With Comparative Totals for December 31, 2007

		2008		2007
ASSETS				
Cash and Investments	$	408,488	$	347,143
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$	10,594	$	14,221
Fund Balances:				
Unreserved		397,894		332,922
Total Liabilities and Fund Balances	$	408,488	$	347,143

Hennepin County, Minnesota
Comparative Balance Sheets
Debt Service Fund - General Debt
December 31, 2008
With Comparative Totals for December 31, 2007

		2008		2007
ASSETS				
Cash and Investments	$	3,362,420	$	1,449,826
Delinquent taxes receivable, net		773,491		650,106
Other receivable		4,811		-
Restricted cash and investments		1,682,470		41,249,168
Total Assets	$	5,823,192	$	43,349,100
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$	184,909	$	216,322
Deferred revenue - delinquent taxes		644,370		504,786
Total Liabilities		829,279		721,108
Fund Balances:				
Reserved for:				
Special purposes - external commitments		1,000,000		41,249,168
Special purposes - statutory requirements		661,380		-
Unreserved:				
Designated for subsequent year's expenditures		1,280,300		-
Undesignated		2,052,233		1,378,824
Total Fund Balances		4,993,913		42,627,992
Total Liabilities and Fund Balances	$	5,823,192	$	43,349,100

Hennepin County, Minnesota

Comparative Balance Sheets

Capital Projects Fund

December 31, 2008

With Comparative Totals for December 31, 2007

	2008	2007
ASSETS		
Cash and investments	$ 16,728,307	$ 628,328
Due from component unit	-	1,260,818
Delinquent taxes receivable, net	45,753	36,818
Due from other governmental agencies	9,393,062	15,751,242
Accrued investment interest	12,050	26,919
Advances to other fund	409,416	509,416
Other receivable	3,686,943	3,383,966
Prepaid items	-	9,756
Total Assets	$ 30,275,531	$ 21,607,263
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	$ 15,100,016	$ 16,398,455
Interfund payable	-	17,000,000
Due to component unit	-	1,767,565
Deferred revenue - delinquent taxes	37,833	28,298
Deferred revenue	7,304,656	8,364,125
Total Liabilities	22,442,505	43,558,443
Fund Balances:		
Reserved for:		
Encumbrances	101,748,386	79,805,289
Advances and prepaid items	409,416	509,416
Unreserved	(94,324,776)	(102,265,885)
Total Fund Balances	7,833,026	(21,951,180)
Total Liabilities and Fund Balances	$ 30,275,531	$ 21,607,263

Hennepin County, Minnesota

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

General Fund

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2007
	Original	Final	Actual		Actual
REVENUES					
Property taxes	$ 277,041,638	$ 269,831,633	$ 278,439,975	$ 8,608,342	$ 255,663,732
Other taxes	2,089,053	2,089,053	2,018,856	(70,197)	2,488,710
Intergovernmental	75,900,097	92,595,944	80,946,326	(11,649,618)	89,327,117
Investment earnings	20,000,000	20,000,000	27,913,113	7,913,113	33,800,352
Charges for services	55,692,267	55,692,267	49,023,039	(6,669,228)	46,954,380
Fines and forfeits	42,000	42,000	314,676	272,676	263,914
Licenses and permits	5,344,790	5,344,790	4,874,046	(470,744)	4,565,987
Other	36,928,684	37,611,627	38,863,286	1,251,659	31,028,485
Total Revenues	473,038,529	483,207,314	482,393,317	(813,997)	464,092,677
EXPENDITURES					
General government	157,437,166	159,913,668	132,238,888	27,674,780	117,505,061
Health	61,981,039	66,386,153	60,972,106	5,414,047	58,839,973
Public safety	247,837,835	251,764,807	250,802,864	961,943	237,181,654
Public works	50,994,623	53,423,306	51,662,027	1,761,279	49,143,153
Total Expenditures	518,250,663	531,487,934	495,675,885	35,812,049	462,669,841
Excess (Deficiency) of Revenues Over Expenditures	(45,212,134)	(48,280,620)	(13,282,568)	34,998,052	1,422,836
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,278,257	5,135,500	3,857,243	3,418,230
Transfers out	-	-	(2,508,000)	(2,508,000)	(18,039,935)
Total Other Financing Sources (Uses)	-	1,278,257	2,627,500	1,349,243	(14,621,705)
Net Change in Fund Balance	(45,212,134)	(47,002,363)	(10,655,068)	36,347,295	(13,198,869)
Fund Balance - Beginning	157,965,021	157,965,021	157,965,021	-	171,163,890
Fund Balance - Ending	$ 112,752,887	$ 110,962,658	$ 147,309,953	$ 36,347,295	$ 157,965,021

Hennepin County, Minnesota

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

Debt Service Fund - Regional Railroad Authority Debt

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2007 Actual
	Original	Final	Actual		
REVENUES					
Property taxes	$ 3,123,831	$ 3,123,831	$ 3,186,970	$ 63,139	$ 3,148,834
Other taxes	-	-	1,833	1,833	1,741
Total Revenues	3,123,831	3,123,831	3,188,803	64,972	3,150,575
EXPENDITURES					
Debt Service:					
Principal retirement	1,005,000	1,005,000	1,005,000	-	965,000
Interest and fiscal charges	2,118,831	2,118,831	2,118,831	-	2,152,606
Total Expenditures	3,123,831	3,123,831	3,123,831	-	3,117,606
Net Change in Fund Balance	-	-	64,972	64,972	32,969
Fund Balance - Beginning	332,922	332,922	332,922	-	299,953
Fund Balance - Ending	$ 332,922	$ 332,922	$ 397,894	$ 64,972	$ 332,922

Hennepin County, Minnesota

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

Debt Service Fund - General Debt

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2007 Actual
	Original	Final	Actual		
REVENUES					
Property taxes	$ 47,523,258	$ 46,354,016	$ 46,128,301	$ (225,715)	$ 45,090,554
Other taxes	-	-	28,433	28,433	22,532
Intergovernmental	2,426,742	3,595,984	5,719,809	2,123,825	1,869,759
Investment earnings	-	-	1,862,078	1,862,078	2,107,257
Total Revenues	49,950,000	49,950,000	53,738,621	3,788,621	49,090,102
EXPENDITURES					
Debt Service:					
Principal retirement	77,920,000	91,930,000	77,486,294	14,443,706	43,478,430
Interest and fiscal charges	43,904,782	43,904,782	34,530,386	9,374,396	24,540,212
Total Expenditures	121,824,782	135,834,782	112,016,680	23,818,102	68,018,642
Deficiency of Revenues Over Expenditures	(71,874,782)	(85,884,782)	(58,278,059)	27,606,723	(18,928,540)
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	45,755,907	59,765,907	31,822,018	(27,943,889)	18,140,000
Payment to refunded bond escrow agent	-	-	(31,686,395)	(31,686,395)	(15,730,000)
Transfers in	23,000,000	23,000,000	20,315,674	(2,684,326)	6,531,751
Debt premiums and discounts	-	-	192,683	192,683	223,909
Total Other Financing Sources (Uses)	68,755,907	82,765,907	20,643,980	(62,121,927)	9,165,660
Net Change in Fund Balance	(3,118,875)	(3,118,875)	(37,634,079)	(34,515,204)	(9,762,880)
Fund Balance - Beginning	42,627,992	42,627,992	42,627,992	-	52,390,872
Fund Balance - Ending	$ 39,509,117	$ 39,509,117	$ 4,993,913	$ (34,515,204)	$ 42,627,992

Hennepin County, Minnesota

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

Capital Projects Fund

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2007
	Original	Final	Actual		Actual
REVENUES					
Property taxes	$ 2,857,726	$ 2,787,416	$ 3,698,336	$ 910,920	$ 1,797,754
Other taxes	-	-	1,610	1,610	1,409
Intergovernmental	45,256,928	57,679,956	43,960,412	(13,719,544)	47,729,711
Investment earnings	-	-	579,896	579,896	1,330,787
Other	13,627,346	1,274,628	607,310	(667,318)	5,115,025
Total Revenues	61,742,000	61,742,000	48,847,564	(12,894,436)	55,974,686
EXPENDITURES					
Current:					
General government	-	194,600,319	194,600,319	-	160,709,560
Capital projects	164,200,000	164,200,000	136,750,072	27,449,928	123,526,899
Total Expenditures	164,200,000	358,800,319	331,350,391	27,449,928	284,236,459
Deficiency of Revenues Over Expenditures	(102,458,000)	(297,058,319)	(282,502,827)	14,555,492	(228,261,773)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	102,458,000	297,144,991	316,775,000	19,630,009	205,000,000
Transfers in	-	-	857,161	857,161	5,473,244
Transfers out	-	-	(8,546,380)	(8,546,380)	(7,290,263)
Debt premiums and discounts	-	-	3,201,252	3,201,252	7,226,034
Total Other Financing Sources (Uses)	102,458,000	297,144,991	312,287,033	15,142,042	210,409,015
Net Change in Fund Balance	-	86,672	29,784,206	29,697,534	(17,852,758)
Fund Balance - Beginning, as Restated (Note 18)	(21,951,180)	(21,951,180)	(21,951,180)	-	(4,098,422)
Fund Balance - Ending	$ (21,951,180)	$ (21,864,508)	$ 7,833,026	$ 29,697,534	$ (21,951,180)

Hennepin

Hennepin County, Minnesota
Schedule of Changes in Long-term Debt
For the Year Ended December 31, 2008

	Repayment Terms	Interest Rates	Amount of Original Issue
Levy Supported Bonds and Notes			
Countywide:			
Capital Improvements:			
December 1, 1998 Series B	Refunded in 2008	N/A	$ 23,000,000
December 1, 1999 Series A	Refunded in 2008	N/A	33,000,000
February 1, 2000 Series A	Refunded in 2008	N/A	20,000,000
February 1, 2001 Series A	$1,000,000 in 2009 through 2021	4.25 to 4.5%	20,000,000
July 17, 2001 Series B	$1,900,000 in 2009, $2,000,000 in 2010, $2,100,000 in 2011, $30,400,000 in various increments in years 2012 through 2021	4.25 to 5.0%	45,000,000
February 1, 2002 Series A	$1,200,000 in 2009 and 2010, $1,300,000 in 2011 through 2013, $15,200,000 in various increments in years 2014 through 2022	4.0 to 5.0%	30,000,000
September 1, 2002 Series B	$2,000,000 annually in 2009 through 2021	3.5 to 4.7%	40,000,000
September 1, 2003 Series C	$1,000,000 in 2009 through 2013, $2,000,000 in 2014 through 2023	4.0 to 4.75%	30,000,000
May 1, 2004 Series A	$1,500,000 in 2009 through 2013, $2,000,000 in 2014 through 2023	3.0 to 5.0%	30,000,000
July 1, 2005 Series A	$4,000,000 in 2009, $4,100,000 in 2010, $4,200,000 in 2011, and $46,500,000 in various increments in years 2012 through 2021	Variable - Est 2.259%	89,600,000
May 1, 2006 Series A	$4,946,500 in 2009, $5,114,500 in 2010, 4,999,000 in 2011, and $64,768,000 in various increments in years 2012 through 2025	4.5% to 5.0%	88,688,000
July 1, 2007 Series A	$4,280,000 in 2009, $4,455,000 in 2010, $4,645,000 in 2011 and $45,890,000 in various increments in years 2012 through 2026	4.25 to 4.65%	68,140,000
March 26, 2008 Series A	$1,000,000 in 2009, $1,925,000 in 2010, $2,000,000 in 2011, and $44,075,000 in various increments in years 2012 through 2027	3.25 to 4.625%	50,000,000
November 10, 2008 Series D	$2,575,000 in 2009, $2,870,000 in 2010, $2,910,000 in 2011, and $49,980,000 in various increments in years 2012 through 2028	4.0 to 5.0%	58,335,000
October 22, 2008 Capital Notes	$1,000,000 in 2009 and 2010, $1,020,000 in 2011, and $11,980,000 in various increments in years 2012 through 2017	3.25 to 4.5%	15,000,000
Suburban Library:			
December 1, 1998 Series B	Refunded in 2008	N/A	7,000,000
December 1, 1999 Series A	Refunded in 2008	N/A	7,000,000
February 1, 2000 Series A	Refunded in 2008	N/A	5,000,000
February 1, 2001 Series A	$1,100,000 in 2009 and 2010, $1,200,000 in 2011	4.25%	10,000,000
July 17, 2001 Series B	$500,000 annually in 2009 through 2012	4.25 to 4.5%	5,000,000
September 1, 2002 Series B	$500,000 annually in 2009 through 2013	3.5 to 4.0%	5,000,000
September 1, 2003 Series C	$1,000,000 annually in 2009 through 2015	4.0 to 4.125%	12,000,000
May 1, 2004 Series A	$500,000 annually in 2009 through 2014	3.0 to 4.0%	5,000,000
July 1, 2005 Series A	$400,000 in 2009 through 2016	Variable - Est 2.259%	6,400,000
May 1, 2006 Series A	$1,333,500 in 2009, $1,370,500 in 2010, $1,421,000 in 2011, and $7,632,000 in various increments in 2012 through 2020	4.5% to 5.0%	12,727,000
July 1, 2007 Series A	$175,000 in 2009, $185,000 in 2010, $190,000 in 2011, and $4,000,000 in various increments in years 2012 through 2026	4.25 to 4.65%	5,000,000
March 26, 2008 Series A	$200,000 in 2009, $375,000 in 2010, $400,000 in 2011, and $8,625,000 in various increments in years 2012 through 2027	3.25 to 4.625%	10,000,000
November 10, 2008 Series D	$150,000 in 2009, $180,000 in 2010, $185,000 in 2011, and $4,485,000 in various increments in years 2012 through 2028	4.0 to 5.0%	5,000,000
Non-levy Supported Bonds			
December 1, 1998 Augsburg Financing	$125,000 in 2009, $130,000 in 2010, $135,000 in 2011, and $1,150,000 in various increments in years 2012 through 2018	4.2 to 4.9%	2,550,000
Revenue Bonds and Notes			
Solid Waste Resource Recovery:			
July 1, 2003 Series A	$4,200,000 in 2009, $4,100,000 in years 2010 through 2012	2.9 to 3.75%	33,000,000
July 1, 2003 Series B	$7,735,000 in 2009 and $7,810,000 in 2010	5.0%	50,795,000
Ballpark: July 1, 2007 Series A	$500,000 in 2009, $750,000 in 2010, $900,000 in 2011, and $147,500,000 in various increments in years 2012 through 2037	4.75 to 5.0%	150,000,000
Ballpark: April 10, 2008 Series B	$2,000,000 in 2009, $2,300,000 in 2010, $2,720,000 in 2011, and $104,605,000 in various increments in years 2012 through 2029	3.75 to 5.0%	116,775,000
Ballpark: June 26, 2008 Series C	$400,000 in 2009, $800,000 in 2010 and in 2011, and $71,000,000 in various increments in years 2012 through 2029	Variable - Est 1.03%	75,000,000
Levy Supported Bonds			
Regional Railroad Authority (RRA):			
December 5, 2001	$1,045,000 in 2009, $1,095,000 in 2010, $1,145,000 in 2011, and $40,610,000 in various increments in years 2012 through 2031	3.875 to 5.0%	50,000,000
Lease Revenue Certificates of Participation			
June 1, 1998 - Series 1998	Refunded in 2008	5.0 to 5.375%	45,167,858
December 15, 2008 Series F	$2,430,000 in 2009, $2,540,000 in 2010, $2,615,000 in 2011, and $11,350,000 in various increments in years 2012 through 2015	3.0 to 3.5%	18,935,000

	Principal Payable					Interest Payable	
	Dec. 31, 2007	Additions	Payments	Balance Dec. 31, 2008	Due Within One Year	Total	Due Within One Year
Levy Supported Bonds and Notes							
Countywide:							
Capital Improvements:							
December 1, 1998 Series B	$ 14,600,000	-	14,600,000	$ -	$ -	$ -	$ -
December 1, 1999 Series A	19,300,000	-	19,300,000	-	-	-	-
February 1, 2000 Series A	16,125,000	-	16,125,000	-	-	-	-
February 1, 2001 Series A	14,000,000	-	1,000,000	13,000,000	1,000,000	4,063,750	573,750
July 17, 2001 Series B	38,200,000	-	1,800,000	36,400,000	1,900,000	13,716,375	1,748,875
February 1, 2002 Series A	22,700,000	-	1,200,000	21,500,000	1,200,000	8,470,150	993,250
September 1, 2002 Series B	28,000,000	-	2,000,000	26,000,000	2,000,000	7,864,500	1,076,500
September 1, 2003 Series C	26,000,000	-	1,000,000	25,000,000	1,000,000	10,115,000	1,092,500
May 1, 2004 Series A	28,000,000	-	500,000	27,500,000	1,500,000	11,265,000	1,265,000
July 1, 2005 Series A	64,700,000	-	5,900,000	58,800,000	4,000,000	9,311,598	1,328,292
May 1, 2006 Series A	82,308,000	-	2,480,000	79,828,000	4,946,500	30,641,731	3,762,845
July 1, 2007 Series A	63,285,000	-	4,015,000	59,270,000	4,280,000	23,509,431	2,601,124
March 26, 2008 Series A	-	50,000,000	1,000,000	49,000,000	1,000,000	23,514,000	1,975,500
November 10, 2008 Series D	-	58,335,000	-	58,335,000	2,575,000	28,487,313	2,585,944
October 22, 2008 Capital Notes	-	15,000,000	-	15,000,000	1,000,000	3,509,800	592,050
Total Levy Supported - Countywide	**417,218,000**	**123,335,000**	**70,920,000**	**469,633,000**	**26,401,500**	**174,468,648**	**19,595,630**
Suburban Library:							
December 1, 1998 Series B	400,000	-	400,000	-		-	-
December 1, 1999 Series A	4,900,000	-	4,900,000	-		-	-
February 1, 2000 Series A	3,925,000	-	3,925,000	-		-	-
February 1, 2001 Series A	4,400,000	-	1,000,000	3,400,000	1,100,000	293,250	144,500
July 17, 2001 Series B	2,500,000	-	500,000	2,000,000	500,000	219,375	86,875
September 1, 2002 Series B	3,000,000	-	500,000	2,500,000	500,000	291,250	95,000
September 1, 2003 Series C	8,000,000	-	1,000,000	7,000,000	1,000,000	1,128,750	281,250
May 1, 2004 Series A	3,500,000	-	500,000	3,000,000	500,000	415,000	115,000
July 1, 2005 Series A	3,600,000	-	400,000	3,200,000	400,000	325,296	72,288
May 1, 2006 Series A	12,242,000	-	485,000	11,757,000	1,333,500	3,739,955	683,618
July 1, 2007 Series A	4,720,000	-	170,000	4,550,000	175,000	2,168,795	201,584
March 26, 2008 Series A	-	10,000,000	200,000	9,800,000	200,000	4,713,844	395,344
November 10, 2008 Series D	-	5,000,000	-	5,000,000	150,000	2,800,394	226,900
Total Levy Supported - Library	**51,187,000**	**15,000,000**	**13,980,000**	**52,207,000**	**5,858,500**	**16,095,909**	**2,302,359**
Non-levy Supported Bonds							
December 1, 1998 Augsburg Financing	1,660,000	-	120,000	1,540,000	125,000	437,500	73,165
Revenue Bonds and Notes							
Solid Waste Resource Recovery:							
July 1, 2003 Series 2003A	20,700,000	-	4,200,000	16,500,000	4,200,000	1,165,850	495,500
July 1, 2003 Series 2003B	23,010,000	-	7,465,000	15,545,000	7,735,000	1,167,750	777,250
Ballpark: July 1, 2007 Series A	150,000,000	-	350,000	149,650,000	500,000	152,432,000	7,217,375
Ballpark: April 10, 2008 Series B	-	116,775,000	2,575,000	114,200,000	2,000,000	73,127,875	5,402,175
Ballpark: June 26, 2008 Series C	-	75,000,000	2,000,000	73,000,000	400,000	17,396,274	771,750
Total Revenue Bonds and Notes	**193,710,000**	**191,775,000**	**16,590,000**	**368,895,000**	**14,835,000**	**245,289,749**	**14,664,050**
Total Non-RRA G.O. Debt	**663,775,000**	**330,110,000**	**101,610,000**	**892,275,000**	**47,220,000**	**436,291,806**	**36,635,204**
Levy Supported Bonds							
Regional Railroad Authority (RRA):							
December 5, 2001	44,900,000	-	1,005,000	43,895,000	1,045,000	30,574,504	2,081,144
Total Bonds and Notes	**708,675,000**	**330,110,000**	**102,615,000**	**936,170,000**	**48,265,000**	**466,866,310**	**38,716,348**
Certificates of Participation							
June 1, 1998 - Series 1998	20,789,318	-	20,789,318	-	-	-	-
December 15, 2008 Series F	-	18,935,000	-	18,935,000	2,430,000	2,471,505	552,430
Total Certificates of Participation	**20,789,318**	**18,935,000**	**20,789,318**	**18,935,000**	**2,430,000**	**2,471,505**	**552,430**
Total Long-Term Debt	**$ 729,464,318**	**$ 349,045,000**	**$ 123,404,318**	**$ 955,105,000**	**$ 50,695,000**	**$ 469,337,815**	**$ 39,268,778**

