

January 10, 2011

The Honorable Mark Dayton
Governor of the State of Minnesota
130 State Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Governor Dayton:

On behalf of the Commissioners and staff of the Minnesota Public Facilities Authority (Authority), I am pleased to provide you with our fiscal year 2010 Annual Report as required by Minnesota Statutes, Section 446A.09.

The Public Facilities Authority is a multi-agency financing authority consisting of Commissioners of the Pollution Control Agency (MPCA) and the Departments of Health (MDH), Transportation (MnDOT), Agriculture, Management and Budget, and chaired by the Commissioner of Employment and Economic Development (DEED). The Executive Director is an employee of the Authority and is responsible for staffing and duties that the Authority may require in carrying out its responsibilities, including compliance with state and federal regulations related to the programs and debt issuance. The MPCA, MDH, and MnDOT are responsible for establishing priorities and undertaking the technical review and regulatory compliance work on projects being considered for financing by the Authority. The Authority provides administrative funding to cover its expenses, for administrative costs at MDH (6.4 FTEs) and MPCA (19.8 FTEs), and for overhead costs and services provided by DEED for having Authority staff located at their offices.

The Authority provides financial assistance to governmental units for infrastructure construction through three revolving loan funds and several other grant and loan programs. The Authority's largest programs are the Clean Water Revolving Fund and Drinking Water Revolving Fund. The Transportation Revolving Loan Fund is a smaller revolving fund for transportation projects selected by the Department of Transportation. The Authority also administers other programs to assist municipalities with water quality related infrastructure projects, including the Wastewater Infrastructure Funding (WIF) program and three programs funded through the dedicated Clean Water Fund: the Total Maximum Daily Load (TMDL) grant program, the Phosphorus Reduction grant program, and the Small Community Wastewater Treatment program.

Minnesota Public Facilities Authority

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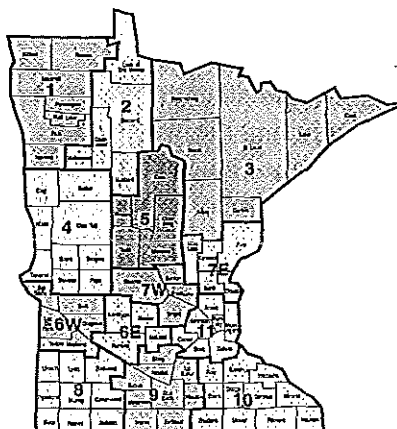
The Authority also administers the Credit Enhancement Program to reduce borrowing costs for local governments on general obligation bonds issued for certain purposes. The program assists counties with the construction of law enforcement facilities, social and human services buildings, and solid waste facilities, and cities for the construction of wastewater, drinking water, and stormwater facilities. In 2010 the statutory limit for the program was increased to \$1,000,000,000. The program currently covers 130 bond issues with an original issuance total of \$538,480,149.

As shown below, during fiscal year 2010, the Authority provided 142 grants and loans to governmental units totaling \$431 million. The second table shows the Authority made loans for projects throughout the State, and the below market interest rates on the loans provide significant interest savings to the Authority's borrowers.

**MN Public Facilities Authority
Project Awards during FY 2010, by Program**

Program	count	\$ amount
CW Fund: Phosphorous Reduction Grants	6	2,394,482
CW Fund: Small Community WWT TA Grants	6	146,500
CW Fund: Total Maximum Daily Load Grants	5	4,644,753
Clean Water Revolving Fund Loans	30	271,074,532
Clean Water Revolving Fund Principal Forgiveness	14	28,314,604
Drinking Water Revolving Fund Loans	40	88,166,982
Drinking Water Revolving Fund Principal Forgiveness	26	17,747,755
Special Appropriations (2007 flood recovery plus others)	2	1,313,884
Transportation Revolving Loan Fund	2	2,794,687
Wastewater Infrastructure Fund: Corrective Action Grants	1	78,396
Wastewater Infrastructure Fund: General Grants & Loans	10	14,443,633
totals	142	431,120,207

**MN Public Facilities Authority
FY 2010 Loan Awards and Estimated Interest Savings by RDC Region**



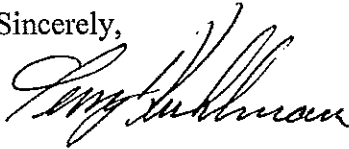
RDC Region	Loans Made Amount	Loans Made Count	Avg Rate	Interest Savings
1	\$ 2,482,145	3	1.0%	\$ 1,144,406
2	750,760	1	1.9%	150,493
3	44,219,051	12	2.4%	7,335,531
4	9,146,711	8	2.0%	1,974,758
5	1,328,592	3	1.5%	326,764
6E	58,325,600	13	2.6%	18,396,336
6W				
7E	1,015,970	1	1.0%	220,332
7W	62,698,488	7	1.9%	10,510,024
8	6,855,757	2	2.9%	1,656,412
9	41,986,136	10	2.4%	7,381,508
10	28,079,842	4	2.3%	4,633,441
11	114,984,411	11	2.5%	19,224,799
Totals	\$ 371,873,463	75	2.4%	\$ 72,954,804

The Authority's audited Financial Report for fiscal year 2010 is attached. The Authority remains in excellent financial health. All three of the major revolving funds have bonds outstanding and are highly rated. All PFA Clean Water and Drinking Water revolving fund bonds have AAA ratings by the three major national bond rating agencies. The Transportation Bonds are rated as closed pool bonds reflecting the credit quality of the individual borrowers (outstanding bonds have been rated from AAA to AA2).

Fiscal year 2010 was an extraordinary year for the PFA. The year began at an accelerated pace as contracts were issued for clean water and drinking water funds available from the federal American Recovery and Reinvestment Act (ARRA) of 2009. The PFA received a total of \$107 million in ARRA funds and began obligating those funds in early summer 2009, with virtually all the funds committed by August 2009. After the ARRA funds were gone the PFA continued to see a high level of demand for project financing from cities that recognized the favorable bidding climate and low interest rates made it a good time to make needed infrastructure investments. Total project financing in FY 2010 was up 82% over the average of the previous three years. The majority of financing was in the form of Clean Water and Drinking Water Revolving Fund loans, as the PFA used its ability to leverage the equity in these Funds to generate additional loan dollars to meet demand for high priority projects.

We are proud of our accomplishments in fiscal year 2010. Although the loan programs can't sustain future lending at the 2010 pace, the Funds remain strong. We look forward to continuing our commitment of providing affordable financing to help meet the State's infrastructure needs to keep Minnesota growing and protect and restore our water resources.

Sincerely,



Terry Kuhlman, Executive Director
Minnesota Public Facilities Authority

Enclosure

cc: Mr. Al Mathiowetz, Chief Clerk, House of Representatives
Mr. Calvin Ludeman, Secretary of the Senate
Ms. Roberta Lafleur, Director, Legislative Reference Library (2 copies)



Minnesota Public Facilities Authority

Minnesota Public Facilities Authority
(A Component Unit of the State of Minnesota)

Financial Report
June 30, 2010

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Minnesota Public Facilities Authority
(A Component Unit of the State of Minnesota)

Financial Report
June 30, 2010

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Independent Auditor's Report

Minnesota Public Facilities Authority
St. Paul, Minnesota

We have audited the accompanying financial statements of the business-type activities and major funds of the Minnesota Public Facilities Authority (the Authority), a component unit of the State of Minnesota, as of and for the years ended June 30, 2010 and 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 business-type activities and major funds of the Authority as of June 30, 2010 and 2009, and the respective changes in financial positions and the cash flows where applicable thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that 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.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
October 15, 2010

Management's Discussion and Analysis

This section of the Minnesota Public Facilities Authority's (the Authority) annual financial report presents a discussion and analysis of the financial condition as of and financial activities for the fiscal years ended June 30, 2010 and 2009. Please read it in conjunction with the financial statements and notes following this section.

Introduction and Discussion of the Authority's Operations:

The Authority was created in 1987 by the State of Minnesota under Minnesota Statutes, Chapter 446A. The Minnesota Department of Employment and Economic Development provides administrative support services to the Authority. The Authority provides low interest loans and some grants to Minnesota municipalities to help finance infrastructure for clean water, drinking water, and transportation projects. Federal grants and state appropriations received by the Authority may be used directly or leveraged with proceeds of the Authority's revenue bonds.

The Authority has issued tax-exempt revenue bonds the proceeds of which are deposited into separate bond funds. Revenues and assets of each bond fund are separately pledged to the holders of that fund's bonds for debt service payments. Assets and revenues of the Authority outside of the bond funds are not pledged, and are used for grant and loan programs and general administration.

Financial Statement Presentation:

The basic financial statements following Management's Discussion and Analysis consist of those required for a special purpose governmental entity engaged in business-type activities:

- *Statement of Net Assets* - This is presented in the format of assets (financial and capital resources) less liabilities equals net assets. The portion of net assets that is reported as restricted has constraints on its use due to bond resolutions and or enabling legislation.
- *Statement of Revenues, Expenses, and Changes in Fund Net Assets* - This statement presents the accrual basis operations and the resulting change in fund net assets of the Authority for the fiscal year.
- *Statement of Cash Flows* - This statement presents useful information regarding the sufficiency of cash flows to meet debt service requirements, because it includes cash flows such as principal received on loans and principal paid on bonds.

Statements for the fiscal year ended June 30, 2010 are followed by statements for the fiscal year ended June 30, 2009 to allow comparison of the Authority's financial position and results of operations for the current and prior fiscal years.

These statements are prepared on the accrual basis and present information on the Authority's overall financial position and results of operations. Assets and revenues of the separate funds contained within these statements are generally restricted as to use and the reader should not assume they might be used in any aggregate manner.

The Authority defines activities under each of its separate bond resolutions as major funds for financial reporting purposes, with all other accounts and activities outside of these bond resolutions reported in the Other Fund. A summary of the major funds reported by the Authority follows. A more detailed description of each is presented later in the section headed Analysis of Individual Funds' Balances and Transactions for Bond Funds.

- Clean Water Bond Fund (CWBF): In conjunction with the Minnesota Pollution Control Agency (MPCA), the Authority provides loans from the fund to municipalities for wastewater treatment projects certified by the MPCA.
- Drinking Water Bond Fund (DWBF): In conjunction with the Minnesota Department of Health, the Authority provides loans for public drinking water facilities.
- Transportation Bond Fund (TBF): Four separate closed resolutions have been created to make loans in cooperation with the Minnesota Department of Transportation: (1) TBF Series 1999A, (2) TBF Series 2001, (3) TBF Series 2006A, and (4) TBF Series 2008A.
- Other: All of the Authority's non-revenue bond activity and accounts are aggregated in the Other Fund.

Within each of the bond funds, the Authority uses bond proceeds, federal capitalization grants, and state matching funds to make loans, pay for the costs of issuing debt, and to fund debt service reserve accounts when used. Federal capitalization grants and state matching grants within these funds are recognized as contributed capital. Net loan repayments and investment earnings provide the necessary cash flow to pay the required debt service on the bonds.

The operations in the Other Fund consist of administrative costs paid by a portion of the loan repayments, fees, or by federal grant funds, and grant and loan programs funded through interest earnings, loan repayments, and federal grants and state appropriations, recognized in these accounts primarily as operating revenue.

Condensed Financial Information:

The following page presents condensed financial statement information as of and for the fiscal years ended June 30, 2010, 2009, and 2008.

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Minnesota Public Facilities Authority
Condensed Financial Statement Information

Condensed Statements of Net Assets
June 30, 2010, 2009, and 2008

	2010	2009	2008
Assets:			
Cash, cash equivalents, and investments	\$ 249,598,893.96	\$ 333,928,070.21	\$ 435,135,512.38
Loans receivable	1,765,409,931.44	1,619,851,375.15	1,524,042,479.89
Other	22,422,261.22	29,931,778.42	26,098,399.68
Total assets	2,037,431,086.62	1,983,711,223.78	1,985,276,391.95
Liabilities:			
Interest payable on bonds	14,013,049.70	15,632,424.16	16,613,278.18
Bonds payable	987,707,236.10	988,489,521.19	1,050,259,519.62
Other	5,723,650.71	16,543,213.11	10,713,871.90
Total liabilities	1,007,443,936.51	1,020,665,158.46	1,077,586,669.70
Net Assets	<u>\$ 1,029,987,150.11</u>	<u>\$ 963,046,065.32</u>	<u>\$ 907,689,722.25</u>

Condensed Statements of Revenues, Expenses,
and Changes in Fund Net Assets,
Years ended June 30, 2010, 2009, and 2008

	2010	2009	2008
Operating Revenues:			
Interest on loans	\$ 44,762,308.84	\$ 40,613,027.97	\$ 38,297,049.77
Investment earnings	7,374,943.61	15,493,823.79	26,296,480.31
Grants, appropriations, and fees	71,290,117.32	35,989,105.19	16,864,662.26
Other	1,647,227.87	274,948.07	1,277,000.00
Total operating revenues	125,074,597.64	92,370,905.02	82,735,192.34
Operating Expenses:			
Interest on bonds	43,549,805.72	46,613,985.41	47,067,682.57
Other	73,657,865.17	42,419,497.69	32,705,099.60
Total operating expenses	117,207,670.89	89,033,483.10	79,772,782.17
Operating gain (loss)	7,866,926.75	3,337,421.92	2,962,410.17
Capital Contributions	59,074,158.04	52,018,921.15	65,963,077.56
Change in Net Assets	66,941,084.79	55,356,343.07	68,925,487.73
Net Assets at Beginning of Year	963,046,065.32	907,689,722.25	838,764,234.52
Net Assets at End of Year	<u>\$ 1,029,987,150.11</u>	<u>\$ 963,046,065.32</u>	<u>\$ 907,689,722.25</u>

Condensed Statements of Cash Flows,
Years ended June 30, 2010, 2009, and 2008

	2010	2009	2008
Operating Activities:			
Principal and interest received on loans	\$ 148,477,127.30	\$ 130,458,984.09	\$ 134,769,055.65
Operating grants, appropriations, and fees	79,799,960.85	25,753,275.45	11,071,816.16
Payments to grantees	(73,953,312.46)	(22,409,116.50)	(17,363,334.12)
Other	(8,801,634.52)	(9,083,988.36)	(8,652,655.39)
Net cash provided by operating activities	145,522,141.17	124,719,154.68	119,824,882.30
Non Capital Financing Activities:			
Capital contributions	59,074,158.71	52,018,921.15	65,963,077.56
Proceeds from sales of bonds	394,398,094.11		184,051,444.44
Funds deposited in escrow for bond refunding	(343,031,679.08)		
Payments to make loans	(250,183,017.75)	(186,195,887.38)	(180,831,698.96)
Principal and interest paid on bonds	(96,097,272.50)	(109,066,199.86)	(93,101,808.96)
Other payments	(1,255,670.80)	(2,436.67)	(655,384.37)
Net cash used in non capital financing activities	(237,095,387.31)	(243,245,602.76)	(24,574,370.29)
Investing Activities	(3,491,382.86)	68,105,938.46	31,898,875.11
Net increase (decrease) in cash and cash equivalents	(95,064,629.00)	(50,420,509.62)	127,149,387.12
Cash and cash equivalents at beginning of year	234,812,702.83	285,233,212.45	158,083,825.33
Cash and cash equivalents at end of year	<u>\$ 139,748,073.83</u>	<u>\$ 234,812,702.83</u>	<u>\$ 285,233,212.45</u>

Analysis of the Authority's overall Financial Position and Results of Operations:

The table below summarizes certain financial activities during the fiscal years 2010, 2009, and 2008:

		<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues and capital contributions from federal grants and state appropriations:				
Clean Water Bond Fund (CWBF):				
	Federal capitalization grants	\$ 34,408,344	\$ 12,507,165	\$ 19,671,894
	State appropriations		24,000,000	17,795,100
Drinking Water Bond Fund (DWBF):				
	Federal capitalization grants	14,322,977	10,653,580	18,249,697
	State appropriations		1,012,895	10,246,386
Other Fund:				
	Clean water federal grants	36,370,278	8,794,431	
	Drinking water federal grants	19,030,296	5,020,256	3,719,381
	Transportation state appropriations			(6,100,000)
	State appropriations and fees	26,232,381	26,019,699	13,145,281
		<u>\$ 130,364,275</u>	<u>\$ 88,008,026</u>	<u>\$ 76,727,740</u>
Bonds Payable (par):	issued	343,105,000		177,700,000
	defeased	(311,965,000)		
	redeemed	(49,200,000)	(59,150,000)	(44,755,000)
	net change	<u>\$ (18,060,000)</u>	<u>\$ (59,150,000)</u>	<u>\$ 132,945,000</u>
Loans Receivable:	disbursed	250,183,018	186,195,887	180,831,699
	repaid	(104,624,461)	(90,320,976)	(96,599,083)
	transferred out *		(66,016)	
	net increase	<u>\$ 145,558,556</u>	<u>\$ 95,808,895</u>	<u>\$ 84,232,616</u>

* during fiscal year 2009 the assets of the Methamphetamine Lab Cleanup loan program were cancelled to the state general fund.

During the fiscal years ended June 30, 2010, 2009, and 2008, net assets changed by: \$66.9, \$55.4, and \$68.9 million, respectively. Volatility in this change is due largely to:

- Timing of federal and state capital contributions: \$59.1, \$52.0, and \$66.0 million, respectively.
- Changes in net investment earnings due to change in earnings rates but also the timing of bond sales and the average amount of undisbursed bond proceeds. Net earnings were \$7.4, \$15.5, and \$23.1 million, respectively.

The weighted average interest rate on outstanding loan balances at June 30, 2010, 2009, and 2008 were 2.62%, 2.66%, and 2.68%, respectively.

The weighted average investment earnings rate (earnings ÷ average daily cash and investments balance) during fiscal years 2010, 2009, and 2008 was 2.19%, 3.56%, and 4.85%.

Loan and grant approvals for the last three fiscal years were \$433 million (144 contracts) in fiscal year 2010, \$241 million (87 contracts) in 2009, and \$203 million (94 contracts) in 2008.

Discussion of Long-term Debt Activity, Credit Ratings, and Debt Limitations:

The Authority's outstanding debt limit is \$1,500,000,000. The Authority bonds do not constitute a debt of the State of Minnesota or any agency or political subdivision thereof (other than the Authority). The principal amount of bonds outstanding at June 30, 2010 was \$945,505,000.

During fiscal year 2010 the Authority issued State Revolving Fund Revenue Bonds (Clean Water and Drinking Water) of \$343,105,000. During fiscal year 2009 the Authority issued no bonds. During fiscal year 2008 the Authority issued Clean Water bonds of \$170,000,000 par and Transportation Series 2008A bonds of \$7,700,000 par.

The Clean Water and Drinking Water bonds are rated triple A by Standard and Poor's (AAA), Moody's (Aaa), and Fitch Ratings (AAA). The transportation bonds were rated: Series 1999A bonds: Standard and Poor's (AAA) and Moody's (Aaa); Series 2001 bonds: Moody's (Aa2); Series 2006A bonds: Moody's (Aaa); and the Series 2008A bonds: Standard and Poor's (AAA) and Moody's (Aaa).

Analysis of Individual Funds' Balances and Transactions for Bond Funds:

This section will provide general information on each bond fund, followed by presentation and analysis of more detailed financial information.

Clean Water Bond Fund (CWBF): This pooled bond fund is a part of the Authority's Clean Water State Revolving Fund, operated under the federal Clean Water program, CFDA #66.458. Initiated in 1989, twenty two series of bonds have been issued for \$2.21 billion par, which includes \$945 million for refunding prior issues. Federal capitalization grant awards and state match appropriations through June 30, 2010 were approximately \$737 million, net of non-pledged set-asides for administrative costs. The Authority has over the years transferred out approximately \$86.1 million from the CWBF for related but non-pledged programs known as non point-source programs. During fiscal years 2010, 2009, and 2008, the Authority transferred out \$0.87 million, \$2.5 million, and \$2.2 million, respectively, from net assets for these programs. The 2010 net amount reflects transfers-out of \$2 million, and transfers in, from the sunset non point-source program for Small Cities Septic Systems, of \$1.13 million. This activity is reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Assets as transfers out of the CWBF to the Other Fund, then as expenditures in the Other Fund as sub-recipients expend the awards. Prior to removing assets from the CWBF, the Authority must meet conditions defined in the fund's basic bond resolution. The CWBF has made 381 loan commitments to 234 borrowers for approximately \$2.24 billion. The largest borrower, at \$1.05 billion in cumulative loan commitments as of June 30, 2010, is the Metropolitan Council.

Drinking Water Bond Fund (DWBF): This pooled bond fund is a part of the Authority's Drinking Water State Revolving Fund, operated under the federal Safe Drinking Water program, CFDA #66.468. Initiated in 1998, five series of bonds have been issued for \$219.9 million, which includes \$35.5 million for refunding prior issues. Federal capitalization grant awards and state match appropriations through June 30, 2010 were approximately \$265 million, net of non-pledged set-asides. The fund has made 262 loan commitments to 198 borrowers for approximately \$527 million. The largest borrower, at \$107.4 million in cumulative loan commitments as of June 30, 2010, is the City of Minneapolis.

Transportation Bond Fund (TBF): This fund consists of four closed, stand alone bond issuances with separate pledged assets and revenues for each:

- The series 1999A bonds of \$17.08 million par were issued in March 1999. The Authority transferred \$4.1 million in cash into the fund at issuance, from its non-pledged accounts. One loan for \$21.025 million was made to the Metropolitan Council.
- The series 2001 bonds of \$20.45 million par were issued in December 2001. The Authority transferred \$16.77 million in cash and loans receivable into the fund. Nine loan commitments totaling \$34.78 million form the loan pool pledged to these bonds, and a \$1.9 million debt service reserve account was also created from the assets transferred in.
- The series 2006A bonds of \$8.9 million par were issued in December 2006. The Authority transferred \$2.4 million in cash into the fund at issuance, from its non-pledged accounts. One loan for \$11.2 million was made to Stearns County.
- The series 2008A bonds of \$7.7 million par were issued in January 2008. The Authority transferred \$2.25 million in cash into the fund at issuance, from its non-pledged accounts. One loan for \$10 million was made to the Metropolitan Council.

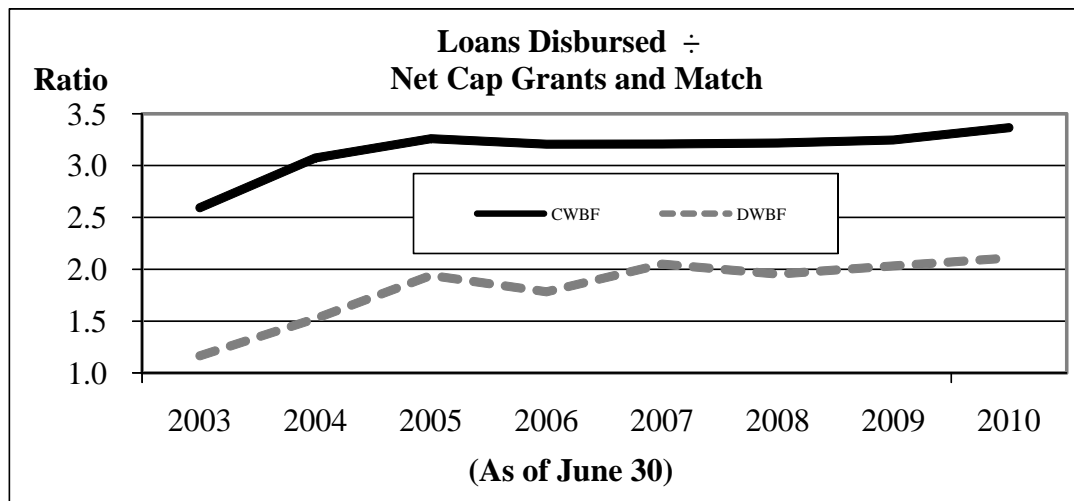
Criteria used in evaluating the financial results and conditions of the bond funds include:

- The efficient use of contributed capital to accomplish the goal of making below market rate loans to program participants (CWBF and DWBF).
- The ability to generate cash flows sufficient to make debt service payments (all bond funds).

Analysis of the efficient use of federal capitalization grants and state match:

The amount of loans disbursed by the CWBF and DWBF, compared to the net amount of federal capitalization grants and state match recognized in the funds, gives a measure of the effective use of the capital contributions. Timing of loan disbursements and use of federal and state funds may affect the ratios at any point in time, but over time this ratio should grow as the programs grow in size and loan repayments become a larger portion of the available sources for new loans. The following chart displays the ratio at June 30th for the past eight years.

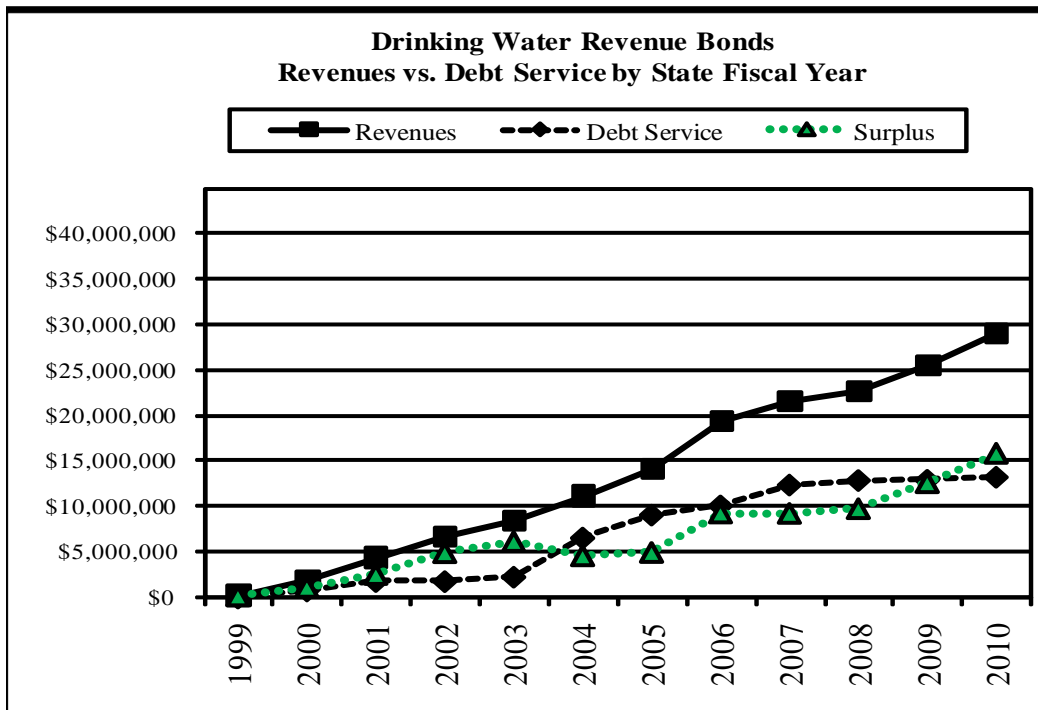
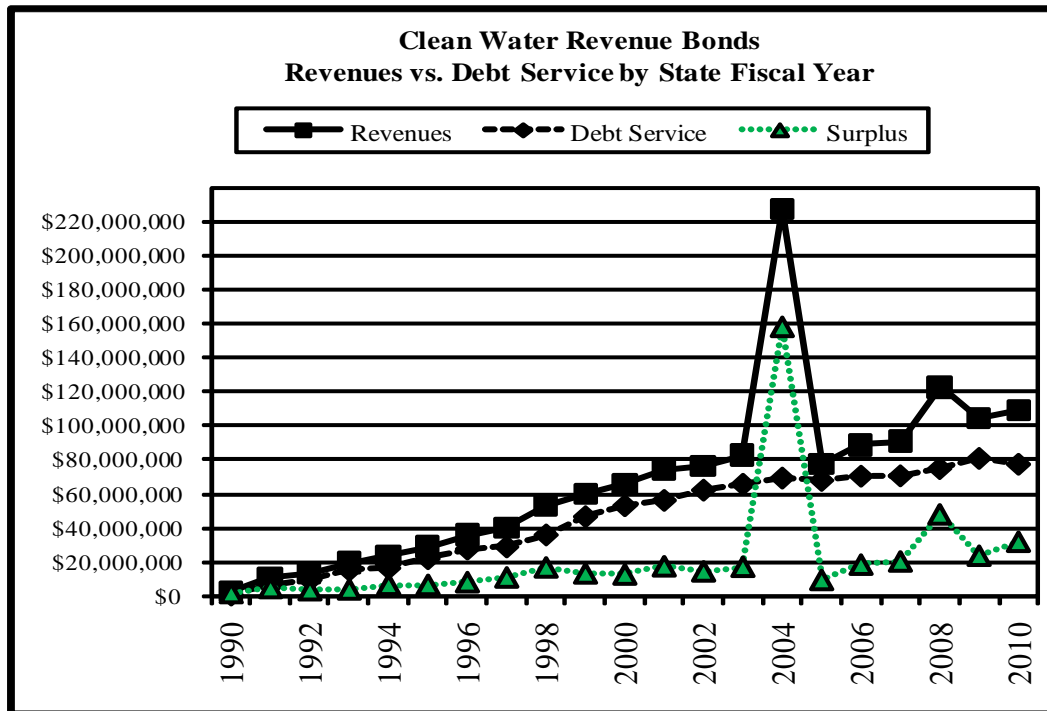
Clean Water and Drinking Water Bond Fund Programs
Leveraging of Federal Capitalization Grants and State Match

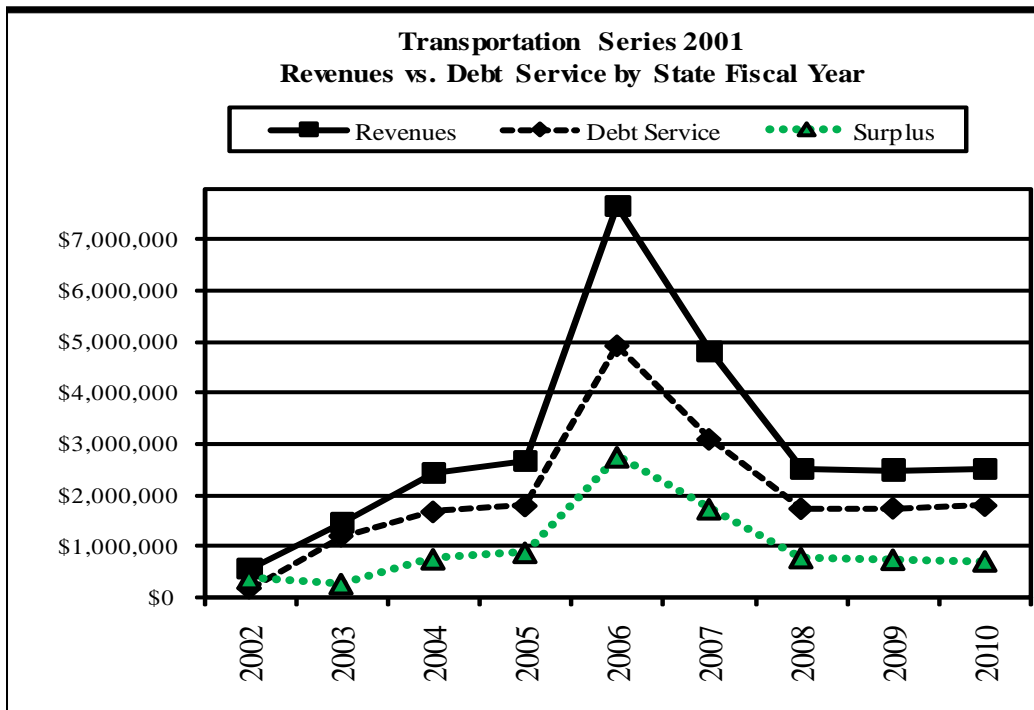
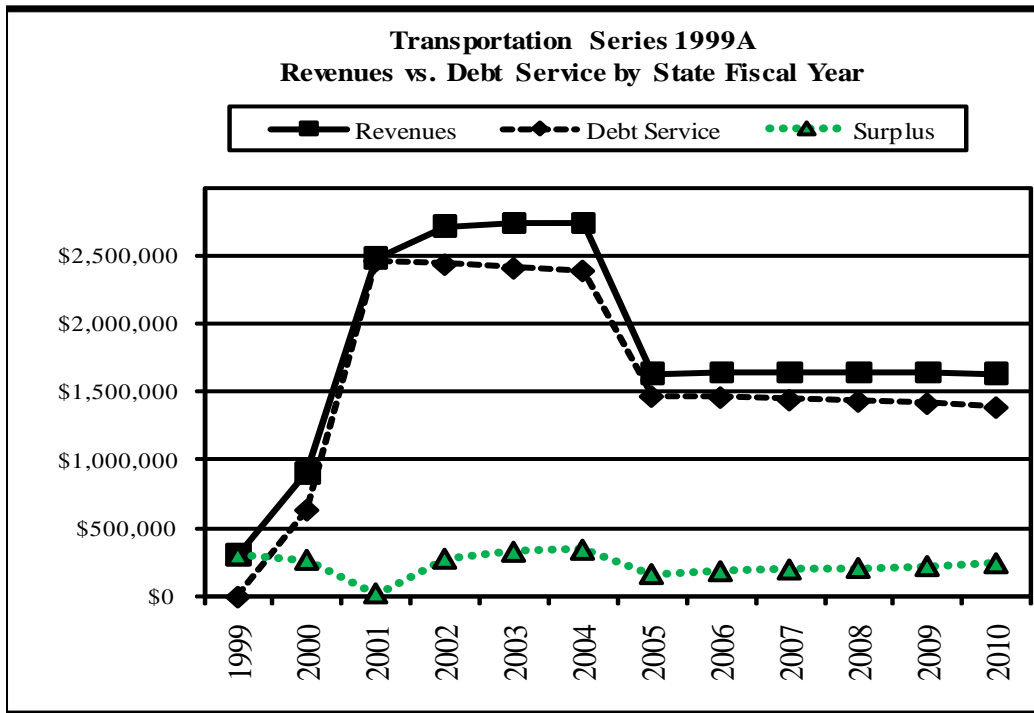