Hennepin

Supplementary Information
Enterprise Funds

Hennepin

Hennepin County, Minnesota
Comparative Schedules of Net Assets
Enterprise Funds
December 31, 2008
With Comparative Totals for December 31, 2007

	Metropolitan Health Plan 2008	Metropolitan Health Plan 2007	Solid Waste 2008	Solid Waste 2007
ASSETS				
Current Assets:				
Cash	$ 15,289,600	$ 24,642,974	$ 38,658,322	$ 34,601,114
Delinquent taxes receivable, net	-	-	8,844	7,064
Due from component unit	-	250,050	-	-
Tip fees receivable	-	-	2,874,704	1,704,322
Other receivables	9,117,704	6,959,351	5,513,824	5,408,675
Inventories	-	-	-	-
Prepaid items	1,080,821	1,858,995	95,577	134,776
Total Current Assets	25,488,125	33,711,370	47,151,271	41,855,951
Noncurrent Assets:				
Other Assets:				
Restricted cash and investments	500,000	500,000	15,393,656	16,001,034
Capital Assets:				
Land	-	-	8,179,432	8,179,432
Land improvements	-	-	-	-
Buildings	-	-	123,758,703	121,796,613
Equipment	8,223,958	8,933,586	3,417,694	3,390,547
Leasehold improvements	2,317,221	2,121,033	-	-
Construction in progress	-	-	2,080,826	-
	10,541,179	11,054,619	137,436,655	133,366,592
Less accumulated depreciation and amortization	7,255,593	4,454,050	34,981,524	30,172,483
Net Capital Assets	3,285,586	6,600,569	102,455,131	103,194,109
Total Noncurrent Assets	3,785,586	7,100,569	117,848,787	119,195,143
Total Assets	$ 29,273,711	$ 40,811,939	$ 165,000,058	$ 161,051,094
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	$ 2,088,381	$ 4,727,407	$ 7,190,608	$ 9,635,403
Accrued interest payable	-	-	426,146	564,958
Accrued expenses	18,499,662	11,304,782	120,589	83,263
Current portion of:				
General obligation bonds and notes	-	-	12,630,466	12,357,727
Compensated absences	50,000	61,000	23,000	20,000
Unearned revenue	-	8,263,717	-	-
Total Current Liabilities	20,638,043	24,356,906	20,390,809	22,661,351
Noncurrent liabilities, net of current portion:				
General obligation bonds and notes	-	-	20,623,159	33,253,623
Postemployment healthcare benefits	440,436	209,000	182,000	84,000
Compensated absences	1,076,108	1,136,097	812,541	724,501
Total Noncurrent Liabilities	1,516,544	1,345,097	21,617,700	34,062,124
Total Liabilities	$ 22,154,587	$ 25,702,003	$ 42,008,509	$ 56,723,475
NET ASSETS				
Invested in capital assets, net of related debt	$ 3,285,586	$ 6,600,569	$ 69,201,506	$ 57,582,759
Restricted for:				
Special purposes - external commitments	-	-	1,087,687	-
Special purposes - statutory requirements	500,000	500,000	15,393,656	16,001,033
Unrestricted	3,333,538	8,009,367	37,308,700	30,743,827
Total Net Assets	$ 7,119,124	$ 15,109,936	$ 122,991,549	$ 104,327,619

Glen Lake Golf Course 2008	Glen Lake Golf Course 2007	Radio Communications 2008	Radio Communications 2007
$ 188,183	$ 221,370	$ 5,809,695	$ 5,068,908
-	-	-	-
-	-	15,907	15,590
-	-	-	-
-	-	159,960	160,226
2,964	2,240	-	-
2,506	1,098	-	-
193,653	224,708	5,985,562	5,244,724
-	-	-	-
985,092	985,092	-	-
1,893,908	1,893,908	-	-
843,167	843,167	-	-
188,034	188,034	7,077,387	6,599,624
-	-	-	-
-	-	-	-
3,910,201	3,910,201	7,077,387	6,599,624
1,414,976	1,297,062	4,779,144	3,903,392
2,495,225	2,613,139	2,298,243	2,696,232
2,495,225	2,613,139	2,298,243	2,696,232
$ 2,688,878	$ 2,837,847	$ 8,283,805	$ 7,940,956
$ 16,312	$ 13,806	$ 39,113	$ 98,664
-	-	-	-
-	-	-	-
200,000	185,000	-	-
-	-	-	-
-	-	-	-
216,312	198,806	39,113	98,664
1,820,000	2,020,000	-	-
-	-	-	-
-	-	-	-
1,820,000	2,020,000	-	-
$ 2,036,312	$ 2,218,806	$ 39,113	$ 98,664
$ 475,225	$ 408,139	$ 2,298,243	$ 2,696,232
-	-	-	-
-	-	-	-
177,341	210,902	5,946,449	5,146,060
$ 652,566	$ 619,041	$ 8,244,692	$ 7,842,292

Hennepin County, Minnesota

Comparative Schedules of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual

Metropolitan Health Plan Fund

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008			
	Final Budget	Actual	Variance Positive (Negative)	2007 Actual
OPERATING REVENUES				
Net charges for services	$ 160,821,187	$ 153,838,000	$ (6,983,187)	$ 125,215,654
OPERATING EXPENSES				
Personal services	17,789,756	16,183,657	1,606,099	16,447,073
Commodities	13,737,315	9,952,025	3,785,290	10,505,376
Contractual services	126,750,592	130,786,493	(4,035,901)	99,280,056
Depreciation and amortization	3,341,720	4,157,604	(815,884)	2,690,618
Other	1,704,347	2,050,350	(346,003)	3,599,420
Total Operating Expenses	163,323,730	163,130,129	193,601	132,522,543
Operating Income (Loss)	(2,502,543)	(9,292,129)	(6,789,586)	(7,306,889)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	468,382	976,342	507,960	934,907
Interest expense	-	(106,461)	(106,461)	(102,849)
Gain (loss) on sale of capital assets	-	-	-	2,438
Total Nonoperating Revenues (Expenses)	468,382	869,881	401,499	834,496
Income (Loss) Before Transfers	(2,034,161)	(8,422,248)	(6,388,087)	(6,472,393)
Transfers in	-	431,436	431,436	8,384,815
Net Contributions and Transfers	-	431,436	431,436	8,384,815
Change in Net Assets	(2,034,161)	(7,990,812)	(5,956,651)	1,912,422
Total Net Assets - Beginning	15,109,936	15,109,936	-	13,197,514
Total Net Assets - Ending	$ 13,075,775	$ 7,119,124	$ (5,956,651)	$ 15,109,936

Hennepin County, Minnesota

Comparative Schedules of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual

Solid Waste Fund

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008			
	Final Budget	Actual	Variance Positive (Negative)	2007 Actual
OPERATING REVENUES				
Charges for services	$ 71,457,256	$ 73,703,294	$ 2,246,038	$ 71,744,444
OPERATING EXPENSES				
Personal services	4,839,596	5,217,034	(377,438)	4,636,655
Commodities	176,410	332,554	(156,144)	299,986
Contractual services	55,321,361	52,865,262	2,456,099	53,441,967
Depreciation and amortization	4,677,632	4,809,041	(131,409)	4,805,368
Other	628,731	812,516	(183,785)	531,767
Total Operating Expenses	65,643,730	64,036,407	1,607,323	63,715,743
Operating Income	5,813,526	9,666,887	3,853,361	8,028,701
NONOPERATING REVENUES (EXPENSES)				
Property taxes	520,659	531,193	10,534	490,878
Other taxes	310,000	246,540	(63,460)	323,553
Intergovernmental	3,323,391	6,349,240	3,025,849	3,186,567
Investment earnings	1,212,000	2,671,294	1,459,294	2,443,506
Interest expense	(1,839,431)	(1,700,619)	138,812	(2,183,548)
Gain (loss) on sale of capital assets	-	-	-	95,141
Other revenue	4,031,005	2,910,077	(1,120,928)	3,725,274
Environmental grants awarded	(2,000,000)	(2,010,682)	(10,682)	(1,259,999)
Total Nonoperating Revenues (Expenses)	5,557,624	8,997,043	3,439,419	6,821,372
Change in Net Assets	11,371,150	18,663,930	7,292,780	14,850,073
Total Net Assets-Beginning	104,327,619	104,327,619	-	89,477,546
Total Net Assets - Ending	$ 115,698,769	$ 122,991,549	$ 7,292,780	$ 104,327,619

Hennepin County, Minnesota

Comparative Schedules of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual

Glen Lake Golf Course Fund

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008			
	Final Budget	Actual	Variance Positive (Negative)	2007 Actual
OPERATING REVENUES				
Charges for services	$ 1,133,359	$ 963,595	$ (169,764)	$ 960,823
OPERATING EXPENSES				
Personal services	-	445,858	(445,858)	425,107
Commodities	-	87,617	(87,617)	82,357
Contractual services	-	132,397	(132,397)	133,275
Depreciation and amortization	-	117,914	(117,914)	117,916
Other	1,133,359	65,724	1,067,635	58,866
Total Operating Expenses	1,133,359	849,510	283,849	817,521
Operating Income	-	114,085	114,085	143,302
NONOPERATING EXPENSES				
Interest expense	-	(80,560)	(80,560)	(86,320)
Change in Net Assets	-	33,525	33,525	56,982
Total Net Assets - Beginning	619,041	619,041	-	562,059
Total Net Assets - Ending	$ 619,041	$ 652,566	$ 33,525	$ 619,041

Hennepin County, Minnesota

Comparative Schedules of Revenues, Expenses, and Changes in Fund Net Assets - Budget and Actual

Radio Communications Fund

For the Year Ended December 31, 2008

With Comparative Actual Amounts for Year Ended December 31, 2007

	2008			
	Final Budget	Actual	Variance Positive (Negative)	2007 Actual
OPERATING REVENUES				
Charges for services	$ 2,264,672	$ 2,353,826	$ 89,154	$ 2,375,289
OPERATING EXPENSES				
Commodities	328,000	296,826	31,174	171,740
Contractual services	1,043,024	1,009,324	33,700	1,131,736
Depreciation and amortization	856,913	905,922	(49,009)	880,879
Total Operating Expenses	2,227,937	2,212,072	15,865	2,184,355
Operating Income	36,735	141,754	105,019	190,934
NONOPERATING EXPENSES				
Loss on sale of capital assets	-	-	-	(2,705)
Income Before Contributions	36,735	141,754	105,019	188,229
Capital contributions	-	260,646	260,646	296,476
Change in Net Assets	36,735	402,400	365,665	484,705
Total Net Assets - Beginning	7,842,292	7,842,292	-	7,357,587
Total Net Assets - Ending	$ 7,879,027	$ 8,244,692	$ 365,665	$ 7,842,292

Hennepin County, Minnesota
Comparative Schedules of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2008 and 2007

	Metropolitan Health Plan		Solid Waste	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 150,860,860	$ 124,501,942	$ 72,465,089	$ 70,075,726
Payments to suppliers for goods and services	(142,599,370)	(108,477,037)	(55,603,412)	(51,947,914)
Payments to employees for services	(16,023,210)	(16,040,502)	(5,027,994)	(4,412,118)
Other operating disbursements	(2,050,350)	(3,599,420)	(812,516)	(531,766)
Cash Provided (Used) by Operating Activities	(9,812,070)	(3,615,017)	11,021,167	13,183,928
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property taxes	-	-	529,413	489,024
Other Taxes	-	-	246,540	323,553
Intergovernmental subsidies	-	-	6,349,240	3,186,567
Grants and contribrution	-	-	899,395	3,241,410
Transfers in	-	6,000,000	-	-
Cash Provided by Noncapital Financing Activities	-	6,000,000	8,024,588	7,240,554
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of property, plant and equipment	(878,685)	(4,003,669)	(4,070,063)	(1,269,312)
Interest paid	(106,461)	(102,849)	(1,839,431)	(2,316,007)
Contributed capital from other funds	-	2,384,815	-	-
Proceeds from sale or disposal of property, plant and equipment	467,500	2,438	-	275,535
Debt issuance cost and principal payments	-	-	(12,357,725)	(13,361,794)
Cash Used by Capital and Related Financing Activities	(517,646)	(1,719,265)	(18,267,219)	(16,671,578)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	976,342	934,907	2,671,294	2,521,437
Cash Provided by Investing Activities	976,342	934,907	2,671,294	2,521,437
Increase (Decrease) in Cash	(9,353,374)	1,600,625	3,449,830	6,274,341
Cash at Beginning of Year	25,142,974	23,542,349	50,602,148	44,327,807
Cash at End of Year	$ 15,789,600	$ 25,142,974	$ 54,051,978	$ 50,602,148
CASH COMPONENTS:				
Cash	$ 15,289,600	$ 24,642,974	$ 38,658,322	$ 34,601,114
Restricted cash	500,000	500,000	15,393,656	16,001,034
Cash at End of Year	$ 15,789,600	$ 25,142,974	$ 54,051,978	$ 50,602,148
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ (9,292,129)	$ (7,306,889)	$ 9,666,887	$ 8,028,701
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	4,157,604	2,690,618	4,809,041	4,805,368
(Increase) decrease in:				-
Receivables and prepaid items	(1,380,179)	(1,477,525)	(1,236,332)	(1,629,519)
Inventories	-	-	-	-
Increase (decrease) in:				
Accounts payable and accrued expenses	4,716,301	1,714,966	(2,218,429)	1,979,378
Due to (from) component unit	250,050	-	-	-
Unearned revenue	(8,263,717)	763,813	-	-
Net Cash Provided (Used) By Operating Activities	$ (9,812,070)	$ (3,615,017)	$ 11,021,167	$ 13,183,928
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributions of capital assets	$ 431,436	$ -	$ -	$ -
Increase in fair value of investments	$ 188,473	$ 331,131	$ 513,371	$ 806,068

Glen Lake Golf Course 2008	Glen Lake Golf Course 2007	Radio Communications 2008	Radio Communications 2007
$ 963,595	$ 959,741	$ 2,353,775	$ 2,339,718
(219,640)	(269,082)	(1,365,701)	(1,236,436)
(445,858)	(425,107)	-	-
(65,724)	-	-	-
232,373	265,552	988,074	1,103,282
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(247,287)	-
(80,560)	(86,320)	-	-
-	-	-	-
-	-	-	-
(185,000)	(180,000)	-	-
(265,560)	(266,320)	(247,287)	-
-	-	-	-
-	-	-	-
(33,187)	(768)	740,787	1,103,282
221,370	222,138	5,068,908	3,965,626
$ 188,183	$ 221,370	$ 5,809,695	$ 5,068,908
$ 188,183	$ 221,370	$ 5,809,695	$ 5,068,908
-	-	-	-
$ 188,183	$ 221,370	$ 5,809,695	$ 5,068,908
$ 114,085	$ 143,302	$ 141,754	$ 190,934
117,914	117,916	905,922	880,879
1,098	(1,082)	266	(35,571)
(724)	1,513	-	-
-	3,903	(59,551)	67,040
-	-	(317)	-
-	-	-	-
$ 232,373	$ 265,552	$ 988,074	$ 1,103,282
$ -	$ -	$ 260,646	$ 296,476
$ -	$ -	$ -	$ -

Hennepin

Supplementary Information
Internal Service Funds

Hennepin

Hennepin County, Minnesota

Combining Statement of Net Assets

Internal Service Funds

December 31, 2008

With Comparative Totals for December 31, 2007

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
ASSETS				
Current Assets:				
Cash	$ 2,477,199	$ 6,695,826	$ 25,544,427	$ 2,928,288
Due from component unit	82,585	282,673	3,095	1,047,749
Receivables from users	51,416	130,137	381,524	543,498
Inventories	190,968	143,932	-	284,462
Prepaid items	59,366	-	3,053,627	3,157
Total Current Assets	2,861,534	7,252,568	28,982,673	4,807,154
	-			
Capital Assets:				
Land	-	-	-	1,040,600
Buildings	-	-	-	28,613,339
Furnishings and equipment	2,511,083	34,663,241	66,695,708	247,923
Leasehold improvements	-	-	-	-
	2,511,083	34,663,241	66,695,708	29,901,862
Less accumulated depreciation	2,153,180	17,434,378	49,053,691	13,481,453
Net Capital Assets	357,903	17,228,863	17,642,017	16,420,409
Total Assets	$ 3,219,437	$ 24,481,431	$ 46,624,690	$ 21,227,563
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable	$ 191,275	$ 558,230	$ 3,127,531	$ 1,181,466
Accrued interest payable	-	-	-	605
Accrued expenses	34,332	48,478	255,506	-
Current portion of:				
Workers' compensation claims	-	-	-	-
Lease revenue certificates of participation	-	-	-	65,253
General obligation bonds	-	-	-	891,522
Compensated absences	16,000	15,000	24,000	1,000
Total Current Liabilities	241,607	621,708	3,407,037	2,139,846
Noncurrent Liabilities, Net of Current Portion:				
Advance from other funds	-	-	-	409,416
Workers' compensation claims	-	-	-	-
Lease revenue certificates of participation	-	-	-	384,450
General obligation bonds	-	-	-	13,930,039
Postemployment healthcare benefits	104,000	76,000	200,000	-
Compensated absences	171,375	214,468	1,740,239	11,559
Total Noncurrent Liabilities	275,375	290,468	1,940,239	14,735,464
Total Liabilities	$ 516,982	$ 912,176	$ 5,347,276	$ 16,875,310
NET ASSETS				
Invested in capital assets, net of related debt	$ 357,903	$ 17,228,863	$ 17,642,017	$ 1,149,145
Unrestricted	2,344,552	6,340,392	23,635,397	3,203,108
Total Net Assets	$ 2,702,455	$ 23,569,255	$ 41,277,414	$ 4,352,253

Self Insurance	Practis - Business Services Office	Other Employee Benefits	Totals 2008	Totals 2007
$ 17,475,478	$ -	$ 49,691,294	$ 104,812,512	$ 104,679,381
-	-	-	1,416,102	1,380,546
1,408	-	-	1,107,983	918,232
-	-	-	619,362	374,955
-	-	-	3,116,150	981,225
17,476,886	-	49,691,294	111,072,109	108,334,339
-	-	-	1,040,600	1,040,600
-	-	-	28,613,339	28,059,177
29,950	-	-	104,147,905	104,638,098
-	-	-	-	898,934
29,950	-	-	133,801,844	134,636,809
-	-	-	82,122,702	79,744,227
29,950	-	-	51,679,142	54,892,582
$ 17,506,836	$ -	$ 49,691,294	$ 162,751,251	$ 163,226,921
$ 144,016	$ -	$ -	$ 5,202,518	$ 4,815,018
-	-	-	605	3,152
12,162	-	-	350,478	298,738
1,500,000	-	-	1,500,000	3,500,000
-	-	-	65,253	47,732
-	-	-	891,522	839,778
500	-	7,000,000	7,056,500	7,602,000
1,656,678	-	7,000,000	15,066,876	17,106,418
-	-	-	409,416	509,416
6,905,668	-	-	6,905,668	4,905,668
-	-	-	384,450	450,841
-	-	-	13,930,039	14,295,481
23,000	-	-	403,000	214,000
140,890	-	80,138,467	82,416,998	76,996,675
7,069,558	-	80,138,467	104,449,571	97,372,081
$ 8,726,236	$ -	$ 87,138,467	$ 119,516,447	$ 114,478,499
$ 29,950	$ -	$ -	$ 36,407,878	$ 39,258,750
8,750,650	-	(37,447,173)	6,826,926	9,489,672
$ 8,780,600	$ -	$ (37,447,173)	$ 43,234,804	$ 48,748,422

Hennepin County, Minnesota
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
OPERATING REVENUES				
Charges for services	$ 5,767,525	$ 11,465,934	$ 38,229,663	$ 11,564,947
Intergovernmental	-	-	-	-
Total Operating Revenues	5,767,525	11,465,934	38,229,663	11,564,947
OPERATING EXPENSES				
Personal services	1,680,032	1,865,320	11,120,226	123,256
Commodities	423,306	3,397,451	480,012	6,440,958
Contractual services	3,608,292	1,133,045	16,220,104	2,985,844
Depreciation	128,321	4,218,852	11,403,426	851,127
Other charges	158,315	348,199	712,938	60,150
Total Operating Expenses	5,998,266	10,962,867	39,936,706	10,461,335
Operating Income (Loss)	(230,741)	503,067	(1,707,043)	1,103,612
NONOPERATING REVENUES (EXPENSES)				
Interest expense	-	-	-	(608,470)
Gain (loss) on sale of capital assets	-	946,590	1,950	-
Total Nonoperating Revenues (Expenses)	-	946,590	1,950	(608,470)
Income (Loss) Before Contributions and Transfers	(230,741)	1,449,657	(1,705,093)	495,142
Capital contributions	-	490,325	1,336,366	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net Contributions and Transfers	-	490,325	1,336,366	-
Change in Net Assets	(230,741)	1,939,982	(368,727)	495,142
Total Net Assets - Beginning as restated (Note 18)	2,933,196	21,629,273	41,646,141	3,857,111
Total Net Assets-Ending	$ 2,702,455	$ 23,569,255	$ 41,277,414	$ 4,352,253