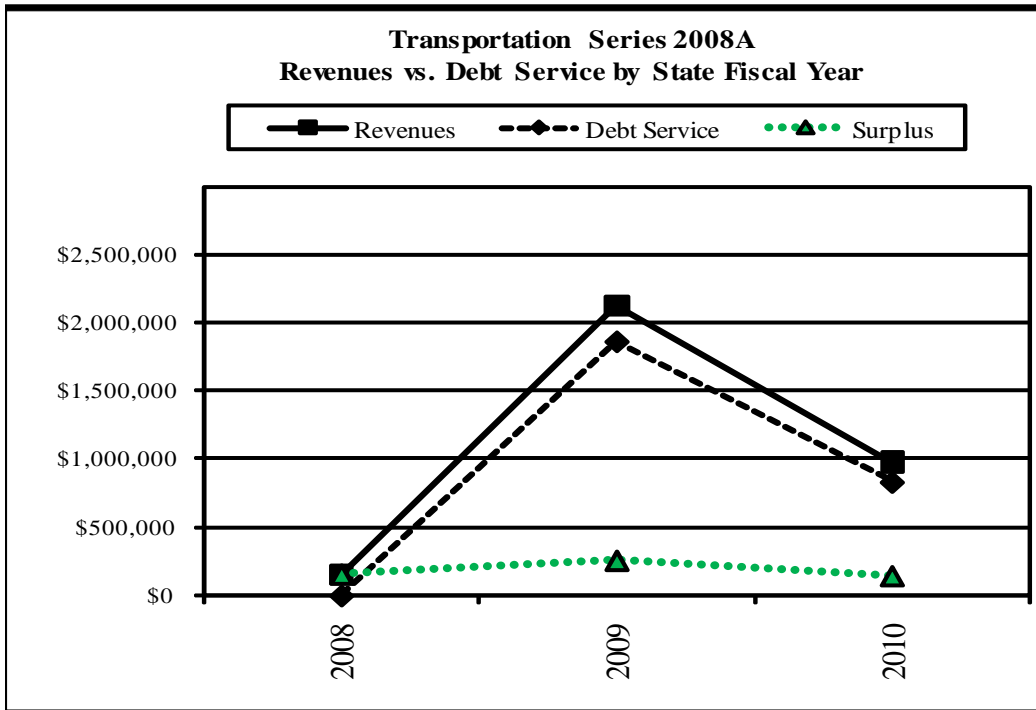
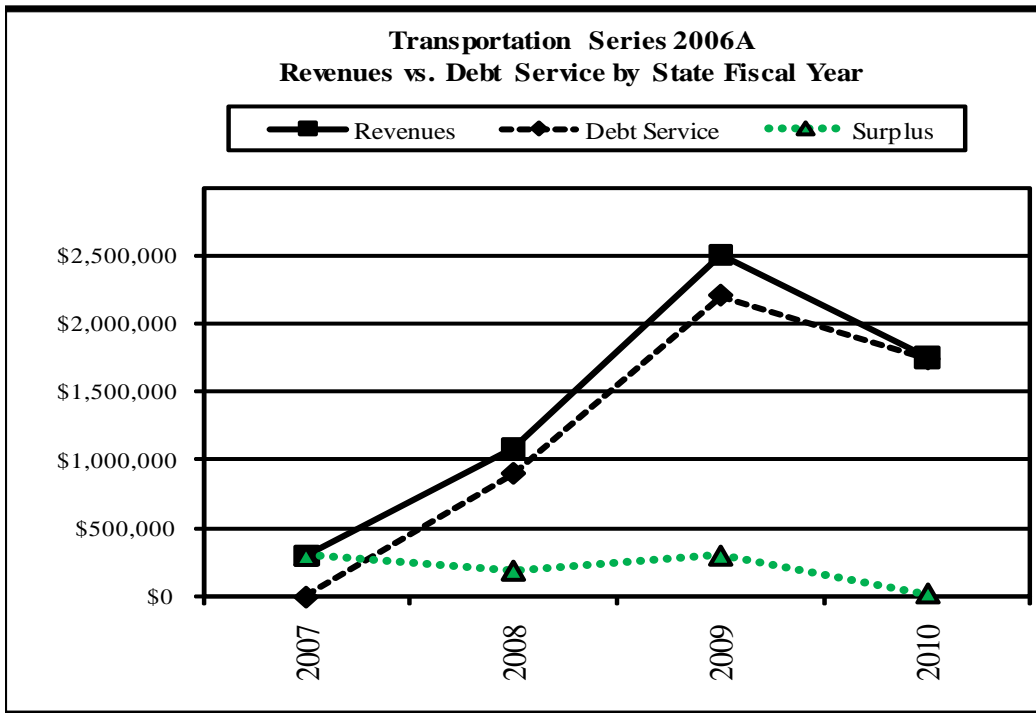
Analysis of historical cash flow sufficiency to make debt service payments:

The following charts show each bond fund's cash flow history to date in meeting debt service payments. Annual total bond fund revenues, debt service, and net surplus are charted.

Charts of each fund's cash flow history to date in meeting debt service payments
(note differing scales between the charts)







Financial ratios: the following table presents financial ratios regarding financial position and ability to generate cash flows sufficient to pay debt service requirements.

	Clean Water	Drinking Water	Transportation Bond Fund			
	Bond Fund	Bond Fund	Series 1999A	Series 2001	Series 2006A	Series 2008A
Current ratios						
June 30, 2010	3.94	3.42	1.22	1.45	3.47	1.34
June 30, 2009	5.42	5.20	1.22	1.45	1.86	1.94
June 30, 2008	6.12	6.31	1.21	1.51	2.31	3.39
Debt ratios						
June 30, 2010	0.54	0.37	0.79	0.51	0.74	0.78
June 30, 2009	0.55	0.38	0.79	0.53	0.77	0.74
June 30, 2008	0.58	0.41	0.79	0.54	0.76	0.77
Operating Income ratios						
FY 2010	1.08	1.59	0.69	1.26	1.11	0.65
FY 2009	1.07	1.55	0.76	1.24	0.75	0.66
FY 2008	1.25	1.63	0.74	1.28	0.80	1.44
(1)						
Debt Service Coverage						
FY 2010	1.43	2.19	1.17	1.40	1.01	1.19
FY 2009	1.30	1.98	1.16	1.43	1.14	1.14
FY 2008	1.61	1.74	1.14	1.45	1.18	
current ratio: current assets ÷ current liabilities						
debt ratio: debt ÷ assets						
operating income ratio: operating revenues ÷ operating expenses						
debt service coverage ratio: (loan repayments + investment interest) ÷ (bond debt service)						

(1) During fiscal years 2009 the Authority called \$8.28 million of Clean Water bonds with available cash in the CWBF. The debt service coverage ratios do not include call redemptions with cash.

Even though operating income ratios for several of the Transportation Series are or have been less than 1, the cash flows are sufficient to pay debt service because the outstanding loan balance is greater than the outstanding bonds. This fact is reflected in the debt service coverage ratios, which includes principal repayments as well as interest. Principal repaid on the loans exceeds the bond principal requirements and more than overcome the lower interest earnings on the loans. These financings were structured such that projected repayments on the loans made are sufficient to pay debt service on the lesser amount of bonds issued.

Analysis of Individual Funds' Balances and Transactions for Non-Bond Funds:

The Other Fund includes grant and loan programs not funded with Authority bond proceeds, and the administrative costs for the Authority including costs of the Department of Employment and Economic Development, the Minnesota Pollution Control Agency (PCA), and the Department of Health. These administrative costs are funded partially from federal grants and partially from the fee portion of loans repayments.

The Authority, through inter-agency agreements, provides funds to Health, PCA, and the Department of Agriculture. The funds are from pass-thru of federal grant awards or from net assets removed from the CWBF. The following chart shows activity during the fiscal year:

	MPCA Clean Water Partnership	Agriculture Best Mgmt Practices	DEED Small Cities Septic Systems	Health Drinking Water Set-Asides
<u>Sub-Grants</u>				
New allocations	\$ 1,000,000	\$ 1,000,000	\$ (1,129,656)	\$ 1,466,700
Grant expense	1,041,991	1,304,999	(1,129,656)	3,378,823

The Small Cities program is sunset and returned to the CWBF the full amount allocated to it in 1996; this was netted out with the other pass-thru grant expenses during the year. The drinking water set-asides originated from federal capitalization grant awards.

State Appropriations – The Authority received multiple appropriations during the 2010 and 2009 and legislative sessions. These appropriations are recognized as operating revenue or capital contributions as related expenditure obligations are incurred.

Discussion of Facts and Conditions Expected to Have a Significant Impact on Financial Position and or Results of Operations:

During fiscal year 2004 the Authority received early pay-offs on eleven CWBF loans with a total principal balance of \$146 million. The funds from these repayments were used to make new CWBF loans. Net revenues to the CWBF will be reduced from fiscal year 2005 through fiscal year 2014 because the new loans will have interest free and payment free periods and they will be made at rates lower than the paid-off loans. The Authority structured the CWBF bonds issued during fiscal year 2005 to offset the cash flow impact through this period in order to achieve relatively level revenue coverage in the CWBF.

The Authority adopts an annual Intended Use Plan (IUP) for the Clean Water program and for the Drinking Water program. The IUPs identify which projects may be considered for funding during the fiscal year, based on priority lists established by the MPCA for Clean Water projects and by the Department of Health for Drinking Water projects. The Authority reviews the long term funding capacity of the Clean Water Bond Fund and the Drinking Water Bond Fund when determining the level of funding for the annual IUPs. Since fiscal year 2001, excepting fiscal years 2005 and 2006, the Authority intentionally has approved a level of funding for the Clean Water program that exceeds the long-term sustainable capacity of the Bond Fund. It did so knowing that existing needs across the State to make improvements to wastewater systems was substantial and that construction related inflation makes delays in project starts costly to Minnesota communities. Meeting as much current loan demand as possible while preserving long term lending capacity to fund high priority projects throughout the State will be a continuing challenge.

Requests for Information

This financial report is designed to provide a general overview of the Minnesota Public Facilities Authority's finances. Questions concerning any of the information provided in this report should be addressed to:

Minnesota Public Facilities Authority
Attention: Financial Officer
1st National Bank Bldg., Suite E200
332 Minnesota Street
Saint Paul, MN 55101-1351.

Minnesota Public Facilities Authority
Statement of Net Assets
June 30, 2010

	Revenue Bond Funds				
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 104,947,916.08	\$ 10,357,234.40	\$ 1,105,076.08	\$ 23,337,847.27	\$ 139,748,073.83
Investments	9,987,993.00				9,987,993.00
Loans receivable	76,670,616.00	19,864,296.00	3,603,463.00	4,374,910.00	104,513,285.00
Federal grants receivable				1,875,520.89	1,875,520.22
Accrued interest receivable:					
Investments	1,533,794.00	194,515.33	35,541.00		1,763,851.00
Loans	12,388,419.00	3,230,367.00	301,200.00	392,778.00	16,312,764.00
Total current assets	<u>205,528,738.08</u>	<u>33,646,412.73</u>	<u>5,045,280.08</u>	<u>29,981,056.16</u>	<u>274,201,487.05</u>
Noncurrent assets:					
Investments	82,930,823.88	15,035,262.25	1,896,741.00		99,862,827.13
Loans receivable	1,228,030,876.05	352,470,941.58	28,073,627.12	52,321,201.69	1,660,896,646.44
Deferred bond issuance costs	1,926,096.00	285,765.00	258,265.00		2,470,126.00
Total noncurrent assets	<u>1,312,887,795.93</u>	<u>367,791,968.83</u>	<u>30,228,633.12</u>	<u>52,321,201.69</u>	<u>1,763,229,599.57</u>
Total assets	<u>1,518,416,534.01</u>	<u>401,438,381.56</u>	<u>35,273,913.20</u>	<u>82,302,257.85</u>	<u>2,037,431,086.62</u>
LIABILITIES					
Current liabilities:					
Accounts payable & other				3,180,073.94	3,180,073.94
Interest payable on bonds	11,481,319.59	2,203,499.28	328,230.83		14,013,049.70
Arbitrage rebate liability	1,496,341.02	554,935.35			2,051,276.37
Compensated absences payable				39,752.00	39,752.00
Bonds payable	39,135,000.00	7,080,000.00	2,620,000.00		48,835,000.00
Total current liabilities	<u>52,112,660.61</u>	<u>9,838,434.63</u>	<u>2,948,230.83</u>	<u>3,219,825.94</u>	<u>68,119,152.01</u>
Noncurrent liabilities:					
Bonds payable	777,512,292.99	141,412,379.49	19,947,563.62		938,872,236.10
Arbitrage rebate liability	47,398.15		25,136.25		72,534.40
Compensated absences payable				380,014.00	380,014.00
Total liabilities	<u>829,672,351.75</u>	<u>151,250,814.12</u>	<u>22,920,930.70</u>	<u>3,599,839.94</u>	<u>1,007,443,936.51</u>
NET ASSETS					
Restricted by bond resolutions	688,744,182.26	250,187,567.44	12,352,982.50		951,284,732.20
Restricted by legislation				75,895,341.74	75,895,341.74
Unrestricted				2,807,076.17	2,807,076.17
Total net assets	<u>\$ 688,744,182.26</u>	<u>\$ 250,187,567.44</u>	<u>\$ 12,352,982.50</u>	<u>\$ 78,702,417.91</u>	<u>\$ 1,029,987,150.11</u>

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Statement of Net Assets
June 30, 2009