Self Insurance	Practis - Business Services Office	Other Employee Benefits	Totals 2008	Totals 2007
$ 4,274,191	$ 194,359	$ 8,765,774	$ 80,262,393	$ 76,093,357
-	-	-	-	56,593
4,274,191	194,359	8,765,774	80,262,393	76,149,950
424,563	209,262	14,488,563	29,911,222	27,718,554
3,210	1,822	-	10,746,759	8,979,754
3,728,209	1,674,525	-	29,350,019	29,803,344
-	1,304,444	-	17,906,170	17,528,732
144,884	6,569	-	1,431,055	1,634,390
4,300,866	3,196,622	14,488,563	89,345,225	85,664,774
(26,675)	(3,002,263)	(5,722,789)	(9,082,832)	(9,514,824)
-	-	-	(608,470)	(685,182)
-	-	-	948,540	986,556
-	-	-	340,070	301,374
(26,675)	(3,002,263)	(5,722,789)	(8,742,762)	(9,213,450)
-	-	-	1,826,691	1,157,995
-	1,833,889	-	1,833,889	2,850,000
-	(431,436)	-	(431,436)	-
-	1,402,453	-	3,229,144	4,007,995
(26,675)	(1,599,810)	(5,722,789)	(5,513,618)	(5,205,455)
8,807,275	1,599,810	(31,724,384)	48,748,422	54,801,671
$ 8,780,600	$ -	$ (37,447,173)	$ 43,234,804	$ 49,596,216

Hennepin County, Minnesota
Combining Schedule of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2008

	Central Services	Central Mobile Equipment
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 5,911,994	$ 11,320,184
Payments to suppliers for goods and services	(4,037,931)	(4,692,809)
Payments to employees for services	(1,652,071)	(1,801,713)
Other operating disbursements	(158,315)	(348,199)
Cash Provided (Used) by Operating Activities	63,677	4,477,463
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of property, plant and equipment	(180,741)	(5,075,695)
Interest paid	-	-
Contributed capital from other funds	-	490,325
Proceeds from sale of property, plant and equipment	-	946,590
Debt issuance cost and principal payments	-	-
Cash Used by Capital and Related Financing Activities	(180,741)	(3,638,780)
Increase (Decrease) in Cash	(117,064)	838,683
Cash at Beginning of Year	2,594,263	5,857,143
Cash at End of Year	$ 2,477,199	$ 6,695,826
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (230,741)	$ 503,067
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	128,321	4,218,852
(Increase) decrease in:		
Receivables and prepaid items	144,358	(3,834)
Inventories	(72,496)	(143,932)
Increase (decrease) in:		
Due from Component Unit	-	(154,327)
Accounts payable and accrued expenses	94,235	57,637
Advance from other funds	-	-
Net Cash Provided (Used) By Operating Activities	$ 63,677	$ 4,477,463
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital asset additions through increase in debt	$ -	$ -
Contributions of capital assets	$ -	$ 490,325

Information Technology	Energy Center	Self Insurance	Practis - Business Services Office	Other Employee Benefits	Total
$ 38,341,088	$ 11,316,699	$ 4,274,861	$ 158,227	$ 8,765,774	$ 80,088,827
(18,598,141)	(9,244,647)	(3,702,474)	(1,812,608)	-	(42,088,610)
(11,054,000)	(120,243)	(450,094)	(217,986)	(9,551,291)	(24,847,398)
(712,938)	(160,150)	(144,884)	(6,569)	-	(1,531,055)
7,976,009	1,791,659	(22,591)	(1,878,936)	(785,517)	11,621,764
-	-	-	1,833,889	-	1,833,889
(9,283,620)	(554,162)	(29,950)	-	-	(15,124,168)
-	(611,017)	-	-	-	(611,017)
1,336,366	-	-	-	-	1,826,691
1,950	-	-	-	-	948,540
-	(362,568)	-	-	-	(362,568)
(7,945,304)	(1,527,747)	(29,950)	-	-	(13,322,522)
30,705	263,912	(52,541)	(45,047)	(785,517)	133,131
25,513,722	2,664,376	17,528,019	45,047	50,476,811	104,679,381
$ 25,544,427	$ 2,928,288	$ 17,475,478	$ -	$ 49,691,294	$ 104,812,512
$ (1,707,043)	$ 1,103,612	$ (26,675)	$ (3,002,263)	$ (5,722,789)	$ (9,082,832)
11,403,426	851,127	-	1,304,444	-	17,906,170
(2,241,057)	(249,102)	(1,408)	-	-	(2,351,043)
-	(27,979)	-	-	-	(244,407)
145,139	-	-	-	-	(9,188)
375,544	214,001	5,492	(181,117)	4,937,272	5,503,064
-	(100,000)	-	-	-	(100,000)
$ 7,976,009	$ 1,791,659	$ (22,591)	$ (1,878,936)	$ (785,517)	$ 11,621,764
$ -	$ 526,082	$ -	$ -	$ -	$ 526,082
$ 1,336,366	$ -	$ -	$ -	$ -	$ 1,826,691

Hennepin County, Minnesota
Comparative Schedules of Net Assets
Internal Service Funds
For the Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Central Services		Central Mobile Equipment		Information Technology	
	2008	2007	2008	2007	2008	2007
ASSETS						
Current Assets:						
Cash	$ 2,477,199	$ 2,594,263	$ 6,695,826	$ 5,857,143	$ 25,544,427	$ 25,513,722
Due from component unit	82,585	208,265	282,673	128,346	3,095	148,234
Receivables from users	51,416	62,252	130,137	126,303	381,524	280,076
Inventories	190,968	118,472	143,932	-	-	-
Prepaid items	59,366	67,208	-	-	3,053,627	914,017
Total Current Assets	2,861,534	3,050,460	7,252,568	6,111,792	28,982,673	26,856,049
Capital Assets:						
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Equipment	2,511,083	2,461,354	34,663,241	32,815,657	66,695,708	62,470,666
Leasehold improvements	-	-	-	-	-	-
	2,511,083	2,461,354	34,663,241	32,815,657	66,695,708	62,470,666
Less accumulated depreciation	2,153,180	2,155,871	17,434,378	16,443,637	49,053,691	42,708,842
Net Capital Assets	357,903	305,483	17,228,863	16,372,020	17,642,017	19,761,824
Total Assets	$ 3,219,437	$ 3,355,943	$ 24,481,431	$ 22,483,812	$ 46,624,690	$ 46,617,873
LIABILITIES						
Current Liabilities:						
Accounts and contracts payable	$ 191,275	$ 132,954	$ 558,230	$ 576,611	$ 3,127,531	$ 2,885,946
Accrued interest payable	-	-	-	-	-	-
Accrued expenses	34,332	26,379	48,478	36,067	255,506	187,773
Current portion of:						
Workers' compensation claims	-	-	-	-	-	-
Lease revenue certificates of participation	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Compensated absences	16,000	13,000	15,000	17,000	24,000	70,000
Total Current Liabilities	241,607	172,333	621,708	629,678	3,407,037	3,143,719
Noncurrent Liabilities, net of current portion:						
Advance from other funds	-	-	-	-	-	-
Workers' compensation claims	-	-	-	-	-	-
Lease revenue certificates of participation	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Postemployment healthcare benefits	104,000	60,000	76,000	34,000	200,000	110,000
Compensated absences	171,375	190,414	214,468	190,861	1,740,239	1,718,013
Total Noncurrent Liabilities	275,375	250,414	290,468	224,861	1,940,239	1,828,013
Total Liabilities	$ 516,982	$ 422,747	$ 912,176	$ 854,539	$ 5,347,276	$ 4,971,732
Net Assets						
Invested in capital assets, net of related debt	$ 357,903	$ 305,483	$ 17,228,863	$ 16,372,020	$ 17,642,017	$ 19,761,824
Unrestricted	2,344,552	2,627,713	6,340,392	5,257,253	23,635,397	21,884,317
Total Net Assets	$ 2,702,455	$ 2,933,196	$ 23,569,255	$ 21,629,273	$ 41,277,414	$ 41,646,141

Energy Center 2008	Energy Center 2007	Self Insurance 2008	Self Insurance 2007	Practis - Business Services Office 2008	Practis - Business Services Office 2007	Other Employee Benefits 2008	Other Employee Benefits 2007
$ 2,928,288	$ 2,664,376	$ 17,475,478	$ 17,528,019	$ -	$ 45,047	$ 49,691,294	$ 50,476,811
1,047,749	895,701	-	-	-	-	-	-
543,498	449,601	1,408	-	-	-	-	-
284,462	256,483	-	-	-	-	-	-
3,157	-	-	-	-	-	-	-
4,807,154	4,266,161	17,476,886	17,528,019	-	45,047	49,691,294	50,476,811
1,040,600	1,040,600	-	-	-	-	-	-
28,613,339	28,059,177	-	-	-	-	-	-
247,923	247,923	29,950	-	-	6,642,498	-	-
-	-	-	-	-	898,934	-	-
29,901,862	29,347,700	29,950	-	-	7,541,432	-	-
13,481,453	12,630,326	-	-	-	5,805,551	-	-
16,420,409	16,717,374	29,950	-	-	1,735,881	-	-
$ 21,227,563	$ 20,983,535	$ 17,506,836	$ 17,528,019	$ -	$ 1,780,928	$ 49,691,294	$ 50,476,811
$ 1,181,466	$ 968,175	$ 144,016	$ 115,071	$ -	$ 136,261	$ -	$ -
605	3,152	-	-	-	-	-	-
-	2,303	12,162	10,084	-	36,132	-	-
-	-	1,500,000	3,500,000	-	-	-	-
65,253	47,732		-	-	-	-	-
891,522	839,778		-	-	-	-	-
1,000	1,000	500	500	-	500	7,000,000	7,500,000
2,139,846	1,862,140	1,656,678	3,625,655	-	172,893	7,000,000	7,500,000
409,416	509,416		-	-	-	-	-
-	-	6,905,668	4,905,668	-	-	-	-
384,450	450,841		-	-	-	-	-
13,930,039	14,295,481		-	-	-	-	-
-	-	23,000	10,000	-	-	-	-
11,559	8,546	140,890	179,421	-	8,225	80,138,467	74,701,195
14,735,464	15,264,284	7,069,558	5,095,089	-	8,225	80,138,467	74,701,195
$ 16,875,310	$ 17,126,424	$ 8,726,236	$ 8,720,744	$ -	$ 181,118	$ 87,138,467	$ 82,201,195
$ 1,149,145	$ 1,083,542	$ 29,950	$ -	$ -	$ 1,735,881	$ -	$ -
3,203,108	2,773,569	8,750,650	8,807,275	-	(136,071)	(37,447,173)	(31,724,384)
$ 4,352,253	$ 3,857,111	$ 8,780,600	$ 8,807,275	$ -	$ 1,599,810	$ (37,447,173)	$ (31,724,384)

Hennepin County, Minnesota
Comparative Schedules of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2008
With Comparative Totals for December 31, 2007

	Central Services		Central Mobile Equipment		Information Technology	
	2008	2007	2008	2007	2008	2007
OPERATING REVENUES						
Charges for services	$ 5,767,525	$ 6,812,809	$ 11,465,934	$ 10,869,785	$ 38,229,663	$ 36,792,424
Intergovernmental	-	-	-	56,593	-	-
Total Operating Revenues	5,767,525	6,812,809	11,465,934	10,926,378	38,229,663	36,792,424
OPERATING EXPENSES						
Personal services	1,680,032	1,698,672	1,865,320	1,758,976	11,120,226	10,466,690
Commodities	423,306	458,595	3,397,451	2,998,623	480,012	316,023
Contractual services	3,608,292	4,556,584	1,133,045	1,063,467	16,220,104	15,586,058
Depreciation	128,321	155,093	4,218,852	4,160,726	11,403,426	9,948,771
Other charges	158,315	159,713	348,199	443,291	712,938	698,633
Total Operating Expenses	5,998,266	7,028,657	10,962,867	10,425,083	39,936,706	37,016,175
Operating Income (Loss)	(230,741)	(215,848)	503,067	501,295	(1,707,043)	(223,751)
NONOPERATING REVENUES (EXPENSES)						
Interest expense	-	-	-	-	-	-
Gain on sale of capital assets	-	1,950	946,590	984,606	1,950	-
Total Nonoperating Revenues (Expenses)	-	1,950	946,590	984,606	1,950	-
Income (Loss) Before Contributions and Transfers	(230,741)	(213,898)	1,449,657	1,485,901	(1,705,093)	(223,751)
Capital contributions	-	-	490,325	981,241	1,336,366	176,754
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Net Contributions and Transfers	-	-	490,325	981,241	1,336,366	176,754
Change in Net Assets	(230,741)	(213,898)	1,939,982	2,467,142	(368,727)	(46,997)
Total Net Assets - Beginning as restated (Note 18)	2,933,196	3,147,094	21,629,273	19,162,131	41,646,141	41,693,138
Total Net Assets-Ending	$ 2,702,455	$ 2,933,196	$ 23,569,255	$ 21,629,273	$ 41,277,414	$ 41,646,141

	Energy Center		Self Insurance		Practis - Business Services Office		Other Employee Benefits	
	2008	2007	2008	2007	2008	2007	2008	2007
	$ 11,564,947	$ 9,977,521	$ 4,274,191	$ 4,024,641	$ 194,359	$ 306,576	$ 8,765,774	$ 7,309,601
	-	-	-	-	-	-	-	-
	11,564,947	9,977,521	4,274,191	4,024,641	194,359	306,576	8,765,774	7,309,601
	123,256	99,248	424,563	539,921	209,262	735,092	14,488,563	12,419,955
	6,440,958	5,199,104	3,210	1,845	1,822	5,564	-	-
	2,985,844	2,900,721	3,728,209	3,556,208	1,674,525	2,140,306	-	-
	851,127	825,121	-	-	1,304,444	2,439,021	-	-
	60,150	64,856	144,884	99,810	6,569	168,087	-	-
	10,461,335	9,089,050	4,300,866	4,197,784	3,196,622	5,488,070	14,488,563	12,419,955
	1,103,612	888,471	(26,675)	(173,143)	(3,002,263)	(5,181,494)	(5,722,789)	(5,110,354)
	(608,470)	(624,376)	-	-	-	(60,806)	-	-
	-	-	-	-	-	-	-	-
	(608,470)	(624,376)	-	-	-	(60,806)	-	-
	495,142	264,095	(26,675)	(173,143)	(3,002,263)	(5,242,300)	(5,722,789)	(5,110,354)
	-	-	-	-	-	-	-	-
	-	-	-	-	1,833,889	2,850,000	-	-
	-	-	-	-	(431,436)	-	-	-
	-	-	-	-	1,402,453	2,850,000	-	-
	495,142	264,095	(26,675)	(173,143)	(1,599,810)	(2,392,300)	(5,722,789)	(5,110,354)
	3,857,111	3,593,016	8,807,275	8,980,418	1,599,810	3,992,110	(31,724,384)	(26,614,030)
	$ 4,352,253	$ 3,857,111	$ 8,780,600	$ 8,807,275	$ -	$ 1,599,810	$ (37,447,173)	$ (31,724,384)

Hennepin County, Minnesota
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2008

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
ASSETS				
Cash and investments	$ 59,733,886	$ 2,575,131,477	$ 2,541,774,084	$ 93,091,279
Delinquent taxes receivable, net	31,823,131	11,477,847	3,287,861	40,013,117
Total Assets	$ 91,557,017	$ 2,586,609,324	$ 2,545,061,945	$ 133,104,396
LIABILITIES				
Amounts held or due as agent	$ 91,557,017	$ 3,219,203,286	$ 3,177,655,907	$ 133,104,396

Statistical Section

STATISTICAL SECTION

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Hennepin County, Minnesota
Government-wide Net Assets
Last Seven Years [1]

		Governmental Activities Net Assets						Business-type	
		Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted		Total		Invested in Capital Assets, Net of Related Debt	Restricted
2002	$	773,598,546	61,875,303	262,279,722	$	1,097,753,571	$	101,954,878	55,711,499
	%	70.9	5.7	24.0	%	100.0	%	56.2	30.8
2003	$	743,382,624	62,911,890	284,291,050	$	1,090,585,564	$	114,084,535	63,908,646
	%	68.2	5.8	26.1	%	100.0	%	57.4	32.1
2004	$	777,670,165	53,197,959	308,359,970	$	1,139,228,094	$	114,729,850	60,014,704
	%	68.2	4.7	27.1	%	100.0	%	53.6	28.0
2005	$	855,109,063	56,816,582	273,177,122	$	1,185,102,767	$	151,886,123	56,409,402
	%	72.1	4.8	23.1	%	100.0	%	59.9	22.3
2006	$	882,477,158	101,369,838	213,260,176	$	1,197,107,172	$	196,596,404	49,157,579
	%	73.7	8.5	17.8	%	100.0	%	68.3	17.1
2007	$	896,400,829	107,213,737	37,536,549	$	1,041,151,115	$	67,287,699	55,254,227
	%	86.1	10.3	3.6	%	100.0	%	52.6	43.2
2008	$	859,578,454	78,221,097	(113,934,564)	$	823,864,987	$	75,260,560	57,623,581
	%	104.3	9.5	(13.8)	%	100.0	%	54.1	41.5

[1] Data not available prior to 2002.

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Activities Net Assets				Total Primary Government Net Assets					
Unrestricted		Total		Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted		Total
23,459,323	$	181,125,700	$	875,553,424	117,586,802	285,739,045	$	1,278,879,271
13.0	%	100.0	%	68.5	9.2	22.3	%	100.0
20,855,651	$	198,848,832	$	857,467,159	126,820,536	305,146,701	$	1,289,434,396
10.5	%	100.0	%	66.5	9.8	23.7	%	100.0
39,284,819	$	214,029,373	$	892,400,015	113,212,663	347,644,789	$	1,353,257,467
18.4	%	100.0	%	65.9	8.4	25.7	%	100.0
44,954,696	$	253,250,221	$	1,006,995,186	113,225,984	318,131,818	$	1,438,352,988
17.8	%	100.0	%	70.0	7.9	22.1	%	100.0
41,962,707	$	287,716,690	$	1,079,073,562	150,527,417	255,222,883	$	1,484,823,862
14.6	%	100.0	%	72.7	10.1	17.2	%	100.0
5,356,962	$	127,898,888	$	963,688,528	162,467,964	42,893,511	$	1,169,050,003
4.2	%	100.0	%	82.4	13.9	3.7	%	100.0
6,123,790	$	139,007,931	$	934,839,014	135,844,678	(107,810,774)	$	962,872,918
4.4	%	100.0	%	97.1	14.1	(11.2)	%	100.0

Hennepin County, Minnesota

Government-wide Change in Net Assets

Last Seven Years [1]

		Governmental Activities Change in Net Assets				
		Net Program Expense	General Revenue	Transfers In (Out)	Change Due to Creation of H.H.S.	Total
2002	$	(546,274,904)	541,953,704	(13,184,681)	-	(17,505,881)
2003	$	(478,148,445)	479,311,683	(3,783,398)	-	(2,620,160)
2004	$	(464,755,851)	509,158,129	4,240,252	-	48,642,530
2005	$	(490,685,770)	559,892,436	(23,331,993)	-	45,874,673
2006	$	(547,181,378)	599,212,313	(29,926,530)	-	22,104,405
2007	$	(836,085,919)	687,412,376	(8,681,291)	3,593,016	(153,761,818)
2008	$	(917,787,928)	701,193,882	(692,082)	-	(217,286,128)

[1] Data not available prior to 2002.

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Table 2

Business-type Activities Change in Net Assets					
Net Program Revenue (Expense)	General Revenue	Transfers In (Out)	Change Due to Creation of H.H.S.	Total	Total Change in Net Assets
(4,309,418)	11,014,584	13,184,681	-	19,889,847	$ 2,383,966
(10,506,680)	19,898,569	3,783,398	-	13,175,287	$ 10,555,127
(3,558,037)	22,978,830	(4,240,252)	-	15,180,541	$ 63,823,071
(8,907,803)	24,796,658	23,331,993	-	39,220,848	$ 85,095,521
(21,031,033)	25,570,972	29,926,530	-	34,466,469	$ 56,570,874
3,988,312	4,634,579	8,681,291	(177,121,984)	(159,817,802)	$ (313,579,620)
6,729,151	3,687,810	692,082	-	11,109,043	$ (206,177,085)

Hennepin County, Minnesota

Government-wide Expenses by Function[1]

Last Seven Years

Year		Governmental Activities: General Government [2]	Human Services	Health	Public Safety	Public Works	Libraries	Housing and Redevelopment Authority
2002	$	76,663,683	541,300,304	12,046,390	250,849,710	39,081,172	62,738,642	2,813,707
	%	4.9	34.2	0.8	15.9	2.5	2.3	0.2
2003	$	80,372,865	537,913,796	18,427,210	241,947,639	53,609,536	63,674,157	4,931,119
	%	5.1	33.9	1.2	15.3	3.4	4.0	0.3
2004	$	75,131,370	494,072,989	18,013,707	221,141,750	51,963,406	63,754,031	7,297,001
	%	4.9	32.3	1.2	14.5	3.4	4.2	0.5
2005	$	81,412,732	512,129,212	24,412,677	237,621,848	63,921,761	60,472,230	4,401,851
	%	5.0	31.8	1.5	14.7	4.0	3.7	0.3
2006	$	99,566,561	502,953,393	35,549,645	250,651,337	71,203,613	71,210,259	9,467,195
	%	5.7	28.7	2.0	14.4	4.1	4.1	0.5
2007	$	280,992,186	524,976,731	71,846,714	262,031,271	71,525,626	76,518,477	6,613,528
	%	18.3	34.2	4.7	17.1	4.7	5.0	0.4
2008	$	328,277,518	534,345,333	86,420,439	277,362,008	75,248,428	77,414,346	5,605,255
	%	19.7	32.0	5.2	16.6	4.5	4.6	0.3

[1] Total Statement of Activities direct and indirect expenses. Data not available prior to 2002.