	Revenue Bond Funds				
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 189,944,870.75	\$ 19,131,103.04	\$ 1,517,609.08	\$ 24,219,119.96	\$ 234,812,702.83
Investments	23,294,630.00	4,987,201.00			28,281,831.00
Loans receivable	55,407,835.00	19,389,721.00	5,993,114.00	5,544,157.00	86,334,827.00
Federal grants receivable				10,385,364.42	10,385,364.42
Accrued interest receivable:					
Investments	1,594,141.00	78,548.00	35,541.00		1,708,230.00
Loans	11,496,035.00	3,117,066.00	354,143.00	435,877.00	15,403,121.00
Total current assets	<u>281,737,511.75</u>	<u>46,703,639.04</u>	<u>7,900,407.08</u>	<u>40,584,518.38</u>	<u>376,926,076.25</u>
Noncurrent assets:					
Investments	64,444,487.38	4,492,308.00	1,896,741.00		70,833,536.38
Loans receivable	1,137,782,416.91	327,398,869.80	31,478,154.77	36,857,106.67	1,533,516,548.15
Deferred bond issuance costs	1,844,981.00	272,676.00	317,406.00		2,435,063.00
Total noncurrent assets	<u>1,204,071,885.29</u>	<u>332,163,853.80</u>	<u>33,692,301.77</u>	<u>36,857,106.67</u>	<u>1,606,785,147.53</u>
Total assets	<u>1,485,809,397.04</u>	<u>378,867,492.84</u>	<u>41,592,708.85</u>	<u>77,441,625.05</u>	<u>1,983,711,223.78</u>
LIABILITIES					
Current liabilities:					
Accounts payable & other				12,388,112.75	12,388,112.75
Interest payable on bonds	13,085,358.33	2,152,815.00	394,250.83		15,632,424.16
Arbitrage rebate liability	1,046,223.15	43,229.25	14,577.80		1,104,030.20
Compensated absences payable				31,054.00	31,054.00
Bonds payable	37,845,000.00	6,785,000.00	4,570,000.00		49,200,000.00
Total current liabilities	<u>51,976,581.48</u>	<u>8,981,044.25</u>	<u>4,978,828.63</u>	<u>12,419,166.75</u>	<u>78,355,621.11</u>
Noncurrent liabilities:					
Bonds payable	779,749,517.03	136,909,136.73	22,630,867.43		939,289,521.19
Arbitrage rebate liability	1,904,681.76	712,126.94	125,452.46		2,742,261.16
Compensated absences payable				277,755.00	277,755.00
Total liabilities	<u>833,630,780.27</u>	<u>146,602,307.92</u>	<u>27,735,148.52</u>	<u>12,696,921.75</u>	<u>1,020,665,158.46</u>
NET ASSETS					
Restricted by bond resolutions	652,178,616.77	232,265,184.92	13,857,560.33		898,301,362.02
Restricted by legislation				63,466,269.26	63,466,269.26
Unrestricted				1,278,434.04	1,278,434.04
Total net assets	<u>\$ 652,178,616.77</u>	<u>\$ 232,265,184.92</u>	<u>\$ 13,857,560.33</u>	<u>\$ 64,744,703.30</u>	<u>\$ 963,046,065.32</u>

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Year Ended June 30, 2010

	Revenue Bond Funds				
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	Totals
Operating revenues:					
Interest on loans	\$ 32,057,066.13	\$ 8,365,597.89	\$ 880,272.71	\$ 3,459,372.11	\$ 44,762,308.84
Investment earnings	6,158,365.84	778,246.58	255,797.87	182,533.32	7,374,943.61
Net increase (decrease) , fair value of investments	1,112,384.11	534,843.76			1,647,227.87
Federal grants-operating				55,400,573.47	55,400,573.47
State appropriations and fees				15,889,543.85	15,889,543.85
Total operating revenues	<u>39,327,816.08</u>	<u>9,678,688.23</u>	<u>1,136,070.58</u>	<u>74,932,022.75</u>	<u>125,074,597.64</u>
Operating expenses:					
Interest on bonds	36,357,952.99	6,079,283.04	1,112,569.69		43,549,805.72
Salaries and employee benefits				3,217,457.76	3,217,457.76
Other general operating				1,352,459.25	1,352,459.25
Grants				69,087,948.16	69,087,948.16
Total operating expenses	<u>36,357,952.99</u>	<u>6,079,283.04</u>	<u>1,112,569.69</u>	<u>73,657,865.17</u>	<u>117,207,670.89</u>
Operating income (loss)	<u>2,969,863.09</u>	<u>3,599,405.19</u>	<u>23,500.89</u>	<u>1,274,157.58</u>	<u>7,866,926.75</u>
Capital Contributions:					
Federal Grants	34,408,344.00	14,322,977.33			48,731,321.33
State Match				10,342,836.71	10,342,836.71
Total capital contributions	<u>34,408,344.00</u>	<u>14,322,977.33</u>	<u>-</u>	<u>10,342,836.71</u>	<u>59,074,158.04</u>
Transfers in (out)	<u>(812,641.60)</u>		<u>(1,528,078.72)</u>	<u>2,340,720.32</u>	<u>-</u>
Change in net assets	36,565,565.49	17,922,382.52	(1,504,577.83)	13,957,714.61	66,941,084.79
Total net assets:					
Beginning of year	652,178,616.77	232,265,184.92	13,857,560.33	64,744,703.30	963,046,065.32
End of year	<u>\$ 688,744,182.26</u>	<u>\$ 250,187,567.44</u>	<u>\$ 12,352,982.50</u>	<u>\$ 78,702,417.91</u>	<u>\$1,029,987,150.11</u>

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Year Ended June 30, 2009

	Revenue Bond Funds				
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	Totals
Operating revenues:					
Interest on loans	\$ 28,444,211.52	\$ 8,033,713.81	\$ 1,029,198.73	\$ 3,105,903.91	\$ 40,613,027.97
Investment earnings	13,320,544.00	1,470,623.86	205,588.80	497,067.13	15,493,823.79
Net increase (decrease) , fair value of investments	185,983.87	88,964.20			274,948.07
Federal grants-operating				13,814,686.74	13,814,686.74
State appropriations and fees				22,174,418.45	22,174,418.45
Total operating revenues	<u>41,950,739.39</u>	<u>9,593,301.87</u>	<u>1,234,787.53</u>	<u>39,592,076.23</u>	<u>92,370,905.02</u>
Operating expenses:					
Interest on bonds	39,110,450.65	6,176,121.45	1,327,413.31		46,613,985.41
Salaries and employee benefits				2,326,773.01	2,326,773.01
Other general operating				866,494.27	866,494.27
Grants				39,226,230.41	39,226,230.41
Total operating expenses	<u>39,110,450.65</u>	<u>6,176,121.45</u>	<u>1,327,413.31</u>	<u>42,419,497.69</u>	<u>89,033,483.10</u>
Operating income (loss)	<u>2,840,288.74</u>	<u>3,417,180.42</u>	<u>(92,625.78)</u>	<u>(2,827,421.46)</u>	<u>3,337,421.92</u>
Capital Contributions:					
Federal Grants	12,507,165.00	10,653,580.00			23,160,745.00
State Match	24,000,000.00	1,012,895.44		3,845,280.71	28,858,176.15
Total capital contributions	<u>36,507,165.00</u>	<u>11,666,475.44</u>	<u>-</u>	<u>3,845,280.71</u>	<u>52,018,921.15</u>
Transfers in (out)	<u>(2,442,772.90)</u>		<u>(1,614,608.09)</u>	<u>4,057,380.99</u>	<u>-</u>
Change in net assets	36,904,680.84	15,083,655.86	(1,707,233.87)	5,075,240.24	55,356,343.07
Total net assets:					
Beginning of year	615,273,935.93	217,181,529.06	15,564,794.20	59,669,463.06	907,689,722.25
End of year	<u>\$ 652,178,616.77</u>	<u>\$ 232,265,184.92</u>	<u>\$ 13,857,560.33</u>	<u>\$ 64,744,703.30</u>	<u>\$ 963,046,065.32</u>

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Statement of Cash Flows
for the Year Ended June 30, 2010

	Revenue Bond Funds				
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	Totals
Operating activities:					
Interest received on loans	\$ 31,164,682.13	\$ 8,252,296.89	\$ 933,215.71	\$ 3,502,471.11	\$ 43,852,665.84
Principal received on loans	73,170,600.95	20,285,993.78	5,794,178.65	5,373,688.08	104,624,461.46
Federal grants - operating				63,910,417.00	63,910,417.00
State appropriations, and fees				15,889,543.85	15,889,543.85
Payments to employees				(3,056,546.72)	(3,056,546.72)
Payments to vendors				(1,148,930.19)	(1,148,930.19)
Payments to grantees				(73,953,312.46)	(73,953,312.46)
Payments to sub-recipients				(4,596,157.61)	(4,596,157.61)
Net cash provided in operating activities	104,335,283.08	28,538,290.67	6,727,394.36	5,921,173.06	145,522,141.17
Non capital financing activities:					
Capital contributions - federal	34,408,344.00	14,322,978.00			48,731,322.00
Capital contributions - state				10,342,836.71	10,342,836.71
Proceeds from sale of bonds	382,352,804.36	12,045,289.75			394,398,094.11
Deposits to refunding escrow	(343,031,679.08)				(343,031,679.08)
Payments for bond issuance costs	(1,210,381.05)	(45,289.75)			(1,255,670.80)
Interest paid on bonds	(39,256,075.00)	(6,458,445.00)	(1,182,752.50)		(46,897,272.50)
Principal paid on bonds	(37,845,000.00)	(6,785,000.00)	(4,570,000.00)		(49,200,000.00)
Payments to make loans	(184,681,841.09)	(45,832,640.56)		(19,668,536.10)	(250,183,017.75)
Cash transfers	(812,641.60)		(1,528,078.72)	2,340,720.32	-
Net cash used in non capital financing activities:	(190,076,469.46)	(32,753,107.56)	(7,280,831.22)	(6,984,979.07)	(237,095,387.31)
Investing activities:					
Investment interest	5,914,687.58	505,086.99	140,903.86	182,533.32	6,743,211.75
Arbitrage payments to the IRS	(1,103,140.48)	(43,229.25)			(1,146,369.73)
Purchases of investments	(26,985,405.39)	(9,994,594.59)			(36,979,999.98)
Proceeds from sale & maturities	22,918,090.00	4,973,685.10			27,891,775.10
Net cash provided (used) in investing activities	744,231.71	(4,559,051.75)	140,903.86	182,533.32	(3,491,382.86)
Net decrease in cash and cash equivalents	(84,996,954.67)	(8,773,868.64)	(412,533.00)	(881,272.69)	(95,064,629.00)
Cash and cash equivalents::					
Beginning of year	189,944,870.75	19,131,103.04	1,517,609.08	24,219,119.96	234,812,702.83
End of year	\$ 104,947,916.08	\$ 10,357,234.40	\$ 1,105,076.08	\$ 23,337,847.27	\$ 139,748,073.83
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income	2,969,863.09	3,599,405.19	23,500.89	1,274,157.58	7,866,926.75
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Principal received on loans	73,170,600.95	20,285,993.78	5,794,178.65	5,373,688.08	104,624,461.46
Interest paid on bonds	39,256,075.00	6,458,445.00	1,182,752.50		46,897,272.50
Investment earnings	(5,914,687.58)	(505,086.99)	(140,903.86)	(182,533.32)	(6,743,211.75)
Arbitrage payments to the IRS	1,103,140.48	43,229.25			1,146,369.73
Net change, investment fair value	(1,112,384.11)	(534,843.76)			(1,647,227.87)
Net amortizations	(1,294,083.27)	(429,846.24)	(4,162.81)		(1,728,092.32)
Changes in assets and liabilities:					
Accrued revenues	(832,037.00)	(229,269.00)	52,943.00	8,552,942.53	7,544,579.53
Accrued expenses	(3,011,204.48)	(149,736.56)	(180,914.01)	(9,097,081.81)	(12,438,936.86)
Cancel receivable to general fund					-
Net cash provided in operating activities	\$ 104,335,283.08	\$ 28,538,290.67	\$ 6,727,394.36	\$ 5,921,173.06	\$ 145,522,141.17

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Statement of Cash Flows
for the Year Ended June 30, 2009

	Revenue Bond Funds				
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	Totals
Operating activities:					
Interest received on loans	\$ 28,154,637.52	\$ 7,843,295.81	\$ 1,018,911.73	\$ 3,121,162.91	\$ 40,138,007.97
Principal received on loans	62,139,317.47	16,121,351.94	7,522,221.88	4,538,084.83	90,320,976.12
Federal grants - operating				3,512,841.00	3,512,841.00
State appropriations, and fees				22,240,434.45	22,240,434.45
Payments to employees				(2,195,881.23)	(2,195,881.23)
Payments to vendors				(863,760.40)	(863,760.40)
Payments to grantees				(22,409,116.50)	(22,409,116.50)
Payments to sub-recipients				(6,024,346.73)	(6,024,346.73)
Net cash provided in operating activities	90,293,954.99	23,964,647.75	8,541,133.61	1,919,418.33	124,719,154.68
Non capital financing activities:					
Capital contributions - federal	12,507,165.00	10,653,580.00			23,160,745.00
Capital contributions - state	24,000,000.00	1,012,895.44		3,845,280.71	28,858,176.15
Proceeds from sale of bonds					-
Deposits to refunding escrow					-
Payments for bond issuance costs	(2,436.67)				(2,436.67)
Interest paid on bonds	(41,740,425.00)	(6,719,045.00)	(1,456,729.86)		(49,916,199.86)
Principal paid on bonds	(47,190,000.00)	(6,190,000.00)	(5,770,000.00)		(59,150,000.00)
Payments to make loans	(134,264,389.66)	(39,188,010.74)	(4,321,349.41)	(8,422,137.57)	(186,195,887.38)
Cash transfers	(2,442,772.90)		(1,614,608.09)	4,057,380.99	-
Net cash used in non capital financing activities:	(189,132,859.23)	(40,430,580.30)	(13,162,687.36)	(519,475.87)	(243,245,602.76)
Investing activities:					
Investment interest	14,740,611.73	1,597,476.95	208,902.03	497,067.13	17,044,057.84
Arbitrage payments to the IRS					-
Purchases of investments	(485,915.00)	(162,909.25)			(648,824.25)
Proceeds from sale & maturities	49,920,829.87	1,789,875.00			51,710,704.87
Net cash provided in investing activities	64,175,526.60	3,224,442.70	208,902.03	497,067.13	68,105,938.46
Net increase (decrease) in cash and cash equivalents	(34,663,377.64)	(13,241,489.85)	(4,412,651.72)	1,897,009.59	(50,420,509.62)
Cash and cash equivalents::					
Beginning of year	224,608,248.39	32,372,592.89	5,930,260.80	22,322,110.37	285,233,212.45
End of year	\$ 189,944,870.75	\$ 19,131,103.04	\$ 1,517,609.08	\$ 24,219,119.96	\$ 234,812,702.83
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	2,840,288.74	3,417,180.42	(92,625.78)	(2,827,421.46)	3,337,421.92
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Principal received on loans	62,139,317.47	16,121,351.94	7,522,221.88	4,538,084.83	90,320,976.12
Interest paid on bonds	41,740,425.00	6,719,045.00	1,456,729.86		49,916,199.86
Investment earnings	(14,740,611.73)	(1,597,476.95)	(208,902.03)	(497,067.13)	(17,044,057.84)
Arbitrage payments to the IRS					-
Net change, investment fair value	(185,983.87)	(88,964.20)			(274,948.07)
Net amortizations	(1,847,474.36)	(456,056.88)	(17,829.19)		(2,321,360.43)
Changes in assets and liabilities:					
Accrued revenues	470,083.00	(181,226.00)	(10,287.00)	(10,286,586.74)	(10,008,016.74)
Accrued expenses	(122,089.26)	30,794.42	(108,174.13)	10,926,392.83	10,726,923.86
Cancel receivable to general fund				66,016.00	66,016.00
Net cash provided in operating activities	\$ 90,293,954.99	\$ 23,964,647.75	\$ 8,541,133.61	\$ 1,919,418.33	\$ 124,719,154.68

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Notes to the Financial Statements
Years Ended June 30, 2010 and 2009

1. *Summary of Significant Accounting Policies*

The financial statements of the Minnesota Public Facilities Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The Authority has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Descriptions of the significant accounting policies follow:

Reporting Entity - The Minnesota Public Facilities Authority (the Authority) was created in 1987 by the State of Minnesota under Minnesota Statutes, Chapter 446A (the Act). Under the Act, the members of the Authority include the Commissioner of Employment and Economic Development, the Commissioner of Finance, the Commissioner of the Minnesota Pollution Control Agency (MPCA), the Commissioner of Agriculture, the Commissioner of Health, and the Commissioner of Transportation. The Commissioner of Employment and Economic Development serves as chair and chief executive officer of the Authority. These members serve as a result of their respective positions as commissioners, and their terms as members of the Authority coincide with their terms as commissioners. Pursuant to state law, commissioners may delegate and have delegated their duties as a member of the Authority in the event that the commissioner is unable to attend a meeting of the Authority.

The Minnesota Department of Employment and Economic Development (DEED) provides administrative support services to the Authority. The MPCA and the Minnesota Department of Health also provide staff to administer, in cooperation with the Authority, certain programs of the Authority.

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, states that a primary government that appoints a voting majority of the organization's governing body, and either (1) is able to impose its will on the organization or (2) has the potential to receive specific financial burdens imposed on it by the organization, is financially accountable to that organization. Based on this criterion, the Authority is considered a discretely presented component unit of the State of Minnesota and is included in its basic financial statements.

The Authority is authorized to issue bonds. These bonds do not constitute a debt of the State of Minnesota or any agency or political subdivision thereof (other than the Authority).

Basis of Accounting – The Authority is a special-purpose government engaged only in business-type activities. The Authority has determined that all of its funds shall be classified as enterprise funds and are therefore accounted for on the proprietary fund-type basis. All assets and liabilities (whether current or non current) associated with their activity are included on their statements of net assets. Proprietary fund measurement is focused upon determination of net income, financial position, and cash flows. The Authority's proprietary funds are used to account for operations (a) that are financed

and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Fund Accounting – As a governmental entity the Authority organizes its accounts on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. All of the Authority's funds are classified as proprietary funds. The Authority reports the following major proprietary funds:

- *Clean Water Bond Fund (CWBF)* - The Authority receives federal capitalization grants under Title VI of the Federal Clean Water Act, and state matching grants. These funds are leveraged with proceeds from the Authority's pooled Clean Water revenue bonds to provide below-market-rate loans to municipalities and eligible political subdivisions to facilitate the construction of wastewater treatment facilities. Before the Authority can approve any particular loan, the MCPA must certify the applicant's project based on technical and environmental reviews.
- *Drinking Water Bond Fund (DWBF)* - The Authority receives federal capitalization grants under Section 1452 of the Safe Drinking Water Act and state matching grants. These funds are leveraged with proceeds from the Authority's pooled Drinking Water revenue bonds to provide below-market-rate loans to municipalities to finance costs of drinking water system infrastructure. Before the Authority can approve any particular loan, the Minnesota Department of Health must certify the applicants' projects based on technical and environmental reviews.
- *Transportation Bond Fund (TBF)* - This program was initiated with a federal grant from the U.S. Department of Transportation to the Minnesota Department of Transportation (MnDOT) and state matching grants. The Authority administers the TBF, which provides loans to municipalities and eligible political subdivisions for construction of highways, bridges, and streets, and for purchasing transit capital. MnDOT must certify applicants' projects based on MnDOT's design standards. Four closed, stand alone series of revenue bonds have been issued.
- *Other Fund* - In addition to the pledged bond funds, the Authority manages various legislative appropriations for similar purposes. One of the programs included in the Other Fund is the Wastewater Infrastructure Funding Program (WIF). The Authority receives appropriations from the Minnesota Legislature to fund the program, and in conjunction with any particular loan from the CWBF or financing from the U.S. Department of Agriculture's Rural Development Office, WIF Supplemental Assistance grants are given to eligible municipalities with high-cost wastewater projects. The Other Fund also includes the accounts and activities related to management of the State Revolving Fund programs.

Federal Grants and State Appropriations - The Authority receives federal capitalization grants from the Environmental Protection Agency and, through MnDOT, the Authority has received federal

highway money. This money is used primarily for funding of loans and has also been used as security on bonds, and a portion may be expended for administrative and other set-aside costs. The Authority also receives state appropriations as match to the federal grants and for other Authority loan and grant programs. These federal and state monies are recognized in the financial statements when the associated expenditure obligations have met the eligibility requirement. When used to capitalize the revolving loan funds they are recorded as capital contributions; when used for administrative costs or grants they are recorded as operating revenue.

Cash Equivalents - The Authority considers all investments with an original maturity when purchased of three months or less to be cash equivalents.

Loans Receivable - Loans receivable are carried at their unpaid principal balances, net of any allowances for loan losses. The allowances for loan losses are established based on management's evaluation of the loan portfolio. Generally, the Authority does not provide an allowance for loan losses as the loans are secured by the borrowers' general obligation and revenue pledges.

Investments - The Authority reports investments at fair value in the statement of net assets with changes in the fair value of investments reported in the statement of revenues, expenses, and changes in fund net assets. Fair value of investments was determined based on quoted market prices as of the reporting date. Guaranteed investment contracts of the Authority are contracts purchased from life insurance companies who guarantee the principal and return, and allow money to be withdrawn if needed. The Authority's guaranteed investment contracts are considered nonparticipating and, as such, are reported at cost. The Authority believes it has the ability and intent to hold all investments to maturity to recover the full carrying value of its investment portfolio and does not expect to realize any gain or loss from the market value adjustments as shown in the various funds.

Bond Discounts, Premiums, and Issuance Costs - Bond discounts, premiums, and issuance costs are amortized using the effective interest method over the term of the bond series.

Income Taxes - The Authority is an agency of the State of Minnesota and is exempt from federal and state income taxes.

Restrictions on Net Assets – The use of assets held within each separate bond fund is restricted by the terms and conditions of that fund's bond resolutions. All assets of the Authority, including those not restricted by bond resolutions, are limited in their use by state and federal laws under which the funds were appropriated and / or grant conditions imposed by the federal funding agency. The net assets in the Authority's administrative accounts are reported as unrestricted because they are used for general operating activities.

Defining Operating Revenues and Expenses and Operating Cash Flows - The Authority issues revenue bonds to leverage the capital contributions it receives from federal capitalization grants and state matching grants. These funds are then used to make below-market-rate loans to municipalities and to pay for certain costs of issuance. Investment interest and loan repayments generate the cash flow required to make debt service payments on the bonds. Interest from loans and investment income are included as part of operating revenues and interest expense on bonds is included in operating expenses.

Use of Estimates - The presentation of financial statements in accordance 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 expenses during the reporting period. Actual results could differ from those estimates.

Certain Risks and Uncertainties - The Authority invests in various securities including U.S. government securities, and guaranteed investment contracts. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Reclassification of Certain Revenues - Certain revenues on the statement of revenues, expenses and changes in fund net assets for the year ended June 30, 2009, have been reclassified, with no effect on the change in net assets, to be consistent with the presentation for the year ended June 30, 2010.

2. *Deposits, Investments, and Securities Lending Collateral Transactions*

Deposits – The Authority’s investment policy requires it to follow state statutes. Cash deposits of the Authority are invested in a state pool and the pooled balances are insured or collateralized in accordance with Minnesota State Statutes. At June 30, 2010 and 2009, \$138,186,166 and \$232,983,382, respectively, of cash deposits were interest-bearing and \$1,561,908 and \$1,829,321 respectively, of cash deposits were non interest-bearing.

Investments - The Authority’s investment policy limits investments to those permitted by the bond resolutions and the Authority Act. They are composed primarily of notes and bills of the U.S. Government and its agencies and guaranteed investment contracts. Information regarding the Authority’s investments is provided below to give an indication of the risk level assumed at year-end.

Interest Rate Risk - The Authority does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Authority will not be able to recover the value of its investments that are in the possession of another party. The Authority requires for all securities purchased that the securities are at all times insured, registered in the Authority’s name or in the possession of the Authority.

Credit Risk - Excluding U.S. Government backed securities, the Authority's investments at June 30, 2010 and 2009 carried the following ratings by the three nationally recognized statistical rating organizations shown:

Investment type	Standard & Poors	Fitch Ratings	Moody's Investors Service
Federal Home Loan Bank	AAA	AAA	Aaa
Federal Farm Credit Banks	AAA	AAA	Aaa
Federal National Mortgage Association	AAA	AAA	Aaa
Federal Home Loan Mortgage Corporation	AAA	AAA	Aaa
State & Municipal Securities	AAA	AAA	Aaa
Guaranteed Investment Contracts	not rated ¹		

¹ The Guaranteed Investment Contracts are not rated but are backed by U.S. Government securities.

Concentration of Credit Risk: For the investments held by the Authority at June 30, 2010 and 2009, state law places no limits on the amount that may be invested in any one issuer. The Authority’s investment policy does not limit the amount invested in any one issuer. Excluding U.S. Government backed securities, more than 5% of the Authority's investments are in the following issuers:

Concentration of Credit risk:	June 30, 2010		June 30, 2009	
Issuer	Fair Value	% of Investments	Fair Value	% of Investments
Federal Farm Credit Banks	\$ 55,063,553	50%	\$ 16,475,052	17%
Federal Home Loan Mortgage Corporation	17,161,275	16%	16,756,250	17%
Federal National Mortgage Association	13,796,874	13%	37,014,348	37%
Guaranteed Investment Contracts:Societe Generale	11,225,760	10%	11,225,760	11%
Federal Home Loan Banks	6,670,125	6%	11,773,498	12%

At June 30, 2010, the Authority had the following investments:

Investment type	Fair Value	Investment Maturities (in Years)				WAM ¹
		less than 1	1 to 5	6 to 10	more than 10	
U.S. Treasury SLGS	\$ 1,896,741	\$ -	\$ -	\$ 1,896,741	\$ -	6.66
Federal Home Loan Banks	6,670,125		6,670,125			1.37
Federal Farm Credit Banks	55,063,553	9,987,993	3,275,640	2,996,170	38,803,750	10.98
Federal National Mortgage Association	13,796,874		13,796,874			2.24
Federal Home Loan Mortgage Corporation	17,161,275		10,884,400	6,276,875		3.99
Guaranteed Investment Contracts	14,491,260		11,225,760	3,265,500		3.01
State & municipal securities	770,992				770,992	15.41
<u>totals</u>	<u>\$ 109,850,820</u>	<u>\$ 9,987,993</u>	<u>\$ 45,852,799</u>	<u>\$ 14,435,286</u>	<u>\$ 39,574,742</u>	<u>7.12</u>

At June 30, 2009, the Authority had the following investments:

Investment type	Fair Value	Investment Maturities (in Years)				WAM ¹
		less than 1	1 to 5	6 to 10	more than 10	
U.S. Treasury SLGS	\$ 1,896,741	\$ -	\$ -	\$ 1,896,741	\$ -	7.66
Federal Home Loan Banks	11,773,498	4,987,201	6,786,297			1.49
Federal Farm Credit Banks	16,475,052		13,654,445	2,820,607		3.01
Federal National Mortgage Association	37,014,348	23,294,630	13,719,718			1.29
Federal Home Loan Mortgage Corporation	16,756,250		10,775,000	5,981,250		4.99
Guaranteed Investment Contracts	14,491,260		11,225,760	3,265,500		4.01
State & municipal securities	708,218				708,218	16.41
<u>totals</u>	<u>\$ 99,115,367</u>	<u>\$ 28,281,831</u>	<u>\$ 56,161,220</u>	<u>\$ 13,964,098</u>	<u>\$ 708,218</u>	<u>2.85</u>

¹ WAM: weighted average maturity in years based on par amount.

Securities Lending Collateral Transactions – State statutes do not prohibit the State from participating in securities lending transactions. To enhance the return on investments, the State has, by way of a Custodial Trust Agreement, authorized Wells Fargo Bank, Minnesota, N.A. (Wells Fargo) to act as agent in lending the State’s securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2009, Wells Fargo lent, on behalf of the State, certain securities held by Wells Fargo as custodian and received cash (United States currency) and securities issued or guaranteed by the United States government, and irrevocable bank letters of credit as collateral. Wells Fargo did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than one hundred percent (100%) of the fair value of the loaned securities, plus accrued interest.

In the event a borrower fails to return a loaned security or fails to pay distributions thereon, Wells Fargo protects the State by purchasing replacement securities or returning the cash collateral. There were no such failures by any borrower to return loaned securities or to pay distributions thereon during the fiscal years. Moreover, there were no losses during the fiscal years resulting from a default of the borrowers or Wells Fargo.

The State and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in the separately managed funds of the SBI.

During fiscal year 2009, trading activity was light and had ceased entirely prior to June 30, 2009. No securities lending income, or securities lending rebate and fees, are reported for the Authority during fiscal year 2009 or 2010.

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3. Loans Receivable

Loans receivable at June 30, 2010 and 2009 consisted of the following:

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2010	2009
Clean Water Bond Fund:						
Aitkin, City of-01st	10/15/97	02/20/18	2.240%	\$ 525,000	\$ 238,371	\$ 265,290
Aitkin, City of-02nd	07/15/03	08/20/23	1.000%	1,009,719	777,000	828,000
Albany, City of	04/21/03	02/20/22	3.490%	1,296,061	922,000	983,000
Albertville, City of	10/19/93	08/20/14	3.320%	1,454,514	414,239	498,318
Alborn Township	07/07/08	08/20/20	1.000%	280,571	225,364	233,935
Alexandria Lake Area Service Region	08/13/07	08/20/27	1.240%	4,968,093	4,564,784	4,598,363
Alvarado, City of	10/16/98	02/20/20	1.000%	677,980	355,813	389,488
Annandale, City of	08/17/07	08/20/26	2.220%	16,036,613	15,636,000	15,229,063
Appleton, City of	07/13/06	08/20/25	1.070%	1,331,574	1,211,000	1,281,574
Aurora, City of	06/24/08	08/20/27	1.277%	2,700,000	2,545,388	1,903,164
Avon, City of	11/18/02	08/20/22	1.820%	7,943,904	5,420,724	5,743,957
Bagley, City of	07/01/98	08/20/19	1.000%	1,654,075	816,010	897,638
Barnesville, City of	07/31/06	08/20/25	1.560%	4,137,640	3,747,000	3,952,000
Battle Lake, City of	06/18/03	08/20/22	1.000%	1,698,073	1,274,000	1,365,000
Baxter, City of	07/24/91	02/20/12	3.530%	875,607	112,202	167,988
Beaver Creek, City of	09/23/94	08/20/15	3.600%	103,102	35,782	41,575
Belle Plaine, City of	01/27/03	08/20/22	1.990%	10,565,764	7,621,000	8,130,764
Benson, City of	07/26/04	08/20/24	1.980%	4,296,201	3,519,000	3,719,000
Bethel, City of	04/17/91	08/20/12	3.030%	396,153	-	-
Big Lake, City of	09/24/09	08/20/29	2.414%	13,470,120	4,573,268	-
Bird Island, City of	11/13/06	08/20/26	1.000%	4,194,000	4,178,000	4,184,000
Blue Earth, City of-01st	03/30/00	08/20/20	1.290%	3,290,170	2,003,000	2,171,000
Blue Earth, City of-02nd	07/03/07	08/20/26	1.400%	716,592	692,592	706,153
Blue Earth, City of-03rd	07/20/09	08/20/29	2.603%	741,656	299,989	-
Brainerd, City of-01st	03/12/08	08/20/17	2.230%	1,965,098	1,607,000	1,789,000
Brainerd, City of-02nd	06/24/09	08/20/28	3.233%	28,800,000	21,972,974	-
Breckenridge, City of	07/22/08	08/20/27	2.802%	1,530,402	1,333,472	1,011,125
Brooten, City of	08/27/07	08/20/27	1.000%	1,892,040	1,800,330	1,853,943
Browerville, City of-01st	03/06/90	08/20/11	2.420%	552,000	51,217	84,354
Browerville, City of-02nd	09/25/92	03/20/93	0.840%	250,000	-	-
Browerville, City of-03rd	11/19/04	08/20/24	1.000%	493,048	390,685	416,685
Brownnton, City of	01/06/10	08/20/30	1.000%	849,990	289,471	-
Buffalo Lake, City of	01/26/98	02/20/19	2.750%	615,750	316,549	347,438
Caledonia, City of	02/07/94	02/20/15	3.440%	606,675	191,167	225,642
Cambridge, City of-01st	10/16/92	02/20/14	3.090%	10,477,205	2,592,080	3,191,927
Cambridge, City of-02nd	08/17/95	08/20/16	3.450%	247,227	-	-
Cannon Falls, City of-01st	06/27/01	08/20/21	3.070%	4,529,000	3,209,000	3,428,000
Cannon Falls, City of-02nd	11/20/01	08/20/22	2.860%	8,021,909	5,804,909	6,168,909
Canosia Township-01st	09/10/99	08/20/20	1.290%	2,517,810	1,465,000	1,588,000
Canosia Township-02nd	06/11/01	08/20/20	1.290%	207,000	18,314	79,386
Canosia Township-03rd	03/11/02	08/20/20	1.290%	138,000	-	-
Carver, City of	02/16/00	08/20/19	2.860%	1,188,000	696,000	755,000
Cass County	06/23/97	02/20/19	1.130%	1,366,190	711,245	785,912
Cass Lake, City of	02/14/94	02/20/15	1.940%	276,364	78,951	93,853
Cedar Lake Area WSSDB-01st	07/26/01	08/20/21	1.570%	3,225,000	1,741,542	1,924,703
Cedar Lake Area WSSDB-02nd	07/11/02	08/20/21	1.570%	275,097	-	-
Chandler, City of	09/24/02	08/20/23	1.000%	1,348,589	980,490	1,045,490