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

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Regional Railroad Authority	Interest on Long-term Debt	Business-type Activities: Medical Center	Metropolitan Health Plan	Environmental Services	Golf Course	Radio Communications	Total
48,868,119	15,076,823	397,227,462	95,531,244	58,559,500	923,691	-	$ 1,601,680,447
3.1	1.0	6.1	6.1	3.7	0.1	-	% 100.0
2,229,071	15,884,696	405,753,751	96,750,912	57,366,271	968,178	1,146,880	$ 1,580,976,081
0.1	1.0	25.7	6.1	3.6	0.1	0.1	% 100.0
4,854,103	16,840,018	408,825,587	101,917,543	61,226,277	947,890	1,088,259	$ 1,527,073,931
0.3	1.1	26.7	6.7	4.0	0.1	0.1	% 100.0
6,990,691	18,021,457	429,746,433	110,516,072	62,815,512	932,325	1,634,253	$ 1,615,029,054
0.4	1.1	26.6	6.8	3.9	0.1	0.1	% 100.0
8,201,101	21,169,067	485,422,331	118,028,796	70,672,543	902,148	1,384,811	$ 1,746,382,800
0.5	1.2	27.8	6.8	4.0	0.1	0.1	% 100.0
11,339,667	26,680,591	-	132,625,392	67,159,290	903,841	2,184,355	$ 1,535,397,669
0.7	1.7	-	8.6	4.4	0.1	0.1	% 100.0
12,571,949	36,829,329	-	163,236,590	67,747,708	930,070	2,212,072	$ 1,668,201,045
0.8	2.2	-	9.8	4.1	0.1	0.1	% 100.0

Hennepin County, Minnesota

Government-wide Revenues

Last Seven Years [1]

		Program Revenues							
		Charges for Services						Operating	Capital
Year		General Government	Human Services	Medical Center	Metropolitan Health Plan	Environmental Services	Other	Grants and Contributions	Grants and Contributions
2002	$	23,499,877	79,799,258	365,179,181	100,087,808	60,609,891	31,578,888	362,005,978	28,335,244
	%	1.5	5.0	22.8	6.2	3.8	2.0	22.6	1.8
2003	$	32,805,367	79,342,577	364,503,987	99,204,577	64,952,876	38,731,411	359,218,164	53,561,995
	%	2.1	5.0	22.9	6.2	4.1	2.4	22.6	3.4
2004	$	27,467,627	70,163,149	384,346,477	97,589,364	66,379,678	36,903,225	312,802,001	63,108,522
	%	1.7	4.4	24.2	6.1	4.2	2.3	19.7	4.0
2005	$	32,062,914	65,931,495	415,153,465	107,224,133	67,261,096	35,865,530	312,243,370	79,693,478
	%	1.9	3.9	24.4	6.3	4.0	2.1	18.4	4.7
2006	$	34,940,775	57,814,147	464,497,986	115,142,431	66,662,624	45,825,137	310,439,148	82,848,141
	%	1.9	3.2	25.8	6.4	3.7	2.5	17.2	4.6
2007	$	34,199,765	52,556,422	-	125,215,654	71,744,444	42,128,650	330,308,471	47,146,656
	%	2.4	3.7	-	8.9	5.1	3.0	23.6	3.4
2008	$	34,987,173	48,198,564	-	153,838,000	73,703,294	50,042,966	373,702,824	22,669,447
	%	2.4	3.3	-	10.5	5.0	3.4	25.6	1.6

[1] Data not available prior to 2002.

[2] $24,890,416 of the 2003 loss on disposal of capital assets was the result of planned disposals of property, including jurisdictional transfers of highways and excess right-of-way land parcels to municipalities and other governmental entities.

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

General Revenues							
Property Taxes	Sales Tax	Other Taxes	Grants and Contributions	Unrestricted Investment Earnings	Gain (Loss) on Disposal of Capital Assets		Total Revenues
438,433,641	-	3,542,258	72,142,403	37,378,788	1,471,198	$	1,604,064,413
27.2	-	0.2	4.5	2.3	0.1	%	100.0
463,446,932	-	8,690,169	41,220,517	12,477,873	(26,625,239) [2]	$	1,591,531,208
29.1	-	0.5	2.6	0.8	(1.7)	%	100.0
476,302,114	-	7,431,010	35,607,404	12,796,431	-	$	1,590,897,002
29.9	-	0.5	2.2	0.8	-	%	100.0
506,840,135	-	7,974,292	57,835,405	12,039,262	-	$	1,700,124,575
29.7	-	0.5	3.4	0.7	-	%	100.0
529,589,730	-	7,882,419	55,366,834	31,944,302	-	$	1,802,953,674
29.4	-	0.4	3.1	1.8	-	%	100.0
565,151,178	33,863,824	6,788,849	54,697,960	38,345,144	-	$	1,402,147,017
40.4	2.4	0.5	3.9	2.7	-	%	100.0
607,342,173	28,053,049	5,356,509	34,838,403	29,291,558	-	$	1,462,023,960
41.5	1.9	0.4	2.4	2.0	-	%	100.0

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

	General Fund			All Other Governmental Funds				
					Unreserved, Reported in Fund Type			
Year	Reserved	Unreserved	Total	Reserved	Special Revenue	Debt Service	Capital Projects	Total
1999	$ 9,273,510	73,239,841	82,513,351	88,435,778	134,238,501	-	(57,946,612)	$ 164,727,667
	11.2%	88.8%	100.0%					
2000	$ 17,367,768	96,311,938	113,679,706	86,532,184	133,769,873	-	(62,681,216)	$ 157,620,841
	15.3%	84.7%	100.0%					
2001	$ 23,988,300	100,146,204	124,134,504	131,096,982	150,570,235	-	(28,311,871)	$ 253,355,346
	19.3%	80.7%	100.0%					
2002	$ 13,500,869	119,214,359	132,715,228	88,399,686	148,029,562	-	(15,114,402)	$ 221,314,846
	10.2%	89.8%	100.0%					
2003	$ 11,474,266	133,383,400	144,857,666	66,082,268	149,962,204	-	(16,863,161)	$ 199,181,311
	7.9%	92.1%	100.0%					
2004	$ 15,846,335	142,414,494	158,260,829	78,593,578	145,865,306	-	(50,331,401)	$ 174,127,483
	10.0%	90.0%	100.0%					
2005	$ 17,027,170	153,185,977	170,213,147	113,865,337	143,949,436	-	(95,027,145)	$ 162,787,628
	10.0%	90.0%	100.0%					
2006	$ 22,847,946	148,315,944	171,163,890	166,547,322	142,237,827	2,898,097	(118,012,691)	$ 193,670,555
	13.3%	86.7%	100.0%					
2007	$ 29,347,142	128,617,879	157,965,021	136,943,926	152,620,765	1,711,746	(102,265,885)	$ 189,010,552
	18.6%	81.4%	100.0%					
2008	$ 28,408,587	118,901,366	147,309,953	127,356,067	158,640,843	3,730,427	(94,324,776)	$ 195,402,561
	19.3%	80.7%	100.0%					

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Hennepin

Hennepin County, Minnesota

Change in Fund Balances - Governmental Funds

Last Ten Years

	Deficiency of Revenues Over Expenditures	Other Financing Sources (Uses): Bond Proceeds Net of Payments to Refund Bonds	Transfers In	Transfers Out	Sale of Capital Assets
1999	$ (72,528,250)	$ 40,000,000	$ 57,572,472	$ (57,111,701)	$ -
2000	(52,079,547)	77,000,000	79,397,777	(80,232,701)	-
2001 [1]	(22,095,121)	130,000,000	53,678,929	(53,151,742)	-
2002	(90,289,519)	75,000,000	9,093,248	(77,331,561)	4,619,674
2003	(54,861,584)	45,000,000	8,598,236	(11,581,758)	2,475,569
2004	(51,104,954)	35,000,000	11,520,681	(12,920,871)	4,779,569
2005	(34,501,828)	50,000,000	13,629,638	(28,629,638)	114,291
2006 [2]	(46,775,138)	101,415,000	8,868,441	(39,295,573)	2,840,727
2007 [3]	(221,142,196)	207,410,000	27,619,655	(38,854,470)	222,899
2008 [3]	(322,733,729)	316,910,623	32,464,610	(34,298,499)	-

[1] Bond Proceeds in 2001 include $50 million issued by the Hennepin County RRA.

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

[3] In 2007, the $150 million sales tax revenue bonds were issued and proceeds were granted to the Minnesota Ballpark Authority for ballpark construction.

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Bond and Note Premiums	Total	Net Change in Fund Balances	Debt Service as a Percentage of Noncapital Expenditures
$ -	$ 40,460,771	$ (32,067,479)	3.9 %
-	76,165,076	24,085,529	3.9
-	130,527,187	108,432,066	3.7
-	11,381,361	(78,908,158)	4.3
378,440	44,870,487	(9,991,097)	4.4
1,074,910	39,454,289	(11,650,665)	4.8
-	35,114,291	612,463	4.9
3,903,418	77,732,013	30,956,875	5.2
7,449,943	203,848,027	(17,294,169)	5.4
3,393,935	318,470,669	(4,263,060)	7.9

Hennepin County, Minnesota

Governmental Fund Expenditures by Function[1]

Last Ten Years

Year		General Government [2]	Human Services	Health	Public Safety	Public Works	Libraries
1999	$	57,238,430	399,240,203	48,503,822	206,398,555	48,405,716	48,185,941
	%	6.1	42.3	5.1	21.9	5.1	5.1
2000	$	61,751,819	426,718,289	55,943,430	215,348,268	52,493,045	49,941,523
	%	5.9	40.9	5.4	20.7	5.0	4.8
2001	$	68,366,926	452,519,871	64,258,866	227,062,692	72,627,109	53,294,984
	%	6.1	40.4	5.7	20.3	6.5	4.8
2002 [3]	$	88,070,301	469,746,810	72,205,367	229,918,262	29,984,285	56,608,649
	%	7.7	41.2	6.3	20.2	2.6	5.0
2003 [4]	$	90,901,981	521,004,027	16,328,777	212,471,229	35,611,842	55,830,881
	%	8.3	47.2	1.5	19.3	3.2	5.1
2004	$	85,484,962	477,076,234	18,193,404	195,318,719	40,173,819	51,870,447
	%	8.1	45.3	1.7	18.5	3.8	4.9
2005	$	91,818,642	487,350,895	20,649,614	201,645,138	48,571,699	54,705,002
	%	8.2	43.6	1.9	18.1	4.4	4.9
2006	$	105,117,648	493,933,223	23,784,930	219,242,099	48,158,796	62,434,161
	%	8.9	41.7	2.0	18.5	4.1	5.3
2007 [5]	$	312,387,545	511,193,622	27,363,437	237,181,654	49,143,153	65,195,167
	%	22.0	36.2	1.9	16.7	3.5	4.6
2008 [5]	$	330,009,832	524,224,244	60,972,106	250,802,864	51,662,027	66,452,281
	%	21.2	33.8	3.9	16.1	3.3	4.3

[1] Expenditures shown for 2002 and later reflect GASB 34 eliminations. Previous years are shown as governmental fund expenditures without eliminations.

[2] Note that the General Fund presentation of General Government expenses is very different from the Table 1 government-wide presentation. For example, Table 3 differs from Table 1 in that Table 3 includes certain expenses, such as those for capital assets and debt principal payments, due to the different measurement focus. Also note that Table 3 differs from the General Fund Schedule of Expenditures by Program (pages 81-84) because eliminations are included for the Table 3 presentation.

[3] The Property Services Department was moved from the Public Works function to the General Government function in 2002. The Regional Railroad Authority made a large contribution to the Hiawatha Rail Corridor in 2002.

[4] The Community Health Department was moved from the Health function to the Human Services function in 2003.

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

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Table 7

Housing and Redevelopment Authority	Regional Railroad Authority	Capital Projects	Debt Service, Principal	Debt Service, Interest		Total
197,910	2,608,187	101,173,262	23,600,000	7,972,839	$	943,524,865
0.0	0.3	10.7	2.5	0.8	%	100
156,413	13,438,077	132,504,640	24,095,000	10,362,890	$	1,042,753,394
0.1	1.3	12.7	2.3	1.0	%	100
1,973,779	17,914,140	126,291,402	23,100,000	12,137,521	$	1,119,547,290
0.2	1.6	11.3	2.1	1.1	%	100
2,813,707	49,523,557	94,732,742	28,385,000	15,136,527	$	1,137,125,207
0.2	4.4	8.3	2.5	1.3	%	100
4,931,119	3,219,778	119,703,867	25,987,543	15,844,894	$	1,101,835,938
0.4	0.3	10.9	2.4	1.4	%	100
7,297,001	6,899,508	127,863,480	28,427,396	16,836,849	$	1,055,441,819
0.7	0.7	12.1	2.7	1.6	%	100
6,178,016	6,903,480	148,546,709	30,731,777	17,988,137	$	1,115,089,109
0.6	0.6	13.3	2.8	1.6	%	100
17,134,285	10,757,189	149,075,456	33,102,937	20,992,450	$	1,183,733,174
1.4	0.9	12.6	2.8	1.8	%	100
8,443,442	11,566,823	123,526,899	44,543,430	27,150,227	$	1,417,695,399
0.6	0.8	8.7	3.1	1.9	%	100
4,940,368	12,323,007	136,750,072	78,591,294	37,106,626	$	1,553,834,721
0.3	0.8	8.8	5.1	2.4	%	100

Hennepin County, Minnesota

Governmental Fund Revenues by Source[1]

Last Ten Years

Year		Property Taxes	Sales Tax	Other Taxes	Inter-governmental	Charges for Services
1999	$	412,698,270	-	1,960,610	315,557,296	90,334,061
	%	45.3	-	0.2	34.6	9.9
2000	$	422,343,805	-	2,024,452	357,867,719	104,123,655
	%	42.6	-	0.2	36.1	10.5
2001	$	441,123,585	-	2,356,911	415,822,876	115,761,724
	%	40.9	-	0.2	38.6	10.8
2002	$	439,315,592	-	3,467,095	428,460,200	112,944,004
	%	42.0	-	0.3	40.9	10.8
2003	$	459,185,825	-	4,131,553	421,340,057	122,813,083
	%	43.9	-	0.4	40.2	11.7
2004	$	469,596,694	-	3,329,164	379,114,977	106,334,672
	%	46.8	-	0.3	37.7	10.7
2005	$	496,742,397	-	3,503,453	434,665,983	103,975,505
	%	46.0	-	0.3	40.2	9.6
2006	$	519,152,249	-	3,228,137	432,563,798	105,434,166
	%	45.7	-	0.3	38.0	9.3
2007	$	576,154,864	27,063,825 [2]	2,645,147	404,225,279	96,015,530
	%	48.2	2.3	0.2	33.8	7.9
2008	$	603,496,614	28,053,049	2,199,892	419,067,595	94,994,446
	%	49.0	2.3	0.2	34.0	7.7

[1] Revenues shown for 2002 and later reflect GASB 34 eliminations. Previous years do not reflect eliminations and were restated as governmental fund revenues only.

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

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Fines and Forfeits	Licenses and Permits	Investment Earnings	Other		Total
2,341,681	2,574,361	1,115,359	84,875,748	$	911,457,386
0.3	0.3	0.1	9.3	%	100
2,495,202	2,498,677	53,842,027	45,478,310	$	990,673,847
0.3	0.3	5.4	4.6	%	100
2,390,457	2,821,802	35,746,168	61,540,727	$	1,077,564,250
0.2	0.3	3.3	5.7	%	100
2,285,447	2,884,066	38,343,633	19,135,651	$	1,046,835,688
0.2	0.3	3.7	1.8	%	100
1,774,912	2,355,449	13,123,130	22,250,345	$	1,046,974,354
0.2	0.2	1.3	2.1	%	100
1,409,801	3,023,157	13,290,162	28,238,238	$	1,004,336,865
0.1	0.3	1.3	2.8	%	100
1,498,865	3,892,156	12,458,804	23,850,118	$	1,080,587,281
0.1	0.4	1.2	2.2	%	100
1,538,397	4,296,492	32,889,534	37,855,263	$	1,136,958,036
0.1	0.4	2.9	3.3	%	100
1,821,355	4,565,987	39,679,080	44,382,136	$	1,196,553,203
0.2	0.4	3.3	3.7	%	100
1,859,326	4,874,046	30,919,669	45,636,355	$	1,231,100,992
0.2	0.4	2.5	3.7	%	100

Hennepin County, Minnesota

Property Estimated Market Value (000s omitted)[1]

Last Ten Years

	Real Estate					
	Residential Property	Multiple Dwelling	Commercial & Industrial	Agricultural	Public Utilities & Miscellaneous	Exempt
1999	$ 41,705,509	3,677,757	14,805,476	344,425	17,702	10,035,711
	58.3 %	5.2	20.7	0.5	0.0	14.0
2000	$ 45,361,587	4,060,545	16,119,394	357,652	19,160	10,035,711
	59.0 %	5.3	20.9	0.5	0.0	13.0
2001	$ 60,571,223	5,704,822	19,509,317	422,176	25,741	10,035,711
	62.3 %	5.9	20.1	0.4	0.0	10.3
2002	$ 69,909,403	6,499,918	20,264,754	454,497	34,007	10,035,711
	64.7 %	6.0	18.7	0.4	0.0	9.3
2003	$ 78,678,876	7,321,272	20,165,572	490,926	37,898	10,035,711
	66.8 %	6.2	17.1	0.4	0.1	8.5
2004	$ 87,082,509	7,805,970	20,541,660	554,861	26,443	18,965,624
	64.0 %	5.7	15.1	0.4	0.1	13.9
2005	$ 96,564,547	8,130,642	22,365,427	729,315	28,745	18,965,624
	65.3 %	5.5	15.1	0.5	0.0	12.8
2006	$ 104,903,604	8,236,029	25,052,910	839,554	33,214	18,965,624
	65.9 %	5.2	15.7	0.5	0.0	11.9
2007	$ 109,251,869	8,562,454	28,186,928	888,835	84,688	18,965,624
	65.4 %	5.1	16.9	0.5	0.1	11.3
2008	$ 107,145,474	8,628,267	29,764,516	864,041	68,962	18,965,624
	64.3 %	5.2	17.9	0.5	0.0	11.4

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

Source: Hennepin County Property Information System.