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Clean Water Bond Fund (continued):						
Chisago Lakes JSTC-01st	11/01/04	08/20/24	2.230%	13,506,690	9,051,371	9,550,518
Chisago Lakes JSTC-02nd	07/20/06	08/20/25	1.000%	3,917,643	3,414,000	3,611,326
Chisholm, City of-01st	05/17/94	02/20/15	3.820%	2,150,644	698,382	822,891
Chisholm, City of-02nd	03/01/10	08/20/25	1.366%	353,454	-	-
Clara City, City of	08/19/97	08/20/18	2.740%	2,138,045	849,555	937,270
Clear Lake, City of-01st	07/30/97	02/20/19	3.080%	223,506	117,466	128,639
Clear Lake, City of-02nd	01/12/09	08/20/28	1.153%	2,295,425	1,882,348	1,684,586
Clear Lake, City of-03rd	08/03/09	08/20/39	1.000%	95,301	53,495	-
Clearwater, City of-01st	07/23/97	02/20/19	2.080%	1,654,550	829,259	912,226
Clearwater, City of-02nd	11/18/08	08/20/27	1.697%	9,294,059	7,674,470	6,881,783
Clearwater, City of-03rd	11/03/09	08/20/29	1.000%	142,167	10,000	-
Cokato, City of	10/26/94	02/20/16	3.320%	2,760,000	1,025,695	1,177,795
Cold Spring, City of	02/24/04	08/20/23	2.490%	7,802,416	5,232,000	5,541,416
Cologne, City of	01/03/97	02/20/18	3.320%	1,538,699	720,500	800,100
Comfrey, City of	06/23/10	08/20/39	1.000%	675,130	-	-
Cottonwood Township-01st	03/12/99	08/20/20	1.290%	391,546	226,707	245,707
Cottonwood Township-02nd	09/22/99	08/20/20	1.290%	140,296	83,000	90,000
Cottonwood, City of	05/03/04	08/20/24	2.230%	895,920	737,000	778,000
Courtland, City of	05/22/98	08/20/19	1.540%	889,935	456,785	501,108
Cross Lake Area WSSD	07/09/97	02/20/19	2.880%	2,035,802	1,060,584	1,162,450
Dassel, City of	07/30/02	08/20/22	1.380%	1,610,153	1,155,000	1,236,000
Dawson, City of	08/10/04	08/20/24	1.730%	1,788,670	1,460,000	1,545,000
Dayton, City of	08/16/00	08/20/21	3.250%	986,395	432,000	461,000
Delano, City of-01st	05/24/95	08/20/16	4.620%	2,480,000	1,062,847	1,200,281
Delano, City of-02nd	10/16/98	02/20/20	2.980%	1,150,000	659,229	715,075
Delano, City of-03rd	07/22/03	08/20/22	2.090%	11,054,217	8,465,000	9,027,000
Detroit Lakes, City of-01st	09/10/93	08/20/14	2.820%	2,552,820	682,116	822,374
Detroit Lakes, City of-02nd	12/19/95	02/20/17	2.930%	3,754,889	1,566,897	1,765,816
Dilworth, City of	03/22/00	08/20/20	3.070%	1,849,510	1,178,000	1,267,000
Dover Eyota Saint Charles SD	05/30/02	08/20/21	3.293%	1,573,871	1,117,000	1,192,000
Duluth, City of-01st	07/24/02	08/20/18	1.000%	364,195	229,000	253,000
Duluth, City of-02nd	10/17/03	08/20/18	1.340%	1,179,115	795,000	878,000
Duluth, City of-03rd	06/11/07	08/20/22	1.150%	1,973,033	1,903,000	1,973,033
Duluth, City of-04th	06/17/09	08/20/24	1.969%	796,835	97,614	-
Duluth, City of-05th	12/10/09	08/20/24	2.017%	2,414,150	1,258,676	-
Duluth/NSSD-01st	02/04/00	08/20/20	3.520%	225,000	-	-
Duluth/NSSD-02nd	11/30/00	08/20/21	3.830%	300,000	-	-
Duluth/NSSD-03rd	07/01/02	08/20/23	1.630%	7,952,500	5,726,058	6,223,000
Duluth/NSSD-04th	03/08/04	08/20/23	1.000%	1,328,050	-	-
Dundas, City of-01st	03/21/97	02/20/18	2.880%	927,469	435,375	483,131
Dundas, City of-02nd	03/21/97	08/20/99	1.980%	825,000	-	-
East Grand Forks, City of	09/17/08	08/20/28	2.687%	4,012,598	3,673,396	2,137,173
East Gull Lake, City of-01st	10/23/91	02/20/13	3.640%	2,226,861	441,881	579,735
East Gull Lake, City of-02nd	08/03/04	08/20/24	1.000%	6,416,500	5,270,000	5,594,000
Eden Valley, City of	10/13/09	08/20/29	1.744%	660,457	576,706	-
Elbow Lake, City of	07/07/09	08/20/39	1.993%	219,302	72,715	-
Ely, City of	01/02/01	08/20/21	1.070%	4,699,982	1,692,000	1,823,000
Elysian, City of	07/31/97	08/20/18	2.130%	1,163,536	555,162	614,144
Evansville, City of	12/11/97	02/20/19	1.250%	673,073	323,486	357,244
Eveleth, City of-01st	06/12/92	02/20/13	4.730%	500,000	106,863	139,281
Eveleth, City of-02nd	09/14/04	08/20/24	1.340%	3,522,034	2,852,000	3,023,000

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Clean Water Bond Fund (continued):						
Eveleth, City of-03rd	11/10/05	08/20/24	1.340%	34,182	21,000	23,266
Fairfax, City of	08/18/95	08/20/16	2.950%	1,506,773	587,904	668,825
Fairmont, City of	05/25/04	08/20/24	1.730%	13,248,347	10,784,000	11,409,000
Faribault, City of	07/28/09	08/20/29	2.550%	24,086,798	2,936,092	-
Farmington, City of	04/04/95	08/20/16	4.630%	764,377	325,961	368,069
Fayal Township-01st	09/22/99	08/20/20	2.110%	4,851,756	2,897,000	3,129,000
Fayal Township-02nd	06/22/01	08/20/21	1.570%	341,468	190,000	204,000
Fayal Township-03rd	10/04/01	08/20/20	2.110%	855,267	442,000	477,000
Fergus Falls, City of-01st	11/22/94	02/20/16	3.920%	3,100,000	-	-
Fergus Falls, City of-02nd	10/07/96	02/20/17	3.740%	450,000	196,391	220,521
Foley, City of	07/21/94	08/20/15	3.320%	1,080,000	370,794	431,302
Forest Prairie Township	04/12/01	08/20/21	1.800%	711,095	466,000	501,000
Fountain, City of	08/06/09	08/20/29	1.303%	1,034,122	963,009	-
Garfield, City of-01st	05/09/97	02/20/18	3.080%	100,000	47,404	52,559
Garfield, City of-02nd	06/29/98	08/20/19	1.040%	450,489	221,843	243,951
Garrison, Kathio, WMLL SSD-01st	01/09/01	08/20/21	1.620%	500,000	320,000	344,000
Garrison, Kathio, WMLL SSD-02nd	06/04/07	08/20/26	1.000%	6,530,900	5,641,112	5,505,264
Glyndon, City of-01st	08/14/91	02/20/13	3.640%	671,323	124,038	162,638
Good Thunder, City of	10/15/99	08/20/19	1.290%	1,010,545	589,000	644,000
Goodhue County	04/29/97	02/20/18	1.580%	141,175	61,801	68,993
Grand Lake Township-01st	09/02/99	08/20/20	1.290%	1,131,190	657,000	712,000
Grand Lake Township-02nd	05/29/01	08/20/20	1.290%	93,000	25,506	50,271
Grand Lake Township-03rd	02/19/02	08/20/20	1.290%	62,000	-	-
Grand Rapids, City of	11/10/09	08/20/29	2.900%	28,509,779	16,527,192	-
Granite Falls, City of	12/20/95	08/20/06	3.180%	200,000	-	-
Grey Eagle, City of	02/03/97	02/20/18	1.220%	410,000	132,216	147,868
Hackensack, City of	11/21/97	02/20/18	1.250%	287,844	122,785	137,294
Hancock, City of	06/29/93	02/20/14	2.210%	367,116	86,748	107,296
Hanover, City of	08/18/99	08/20/20	2.290%	1,909,275	1,017,380	1,101,369
Harmony, City of-01st	02/25/93	02/20/14	3.340%	1,216,700	302,921	374,876
Harmony, City of-02nd	05/13/04	08/20/23	1.000%	625,465	475,000	507,000
Harris, City of	12/11/06	08/20/26	1.000%	5,375,403	4,905,239	4,952,634
Hawley, City of-01st	07/12/06	08/20/25	1.060%	1,010,111	907,000	959,000
Hawley, City of-02nd	06/17/08	08/20/27	2.293%	132,955	127,955	114,091
Hector, City of	12/14/94	02/20/16	3.920%	1,914,260	733,956	840,741
Henderson, City of	08/27/07	08/20/27	1.490%	3,713,099	3,622,000	3,699,895
Hendrum, City of-01st	11/15/07	08/20/27	2.279%	220,661	207,000	215,441
Hendrum, City of-02nd	07/31/08	08/20/27	1.530%	320,703	238,755	253,458
Henning, City of	09/15/92	02/20/14	0.389%	606,500	125,216	156,183
Hewitt, City of-01st	09/05/90	02/20/11	0.000%	75,000	3,500	7,250
Hewitt, City of-02nd	12/04/91	08/20/12	0.000%	335,000	41,875	58,625
Hibbing, City of	12/16/02	08/20/22	1.740%	9,847,450	7,156,000	7,643,000
Hinckley, City of-01st	09/25/92	02/20/14	2.090%	1,850,839	188,840	233,647
Hinckley, City of-02nd	07/28/99	08/20/20	2.110%	2,435,641	1,452,000	1,568,000
Hoffman, City of	10/02/97	02/20/19	1.990%	263,440	131,502	144,719
Howard Lake, City of	06/09/09	08/20/28	1.076%	3,998,476	2,864,816	-
Hudson Township	05/02/07	08/20/27	1.000%	3,025,426	2,850,060	2,973,426
Hutchinson, City of	06/26/07	08/20/26	2.150%	13,696,602	13,321,002	13,696,602
Ida Township	03/28/01	08/20/21	1.980%	7,536,190	4,133,000	4,543,000
Isanti, City of	09/18/96	08/20/17	2.630%	4,682,145	1,810,258	2,025,986
Jasper, City of	08/25/95	08/20/16	2.440%	778,200	295,305	336,745

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Clean Water Bond Fund (continued):						
Jordan, City of	05/30/00	08/20/21	2.290%	6,850,120	4,558,000	4,885,000
Kandiyohi County-01st	09/22/99	08/20/20	2.250%	7,188,360	4,488,000	4,844,000
Kandiyohi County-02nd	11/30/00	08/20/21	2.250%	3,648,450	2,425,000	2,599,000
Kandiyohi County-03rd	10/10/01	08/20/21	2.140%	651,000	431,000	462,000
Kandiyohi County-04th	10/17/06	08/20/26	1.000%	3,761,876	3,400,000	3,583,000
Kandiyohi, City of	07/20/09	08/20/29	1.000%	541,212	50,000	-
Kasson, City of	08/17/01	08/20/21	3.070%	7,632,919	5,305,000	5,666,000
Knife River Larsmont SSD	10/25/05	08/20/25	1.310%	882,212	752,212	794,212
Koochiching County	08/09/05	08/20/25	1.000%	4,816,795	3,719,018	3,846,386
Lake Benton, City of	11/21/91	08/20/12	2.660%	169,000	26,297	36,347
Lake City, City of-01st	08/25/93	08/20/14	3.740%	1,442,000	423,078	507,896
Lake City, City of-02nd	11/24/96	02/20/17	3.320%	1,500,000	640,106	720,092
Lake City, City of-03rd	08/18/99	08/20/20	2.860%	1,226,667	742,000	799,000
Lake City, City of-04th	09/30/02	08/20/23	2.990%	4,800,000	3,683,000	3,892,000
Lake Crystal, City of	10/30/03	08/20/23	2.340%	1,571,616	1,231,000	1,305,000
Lake Lillian, City of	02/13/07	08/20/26	1.000%	257,200	207,016	220,016
Lake Mary Township-01st	05/05/98	08/20/19	1.540%	2,120,212	723,584	816,126
Lake Mary Township-02nd	09/11/00	08/20/20	1.360%	377,951	159,000	173,861
Lake Park, City of	11/14/03	08/20/23	1.590%	424,520	315,520	335,520
Lake Shore, City of	04/22/91	02/20/12	3.420%	504,690	66,331	97,985
Lake Washington SD	06/23/04	08/20/24	1.480%	6,490,000	4,657,752	5,030,614
Lakefield, City of	05/03/96	08/20/17	2.630%	1,143,940	500,032	559,623
Laketown Township	08/12/98	08/20/19	1.790%	1,020,000	301,000	330,115
Landfall, City of	01/26/94	02/20/15	1.940%	1,088,007	312,468	371,437
Lanesboro, City of	08/15/96	08/20/17	2.680%	492,733	215,802	241,475
Le Center, City of-01st	07/01/94	08/20/15	2.960%	2,315,710	777,099	905,490
Le Center, City of-02nd	08/10/04	08/20/24	1.980%	2,595,136	2,122,286	2,242,286
Le Sueur, City of	08/27/07	08/20/27	1.000%	16,353,395	15,589,194	16,026,557
Leota SD	08/10/99	08/20/19	1.000%	256,598	140,000	153,000
Lester Prairie, City of	07/10/06	08/20/25	1.560%	4,387,680	4,018,000	4,237,480
Lewiston, City of	07/17/01	08/20/21	2.320%	1,630,000	1,126,000	1,207,000
Lismore, City of	08/07/95	02/20/16	2.070%	550,000	189,365	218,713
Litchfield, City of-01st	12/27/01	08/20/22	2.680%	10,963,561	7,904,000	8,407,000
Litchfield, City of-02nd	09/01/09	08/20/29	2.652%	7,086,048	1,623,313	-
Little Falls, City of-01st	02/03/03	08/20/22	1.240%	4,248,645	3,048,000	3,263,000
Little Falls, City of-02nd	07/11/05	08/20/22	1.240%	1,998,468	1,565,000	1,675,468
Little Falls, City of-03rd	07/11/05	08/20/22	1.240%	631,555	470,000	502,642
Long Prairie, City of	06/24/02	08/20/23	2.170%	3,500,000	-	-
Lonsdale, City of	11/03/03	08/20/23	2.340%	6,644,792	5,200,792	5,511,792
Mabel, City of	08/13/03	08/20/23	1.090%	1,562,875	1,186,000	1,264,000
Madelia, City of-01st	01/25/93	02/20/14	2.010%	2,415,000	563,051	696,944
Madelia, City of-02nd	11/14/06	08/20/26	1.000%	4,732,813	4,400,000	4,636,000
Madison Lake, City of-01st	11/01/95	02/20/17	0.000%	301,512	105,529	120,605
Madison Lake, City of-02nd	06/01/09	08/20/29	1.883%	320,500	240,322	-
Mahnomen, City of	08/07/08	08/20/27	1.786%	718,929	686,467	667,137
Mankato, City of-01st	05/21/98	08/20/19	3.070%	24,682,000	13,594,286	14,809,545
Mankato, City of-02nd	11/09/00	08/20/19	3.070%	678,000	405,000	439,000
Mankato, City of-03rd	06/13/09	08/20/29	1.882%	1,194,071	1,070,750	-
Martin County	08/11/09	08/20/29	1.000%	695,250	558,053	-
Mayer, City of	01/14/00	08/20/20	2.570%	689,274	429,000	463,000
Medford, City of	08/02/07	08/20/26	2.240%	1,355,197	1,315,197	1,284,544