Unaudited

Table 9

Total Real Estate	Personal Property	Total Taxable and Exempt Estimated Property Value	Total Taxable Estimated Property Value	Total Direct Tax Rate
70,586,580	928,705	$ 71,515,285	$ 61,479,574	41 %
98.7	1.3	100.0 %		
75,954,049	989,536	$ 76,943,585	$ 66,907,874	40 %
98.7	1.3	100.0 %		
96,268,990	997,814	$ 97,266,804	$ 87,231,093	38 %
99.0	1.0	100.0 %		
107,198,290	1,024,891	$ 108,223,181	$ 98,187,470	50 %
99.1	0.9	100.0 %		
116,730,255	1,064,528	$ 117,794,783	$ 107,759,072	51 %
99.1	0.9	100.0 %		
134,977,067	1,102,615	$ 136,079,682	$ 117,114,058	47 %
99.2	0.8	100.0 %		
146,784,300	1,165,961	$ 147,950,261	$ 128,984,637	44 %
99.2	0.8	100.0 %		
158,030,935	1,232,185	$ 159,263,120	$ 140,297,496	41 %
99.2	0.8	100.0 %		
165,940,398	1,217,773	$ 167,158,171	$ 148,192,547	39 %
99.3	0.7	100.0 %		
165,436,884	1,234,923	$ 166,671,807	$ 147,706,183	39 %
99.3	0.7	100.0 %		

Hennepin County, Minnesota

Property Tax Rates and Levies - Direct and Overlapping Governments[1]

Last Ten Years

Payable Year	Hennepin County Direct Taxes: General Fund Rate	G.O. Debt Service Rate	Other	Total Direct Rates	Tax Levies
1999	16.84 %	2.66 %	21.49 %	40.99 %	1,731,417,189
2000	16.80	2.75	20.11	39.66	1,806,530,784
2001	16.12	2.69	18.81	37.62	1,898,050,649
2002	22.06	3.93	24.42	50.41	1,699,583,952
2003	21.47	3.95	25.19	50.61	1,802,771,750
2004	19.78	3.80	23.74	47.32	1,845,526,960
2005	18.04	3.77	22.36	44.17	1,937,512,677
2006	16.73	3.42	20.87	41.02	2,081,397,863
2007	17.45	3.31	18.35	39.11	2,231,202,862
2008	17.61	3.13	17.83	38.57	2,368,624,500

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

Unaudited

Metropolitan Transit Commission Tax				Metropolitan Council Tax				Metropolitan Mosquito Control District Tax			
Tax Rates			Tax Levies	Tax Rates			Tax Levies	Tax Rates			Tax Levies
4.775	%	$	44,820,081	0.914	%	$	9,495,921	0.346	%	$	3,542,558
4.819			46,554,942	0.869			9,492,721	0.351			3,808,411
4.691			50,137,517	0.814			9,861,548	0.324			3,931,441
1.541			13,510,666	1.490			13,618,250	0.506			4,692,153
1.787			16,702,900	1.471			14,536,943	0.567			5,542,233
1.724			17,701,477	1.212			13,224,582	0.057			6,058,295
1.608			18,412,350	1.132			13,576,139	0.056			6,726,197
1.542			19,691,307	0.873			11,929,206	0.509			6,852,845
1.295			18,509,833	0.877			12,973,186	0.499			7,395,646
1.264			19,283,519	0.812			13,092,025	0.486			7,801,856

Hennepin County, Minnesota

Principal Taxpayers[1]

Current Year and Nine Years Ago

Taxpayer	2008 Tax Capacity	2008 Rank	2008 Percentage of Total Tax Capacity	1999 Tax Capacity	1999 Rank	1999 Percentage of Total Tax Capacity
MOA Mall Holdings LLC	$ 11,999,250	1	0.74 %	$ 15,194,900	1	1.48 %
MB Minneapolis 8th St LLC	4,679,250	2	0.29			
Minneapolis 225 Holdings LLC	4,309,250	3	0.27	6,546,925	3	0.64
NWC Limited Partnership	4,147,250	4	0.26			
First Minneapolis-Hines Co	3,611,250	5	0.22			
Wells REIT	3,453,250	6	0.21			
Best Buy Co Inc	3,064,310	7	0.19			
Flanagan-AMEX	2,869,250	8	0.18			
Ameriprise Financial Corp	2,785,250	9	0.17			
KAN AM Grund Kapitalanlage	2,723,250	10	0.17			
601 Second Ave Ltd Partnership				7,628,425	2	0.74
First National Bank of Mpls				6,053,425	4	0.59
Heitman/IDS				5,696,425	5	0.56
City Center Associates				5,563,425	6	0.54
DB Holdings Inc.				3,340,925	7	0.33
Federal Reserve Bank/Mpls				3,340,925	8	0.33
Xcel Energy (NSP)				3,317,909	9	0.32
Ridgedale Joint Venture				3,228,155	10	0.32
Total	$ 43,641,560		2.71	$ 59,911,439		5.85

[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

Hennepin County, Minnesota

Tax Levies and Collections on Property Located Within the County

Last Ten Years

	Current Tax Levy				
Year	County	All Other Taxing Districts/Special Assessments	Current Year Adjustments[1]	Total [2]	Current Tax Collections Net of Refunds
1999	$ 452,444,653	$ 1,288,571,233	$ (9,598,697)	$ 1,731,417,189	$ 1,717,709,006
2000	465,410,398	1,349,772,342	(8,651,956)	1,806,530,784	1,790,500,411
2001	487,733,481	1,423,599,216	(13,282,048)	1,898,050,649	1,882,089,323
2002	503,931,780	1,209,430,604	(13,778,432)	1,699,583,952	1,686,127,940
2003	516,117,755	1,299,675,982	(13,021,987)	1,802,771,750	1,771,099,661
2004	509,579,176	1,346,282,265	(10,334,481)	1,845,526,960	1,826,321,505
2005	554,556,185	1,389,798,970	(6,842,478)	1,937,512,677	1,915,836,595
2006	574,358,310	1,511,876,384	(4,836,831)	2,081,397,863	2,053,284,818
2007	608,323,524	1,629,101,934	(6,222,596)	2,231,202,862	2,195,690,251
2008	634,304,268	1,743,593,908	(9,273,676)	2,368,624,500	2,326,158,966

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

[2] The levy includes state-paid aids and credits such as Homestead and Agricultural Credit Aid, Agricultural Preserve Credit, Disparity Aid, and Market Value Based Homestead Credit Aid.

Unaudited

Table 12

Percent of Levy Collected	Prior Year Collections Net of Refunds	Total Tax Collections	Uncollected Current Tax Levy [2]	Percent of Current Tax Levy Uncollected
99.21	$ 10,403,667	$ 1,728,112,673	$ 13,708,183	0.79 %
99.11	7,376,424	1,797,876,835	16,030,373	0.89
99.16	2,141,730	1,884,231,053	15,961,326	0.84
99.21	4,715,491	1,690,843,431	13,456,012	0.79
98.24	6,963,873	1,778,063,534	31,672,089	1.76
98.96	(2,333,139)	1,823,988,366	19,205,455	1.04
98.88	6,138,386	1,921,974,981	21,676,082	1.12
98.65	11,046,119	2,064,330,937	28,113,045	1.35
98.41	17,911,682	2,213,601,933	35,512,611	1.59
98.21	25,923,452	2,352,082,418	42,465,534	1.79

Hennepin County, Minnesota

Net Tax Capacity and Estimated Market Value of Taxable Property

Last Ten Years

Assessment Year	Property Outside the City of Minneapolis: Net Tax Capacity	Property Outside the City of Minneapolis: Estimated Market Value	Minneapolis: Net Tax Capacity	Minneapolis: Estimated Market Value
1999	$ 802,550,295	$ 49,927,105,300	$ 281,161,210	$ 16,980,768,644
2000	894,636,440	56,031,034,000	308,978,790	19,383,387,387
2001	679,644,971	64,096,397,460	240,566,900	23,134,698,100
2002	736,733,176	72,315,485,410	250,694,160	25,871,984,600
2003	803,641,255	79,234,702,100	267,042,122	28,524,370,200
2004	898,456,710	86,023,891,500	295,462,012	31,090,167,800
2005	998,443,572	94,192,785,839	336,041,511	34,791,850,532
2006	1,105,871,333	103,200,930,000	374,841,727	37,096,565,800
2007	1,192,261,639	109,551,270,000	410,535,647	38,641,276,800
2008	1,198,620,162	109,594,398,067	413,935,332	38,111,782,650

Unaudited

Table 13

Total: Net Tax Capacity	Total: Estimated Market Value	Net Tax Capacity to Estimated Market Value	Percentage of Total County Net Tax Capacity: Outside Minneapolis	Percentage of Total County Net Tax Capacity: Minneapolis
$ 1,083,711,505	$ 66,907,873,944	1.6 %	74.1 %	25.9 %
1,203,615,230	75,414,421,387	1.6	74.3	25.7
920,211,871	87,231,095,560	1.1	73.9	26.1
987,427,336	98,187,470,010	1.0	74.6	25.4
1,070,683,377	107,759,072,300	1.0	75.1	24.9
1,193,918,722	117,114,059,300	1.0	75.3	24.7
1,334,485,083	128,984,636,371	1.0	74.8	25.2
1,480,713,060	140,297,495,800	1.1	74.7	25.3
1,602,797,286	148,192,546,800	1.1	74.4	25.6
1,612,555,494	147,706,180,717	1.1	74.3	25.7

Hennepin County, Minnesota
Tax Capacity of Taxable Property by Municipality[1]
Current Year Assessments

	Tax Capacity			Adjustment			Average
	Real Estate	Personal Property	Total	Fiscal Disparities	Tax Increment Financing	Net Tax Capacity	Tax Rate [2]
Bloomington	$ 158,678,894	$ 914,818	$ 159,593,712	$ (22,292,418)	$ (10,444,526)	$ 126,856,768	103 %
Brooklyn Center	25,158,441	283,070	25,441,511	2,539,817	(2,739,457)	25,241,871	125
Brooklyn Park	77,642,880	702,793	78,345,673	2,818,566	(8,491,944)	72,672,295	110
Champlin	24,266,399	177,166	24,443,565	1,986,828	(3,710,549)	22,719,844	101
Chanhassen (part)	1,577,030	3,184	1,580,214	(624,243)	-	955,971	93
Corcoran	8,436,584	174,991	8,611,575	94,391	(282,213)	8,423,753	102
Crystal	19,894,808	211,554	20,106,362	2,541,125	(1,680,914)	20,966,573	115
Dayton (part)	6,252,654	136,486	6,389,140	120,725	(102,611)	6,407,254	115
Deephaven	12,470,619	37,384	12,508,003	(4,033)	-	12,503,970	81
Eden Prairie	124,244,407	1,262,207	125,506,614	(10,237,170)	(3,239,713)	112,029,731	98
Edina	122,163,754	368,395	122,532,149	(7,094,977)	(10,307,195)	105,129,977	92
Excelsior	4,799,686	38,760	4,838,446	(345,858)	(95,078)	4,397,510	94
Fort Snelling	-	3,070	3,070	-	-	3,070	72
Golden Valley	44,352,919	294,419	44,647,338	(4,664,476)	(4,739,865)	35,242,997	116
Greenfield	5,252,600	90,346	5,342,946	(79,673)	(103,271)	5,160,002	102
Greenwood	3,742,825	9,192	3,752,017	(63,702)	-	3,688,315	85
Hanover (part)	939,493	6,926	946,419	61,430	-	1,007,849	111
Hassan	6,207,424	58,718	6,266,142	(727,261)	-	5,538,881	95
Hopkins	21,520,922	166,852	21,687,774	73,868	(1,455,229)	20,306,413	116
Independence	7,796,863	98,522	7,895,385	44,609	-	7,939,994	101
International Airport	-	7,113,166	7,113,166	-	-	7,113,166	48
Long Lake	3,471,185	29,626	3,500,811	(415,534)	(217,166)	2,868,111	102
Loretto	790,308	7,936	798,244	(22,922)	(16,381)	758,941	116
Maple Grove	100,183,380	1,137,082	101,320,462	(5,893,532)	(3,306,252)	92,120,678	103
Maple Plain	2,645,096	23,841	2,668,937	(172,288)	(40,547)	2,456,102	114
Medicine Lake	1,005,575	2,966	1,008,541	8,519	-	1,017,060	102
Medina	17,640,199	148,582	17,788,781	(860,276)	(533,015)	16,395,490	86
Minneapolis	475,044,673	7,179,861	482,224,534	5,019,031	(73,308,233)	413,935,332	127
Minnetonka	105,426,601	621,716	106,048,317	(8,387,874)	(1,720,036)	95,940,407	97
Minnetonka Beach	3,638,701	6,886	3,645,587	(26,894)	-	3,618,693	87
Minnetrista	16,452,171	125,101	16,577,272	225,073	-	16,802,345	97
Mound	14,921,207	75,998	14,997,205	663,573	(704,420)	14,956,358	94
New Hope	21,095,335	146,456	21,241,791	1,302,985	(1,365,233)	21,179,543	116
Orono	34,806,346	120,854	34,927,200	(239,129)	(61,563)	34,626,508	78
Osseo	3,233,302	40,580	3,273,882	(163,319)	(703,168)	2,407,395	118
Plymouth	122,106,650	941,791	123,048,441	(7,596,416)	(1,501,641)	113,950,384	95
Richfield	38,924,951	197,927	39,122,878	587,915	(5,533,575)	34,177,218	116
Robbinsdale	12,309,299	123,497	12,432,796	1,847,890	(745,090)	13,535,596	114
Rockford	339,203	5,948	345,151	20,322	-	365,473	123
Rogers	17,850,820	188,020	18,038,840	(3,322,694)	(5,406,235)	9,309,911	121
St. Anthony (part)	6,112,052	50,335	6,162,387	393,480	-	6,555,867	133
St. Bonifacius	2,431,457	24,559	2,456,016	191,073	-	2,647,089	102
St. Louis Park	69,270,033	434,825	69,704,858	(1,635,724)	(8,276,993)	59,792,141	107
Shorewood	18,305,114	91,548	18,396,662	116,923	-	18,513,585	89
Spring Park	3,572,887	21,444	3,594,331	(89,512)	(126,292)	3,378,527	86
Tonka Bay	6,787,390	19,017	6,806,407	(57,906)	-	6,748,501	81
Wayzata	21,333,083	90,540	21,423,623	(2,530,563)	(2,325,490)	16,567,570	87
Woodland	3,619,583	4,882	3,624,465	-	-	3,624,465	74
Total	$ 1,798,715,803	$ 24,013,837	$ 1,822,729,640	$ (56,890,251)	$ (153,283,895)	$ 1,612,555,494	

[1] Tax capacity is for the 2008 assessment year, for taxes payable in 2009. In Minnesota, tax capacity is the basis of property taxation. Tax capacity is based on State determined class rates applied to estimated market value (e.g. a residential homestead valued at $75,000 x 1% = $750 tax capacity). Different property classifications are assigned different class rates.

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

Unaudited

Hennepin

Hennepin County, Minnesota

Ratios of Outstanding Debt by Type

Last Four Years [1]

Fiscal Year	Governmental Activities: General Obligation Bonds and Notes[2]	Revenue Bonds	Lease Revenue Certificates of Participation	Notes Payable
2005	$ 417,406,176	$ -	$ 905,000	$ 18,250,628
2006	489,773,252	-	455,000	23,261,518
2007	517,929,133	156,804,517	19,964,418	19,628,936
2008	570,356,996	346,423,286	18,290,586	19,007,564

[1] Data not available prior to 2005.

[2] 2006 and 2007 governmental activities outstanding debt amounts include crossover refunding totals of $47.8 million and $41.2 million, respectively. Both the refunding debt and refunded debt (old debt) remained on the books until the crossover date when the old debt was defeased.

[3] See Table 21 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Note: Details regarding the County's outstanding debt can be found in the Notes to the Basic Financial Statements. On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Business-type Activities					Total Primary Government		
General Obligation Bonds and Notes	General Obligation Revenue Bonds	Capital Lease	Lease Revenue Certificates of Participation	Notes Payable	Total Outstanding Debt	Total Debt as a Percentage of Personal Income[1]	Total Debt Per Capita[3]
$ 21,764,656	$ 67,515,000	$ 937,707	$ 23,415,579	$ 19,491	$ 550,214,237	1.02%	$ 490.87
20,265,910	55,525,000	723,944	21,744,493	12,808	611,761,925	1.08%	546.53
2,205,000	45,611,350	-	-	-	762,143,354	1.28%	679.22
2,020,000	33,253,625	-	-	-	989,352,057	1.55%	870.45

Hennepin County, Minnesota

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

Last Ten Years

Year	Net General Obligation Debt[1] Total	Less Debt Not Supported by Tax Levy	Less Amount Available for Debt Service	Net	Property Estimated Market Value[2]	Population[3]	Net General Obligation Debt to Property Estimated Market Value	Net General Obligation Debt Per Capita
1999	$ 285,065,000	$ 120,005,000	$ 3,676,646	$ 161,383,354	$ 66,907,873,944	1,089,024	0.24 %	$ 148.19
2000	327,835,000	108,665,000	3,716,142	215,453,858	75,414,421,387	1,116,200	0.29	193.02
2001	428,720,000	101,400,000	5,536,351	321,783,649	87,231,095,560	1,114,977	0.37	288.60
2002	465,785,000	90,545,000	6,461,085	368,778,915	98,187,470,010	1,122,259	0.38	328.60
2003	501,405,000	106,495,000	6,810,263	388,099,737	107,759,072,300	1,121,035	0.36	346.20
2004	495,140,000	92,565,000	5,645,313	396,929,687	117,114,059,300	1,120,897	0.34	354.12
2005	502,185,000	79,160,000	5,901,196	417,123,804	128,984,636,371	1,119,364	0.32	372.64
2006 [4]	558,035,000	65,620,000	52,690,825	439,724,175	140,297,495,800	1,122,093	0.31	391.88
2007 [4]	558,675,000	45,370,000	42,960,914	470,344,086	148,192,546,800	1,136,599	0.32	413.82
2008 [4]	599,320,000	33,585,000	5,391,807	560,343,193	147,706,180,717	1,140,988	0.38	491.10

[1] Debt that is secured in whole or part by the authority to levy taxes on real estate. Per M.S. 475.51, net general obligation debt is determined by deducting from the total general obligation debt the cash available for servicing the debt and debt intended to be financed primarily by means other than a real estate tax levy. Debt premiums and discounts are not included in the amounts shown. Beginning in 2001, the debt of the Regional Railroad Authority is included, which is a limited tax obligation of the Regional Railroad Authority.

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

[3] Sources: Office of the State Demographer and U.S. Census Bureau

[4] 2006 and 2007 net general obligation debt amounts included crossover refunding totals of $47.8 million and $41.2 million, respectively. The amounts available for debt service included funds held by a trustee for that purpose. Both the refunding debt and refunded debt (old debt) remained on the books until the crossover date when the old debt was defeased.

Unaudited

Hennepin County, Minnesota

Direct, Overlapping, and Underlying General Obligation Debt

December 31, 2008

Governmental Unit	Debt[1] Total	Debt[1] Net	Percent Applicable To County[2]	Amount Applicable to County
Direct:				
Hennepin County	$ 555,425,000	$ 516,846,087	100.00 %	$ 516,846,087
Hennepin County Regional Railroad	43,895,000	43,497,106	100.00	43,497,106
Total Direct Debt	599,320,000	560,343,193		560,343,193
Overlapping:				
Metropolitan Council[3]	1,116,379,876	137,904,653	44.91	61,932,980
Metropolitan Airport Commission	1,790,917,000	-	-	-
Total Overlapping Debt	2,907,296,876	137,904,653		61,932,980
Underlying:				
School Districts	1,776,620,548	1,443,536,247	100.00	1,443,536,247
Municipalities	1,977,331,615	669,017,224	100.00	669,017,224
Three Rivers Park District	91,060,000	72,794,815	100.00	72,794,815
Miscellaneous (Watersheds,HRAs, EDAs,etc.) - Excludes RRA	96,478,000	9,217,408	100.00	9,217,408
Total Underlying Debt	3,941,490,163	2,194,565,694		2,194,565,694
Total	$ 7,448,107,039	$ 2,892,813,540		$ 2,816,841,867

[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.

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

[3] Includes Metropolitan Council Transit Operations debt.

Unaudited

Hennepin County, Minnesota
Legal Debt Margin Information
Last Ten Years

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Debt Limit[1]
1999	$ 1,338,157,480	$ 161,383,354	$ 1,176,774,126	12.06%
2000	1,508,288,420	215,453,858	1,292,834,562	14.28%
2001	1,744,621,900	321,783,649	1,422,838,251	18.44%
2002	1,963,749,400	368,778,915	1,594,970,485	18.78%
2003	2,155,181,446	388,099,737	1,767,081,709	18.01%
2004	2,342,281,186	396,929,687	1,945,351,499	16.95%
2005	2,579,692,727	417,123,804	2,162,568,923	16.17%
2006	2,805,949,916	439,724,175	2,366,225,741	15.67%
2007	2,963,850,936	470,344,086	2,493,506,850	15.87%
2008	2,954,123,614	560,343,193	2,393,780,421	18.97%

Computation of 2008 Legal Debt Margin

2008 property estimated market value		$ 147,706,180,717
Debt limit, 2% of market value		$ 2,954,123,614
Amount of levy supported debt	$ 565,735,000	
Less amount available for debt service	5,391,807	560,343,193
Legal Debt Margin		$ 2,393,780,421

Unaudited

Hennepin

Hennepin County, Minnesota
Solid Waste Fund Revenue Bond Coverage
Last Ten Years

Year	Gross Revenues [1]	Operating Expenses [2]	Less Debt Service Amount in Operating Expenses[4]	Net Operating Expenses	Net Revenue Available for Debt Service
1999	$ 53,190,223	$ 49,215,858	$ 10,013,564	$ 39,202,294	$ 13,987,929
2000	54,850,846	48,363,695	10,015,064	38,348,631	16,502,215
2001	57,216,114	51,997,017	10,010,011	41,987,006	15,229,108
2002	64,072,775	57,271,444	10,011,816	47,259,628	16,813,147
2003	69,374,476	50,919,629	-	50,919,629	18,454,847
2004	69,984,794	53,121,376	-	53,121,376	16,863,418
2005	71,810,387	55,255,668	-	55,255,668	16,554,719
2006	72,390,243	56,035,390	-	56,035,390	16,354,853
2007	78,188,948	58,910,375	-	58,910,375	19,278,573
2008	83,501,561	59,227,366	-	59,227,366	24,274,195

[1] Gross revenues include taxes, intergovernmental revenue, investment earnings, and net charges for services.
[2] Total operating expenses exclusive of depreciation and amortization.
[3] Includes principal and interest payments of revenue bonds only.
[4] For 1999-2002, this reduces operating expenses by the portion of the service fee payment to HERC that covers the debt service.