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Clean Water Bond Fund (continued):						
Metropolitan Council-01st	07/12/89	02/20/09	5.382%	40,000,000	-	-
Metropolitan Council-02nd	08/08/90	02/20/10	6.054%	65,000,000	-	-
Metropolitan Council-03rd	06/11/91	08/20/12	5.316%	37,300,000	-	-
Metropolitan Council-04th	06/11/91	08/20/12	6.420%	27,700,000	-	-
Metropolitan Council-05th	05/04/92	08/20/13	4.862%	40,000,000	-	-
Metropolitan Council-06th	07/20/93	02/20/14	4.710%	20,000,000	-	-
Metropolitan Council-07th	11/28/94	08/20/15	4.440%	40,000,000	-	-
Metropolitan Council-08th	09/30/96	08/20/16	3.824%	40,000,000	-	19,450,000
Metropolitan Council-09th	10/03/97	08/20/17	3.405%	40,000,000	24,050,000	25,050,000
Metropolitan Council-10th	12/31/98	08/20/19	3.140%	60,000,000	41,310,000	43,070,000
Metropolitan Council-11th	07/27/00	08/20/20	3.757%	60,000,000	47,030,000	48,280,000
Metropolitan Council-12th	11/14/01	08/20/21	3.543%	75,000,000	59,000,000	61,500,000
Metropolitan Council-13th	12/20/02	02/20/22	3.383%	100,000,000	80,675,000	84,500,000
Metropolitan Council-14th	11/26/03	08/20/23	3.090%	100,000,000	87,500,000	88,500,000
Metropolitan Council-15th	10/31/03	02/20/16	0.000%	0	1,272,018	1,760,669
Metropolitan Council-16th	10/20/04	02/20/25	2.536%	50,000,000	37,000,000	38,900,000
Metropolitan Council-17th	11/10/05	02/20/25	2.840%	40,000,000	35,400,000	36,000,000
Metropolitan Council-18th	09/13/06	08/20/26	2.730%	50,000,000	44,500,000	46,000,000
Metropolitan Council-19th	10/11/07	08/20/27	3.181%	80,000,000	79,450,000	79,950,000
Metropolitan Council-20th	08/31/09	08/20/29	2.449%	30,588,750	21,287,495	-
Metropolitan Council-21st	09/22/09	08/20/29	2.830%	49,411,250	29,613,752	-
Montevideo, City of	06/17/09	08/20/29	2.890%	10,379,466	7,065,041	-
Montgomery, City of	02/05/03	08/20/22	1.000%	8,507,628	5,977,998	6,406,998
Monticello, City of	03/13/97	08/20/18	4.080%	14,700,000	-	-
Montrose, City of-01st	08/04/89	08/20/09	3.470%	1,310,000	-	-
Montrose, City of-02nd	08/27/02	08/20/22	2.740%	4,209,000	3,159,000	3,359,000
Montrose, City of-03rd	02/21/03	08/20/22	2.740%	1,566,000	1,159,000	1,232,000
Moorhead, City of-01st	09/23/94	02/20/15	4.100%	2,478,112	811,826	955,342
Moorhead, City of-02nd	05/23/95	08/20/16	4.100%	1,601,443	665,503	753,185
Moorhead, City of-03rd	09/29/97	02/20/18	3.290%	426,290	203,463	225,361
Moorhead, City of-04th	05/06/02	08/20/22	3.130%	3,389,288	2,465,000	2,617,000
Moorhead, City of-05th	06/21/04	08/20/23	1.980%	6,598,073	5,158,099	5,475,099
Moorhead, City of-06th	07/18/07	08/20/26	1.990%	12,442,715	11,836,222	11,529,767
Moose Lake, City of-01st	10/13/94	08/20/15	2.920%	2,250,000	753,676	878,260
Moose Lake, City of-02nd	02/25/97	08/20/15	2.845%	175,813	61,978	72,249
Moose Lake, City of-03nd	01/14/09	08/20/28	1.139%	2,962,416	2,927,000	1,434,869
Moose Lake, City of-04th	04/14/10	08/20/29	1.000%	4,260,248	223,625	-
Morgan, City of-01st	09/23/93	08/20/14	2.570%	131,280	35,608	42,981
Morgan, City of-02nd	09/30/94	02/20/16	2.570%	640,309	227,316	261,930
Morris, City of	10/19/93	02/20/15	3.320%	2,146,672	673,961	796,063
Morristown, City of	11/19/98	02/20/20	1.810%	1,229,797	670,083	730,696
Mountain Iron, City of	10/20/09	08/20/29	2.248%	599,250	599,250	-
Murray County	08/25/06	08/20/26	1.010%	11,554,549	9,383,058	9,891,236
New Prague, City of	12/01/08	08/20/28	3.127%	33,136,888	31,043,102	19,130,570
New Ulm, City of-01st	06/15/95	08/20/16	4.850%	6,227,000	-	-
New Ulm, City of-02nd	06/19/07	08/20/26	2.650%	4,002,900	3,840,732	3,315,759
New York Mills, City of-01st	11/15/06	08/20/26	1.000%	3,563,645	3,287,000	3,464,325
New York Mills, City of-02nd	06/22/09	08/20/29	1.000%	130,134	92,979	-
Nicollet, City of	08/03/95	02/20/17	3.200%	1,260,000	533,984	601,064
Nisswa, City of-01st	08/10/90	02/20/12	3.670%	2,634,561	353,856	521,931
Nisswa, City of-02nd	05/02/00	08/20/19	2.020%	288,760	165,000	180,000

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Clean Water Bond Fund (continued):						
North Branch, City of	08/05/03	08/20/23	2.340%	11,500,000	8,470,000	8,470,000
North Mankato, City of-01st	11/25/97	02/20/19	3.405%	1,032,679	551,613	603,009
North Mankato, City of-02nd	09/30/99	08/20/19	3.140%	442,988	261,000	283,000
Northfield, City of	05/02/00	08/20/21	3.040%	18,390,072	12,503,000	13,356,000
Oak Grove, City of	04/01/10	08/20/29	1.694%	490,429	490,429	-
Olivia, City of	09/26/97	02/20/19	3.490%	1,122,092	599,438	655,319
Ortonville, City of	05/05/08	08/20/27	2.290%	553,407	446,429	470,429
Park Rapids, City of-01st	08/23/95	02/20/17	3.200%	11,203,311	4,747,766	5,344,215
Park Rapids, City of-02nd	12/31/97	02/20/17	3.200%	1,205,000	513,124	577,586
Pelican Rapids, City of-01st	11/04/92	02/20/03	3.450%	86,315	-	-
Pelican Rapids, City of-02nd	10/13/08	08/20/27	1.257%	6,152,869	5,352,829	2,839,151
Pemberton, City of	02/03/97	02/20/18	1.580%	372,136	162,989	181,958
Pillager, City of	11/21/91	02/20/13	2.530%	500,000	91,825	120,958
Pine Island, City of	07/14/92	08/20/13	3.480%	2,254,355	476,903	615,627
Pipestone, City of	09/04/97	08/20/07	1.990%	301,247	-	-
Plainview-Elgin SSD	08/27/90	02/20/12	3.920%	1,401,104	-	-
Plato, City of-01st	04/20/99	08/20/19	1.290%	107,025	57,000	62,000
Plato, City of-02nd	03/27/00	08/20/21	1.860%	857,047	550,000	590,000
Pokegama Township	06/26/96	08/20/17	2.630%	2,416,802	-	79,936
Princeton, City of	03/13/95	08/20/16	3.880%	4,254,663	-	-
Proctor, City of	07/26/07	08/20/22	1.240%	104,119	93,000	99,000
Ramsey Washington MWD-01st	06/13/97	08/20/17	3.824%	540,835	252,103	280,624
Ramsey Washington MWD-02nd	09/24/98	08/20/18	3.340%	711,431	366,733	403,477
Red Wing, City of-01st	12/20/96	08/20/17	3.824%	750,000	346,966	386,550
Red Wing, City of-02nd	12/02/97	02/20/18	3.405%	700,000	337,246	373,383
Red Wing, City of-03rd	05/22/98	08/20/18	3.340%	2,500,000	1,185,609	1,315,123
Red Wing, City of-04th	10/11/02	08/20/22	3.740%	1,494,594	1,106,000	1,171,000
Red Wing, City of-05th	08/24/04	08/20/24	2.340%	5,283,360	4,357,000	4,597,000
Redwood Falls, City of	12/11/96	08/20/17	2.490%	133,900	58,063	65,028
Renville, City of-01st	08/22/96	02/20/17	2.470%	794,818	322,936	364,715
Renville, City of-02nd	04/12/10	08/20/17	1.000%	712,962	397,387	-
Rice, City of	10/13/04	08/20/24	1.980%	1,153,293	933,000	985,673
Richmond, City of	11/01/06	08/20/26	1.000%	7,264,863	6,850,000	7,150,974
Rockford, City of	08/14/97	02/20/19	3.990%	1,694,279	883,584	965,859
Rockville, City of-01st	12/19/95	02/20/17	0.000%	869,580	304,353	347,832
Rockville, City of-02nd	04/22/04	08/20/24	1.340%	9,182,090	6,665,327	7,097,268
Rogers, City of-01st	08/03/92	08/20/13	3.200%	1,023,299	228,167	288,875
Rogers, City of-02nd	12/23/94	02/20/16	4.170%	2,710,873	1,056,179	1,208,249
Rollingstone, City of	04/12/00	08/20/20	2.790%	532,035	341,000	367,000
Roseau, City of-01st	05/09/94	08/20/14	2.990%	237,000	63,056	76,504
Roseau, City of-02nd	11/01/95	02/20/17	2.950%	950,000	397,149	447,538
Rush City, City of	03/05/99	08/20/19	1.040%	4,097,542	2,157,000	2,360,000
Rushford Village, City of	05/30/96	02/20/17	3.180%	168,403	70,031	78,978
Rushford, City of	06/04/96	08/20/17	3.430%	1,101,488	502,441	560,276
Rushmore, City of	10/03/05	08/20/24	1.210%	424,101	341,000	362,000
Russell, City of	08/08/90	02/20/12	2.920%	155,450	19,851	29,379
Sacred Heart, City of	07/17/97	08/20/18	1.580%	1,441,093	668,136	741,035
Saint Augusta, City of	09/02/03	08/20/23	2.090%	4,389,732	3,277,000	3,477,000
Saint Clair, City of	09/28/98	08/20/19	1.480%	2,653,226	1,356,548	1,488,604
Saint Cloud, City of-01st	07/23/97	08/20/18	3.630%	4,812,000	2,471,230	2,715,356
Saint Cloud, City of-02nd	04/06/10	08/20/30	1.771%	43,599,900	890,564	-

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Clean Water Bond Fund (continued):						
Saint Hilaire, City of-01st	03/27/98	02/20/19	2.250%	15,641	7,062	7,765
Saint Hilaire, City of-02nd	09/29/08	08/20/28	1.058%	857,321	649,359	183,043
Saint Hilaire, City of-03rd	06/22/09	08/20/29	1.000%	25,589	25,589	-
Saint James, City of-01st	07/12/89	08/20/11	4.590%	5,704,341	-	-
Saint James, City of-02nd	06/03/10	08/20/29	1.799%	7,157,954	330,448	-
Saint Michael, City of-01st	08/07/95	08/20/16	4.200%	3,686,833	-	-
Saint Michael, City of-02nd	01/28/00	08/20/19	3.540%	586,927	352,000	381,000
Saint Michael, City of-03rd	09/19/00	08/20/21	4.660%	6,722,516	-	-
Saint Paul, City of-01st	08/23/93	08/20/14	2.570%	1,072,837	291,058	351,332
Saint Paul, City of-02nd	11/10/94	08/20/15	3.600%	600,000	209,526	243,408
Saint Paul, City of-03rd	12/20/95	08/20/16	3.200%	600,000	237,969	270,421
Saint Paul, City of-04th	06/21/96	02/20/17	2.880%	4,269,844	1,778,372	2,004,597
Saint Paul, City of-05th	01/17/97	02/20/18	3.820%	1,500,000	738,065	815,587
Saint Paul, City of-06th	01/13/98	02/20/19	3.250%	3,100,000	1,642,879	1,797,709
Saint Paul, City of-07th	02/18/99	08/20/19	2.790%	4,600,000	2,615,000	2,840,000
Saint Paul, City of-08th	09/12/00	08/20/20	3.870%	8,965,000	6,058,000	6,493,000
Saint Peter, City of-01st	12/29/00	08/20/21	2.040%	11,733,250	7,755,000	8,320,000
Saint Peter, City of-02nd	09/17/02	08/20/22	2.040%	7,260,850	3,866,000	4,123,000
Saint Peter, City of-03rd	12/15/03	08/20/22	3.480%	2,240,000	1,762,000	1,868,000
Sauk Centre, City of-01st	10/30/95	08/20/16	3.200%	1,407,000	558,138	634,237
Shafer, City of-01st	03/17/95	08/20/16	2.240%	174,000	65,190	74,416
Shafer, City of-02nd	09/24/02	08/20/23	1.630%	1,167,000	861,000	915,000
Shingobee Township	01/24/00	08/20/20	1.000%	60,240	33,000	36,000
Shorewood Park SD / Rush Lake SD	12/19/95	02/20/17	0.000%	625,000	218,750	250,000
Silver Bay, City of	09/23/94	02/20/16	2.820%	1,490,796	537,675	618,828
Silver Creek Township-01st	03/23/99	08/20/20	2.290%	1,700,000	1,027,000	1,109,000
Silver Creek Township-02nd	06/11/01	08/20/20	2.290%	350,000	-	12,000
Skyline, City of	07/12/04	08/20/24	1.000%	1,179,511	872,241	1,010,000
Spring Lake Township-01st	06/11/01	08/20/21	1.290%	1,263,000	582,000	627,000
Spring Lake Township-02nd	11/22/04	08/20/24	1.000%	1,100,000	888,000	943,000
Springsteel Island SD	09/04/07	08/20/27	1.000%	811,946	782,510	811,946
Stewart, City of	10/02/98	02/20/19	1.000%	150,000	71,210	78,735
Sturgeon Lake, City of-01st	02/21/07	08/20/26	1.000%	4,495,958	4,425,000	4,495,958
Sturgeon Lake, City of-02nd	11/07/08	02/20/26	1.142%	670,000	544,225	544,711
Thief River Falls, City of	07/16/98	08/20/19	2.790%	925,525	502,833	548,474
Tofte Schroeder SSD	01/14/02	08/20/21	2.930%	230,481	-	25,332
Tracy, City of	06/30/00	08/20/20	2.110%	1,434,769	880,000	950,000
Trimont, City of	11/17/04	08/20/24	1.000%	1,699,869	1,370,000	1,454,000
Twin Lakes Township-01st	10/25/93	02/20/15	2.070%	1,165,729	336,368	399,585
Twin Lakes Township-02nd	08/17/01	08/20/21	1.640%	286,842	186,000	200,000
Two Harbors, City of	03/11/94	02/20/15	2.440%	2,200,000	652,868	774,381
Verndale, City of-01st	07/10/97	02/20/18	1.130%	155,809	66,371	74,259
Verndale, City of-02nd	06/18/09	08/20/29	1.393%	48,111	48,111	-
Wabasha, City of	07/22/03	08/20/22	1.590%	5,866,644	4,396,000	4,698,000
Walker, City of	04/03/95	08/20/16	2.600%	2,182,510	835,061	951,537
Walnut Grove, City of	04/15/93	02/20/14	0.604%	767,041	141,986	176,938
Waseca, City of	07/10/09	08/20/29	2.627%	9,603,499	3,903,657	-
Watertown, City of	05/11/93	08/20/14	3.490%	3,300,000	950,680	1,143,039
Watkins, City of	01/03/07	08/20/25	1.270%	1,631,700	1,465,000	1,547,000
Waverly, City of	11/27/91	08/20/11	2.640%	623,933	58,479	96,202
Wells, City of	10/29/04	08/20/24	1.960%	1,560,000	1,279,000	1,352,000