Unaudited

Table 19

Debt Service Requirements[3]			
Principal	Interest	Total	Coverage
$ 6,870,000	$ 5,458,564	$ 12,328,564	1.13
8,135,000	5,115,064	13,250,064	1.25
8,515,000	4,960,011	13,475,011	1.13
8,925,000	4,516,816	13,441,816	1.25
9,355,000	3,537,985	12,892,985	1.43
11,885,000	3,310,082	15,195,082	1.11
11,295,000	3,070,643	14,365,643	1.15
11,990,000	2,638,233	14,628,233	1.12
11,815,000	2,183,548	13,998,548	1.38
11,665,000	1,700,619	13,365,619	1.82

Table 20

Hennepin County, Minnesota

Sales Tax Revenue Bond Coverage

Last Two Years [1]

	2007	2008
First Lien Revenue Bond Coverage:		
Net revenues [2]	$ 27,363,924	$ 28,365,922
First lien principal	-	350,000
First lien interest	3,918,891	7,234,875
Total first lien debt service	$ 3,918,891	$ 7,584,875
First lien coverage	6.98	3.74
Second Lien Revenue Bond Coverage:		
Net revenues [2]		$ 28,365,922
First lien debt service		(7,584,875)
Net revenues available for second lien debt service		20,781,047
Second lien principal		2,575,000
Second lien interest		3,737,815
Total second lien debt service		$ 6,312,815
Second lien coverage		3.29
Third Lien Revenue Bond Coverage:		
Net revenues [2]		$ 28,365,922
First lien debt service		(7,584,875)
Second lien debt service		(6,312,815)
Net revenues available for third lien debt service		14,468,232
Third lien principal[3]		2,000,000
Third lien interest		771,888
Third lien remarketing and liquidity provider fees		127,409
Total third lien debt service		$ 2,899,297
Third lien coverage		4.99
Total Sales Tax Revenue Bond Coverage:		
Net revenues [2]	$ 27,363,924	$ 28,365,922
Sales tax revenue bond principal	-	4,925,000
Sales tax revenue bond interest	3,918,891	11,744,578
Remarketing and liquidity provider fees	-	127,409
Total sales tax revenue bond debt service	$ 3,918,891	$ 16,796,987
Total coverage	6.98	1.69

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

[2] Revenues net of State service fee for collecting sales tax.

[3] County optionally redeemed $2 million of principal of the third lien bonds in 2008.

Unaudited

Hennepin County, Minnesota

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

Last Ten Years

Year	Debt Service Expenditures[1] Principal	Interest and Fiscal Charges	Total	Total Expenditures Governmental Funds	Debt Service Expenditures to Total Expenditures
1999	$ 23,600,000	$ 7,972,839	$ 31,572,839	$ 943,524,865	3.35
2000	24,095,000	10,362,890	34,457,890	1,042,753,394	3.30
2001	23,100,000	12,137,521	35,237,521	1,119,547,290	3.15
2002	28,385,000	15,136,527	43,521,527	1,137,125,207	3.83
2003	25,987,543	15,844,894	41,832,437	1,101,835,938	3.80
2004	28,427,396	16,836,849	45,264,245	1,055,441,819	4.29
2005	30,731,777	17,988,137	48,719,914	1,115,089,109	4.37
2006	36,102,937	20,992,450	57,095,387	1,183,733,174	4.82
2007	63,273,430	22,773,927	86,047,357	1,404,083,394	6.13
2008	73,566,294	24,878,737	98,445,031	1,553,834,721	6.34

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

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Hennepin County, Minnesota
Demographic and Economic Statistics
Last Ten Years

Year	Population [1]	Per Capita Income [2]	Total Income	Median Age [3]	Persons 25 years and older who are high school graduates [3]	K - 12 School Enrollment [4]	Unemployment Rate [2]
1999	1,089,024	$ 40,078	$ 43,645,903,872	32.7	88.2 %	157,217	2.2 %
2000	1,116,200	43,075	48,080,315,000	34.9	91.5	158,380	2.6
2001	1,114,977	43,452	48,447,980,604	34.9	91.5	158,566	3.2
2002	1,122,259	43,732	49,078,630,588	34.9	91.5	157,823	4.0
2003	1,121,035	45,141	50,604,640,935	36.2	93.1	155,018	4.7
2004	1,120,897	48,041	53,849,012,777	36.7	93.3	152,809	4.5
2005	1,119,364	50,412	56,429,377,968	36.9	92.0	153,558	3.7
2006	1,122,093	52,905	59,364,330,165	37.2	92.0	153,449	3.5
2007	1,136,599	56,280	63,967,791,720	37.2	91.8	154,624	4.0
2008	1,140,988	N/A [5]	N/A [5]	N/A [5]	N/A [5]	155,754	4.9

Sources:
[1] Office of the State Demographer and U.S. Census Bureau
[2] U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts Annual Average (per April 2009 release)
[3] U.S. Census Bureau ,U.S. Community Survey 2006
[4] Fall registration for public schools - Minnesota State Department of Education
[5] Information not available at time of publication

Unaudited

Hennepin County, Minnesota
Labor Force Size and Unemployment Rate[2]
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
1999	647,311	2.2	1,695,614	2.2	2,703,016	2.8	139,368,000	4.2
2000	655,599	2.6	1,718,349	2.6	2,738,685	3.3	140,863,000	4.0
2001	676,037	3.2	1,771,220	3.3	2,814,357	3.7	141,774,000	4.8
2002	687,258	4.0	1,880,469	4.0	2,851,012	4.1	142,508,500	5.8
2003	693,591	4.7	1,833,763	4.8	2,923,083	5.0	146,510,000	6.0
2004	675,296	4.5	1,832,449	4.5	2,951,682	4.7	147,401,000	5.6
2005	674,764	3.7	1,850,864	3.8	2,947,198	4.0	149,320,000	5.1
2006	664,469	3.5	1,844,971	3.7	2,939,304	4.0	151,428,000	4.6
2007	669,389	4.0	1,848,796	4.3	2,930,553	4.6	153,124,000	4.6
2008	660,319	4.9	1,837,000	5.2	2,933,000	5.4	154,287,000	5.8

Source: Minnesota Department of Jobs and Training

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

Unaudited

Hennepin County, Minnesota
Employment Information by Industry
Last Seven Years

	Hennepin County Industry Ranking						
Industry	2001	2002	2003	2004	2005	2006	2007
Health care and social assistance	5	1	1	1	1	1	1
Professional and technical services	4	5	4	4	3	3	2
Government and government enterprises	2	2	2	2	2	2	3
Retail trade	3	3	3	3	4	4	4
Manufacturing	1	4	5	5	5	5	5
Finance and insurance	6	6	6	6	6	6	6
Administrative and waste services	7	7	7	7	7	7	7
Accomodation and food services	9	8	8	8	8	8	8
Other services, except public administration	10	10	10	10	10	10	9
Wholesale trade	8	9	9	9	9	9	10
Real estate	14	14	14	12	12	11	11
Construction	12	11	11	11	11	12	12
Management of companies and enterprises	13	13	13	13	14	13	13
Transportation and warehousing	11	12	12	14	13	14	14
Arts, entertainment, and recreation	16	16	16	16	16	15	15
Information	15	15	15	15	15	16	16
Educational services	17	17	17	17	17	17	17
Utilities	18	18	18	18	18	18	18
Forestry, fishing, mining, other	20	20	20	20	19	19	19
Farm	19	19	19	19	20	20	20

Note: 2008 information is not yet available.
Source: United States Department of Commerce, Bureau of Economic Analysis

Unaudited

Hennepin County, Minnesota
Principal Employers
Current Year and Three Years Ago

	2005 [1]			2008		
Employer	Employees (rounded to nearest 1,000)	Rank	Percentage of Total County Employment	Employees (rounded to nearest 1,000)	Rank	Percentage of Total County Employment
University of Minnesota	25,000	1	3.70%	25,000	1	3.73%
Thayer/Hidden Creek				11,000	2	1.64%
Abbott Northwestern Hospital	5,000	7	0.74%	10,000	3	1.49%
Hennepin County Offices	12,000	2	1.78%	8,000	4	1.20%
Fairview University Medical Center	8,000	3	1.19%	8,000	5	1.20%
Ameriprise Financial				7,000	6	1.05%
Methodist Hospital	7,000	4	1.04%	7,000	7	1.05%
Park Nicollet Health Services	6,000	5	0.89%	6,000	8	0.90%
United Parcel Service of America, Inc.	5,400	6	0.80%			
Fairview Southdale Hospital	5,000	9	0.74%	5,000	9	0.75%
North Memorial Medical				5,000	10	0.75%
Cardiac Rhythm Management	5,000	8	0.74%			
Medtronic Tachyarrhythmia Management	4,500	10	0.67%			
	82,900		12.29%	92,000		13.74%

Sources: ACINET.ORG and Hennepin County Office of Budget and Finance

[1] Data not available prior to 2005.

Unaudited

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

	1999	2000	2001	2002
Employees by Function/Program				
General Government	958	955	969	1,070
Human Services and Public Health	2,649	2,648	2,715	2,885
Health[2]	4,621	4,691	5,011	5,134
Public Safety [1]	2,798	2,818	2,929	2,887
Public Works	483	519	515	395
Libraries	970	989	986	982
	12,479	12,620	13,125	13,353
Unionized Employees	6,756	6,816	7,197	7,361
Full-Time Equivalents	11,073	11,064	11,574	11,777

[1] Public Safety was titled Public Safety and Judiciary until July 1, 2003, when the District Court function transitioned from the County to the State of Minnesota.

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

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Table 26

2003	2004	2005	2006	2007	2008
1,031	1,028	1,042	1,066	1,090	1,070
2,963	2,938	2,957	2,993	3,029	2,910
4,387	4,371	4,542	4,720	426	368
2,297	2,308	2,337	2,641	2,680	2,602
433	453	462	415	435	435
944	848	860	864	844	832
12,055	11,946	12,200	12,699	8,504	8,217
6,610	6,509	6,525	8,184	5,713	5,538
10,960	11,072	11,090	11,372	7,832	7,628

Hennepin County, Minnesota

Operating Indicators

Last Ten Years

	1999	2000	2001
Governmental Activities Operating Indicators by Function/Program			
General Government			
Property Services - operating cost per square foot	N/A	N/A	N/A
Human Services			
Substantiated maltreatment of children (per 1,000)	N/A	14.6	13.4
Percent of children age two immunized	N/A	N/A	N/A
Number of people on public assistance (per 1,000)	N/A	138	147
Percent of births where mothers received early pre-natal care	83%	83%	82%
Percent of children receiving pre-school screening by age 4	N/A	N/A	N/A
Health			
NorthPoint Health & Wellness Center patient statistics:			
Medical & Dental Visits	N/A	N/A	N/A
Northpoint Human Services delivered	N/A	N/A	N/A
Public Safety			
Sheriff's Office:			
Percent of cases cleared by the Detective Unit	84%	89%	87%
Percent of civil processes served successfully	93%	93%	91%
Community Corrections:			
Percent of adult clients under supervision with a new conviction during period	N/A	N/A	N/A
Public Works			
Present serviceability rating (portion rated good or better)	N/A	N/A	N/A
Percent of bridges with sufficiency rating less than 50	N/A	N/A	N/A
Libraries			
Items circulated (millions)	13.1	13.7	13.9
eLibrary visits (millions)	N/A	N/A	2.7
Number of volunteer hours supplementing service	N/A	N/A	N/A
Business-type Activities Operating Indicators by Function/Program			
Metropolitan Health Plan			
Administrative Cost Ratio	N/A	N/A	N/A
Percentage of claims processed electronically	N/A	N/A	N/A
Environmental Services			
Tons of waste received at Hennepin facilities	N/A	N/A	N/A

Sources: Various County departments

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Table 27

2002	2003	2004	2005	2006	2007	2008 Estimate
$4.88	$4.38	$4.76	$4.27	$4.53	$5.15	$5.26
12.4	11.0	11.1	9.0	7.8	7.2	6.6
N/A	78%	78%	78%	78%	64%	68%
157	164	168	171	175	177	180
84%	85%	84%	84%	85%	85%	85%
N/A	69%	72%	67%	73%	71%	76%
N/A	N/A	50,197	52,257	56,710	64,749	72,222
N/A	N/A	20,491	29,354	35,848	43,587	44,000
87%	89%	89%	81%	84%	84%	86%
91%	90%	87%	85%	88%	93%	91%
5.2%	5.7%	5.5%	5.7%	5.7%	3.8%	4.0%
N/A	N/A	N/A	47%	49%	52%	50%
N/A	12%	10%	11%	10%	8%	8%
14.2	14.3	14.0	15.7	15.8	16.2	16.5
3.7	4.0	5.3	7.4	10.0	12.0	16.0
N/A	N/A	N/A	50,000	50,868	50,000	53,813
N/A	N/A	N/A	N/A	20.4%	23.0%	20.0%
N/A	N/A	N/A	N/A	63.0%	61.0%	62.0%
N/A	N/A	N/A	549,043	579,128	605,023	585,000

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

	1999	2000	2001
General Government			
Building square footage occupied by General Government	301,793	263,621	328,381
Human Services			
Building square footage occupied by Human Services	673,458	732,517	733,925
Health			
Building square footage - NorthPoint Health & Wellness	N/A	N/A	N/A
Building square footage - Medical Examiner	45,897	32,831	32,831
Public Safety			
Building square footage - Public Safety Facility Cells/Sheriff's Jail	153,849	153,849	376,644
Building square footage occupied by the Corrections Department	509,996	500,113	521,188
Building square footage occupied by the Sheriff's Office (w/o Jail)	233,207	291,521	291,788
Public Works			
County roads and highways (miles)	563	569	567
Number of bridges	168	168	168
Libraries[1]			
Building square footage occupied by the Libraries	434,880	435,353	433,890
Size of Library collection (copies)	N/A	N/A	N/A
Size of Library collection (Titles)	N/A	N/A	N/A
Regional Railroad Authority			
Rail miles	-	-	-
Light rail stations	-	-	-
Metropolitan Health Plan (MHP)			
Building square footage occupied by MHP	20,576	20,576	21,768

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

Sources: Various County departments

Unaudited

Table 28

2002	2003	2004	2005	2006	2007	2008
322,310	317,189	298,850	286,227	301,547	297,825	295,982
731,804	731,707	749,767	664,656	666,386	687,616	638,781
N/A	N/A	54,401	63,057	63,057	63,057	59,724
34,488	34,655	37,170	37,170	37,170	37,178	37,175
430,559	476,433	431,506	457,564	460,213	429,559	429,559
534,011	581,231	573,597	570,777	679,488	657,170	669,849
287,979	284,339	294,298	293,062	293,435	170,412	170,452
569	568	562	562	561	561	561
187	137	137	137	137	132	130
463,349	457,840	522,964	547,256	546,176	546,127	1,329,621
2,015,602	2,061,102	1,974,629	1,985,790	1,930,773	1,941,712	4,997,402
318,322	332,432	334,637	306,830	307,041	307,255	1,552,628
-	-	12	12	12	12	12
-	-	17	17	17	17	17
36,860	36,860	35,583	59,749	58,939	59,106	59,106

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

		1999	2000	2001	2002
PROPERTY TAX LEVY					
County [1]	$	415	417	437	449
% Change	%	5.1	0.4	4.9	2.7
County and other [2]	$	1,590	1,618	1,702	1,514
% Change	%	0.4	1.8	5.2	(11.0)
REVENUES					
Total governmental funds [3]	$	837	888	966	933
% Change	%	(2.0)	6.0	8.9	(3.5)
Intergovernmental	$	290	321	373	382
% Change	%	3.1	10.6	16.3	2.4
EXPENSES[3]					
Total governmental funds	$	866	934	1,004	1,013
% Change	%	4.8	7.8	7.5	0.9
Capital projects	$	93	119	113	84
% Change	%	33.4	27.8	(4.6)	(25.5)
GENERAL OBLIGATION DEBT					
Net direct [4]	$	148	193	289	329
% Change	%	11.3	30.3	49.5	13.9
Net direct, overlapping, and underlying	$	1,568	1,711	1,982	2,192
% Change	%	8.1	9.1	15.9	10.6
PROPERTY ESTIMATED MARKET VALUE	$	61,438	67,564	78,236	87,491
% Change	%	8.1	10.0	15.8	11.8
EMPLOYEES PER 10,000 CAPITA [5]		114.6	113.1	117.7	119.0
% Change	%	0.0	(1.3)	4.1	1.1

[1] The levy includes state-paid aids and credits such as Homestead and Agricultural Credit Aid, Agricultural Preserve Credit, Disparity Aid, Equalization Aid, and Market Value Based Homestead Credit Aid. The levy does not include Local Government Aid or Education Aid.
[2] Includes the County, municipalities, school districts, watershed districts, and other taxing jurisdictions.
[3] Includes sales tax revenue and Ballpark construction costs and debt service beginning in 2007.
[4] Includes only debt secured in whole or part by the authority to levy taxes on real estate. Therefore, revenue bonds are excluded.
[5] Includes full-time and part-time employees converted to full-time equivalents. Medical Center employees became employees of the County's discretely presented componet unit in 2007. In 2007, part-time employees were about 19.6% of the total full-time equivalent work force.

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Table 29

2003	2004	2005	2006	2007	2008
460	455	495	512	535	556
2.5	(1.2)	8.8	3.4	4.5	3.9
1,608	1,646	1,731	1,707	1,932	2,039
6.2	2.4	5.2	(1.4)	13.2	5.5
934	896	965	1,013	1,053	1,079
0.1	(4.1)	7.7	5.0	3.9	2.5
376	338	388	385	356	367
(1.6)	(10.0)	14.8	(0.7)	2.2	3.3
983	942	996	1,055	1,247	1,362
(3.0)	(4.2)	5.8	5.9	18.2	9.2
107	114	133	133	109	120
26.5	6.8	16.3	0.1	(18.2)	10.3
346	354	373	392	414	491
5.4	2.3	5.2	5.1	5.6	18.7
2,152	2,340	2,612	2,596	2,497	2,469
(1.8)	8.7	11.6	(0.6)	(3.8)	(1.1)
96,125	104,482	115,230	125,032	130,382	129,455
9.9	8.7	10.3	8.5	4.3	(0.7)
107.5	106.6	109.0	113.2	74.8	66.9
(9.6)	(0.9)	2.3	3.8	(33.9)	(10.6)

Hennepin County, Minnesota

Selected Ratio Measures of Financial Condition

Last Ten Years

	1999		2000		2001		2002	
Debt service expenditures for property tax supported bonds to:[1]								
County property tax levy	7.0	%	7.4	%	7.2	%	8.6	%
Governmental fund expenditures	3.3		3.3		3.1		3.8	
Net general obligation debt to:								
Property estimated market value	0.24		0.29		0.37		0.38	
Legal debt margin	13.7		16.7		22.6		20.9	
Direct, overlapping, and underlying net debt	9.4		11.3		14.6		14.9	
Governmental fund revenues	17.7		21.7		29.9		35.2	
General obligation debt due within ten years								
To total general obligation debt	84.0		72.6		66.0		66.1	
Undesignated general fund balance								
To general fund expenditures	10.8		14.7		16.6		18.0	
Undesignated governmental fund type fund balances								
To governmental fund expenditures	14.7		11.7		16.7		16.1	

[1] Debt service in 2007 and 2008 included $10.5 million and $43.0 million relating to the crossover refunding. A crossover refunding requires both the refunding debt and refunded debt (old debt) remained on the books until the crossover date when the old debt is defeased.

Note: On January 1, 2008, Hennepin County Libraries and Minneapolis Public Libraries entered into an agreement to merge and thereby establish a single combined Hennepin County library system. The merger is accounted for as a pooling of interests (see Note 18 in the Notes to the Basic Financial Statements). All data for all years above reflects the combined Hennepin County library system.

Unaudited

Table 30

2003	2004	2005	2006	2007	2008
8.1 %	8.9 %	8.8 %	9.4 %	14.1 %	15.5 %
3.8	4.3	4.4	4.8	6.1	6.3
0.36	0.34	0.32	0.35	0.32	0.38
22.0	20.4	19.3	21.1	18.9	23.4
15.6	14.7	13.7	16.5	16.6	19.9
37.1	39.5	38.6	38.7	39.3	45.5
63.8	63.6	64.2	68.3	68.4	55.4
29.5	33.2	32.6	27.6	16.5	15.6
20.4	18.5	14.9	10.7	8.4	8.7

Hennepin

McGladrey & Pullen
Certified Public Accountants

Hennepin County, Minnesota

Single Audit Report
December 31, 2008

Contents

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of County Commissioners
Hennepin County, Minnesota

We have audited the financial statements of Hennepin County, Minnesota (the County), as of and for the year ended December 31, 2008, and have issued our report thereon dated June 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item IC 08-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, the Audit Committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
September 24, 2009

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Schedule of Expenditures of Federal Awards

To the Board of County Commissioners
Hennepin County, Minnesota

COMPLIANCE

We have audited the compliance of Hennepin County, Minnesota (the County), with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items CF 08-1 through CF 08-6.

INTERNAL CONTROL OVER COMPLIANCE

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items IC 08-2 through IC 08-7 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

The County's responses to the findings identified in our audit are described in the accompanying Auditee Corrective Action Plan. We did not audit the County's responses, and, accordingly, we express no opinion on them.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the County as of and for the year ended December 31, 2008, and have issued our report thereon dated June 18, 2009. Our audit was conducted for the purpose of forming opinions on the basic financial statements of the County taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the County. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, the Audit Committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
September 24, 2009

Hennepin County, Minnesota

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Administering Agency and Federal Funding Source	Federal Domestic Assistance Number	Grant Name	Expenditures	Passed Through to Subrecepients
Department of Agriculture:				
Minnesota Department of Education	10.553	School Breakfast Program	$ 70,570	$ -
	10.555	National School Lunch Program	123,767	-
Minnesota Department of Human Services	10.561	State Administrative Matching Grants for Food Stamp Program	12,359,389	-
Minnesota Department of Health	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	3,488,790	98,464
Total Department of Agriculture			16,042,516	98,464
Department of Education:				
Minnesota Department of Education	84.186	Safe and Drug-Free Schools and Communities — State Grants	119,165	109,638
Total Department of Education			119,165	109,638
Environmental Protection Agency:				
Direct Grant	66.818	Brownfields Assessment and Cleanup Cooperative Agreements	109,827	-
Minnesota Department of Health	66.032	State Indoor Radon Grants	7,500	-
Total Environmental Protection Agency			117,327	-
U.S. Elections Assistance Commission:				
Direct Grant	90.401	Help America Vote Act Requirements Payments	8,321	-
Total U.S. Elections Assistance Commission			8,321	-
Department of Health and Human Services:				
Direct Grant	93.008	Medical Reserve Corps Small Grant Program	5,000	-
	93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care and School Based Health Centers)	1,775,153	-
	93.253	Poison Control Stabilization and Enhancement Grants	447,681	-
	93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	146,852	-
	93.889	Hospital Preparedness Program	2,474,436	748,569
	93.914	HIV Emergency Relief Project Grants	4,691,801	3,048,231
Minnesota Department of Finance	93.647	Social Services Research and Demonstration	58,110	58,110
Minnesota Department of Health	93.069	Public Health and Emergency Preparedness	17,972	-
	93.268	Immunization Grants	175,074	-
	93.283	Centers for Disease Control and Prevention — Investigations and Technical Assistance	2,304,109	266,638
	93.558	Temporary Assistance for Needy Families	811,830	412,933
	93.576	Refugee and Entrant Assistance — Discretionary Grants	58,384	-
	93.889	Hospital Preparedness Program	1,260,033	-
	93.940	HIV Prevention Activities — Health Department Based	355,318	7,187
	93.977	Preventive Health Services — Sexually Transmitted Diseases Control Grants	90,485	-
	93.994	Maternal and Child Health Services Block Grant to the States	599,102	221,635
Minnesota Department of Human Services	93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	111,052	-
	93.150	Projects for Assistance in Transition from Homelessness (PATH)	262,135	-
	93.556	Promoting Safe and Stable Families	795,646	-
	93.558	Temporary Assistance for Needy Families	28,498,080	-
	93.563	Child Support Enforcement	19,111,883	-
	93.566	Refugee and Entrant Assistance — State Administered Programs	199,717	-
	93.575	Child Care and Development Block Grant	22,327,484	-
	93.584	Refugee and Entrant Assistance — Targeted Assistance Grants	234,117	-

(Continued)

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2008

Administering Agency and Federal Funding Source	Federal Domestic Assistance Number	Grant Name	Expenditures	Passed Through to Subrecepients
Department of Health and Human Services (Continued):				
Minnesota Department of Human Services (continued)	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	11,311,541	6,966,784
	93.658	Foster Care — Title IV-E	11,704,413	-
	93.659	Adoption Assistance — Title IV-E	18,861	-
	93.667	Social Services Block Grant	7,643,366	-
	93.674	Chafee Foster Care Independence Program	169,861	-
	93.767	State Children's Insurance Program (SCHIP)	55,190	-
	93.778	Medical Assistance Program	24,784,300	14,175
	93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	104,820	-
	93.917	HIV Care Formula Grants	1,421,998	1,044,429
	93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	36,414	-
	93.958	Block Grants for Community Mental Health Services	948,284	-
	93.959	Block Grants for Prevention and Treatment of Substance Abuse	153,519	-
City of Minneapolis	93.111	Adolescent Family Live Research Grants	86,834	-
	93.926	Healthy Start Initiative	100,367	-
North Dakota Department of Health	93.283	Centers for Disease Control and Prevention — Investigations and Technical Assistance	40,263	-
Sanford Medical Center	93.069	Public Health and Emergency Preparedness	90,744	-
Total Department of Health and Human Services			145,482,229	12,788,691
Department of Homeland Security				
Minnesota Department of Emergency Management	97.036	Disaster Grants — Public Assistance (Presidentially Declared Disasters)	318,101	-
	97.042	Emergency Management Performance Grants	258,198	143,922
	97.067	Homeland Security Grant Program	704,424	51,622
Minnesota Department of Natural Resources	97.012	Boating Safety Financial Assistance	65,134	-
Total Department of Homeland Security			1,345,857	195,544
Housing and Urban Development				
Direct Grant	14.218	Community Development Block Grants/Entitlement Grants	3,426,807	1,944,774
	14.231	Emergency Shelter Grants Program	123,771	84,535
	14.235	Supportive Housing Program	1,062,621	503,868
	14.238	Shelter Plus Care	185,344	185,344
	14.239	HOME Investment Partnerships Program	2,461,984	-
	14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	489,449	384,679
	14.901	Healthy Homes Demonstration Grants	1,389	-
	14.905	Lead Hazard Reduction Demonstration Grant Program	2,595,856	575,356
Total Housing and Urban Development			10,347,221	3,678,556
Department of Labor				
Minnesota Department of Employment and Economic Development	17.258	WIA Adult Program	188,230	168,642
	17.259	WIA Youth Activities	371,196	304,781
	17.260	WIA Dislocated Workers	1,092,068	1,069,462
Total Department of Labor			1,651,494	1,542,885

(Continued)

Hennepin County, Minnesota

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2008

Administering Agency and Federal Funding Source	Federal Domestic Assistance Number	Grant Name	Expenditures	Passed Through to Subrecepients
Department of Justice				
Direct Grant	16.541	Part E — Developing, Testing and Demonstrating Promising New Programs	34,066	-
	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	361,166	-
	16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2,099,836	-
	16.601	Corrections — Training and Staff Development	8,382	-
	16.606	State Criminal Alien Assistance Program	302,586	-
	16.710	Public Safety Partnership and Community Policing Grants	19,750	-
	16.727	Enforcing Underage Drinking Laws Program	1,410	-
	16.738	Edward Byrne Memorial Justice Assistance Grant Program	675,649	380,012
	17.741	Forensic DNA Backlog Reduction Program	54,759	-
	16.742	Paul Coverdell Forensics Sciences Improvement Grant Program	12,737	-
Minnesota Department of Public Safety	16.523	Juvenile Accountability Block Grants	201,901	-
	16.540	Juvenile Justice and Delinquency Prevention — Allocation to States	49,803	-
	16.579	Edward Byrne Memorial Formula Grant Program	31,313	13,336
Total Department of Justice			3,853,358	393,348
Department of Transportation				
Minnesota Department of Transportation	20.205	Highway Planning and Construction	3,712,676	-
Direct Grant	20.514	Public Transportation Research	373,586	-
	20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	81,423	-
	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	54,395	-
Total Department of Transportation			4,222,080	-
Total federal awards			$ 183,189,568	$ 18,807,126

Note 1. Basis of Presentation

The schedule of expenditures of federal awards presents the activity of federal programs of Hennepin County, Minnesota (the County). The County financial reporting entity is defined in Note 1 to the basic financial statements. As discussed in Note 1 to the basic financial statements, the financial statements of the County consist of the activities of the County and its blended component units (the primary government), as well as its discretely presented component unit. The Hennepin County Housing and Redevelopment Authority and Hennepin County Regional Railroad Authority are blended component units, and Hennepin Healthcare System, Inc. d/b/a Hennepin County Medical Center (HCMC) is a discretely presented component unit in the County. All federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the schedule.

Note 2. Basis of Accounting

The schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds and the discretely presented component unit, which are described in Note 1 to the basic financial statements.

Note 3. Single Audit Reclassifications

The Hennepin County Community Corrections Department receives federal grant revenues from the Minnesota Department of Education for the School Breakfast Program ($70,570) and the National School Lunch Program ($123,767). The revenues were recorded as offsets to commodity expenditures in the basic financial statements. The schedule of expenditures of federal awards has been adjusted to reflect the increase to federal grant revenues and expenditures.

Note 4. Loan Outstanding

At December 31, 2008, the County had an outstanding loan balance for Brownfields Assessment and Cleanup Cooperative Agreements (CFDA No. 66.818) of $1,510,208. Loans made during the year are included in the federal expenditures presented in the schedule.

Hennepin County, Minnesota

Schedule of Findings and Questioned Costs
Year Ended December 31, 2008

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued on the financial statements: Unqualified

2. Internal control over financial reporting:

• Material weakness(es) identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	__X__ Yes	____ None reported
• Noncompliance material to financial statements identified?	____ Yes	__X__ No

B. Federal Awards

1. Internal control over major programs:

• Material weakness(es) identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	__X__ Yes	____ No

2. Type of auditor's report issued on compliance for major programs: Unqualified

• Any audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133?	__X__ Yes	____ No

3. Identification of major programs:

CFDA Number	Name of Federal Program
93.563	Child Support Enforcement
CCDF cluster:	
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care — Title IV-E
93.667	Social Services Block Grant
93.778	Medical Assistance Program
93.889	Hospital Preparedness Program
93.914	HIV Emergency Relief Project Grants

4. Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

5. Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133?	____ Yes	__X__ No

(Continued)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

A. Internal Control

Finding IC 08-1 — Metropolitan Health Plan (MHP) — Claims Processing

Criteria

Control procedures should be in place to provide reasonable assurance that claims are accurately paid and reflected in the financial statements.

Condition

- During testing of claims it was noted that MHP had manually adjudicated a claim incorrectly. MHP has an internal audit process that would catch this type of error; however, this process was not completed before our testing commenced or before year-end close.

- It was noted that for certain DRG calculations where a third-party tool is used to calculate the DRG rates, neither the third-party vendor nor MHP maintained fee schedule history. Although the current DRG rates were comparable to historical DRG rates, we were unable to determine whether claims of this type were paid with the proper DRG.

- Claims paid to a provider under their contract effective October 2008 were not paid according to the contract, as the contract terms were not interpreted correctly and were improperly entered into the claims payment system. A review of contract input is done at the time contracts are programmed, and periodic systematic testing is performed separate from the programming function to determine the accuracy of the programming and contract input. However, as this process is manual and subject to interpretation, this error remained undetected.

Cause

Because of limitations of the claims system, manual intervention and review is necessary to process claims. Errors occurred in the claims processing process which were not detected. MHP's internal claim audits did not appear to catch these errors.

Effect

Expenses and liabilities could be misstated as a result of the payment of incorrect claim amounts.

Recommendation

- We recommend a more systematic approach to internal claim audits as well as continued review of all manual contract and fee schedule inputs.

(Continued)

- We understand that MHP has implemented a number of manual procedures during the year as a result of its realization of the weaknesses that exist in the claims payment system. While these manual processes will cure some of the weaknesses, manual processes cannot perform all of the functions that an electronic system can provide. We suggest that MHP consider its options for implementing the necessary controls over the claims payment system. These options include adding to the current system, replacing the current system or outsourcing. We suggest that the Audit Committee and Board of Commissioners request management analyze the potential solutions and propose a suggested course of action.

B. Compliance Findings

None noted.

III. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

A. Internal Control

Finding IC 08-2 — Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Program

Department of Health and Human Services — CFDA No. 93.889, Hospital Preparedness Program and various other programs

Criteria

Per 7 CFR 3052.300(a), the auditee shall identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the federal agency, and name of the pass-through entity.

Condition

As a result of this significant deficiency, the County did not include all federal awards on its schedule of expenditures of federal awards (SEFA) as originally prepared. In addition, in connection with procedures performed to ensure the completeness of the 2008 SEFA, the County identified certain federal awards that had not been included on SEFAs filed in previous years. Management has represented to us that they do not believe the SEFAs filed for years prior to 2008 were materially misstated as a result of this significant deficiency.

Cause

The County does not have an adequate reconciliation process in place to ensure the completeness of the schedule of expenditures of federal awards.

(Continued)

Effect

This could result in noncompliance with specific federal award programs and/or compliance audit failure.

Questioned Costs

None.

Recommendation

We recommend that the County implement policies and procedures to identify and report all federal awards accurately and completely on the SEFA.

Finding IC 08-3 — Reconciliation of Human Services Information System (HSIS) to FARS

Program

93.658 Foster Care — Title IV-E

Criteria

The County needs to have a control system that requires reconciliation of the HSIS system to the FARS system.

Condition

The HSIS system is used to authorize payments for some human services programs. The records in this system include information on payments to vendors. Because this information can be used to make decisions, it should be supported by the books and records of the organization (maintained in the FARS system). Disbursements reflected in the HSIS system are not reconciled to the actual disbursements that are reflected in the FARS system. While there are mitigating controls in place to reduce the risk of transactions being inappropriately recorded in HSIS or the inappropriate disbursement of funds, a reconciliation of the two systems is not performed.

Cause

The County did not have a policy that required reconciliation of the two systems.

Effect

The potential exists that transactions could be inappropriately recorded in HSIS, which could impact future disbursements, or that inappropriate disbursements of funds could occur that would be undetected.

(Continued)

Questioned Costs

None.

Recommendation

We recommend that FARS be reconciled to HSIS periodically, not less than quarterly.

Finding IC 08-4 — Hennepin County Medical Center (HCMC) — Inadequate Controls Over Expenditures

Program

Department of Health and Human Services — CFDA No. 93.889, Hospital Preparedness Program

Criteria

Per 7 CFR 3052.300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Condition

Although personnel responsible for administering the grants were knowledgeable regarding costs allowable under the terms of the grants, adequate controls were not in place to ensure documentation exists and is retained to support compliance with program requirements. Specific areas in which controls either were not in place or were not functioning as designed were as follows:

- Internal charges: Supplies expended under the grant that are obtained from HCMC's storeroom inventory should be charged to the grant at HCMC's cost and should be supported by invoices. For three of six supply items tested, the most recent invoice price did not reasonably compare to the price charged to the program. As HCMC uses perpetual average pricing for storeroom inventory, the expenditure will not exactly match an invoice; however, we would expect the amounts to be reasonably close. In all cases, the expenditure charged to the program was less than the invoice price and, therefore, did not result in questioned costs. Finally, we noted that for the four expenditures relating to the storeroom inventory items, documentation was not maintained of the approval for these expenditures to be included within the federal program.

- Expenditure disbursement and reporting: An improper payment, which should have been paid directly to the subrecipient, was instead paid to an employee of the subrecipient. This error was not detected by HCMC. The employee did, however, return the amount to HCMC, and HCMC appropriately disbursed the funds to the subrecipient.

(Continued)

- **Documentation to support time charged:** No documentation has been maintained to support the approval of the payroll expenditures charged to the federal program or a reconciliation of supporting documentation to reimbursement requests. Of 13 payroll transactions selected, there was an instance in which the number of payroll hours expensed in the program did not match the number of hours coded to the program's cost center. HCMC did not have documentation noting why the time assigned on the time card to the program's cost center was not included in their total expenditures. Because the amount charged to the program was less than the total hours available to be charged, this does not result in questioned costs.

- **Allocation of expenses:** For two small grants included in this CFDA number, actual time spent on grants is not documented to support costs allocated to the various grants. This resulted in questioned costs of $195,240.

Cause

Program administrators were not aware of the numerous requirements for proper administration of the program.

Effect

This could result in inappropriate expenditure of federal awards.

Questioned Costs

$195,240

Recommendation

We recommend HCMC develop strong controls surrounding the approval, documentation and proper recording of expenditures under the program.

Finding IC 08-5 — Hennepin County Medical Center (HCMC) — Inadaquate Controls and Noncompliance With Procurement Requirements

Program

Department of Health and Human Services — CFDA No. 93.889, Hospital Preparedness Program

(Continued)

Criteria

- 48 CFR 13.106-3(b) states purchasing offices shall retain data supporting purchases (paper or electronic) to the minimum extent and duration necessary for management review purposes.

- 48 CFR 6.302-1(c) states an acquisition that uses a brand name description or other purchase description to specify a particular brand name, product, or feature of a product peculiar to one manufacturer does not provide for full and open competition regardless of the number of sources solicited. It shall be justified and approved in accordance with FAR 6.303 and 6.304. 48 CFR 6.302-1(d)(1) states contracts awarded using this authority shall be supported by written justifications and approvals.

- 48 CFR 15.203(e) lists the minimum contents a request for proposal shall contain, including quantity, description, required delivery dates, evaluation criteria, applicable certifications, and other relevant information. 48 CFR 15.304 details the evaluation factors requiring the price or cost to the government shall be evaluated in every source selection and the quality of the product or service shall be addressed in every source selection through consideration of one or more noncost evaluation factors, such as past performance, compliance with solicitation requirements, technical excellence, management capability, personnel qualifications, and prior experience

Condition

HCMC's purchasing policies regarding requests for proposal do not include written selection procedures requiring that solicitations incorporate a clear and accurate description of the technical requirements for the material, product or service to be procured; do not identify all of the requirements that the offerors must fulfill; and do not include the other factors to be used in evaluating bids or proposals.

During our audit, we tested eight contracts utilized within the federal program. Five of the contracts were negotiated by Novation (a group procurement organization). Of the remaining three selections that were negotiated in-house, HCMC did not have contract files to document the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. In addition, documentation was not maintained to show if an appropriate cost or price analysis was performed in connection with procurement actions in order to support the procurement action that was selected. HCMC did not document whether procurements provide full and open competition or support the rationale to limit competition in those cases where competition was limited and ascertain if the limitation was justified. Also, for one of the three contracts they negotiated in-house, HCMC did not maintain documentation that a verification check for covered transactions had been completed by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity.

(Continued)

Cause

Policies and responsibilities relating to complying with program requirements between supply chain personnel and program administrators are not defined. HCMC management stated that supply chain personnel received training on the compliance requirements within the program, however, it does not appear that the training was effective.

Effect

HCMC is not in compliance with the requirements of the program. This could result in the incurrence of unallowable costs.

Questioned Costs

None.

Recommendation

We recommend HCMC develop appropriate policies to ensure compliance with procurement requirements; additional training be provided to those individuals responsible for procurement decisions; a review process be implemented to ensure that all of the necessary requirements have been met prior to initiating a contract with a vendor; and that contract files be created and maintained to properly record and document the history of the contract.

Finding IC 08-6 — Overpayment of Child Care Funds

Program

Department of Health and Human Services — CFDA Nos. 93.575 and 93.596, Child Care and Development Block Grant and Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Criteria

As a subrecipient of the Department of Health and Human Services (DHHS), the allowability of costs is as established in state statute.

- Minnesota Statutes, section 119B.13, Subdivision 4, specifically prohibits child care providers from charging families receiving child care assistance at a rate that is higher than the rate charged to private-pay customers receiving the same level of service.

- Minnesota Statutes, section 119B.13, Subdivision 1, specifically prohibits the County from making payments to providers for the care of children above specific rates set by the state.

(Continued)

Condition

Controls are not in place to ensure that payments do not exceed state guidelines. Of the 23 child care disbursements tested, we noted two instances where a child care provider was overpaid by the County for child care services. In one case, the provider was paid at an authorized weekly rate; however, this rate was more than the weekly rate being paid by private-pay customers for the same level of service. In the other case, a control was overridden to allow payment at a rate above the state maximum. These errors were extrapolated over the population to determine the amount of questioned costs for the program.

Cause

Rates for private-pay customers are not regularly compared to the amount being billed before approving an invoice for payment by the County. In addition, overrides are not reviewed for appropriateness.

Effect

The County was reimbursed at, and paid providers, a higher amount than allowed under the circumstances.

Questioned Costs

$199,467 based on federal awards of $33,639,025.

Recommendation

We recommend the County review past invoices and seek reimbursement from child care providers for excess amounts paid to them. These excess amounts claimed by the County should be reimbursed to the grantor. Procedures should be revised to ensure that the amount claimed and paid to the providers does not exceed the lesser of the maximum hourly rate or the rate charged to private-pay customers receiving the same level of service, and a list of overrides should be generated and reviewed for appropriateness.

Finding IC 08-7 — Hennepin County Medical Center (HCMC) — Inadequate Controls to Monitor Subrecipients

Program

Department of Health and Human Services — CFDA No. 93.889, Hospital Preparedness Program

Criteria

- 7 CFR 3052.400(d)(2) states a pass-through entity shall advise subrecipients of requirements imposed on them by federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.

(Continued)

- 7 CFR 3052.400(d)(4 – 6) states a pass-through entity shall ensure that subrecipients expending $500,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year, issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action, and consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

- 7 CFR 3052.400(d)(3) states a pass-through entity shall monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition

Procedures have not been established to ensure that subrecipients that expend $500,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of 7 CFR 3052.400(d)(4 – 6) or that subrecipients are aware of the requirements. No actions were taken to ensure that any of the 24 subrecipients likely expending $500,000 or more in federal awards met the appropriate audit requirements and, while the program manager indicated he had verbally explained the audit requirements to the subrecipients, appropriate information was not included in the grant agreements or other written communication given to the subrecipients. Management has indicated that, as part of their monitoring, they conduct a training session for the subrecipients, field inquiries throughout the year, and perform site visits. Management summarized the 10 site visits they performed in 2008; however, there was no formal documentation of the two site visits we selected for testing.

Cause

Program administrators are unaware of their complete responsibilities surrounding the subrecipient monitoring requirements.

Effect

HCMC was not in compliance with the requirements of subrecipient monitoring, which increases the likelihood that subrecipients are not fully aware of and not fully complying with the requirements of the program. This could result in the expenditure of unallowable costs.

Questioned Costs

None.

(Continued)

Recommendation

We recommend HCMC develop a policy to ensure that audit requirements are included in all guidance or agreements with subrecipients. HCMC should have discussions with all subrecipients regarding the potential need for a single or program audit, request and monitor the receipt of their audit reports, and properly follow up corrective action performed by the subrecipient. HCMC should maintain adequate documentation of all monitoring activities performed with subrecipients and consider the need to provide training to all individuals involved with federal programs to ensure they are familiar with the subrecipient monitoring requirements.

B. Compliance Findings

Finding CF 08-1 — Noncompliance With Eligibility Requirements

Program

Department of Health and Human Services — CFDA No. 93.778, Medical Assistance

Criteria

Per 42 CFR section 435.916(c), the agency must promptly redetermine eligibility when it receives information about changes in a recipient's circumstances that may affect his eligibility.

Condition

Of the 23 case files tested, we noted one case where an individual received benefits after she was no longer eligible. When a mother gives birth, she is eligible for two months of benefits postpartum. In this case, the mother received benefits for a total of nine months postpartum.

Cause

The MAXIS system provides a prompt when the two months postpartum has lapsed so that eligibility can be terminated. In this case, the prompt was overlooked.

Effect

The individual received benefits for an additional seven months, although she was no longer eligible. This could result in the expenditure of unallowable costs.

Questioned Costs

None.

(Continued)

Recommendation

The County was not in compliance with the established due diligence timelines.

Finding CF 08-2 — Noncompliance With Program Requirements

Program

Department of Health and Human Services — CFDA No. 93.563, Child Support Enforcement

Criteria

- Per 45 CFR 303.2(b), the IV-D agency must attempt to establish paternity and a support obligation for children born out of wedlock. The agency must, within no more than 20 calendar days of receipt of referral of a case or filing of an application for services, open a case by establishing a case record and, based on an assessment of the case, determine necessary action.

- Per 45 CFR 303.7(b)(2), within 20 calendar days of determining that the noncustodial parent is in another state or receipt of any necessary information needed to process the case, the agency must refer any interstate IV-D case to the responding state's interstate central registry for action.

- Per 45 CFR 303.7(c)(4), during interstate cases when the agency acts as the responding state agency, they must process the interstate case to the extent possible pending necessary action by the initiating state and notify the agency in the initiating state of the necessary additions or corrections to the information within 75 calendar days.

Condition

Of the 48 case files tested, we noted the following:

- Two child support cases were not opened within 20 calendar days.

- For five initiating child support cases, the County did not refer the case to the responding state and/or did not supply the necessary information to the responding state.

- For three responding child support cases, the case was not processed and/or additional information was not requested within 75 calendar days.

Cause

The Child Support department has experienced budget and staff cuts in conjunction with increased program demands. As a result, and due to the high volume of cases, time frames for the performance of due diligence procedures are not always achieved.

(Continued)

Effect

The County was not in compliance with the established due diligence timelines.

Questioned Costs

None.

Recommendation

We recommend that the Human Services and Public Health Department (HSPHD) implement a process to track the time frames applicable to these cases and review this information to ensure cases are being managed in a timely manner.

Finding CF 08-3 — Hennepin County Medical Center (HCMC) — Noncompliance With Subrecipient Monitoring Requirements

See Finding IC 08-7.

Finding CF 08-4 — Hennepin County Medical Center (HCMC) — Noncompliance With Reporting Requirements

Program

Department of Health and Human Services — CFDA No. 93.889, Hospital Preparedness Program

Criteria

- 45 CFR 92.41 Financial Reporting.
- Section I, paragraph F of the grant agreement states the grantee agrees to provide the state with a budget and budget justification by April 30, 2008.
- Section I, paragraph G of the grant agreement states the grantee agrees to provide the state with reports (including quarterly financial reports that conform to the state's reporting format and allow the state and grantee to meet the performance and financial requirements of the DHHS Hospital Preparedness Program) as delineated in the timeline included in the agreement.

(Continued)

Condition

The budget and budget justification were not submitted timely to the Minnesota Department of Health (MDH). In addition, two of the three quarterly expense reports were submitted to MDH after the due dates established. HCMC indicated they have monthly discussions with MDH and MDH was aware that these items would not be received on time. However, HCMC was unable to provide documentation that a later deadline had been agreed to.

Cause

Management was not able to provide the requested information by the deadlines stated in the agreements.

Effect

The County (HCMC) was not in compliance with this requirement.

Questioned Costs

None.

Recommendation

We recommend that management create a timeline of due dates and submission dates to ensure that all dates are being met. In addition, we suggest that management maintain documentation of any deadline changes.

Finding CF 08-5 — Hennepin County Medical Center (HCMC) — Noncompliance With Procurement Requirements

See Finding IC 08-5.

Finding CF 08-6 — Overpayment of Child Care Costs

See Finding IC 08-6.

Finding IC 08-1 — Metropolitan Health Plan (MHP) — Claims Processing

Auditee Corrective Action Plan (CAP)

Action Planned in Response to Finding:

A review of MHP's claim processing policies and procedures was performed in 2008 by RSM McGladrey Inc. The results of the RSM McGladrey review have been reviewed by management, and process improvement projects are underway or have been completed. MHP is taking steps to reduce the number of manual procedures and add greater oversight and controls when manual procedures are necessary. We have also engaged another consulting firm, CSC Inc., to review our detailed claim files in order to identify overpayments. CSC will also provide feedback on our current practicies, although that is not the primary objective of their review. This information will be considered, along with RSM McGladrey's, in management's process improvement projects. Hennepin County Internal Audit staff has participated with management in the review process.

In addition, a corrective action plan is being developed to specifically address the issue regarding the timely loading of the DRG pricing tool.

MHP plans to enhance its internal audit procedures in order to identify and correct on a timely basis any claim payment issues. The final plan will include a balance of claims department quality audits, MHP fiscal staff review and an annual audit performed by the County's Internal Audit Department. The revised procedures will be implemented before year-end 2009.

Individual Responsible for Ensuring CAP:

- Interim CFO

Planned Completion Date for CAP:

December 31, 2009

(Continued)

Finding IC 08-2 — Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Auditee Corrective Action Plan (CAP)

Action Planned in Response to Finding:

The changes to non-HCMC federal grants that were identified by the County and updated before the 2008 SEFA was finalized were found as a result of the County's implementation of new control improvements during the same time frame as the SEFA preparation. The control improvements included the County's provision of upgraded federal grant training to countywide departments, additional follow-up discussions with grant accounting staff, and the ability to cross-check the preliminary SEFA against the federal grants that were approved via a newly developed Grants Approval Database (a system developed to collect countywide information for all grants, including federal grants). We will continue to evaluate the most effective ways to leverage the Grants Approval Database and other controls to assure the accuracy of the SEFA. The largest non-HCMC changes related to the realization that although the State had published information stating that federal grants could be identified by the CFDA numbers included on the State's electronic remittance advice, the State had not included CFDA numbers for two federal grants throughout the years the County was receiving those federal revenues. The new controls have been effective, and they will continue to be used in future years. Additionally, HCMC is currently in the process of expanding both its infrastructure and its policies and procedures across the complete continuum of grant activities and grant accounting and reporting. An improved process to identify types of grants will be core to the design of the future state around grant monitoring.

Individuals Responsible for Ensuring CAP:

- Acting County Controller and HCMC Director of Accounting and Payor Contracting (on behalf of the Grants Workgroup)

Planned Completion Date for CAP:

December 1, 2009

Finding IC 08-3 — Reconciliation of Human Services Information System (HSIS) to FARS

Auditee Corrective Action Plan (CAP)

Action Planned in Response to Finding:

Hennepin County will look into developing a reconciliation process for the Human Services and Public Health Department (HSPHD) to reconcile HSIS data back to FARS.

Individual Responsible for Ensuring CAP:

- HSPHD Chief Financial Officer

Planned Completion Date for CAP:

We expect to have a full reconciliation process in place by September 30, 2009.

(Continued)

Finding IC 08-4 — Hennepin County Medical Center (HCMC) — Inadequate Controls Over Expenditures

Auditee Corrective Action Plan (CAP)

Action Planned in Response to Finding:

HCMC Action Plan for All Grant Activities:
HCMC is currently in the process of expanding both its infrastructure and its policies and procedures across the complete continuum of grant activities and grant accounting and reporting. This work will include both financial-related activities and operational. In addition to new leadership and infrastructure regarding grants, HCMC has created a cross-functional work group, facilitated by HCMC's internal audit provider, to design and implement the "future state" of managing and reporting grants and grant activities. Representatives of this work group include finance, compliance, key operational leaders, leaders from the newly created Grant Management team, and Internal Audit from Hennepin County. The work of this group will include processes to implement action plans to address all findings identified during Hennepin County's most recent Single Audit review and subsequent findings.

HCMC Action Plan Specific to Finding IC 08-4:
The above recommendation will be addressed and implemented through the efforts of the work group. In the interim, the following will be included in the work of the Hospital Preparedness Program (HPP) Program Manager:

1. HPP Program Manager will review monthly:

   a. Detailed budget report for accuracy

   b. Accounts payable for accuracy of purchases and charges

   c. General ledger report for accuracy and expense

2. The Program Manager will take corrective action for any variances and document and initial the actions taken.

Individual Responsible for Ensuring CAP:

- HCMC Director of Emergency Preparedness (on behalf of the Grants Workgroup)

Planned Completion Date for CAP:

December 1, 2009

(Continued)

Finding IC 08-5 — Hennepin County Medical Center (HCMC) — Inadequate Controls and Noncompliance With Procurement Requirements

Auditee Corrective Action Plan (CAP)

Action Planned in Response to Finding:

HCMC Action Plan for All Grant Activities:
HCMC is currently in the process of expanding both its infrastructure and its policies and procedures across the complete continuum of grant activities and grant accounting and reporting. This work will include both financial-related activities and operational. In addition to new leadership and infrastructure regarding grants, HCMC has created a cross-functional work group, facilitated by HCMC's internal audit provider, to design and implement the "future state" of managing and reporting grants and grant activities. Representatives of this work group include finance, compliance, key operational leaders, leaders from the newly created Grant Management team, and Internal Audit from Hennepin County. The work of this group will include processes to implement action plans to address all findings identified during Hennepin County's most recent Single Audit review and subsequent findings.

HCMC Action Plan Specific to Findings IC 08-5 and CF 08-5:
The above recommendation will be addressed and implemented through the efforts of the work group.

Individual Responsible for Ensuring CAP:

- HCMC Director of Accounting and Payor Contracting (on behalf of the Grants Workgroup)

Planned Completion Date for CAP:

December 1, 2009

Finding IC 08-6 — Overpayment of Child Care Funds

Auditee Corrective Action Plan (CAP)

Action Planned in Response to Finding:

- The department will notify providers that the rate billed to Hennepin County may not be more than the rate billed to private payers. In addition, the department will develop a Child Care Billing Requirements Fact Sheet that will be given to new providers at the time of registration and mailed to all Child Care Assistance providers annually.

- Staff have been instructed not to use override code "04" in CSIS, which would allow payment over the maximum rate set by the state, unless absolutely necessary. The accounting supervisor will run a daily report of all "04" codes and review for accuracy and appropriateness.

(Continued)

The current timeline to complete transfer to the state payment system (MEC2) is May 2009. After the transfer, child care payments will no longer be processed in CSIS. MEC2 has limitations on payment rates, and payments over the state maximum rate would not be allowed.

Individual Responsible for Ensuring CAP:

- HSPHD Accounts Payable Manager

Planned Completion Date for CAP:

February 25, 2009

Finding IC 08-7 — Hennepin County Medical Center (HCMC) — Inadequate Controls to Monitor Subrecipients

Auditee Corrective Action Plan (CAP)

Action Planned in Response to Finding:

HCMC Action Plan for All Grant Activities:
HCMC is currently in the process of expanding both its infrastructure and its policies and procedures across the complete continuum of grant activities and grant accounting and reporting. This work will include both financial-related activities and operational. In addition to new leadership and infrastructure regarding grants, HCMC has created a cross-functional work group, facilitated by HCMC's internal audit provider, to design and implement the "future state" of managing and reporting grants and grant activities. Representatives of this work group include finance, compliance, key operational leaders, leaders from the newly created Grant Management team, and Internal Audit from Hennepin County. The work of this group will include processes to implement action plans to address all findings identified during Hennepin County's most recent Single Audit review and subsequent findings.

HCMC Action Plan Specific to Findings IC 08-7 and CF 08-7:
The above recommendation will be addressed and implemented through the efforts of the work group. In the interim, the HPP Program Manager will develop a policy prior to October 8, 2009, and communicate the policy to all HPP staff and the primary and secondary contacts who service as subrecipient points of contact. The policy will be reviewed with all subrecipients at the first quarterly meeting after the start of each new FFY grant. The packet of program material will include HCMC's responsibility as the grant fiscal agent to maintain adequate documentation of all monitoring activities performed with subrecipients. The training will be provided to all individuals involved with federal programs to ensure they are familiar with the subrecipient monitoring requirements.

Individual Responsible for Ensuring CAP:

- HCMC Director of Emergency Preparedness (on behalf of the Grants Workgroup)

Planned Completion Date for CAP:

December 1, 2009

(Continued)

Finding CF 08-1 — Noncompliance With Eligibility Requirements

Auditee Corrective Action Plan (CAP)

Action Planned in Response to Finding:

Remind teams about the importance of processing PEPR messages received on MAXIS in a timely manner. Encourage teams to develop internal tracking systems to monitor postpartum ending. Remind team supervisors to monitor MAXIS Dail reports monthly to ensure that PEPR messages are acted on timely. Request printout from data warehouse regarding any clients whose postpartum period has stretched beyond two months. The Quality Assurance Team will put out a Q-Tip to teams regarding this issue. The Quality Assurance Supervisor will ensure this tip is sent as part of the corrective action plan and will also request the printout from the data warehouse liaison and distribute it with instructions to teams.

Individual Responsible for Ensuring CAP:

- Quality Assurance Supervisor

Planned Completion Date for CAP:

December 31, 2008

Finding CF 08-2 — Noncompliance With Program Requirements

Auditee Corrective Action Plan (CAP)

Action Planned in Response to Finding:

- Our intake area has realigned staff and changed processes so that the time frame for opening a case and determining the next steps is shortened. The goal of this change is to take fewer steps to move incoming cases to the next destination to maximize establishing orders within the federal timelines. This change went into effect June 30, 2008.

- The interstate area will continue to remind staff about the federal timelines in team meetings. Completion date January 31, 2009.

- The interstate area will modify their current procedure so that case work can more easily be monitored by staff and supervisors. This change involves staff using a specific event code in their case note when making a note about actions they are taking. This process also includes a follow-up notice for future review. While we found that staff may have been taking appropriate actions, they were not always documenting this on PRISM. Completion date January 31, 2009.

- Entering this event (Case Plan) allows us to create a report with a list of Case Plans created by each worker. Supervisors can use this report to monitor case work. This report is currently being used in other areas of child support.

(Continued)

- The interstate staff and supervisors currently use an additional report called the Aging Report. This is a monthly report that lists all cases assigned to a specific worker and the date that it was assigned. Supervisors will continue to use this report along with the Case Plan report to monitor case work.

- Provide feedback to the State Office of Child Support regarding the lack of automatic triggers on interstate cases to notify the case manager of upcoming deadlines. Completion date December 31, 2008.

Individuals Responsible for Ensuring CAP:

- Service area manager, Child Support Services
- Administrative assistant, Child Support Services

Planned Completion Date for CAP:

December 18, 2008

Finding CF 08-3 — Hennepin County Medical Center (HCMC) — Noncompliance With Subrecipient Monitoring Requirements

Auditee Corrective Action Plan (CAP)

See Finding IC 08-7.

Finding CF 08-4 — Hennepin County Medical Center (HCMC) — Noncompliance With Reporting Requirements

Auditee Corrective Action Plan (CAP)

<u>Action Planned in Response to Finding:</u>

HCMC Action Plan for All Grant Activities:
HCMC is currently in the process of expanding both its infrastructure and its policies and procedures across the complete continuum of grant activities and grant accounting and reporting. This work will include both financial-related activities and operational. In addition to new leadership and infrastructure regarding grants, HCMC has created a cross-functional work group, facilitated by HCMC's internal audit provider, to design and implement the "future state" of managing and reporting grants and grant activities. Representatives of this work group include finance, compliance, key operational leaders, leaders from the newly created Grant Management team, and Internal Audit from Hennepin County. The work of this group will include processes to implement action plans to address all findings identified during Hennepin County's most recent Single Audit review and subsequent findings.

(Continued)

HCMC Action Plan Specific to Finding CF 08-4:
The above recommendation will be addressed and implemented through the efforts of the work group. In the interim, the following will be included in the work of the HPP Program Manager. The HPP Program Manager will direct HPP staff to create a master list of all timeline due dates and document any changes or revisions to the criteria and initial the changes documented. All HPP staff will be provided with the most current list. The master list will be reviewed in HPP staff meetings on a regular basis.

Individual Responsible for Ensuring CAP:

- HCMC Director of Emergency Preparedness (on behalf of the Grants Workgroup)

Planned Completion Date for CAP:

December 1, 2009

Finding CF 08-5 — Hennepin County Medical Center (HCMC) — Noncompliance With Procurement Requirements

Auditee Corrective Action Plan (CAP)

See Finding IC 08-5.

Finding CF 08 - 6 — Overpayment of Child Care Costs

Auditee Corrective Action Plan (CAP)

See Finding IC 08-6.

Hennepin County, Minnesota

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2008

Finding Number	Name of Program	Description of Condition	Status of Corrective Action
IC 07-1	Metropolitan Health Plan and Hennepin County Medical Center — Claims Processing	• MHP — An error had occurred because an MHP IT employee overrode the fee schedule within the system. It was later discovered that there were a number of other repricing issues with the potential for a material misstatement in the financial statements. Claims paid were not properly posting to the lag reports in all instances. These errors result in the potential for inaccurate reports, which also impacts claims reserves and other significant estimates. The inability to reconcile claim payments or to receive accurate claim information could result in a material misstatement to the financial statements. • HCMC — A lag in billing of charges in one hospital care department during 2007 resulted in a significant delay in billing and recognizing the revenue from these charges.	See Finding IC 08-1 Corrective action has been taken.
IC 07-2	Metropolitan Health Plan and Hennepin County Medical Center — Account Reconciliations and Journal Entries	• MHP — Several adjustments were proposed by management well after account reconciliations had been performed and financial statement balances had been provided to the auditors. • HCMC — Management was not reviewing journal entries that were posted to the general ledger and recommended that mitigating controls be put in place. Management identified timely account reconciliations as one of the controls that could mitigate the risk of errors or fraud resulting from journal entries not being reviewed. In addition, cash and accounts receivable had not been reconciled consistently during the year.	Corrective action has been taken.

(Continued)

Hennepin County, Minnesota

Summary Schedule of Prior Audit Findings (Continued)
Year Ended December 31, 2008

Finding Number	Name of Program	Description of Condition	Status of Corrective Action
IC 07-3	Department of Health and Human Services — State Administrative Matching Grants for Food Stamp Program, CFDA No. 10.561, and Temporary Assistance for Needy Families, CFDA No. 93.558	The Eligibility Support Staff is responsible for gathering information from applicants, entering applicant information into MAXIS and updating this information. In six Food Stamp cases of 23 subjected to testing, information was not properly entered or updated in a timely manner. While two of the six errors noted did not affect benefits, four of the errors did affect benefits. In one TANF case of 12 subjected to testing, information was not properly updated in MAXIS by Eligibility Support Staff. This error resulted in an overpayment of benefits.	Corrective action has been taken.
CF 07-1	Department of Health and Human Services — CFDA No. 93.558, Temporary Assistance for Needy Families (TANF)	For one of 35 total case files tested, the IV-D notice to a recipient for a 30 percent sanction was placed into effect two months late.	Corrective action has been taken.
CF 07-2	United States Department of Agriculture — CFDA No. 10.557, Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	In one case of 12 total case files tested, an update for proof of residency was not obtained before further coupons were issued. In another case, we were unable to verify "Proof of Income" because of a deficiency in the state's CHIP software system.	Corrective action has been taken.