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Clean Water Bond Fund (continued):						
West Concord, City of-01st	09/20/96	02/20/18	3.990%	281,777	139,674	154,247
West Concord, City of-02nd	06/10/04	08/20/24	1.000%	2,231,649	1,802,000	1,913,000
Western Lake Superior SD-01st	10/10/91	08/20/12	4.780%	5,078,000	1,082,877	1,481,467
Western Lake Superior SD-02nd	03/06/97	02/20/13	4.330%	4,400,000	1,119,337	1,461,605
Western Lake Superior SD-03rd	10/21/98	02/20/20	3.980%	4,517,000	2,697,856	2,913,684
Western Lake Superior SD-04th	09/02/99	08/20/14	3.560%	835,800	342,000	404,000
Western Lake Superior SD-05th	10/13/99	08/20/20	4.270%	21,053,000	14,086,000	15,074,000
Western Lake Superior SD-06th	10/06/00	08/20/21	4.870%	7,023,372	5,042,006	5,346,006
Western Lake Superior SD-07th	10/29/02	08/20/18	3.240%	3,149,184	2,087,000	2,284,000
Western Lake Superior SD-08th	07/17/06	08/20/21	2.820%	3,847,077	3,354,077	3,206,032
Western Lake Superior SD-09th	04/08/08	08/20/23	2.611%	2,367,407	2,219,407	2,119,001
Western Lake Superior SD-10th	06/16/09	08/20/24	2.700%	1,889,541	1,628,347	-
Wheaton, City of-01st	06/26/03	08/20/22	2.240%	2,505,000	1,838,000	1,959,000
Wheaton, City of-02nd	07/15/09	08/20/29	1.331%	1,648,000	1,383,151	-
Wheaton, City of-03rd	10/01/09	08/20/29	1.067%	900,000	863,543	-
Willmar, City of-01st	06/28/96	08/20/17	3.130%	4,300,000	1,929,891	2,155,080
Willmar, City of-02nd	09/09/08	08/20/28	3.275%	42,001,362	42,000,362	27,710,249
Willmar, City of-03rd	09/21/09	08/20/29	2.457%	1,788,716	1,240,690	-
Willmar, City of-04th	11/18/09	08/20/38	3.440%	36,238,638	18,115,204	-
Windom, City of-01st	01/26/94	02/20/14	2.440%	352,380	82,227	102,224
Windom, City of-02nd	05/17/94	08/20/15	2.710%	3,886,970	1,284,768	1,498,606
Windom, City of-03rd	12/20/95	02/20/11	2.450%	298,884	23,498	46,431
Winnebago, City of	07/12/89	09/10/90	3.840%	640,000	-	-
Woodland, City of	06/12/97	08/20/18	2.580%	698,775	297,360	328,885
Zimmerman, City of-01st	11/30/89	02/20/11	4.970%	93,000	-	-
Zimmerman, City of-02nd	08/10/90	02/20/12	3.670%	1,281,340	-	-
Zimmerman, City of-03rd	04/09/99	08/20/20	2.040%	4,173,493	2,607,000	2,817,000
Zimmerman, City of-04th	10/05/09	08/20/29	2.368%	2,500,000	1,895,050	-
Clean Water Bond Fund				2,238,662,826	1,304,701,492	1,193,190,252

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Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Drinking Water Bond Fund:						
Ada, City of-01st	06/25/04	08/20/23	1.090%	2,380,000	1,804,000	1,923,000
Ada, City of-02nd	12/06/05	08/20/23	1.090%	264,245	219,000	233,000
Adrian, City of	10/30/98	08/20/18	3.320%	259,660	142,000	156,000
Albany, City of	05/17/06	08/20/25	1.960%	4,697,058	4,148,874	4,367,874
Alexandria, City of-01st	07/30/02	08/20/22	3.380%	1,050,117	769,000	815,000
Alexandria, City of-02nd	09/01/09	08/20/29	2.445%	3,768,480	2,625,152	-
Alvarado, City of	05/24/10	08/20/29	1.000%	662,133	310,737	-
Annandale, City of	01/13/04	08/20/23	2.819%	3,273,194	2,474,000	2,617,000
Argyle, City of	09/30/98	08/20/19	2.570%	229,655	132,000	143,000
Arlington, City of	02/21/03	08/20/17	2.990%	110,000	66,000	73,000
Askov, City of	09/30/98	08/20/19	1.000%	479,781	248,000	272,000
Avon, City of	10/08/03	08/20/23	2.840%	666,554	402,287	431,199
Babbitt, City of	08/29/01	08/20/21	2.820%	1,316,806	890,000	952,000
Backus, City of	07/14/08	08/20/27	2.270%	164,195	128,995	135,190
Bagley, City of	08/10/04	08/20/23	1.730%	1,074,120	824,120	876,120
Barnum, City of	10/28/09	08/20/29	1.325%	841,135	74,553	-
Battle Lake, City of	06/18/03	08/20/22	1.490%	1,377,006	997,000	1,066,000
Baudette, City of-01st	11/09/04	08/20/24	2.460%	337,729	271,000	286,000
Baudette, City of-02nd	09/17/09	08/20/29	1.925%	750,760	282,247	-
Beaver Bay, City of	07/29/08	08/20/27	1.061%	922,425	826,233	869,658
Becker County	09/22/03	08/20/22	1.680%	135,430	98,000	105,000
Big Lake, City of	11/04/04	08/20/24	2.530%	9,111,996	7,161,996	7,530,062
Bird Island, City of	11/09/09	08/20/29	1.000%	150,632	94,462	-
Blue Earth, City of-01st	09/05/06	08/20/26	2.570%	305,456	271,000	284,000
Blue Earth, City of-02nd	03/19/07	08/20/26	2.400%	1,174,600	1,093,000	1,145,000
Braham, City of-01st	03/25/04	08/20/23	1.590%	1,468,370	1,122,000	1,193,000
Braham, City of-02nd	04/06/10	08/20/29	1.000%	1,015,970	507,310	-
Breitung Township-01st	11/01/01	08/20/21	2.070%	94,177	62,000	66,000
Breitung Township-02nd	12/16/02	08/20/22	2.490%	117,500	84,000	89,000
Brooten, City of	12/05/00	08/20/20	3.410%	373,401	235,000	252,000
Browerville, City of-01st	10/21/98	08/20/18	2.040%	213,876	111,000	122,000
Browerville, City of-02nd	06/10/10	08/20/29	1.000%	385,244	-	-
Brownton, City of	11/03/99	08/20/19	2.980%	188,100	112,000	121,000
Buffalo Lake, City of	08/18/99	08/20/19	2.540%	754,776	432,000	469,000
Butterfield, City of	02/11/02	08/20/21	2.070%	246,972	161,000	173,000
Callaway, City of	07/11/06	08/20/25	1.310%	375,811	321,000	339,000
Cambridge, City of	09/17/01	08/20/21	4.050%	2,080,000	1,461,000	1,554,000
Canby, City of-01st	11/10/98	08/20/18	1.790%	2,020,499	1,038,000	1,143,000
Cannon Falls, City of	06/27/01	08/20/21	4.070%	5,331,000	3,747,000	3,986,000
Carlton, City of	05/01/07	08/20/26	1.490%	1,567,709	1,447,000	1,521,000
Carver, City of	12/15/03	08/20/23	2.819%	2,522,966	1,892,000	2,001,669
Cass Lake, City of	05/20/03	08/20/22	1.990%	626,693	465,000	496,000
Chokio, City of	01/26/06	08/20/25	1.310%	750,000	594,658	630,658
Clara City, City of	11/13/01	08/20/21	2.320%	2,472,224	1,632,000	1,749,000
Clearwater, City of-01st	11/23/02	08/20/22	2.130%	667,320	466,000	497,000
Clearwater, City of-02nd	07/22/03	08/20/22	2.680%	183,957	136,000	145,000
Cloquet, City of	10/08/02	08/20/22	3.380%	1,913,773	1,390,768	1,474,768
Cokato, City of-01st	06/14/00	08/20/15	3.910%	613,137	318,000	364,000
Cokato, City of-02nd	01/13/04	08/20/23	3.180%	4,410,593	3,383,000	3,573,000
Cold Spring, City of	12/18/98	08/20/08	3.540%	489,000	-	-
Coleraine, City of	12/12/02	08/20/22	2.380%	1,572,375	1,119,000	1,192,000

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Drinking Water Bond Fund (continued):						
Comfrey, City of	10/16/98	08/20/18	2.040%	149,107	77,000	85,000
Cosmos, City of-01st	06/15/05	08/20/24	1.720%	912,706	740,706	783,706
Cosmos, City of-02nd	05/09/08	08/20/27	1.092%	550,000	489,299	476,542
Cosmos, City of-03rd	10/15/09	08/20/29	1.000%	243,200	210,183	-
Cromwell, City of	04/12/99	08/20/19	1.000%	62,361	35,000	38,000
Dalton, City of-01st	04/14/03	08/20/22	2.680%	118,819	85,000	90,000
Dalton, City of-02nd	08/27/08	08/20/27	1.112%	115,950	111,000	115,950
Dassel, City of-01st	07/02/99	08/20/19	2.040%	1,768,142	1,010,000	1,100,000
Dassel, City of-02nd	10/06/08	08/20/28	1.016%	1,238,014	1,107,443	886,723
Dassel, City of-03rd	07/09/09	08/20/29	1.283%	352,662	326,744	-
Dawson, City of	09/20/02	08/20/22	3.320%	914,497	667,000	708,000
Dayton, City of-01st	08/16/00	08/20/20	3.750%	2,269,906	1,474,000	1,581,000
Dayton, City of-02nd	04/19/10	08/20/29	1.654%	771,000	698,267	-
Deer River, City of-01st	10/29/02	08/20/22	1.630%	303,062	210,000	224,000
Deer River, City of-02nd	08/10/09	08/20/29	1.000%	50,193	50,193	-
Detroit Lakes, City of	01/13/10	08/20/29	2.186%	2,100,745	1,596,179	-
Dover, City of	12/11/00	08/20/20	3.410%	464,776	296,000	318,000
Duluth, City of-01st	07/31/03	08/20/18	2.819%	970,000	639,000	701,000
Duluth, City of-02nd	07/02/04	08/20/18	2.530%	1,971,532	1,289,000	1,415,000
Duluth, City of-03rd	10/28/09	08/20/19	1.077%	1,698,450	1,294,285	-
Dumont, City of	05/05/10	08/20/39	1.000%	230,202	157,283	-
Eagle Bend, City of	08/17/09	08/20/28	1.850%	296,036	284,288	-
East Bethel, City of	02/17/10	08/20/29	1.000%	74,601	36,340	-
Eden Valley, City of-01st	08/21/00	08/20/20	3.160%	1,881,057	1,191,000	1,281,000
Eden Valley, City of-02nd	06/27/01	08/20/21	2.320%	644,890	427,000	458,000
Eden Valley, City of-03rd	10/13/09	08/20/29	1.000%	286,461	251,502	-
Edgerton, City of	07/11/02	08/20/22	3.380%	395,035	286,000	303,000
Elbow Lake, City of	07/07/09	08/20/39	1.567%	167,982	65,323	-
Elizabeth, City of	07/17/07	08/20/26	1.000%	627,450	578,000	609,000
Ellendale, City of-01st	08/28/06	08/20/26	1.570%	1,628,000	1,460,000	1,534,000
Ellendale, City of-02nd	06/26/08	08/20/27	1.000%	1,113,204	1,057,696	1,007,667
Ely, City of	12/13/00	08/20/20	3.410%	1,177,302	751,000	807,000
Elysian, City of	09/18/03	08/20/23	1.990%	478,520	357,000	379,000
Evansville, City of	10/03/06	08/20/26	1.760%	131,203	116,000	122,000
Eveleth, City of	09/26/07	08/20/27	2.400%	2,086,370	1,916,089	1,996,037
Fairfax, City of	08/06/99	08/20/19	2.040%	1,265,806	720,000	785,000
Fertile, City of	01/27/03	08/20/22	1.130%	1,087,739	736,000	788,000
Finlayson, City of	11/28/00	08/20/20	1.910%	211,828	128,000	138,000
Fisher, City of	09/07/04	08/20/24	1.000%	2,077,920	1,595,000	1,693,000
Fosston, City of	07/11/05	08/20/24	1.470%	1,454,455	1,178,231	1,248,231
Frost, City of	01/09/06	08/20/25	1.310%	378,126	317,000	335,000
Fulda, City of	07/30/98	08/20/18	2.320%	503,117	254,000	279,000
Gilbert, City of	04/30/03	08/20/23	2.880%	157,764	120,000	127,000
Glenwood, City of-01st	05/30/00	08/20/19	1.980%	1,081,126	639,000	696,000
Glenwood, City of-02nd	11/09/04	08/20/24	2.210%	675,000	537,000	567,000
Glyndon, City of	10/29/02	08/20/22	2.380%	867,071	607,071	647,071
Goodview, City of	09/22/08	08/20/28	2.627%	4,277,500	4,098,817	3,769,985
Grand Marais, City of-01st	04/27/99	08/20/19	2.560%	484,112	283,000	308,000
Grand Marais, City of-02nd	08/11/04	02/20/24	2.530%	812,229	620,000	657,000
Grand Rapids, City of	01/03/00	08/20/19	3.040%	1,079,657	638,000	692,000
Greenbush, City of	11/19/09	08/20/39	1.005%	2,887,928	1,459,111	-

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Drinking Water Bond Fund (continued):						
Grove City, City of	07/08/08	08/20/27	1.258%	1,400,120	1,288,149	1,108,576
Hamburg, City of-01st	07/22/03	08/20/22	2.490%	225,640	166,000	177,000
Hamburg, City of-02nd	07/27/04	08/20/24	2.340%	950,709	750,000	791,000
Harris, City of-01st	10/26/99	08/20/19	3.290%	142,000	85,000	92,000
Harris, City of-02nd	08/29/06	08/20/26	2.320%	1,333,450	1,190,000	1,247,000
Hawley, City of-01st	06/27/01	08/20/21	3.320%	660,000	449,000	479,000
Hawley, City of-02nd	07/10/06	08/20/25	1.560%	2,565,987	2,215,000	2,336,000
Hawley, City of-03rd	06/17/08	08/20/27	1.290%	150,011	142,011	126,727
Henning, City of	12/06/05	08/20/25	1.000%	539,404	450,000	476,000
Hibbing, City of	07/19/01	08/20/20	3.050%	1,434,777	940,000	1,011,000
Hinckley, City of-01st	11/17/00	08/20/20	4.160%	542,777	354,000	379,000
Hinckley, City of-02nd	10/05/01	08/20/21	2.820%	1,367,480	917,000	980,000
Hitterdal, City of	03/13/06	08/20/25	1.810%	157,957	136,000	143,000
Hoffman, City of-01st	08/14/04	08/20/24	1.480%	833,461	645,000	683,000
Hoffman, City of-02nd	07/06/09	08/20/29	1.384%	112,000	60,076	-
Howard Lake, City of	10/13/99	08/20/19	3.060%	287,662	171,000	186,000
Hutchinson, City of-01st	08/01/05	08/20/24	2.530%	5,696,371	3,030,371	4,968,371
Hutchinson, City of-02nd	08/07/06	08/20/25	2.629%	12,216,000	10,881,000	11,423,000
Ironton, City of	07/27/04	08/20/23	1.090%	405,300	307,300	327,300
Isanti, City of-01st	07/10/07	08/20/26	2.630%	965,000	890,000	931,000
Isanti, City of-02nd	10/07/08	08/20/28	3.042%	5,506,200	4,875,227	3,982,137
Jordan, City of-01st	11/05/98	08/20/18	3.540%	307,917	171,000	187,000
Jordan, City of-02nd	06/30/03	08/20/23	2.819%	1,052,939	799,000	845,000
Kandiyohi County-01st	08/18/99	08/20/19	3.540%	4,446,000	2,689,000	2,910,000
Kandiyohi County-02nd	12/29/99	08/20/19	3.540%	2,262,450	1,362,450	1,474,450
Kandiyohi County-03rd	11/30/00	08/20/20	3.540%	1,012,260	652,000	700,000
Kandiyohi County-04th	10/10/01	08/20/21	3.540%	233,000	159,000	170,000
Keewatin, City of	08/28/02	08/20/22	2.880%	500,000	363,000	386,000
Kenyon, City of	12/16/02	08/20/22	3.240%	224,000	78,000	88,000
Kiester, City of	10/15/01	08/20/21	3.070%	228,636	152,000	162,000
Lake Lillian, City of	09/13/06	08/20/26	1.000%	678,400	538,955	569,340
Lake Park, City of	09/08/03	08/20/23	2.090%	397,006	295,000	313,000
Lakefield, City of	09/26/02	08/20/22	2.880%	2,272,080	1,630,000	1,732,000
Lamberton, City of	08/06/99	08/20/19	1.860%	262,182	98,000	107,000
Le Center, City of-01st	08/11/06	08/20/26	1.820%	3,470,601	3,114,001	3,278,001
Le Center, City of-02nd	08/14/07	08/20/27	1.650%	511,861	511,861	511,861
Lewiston, City of-01st	12/20/99	08/20/19	3.790%	312,934	188,000	203,000
Lewiston, City of-02nd	05/29/01	08/20/20	3.820%	270,000	182,000	195,000
Lismore, City of	08/17/01	08/20/21	2.570%	174,060	117,000	125,000
Litchfield, City of-PUC	05/24/99	08/20/19	3.540%	4,092,166	2,478,000	2,682,000
Littlefork, City of	07/28/99	08/20/19	1.810%	181,277	102,000	111,000
Long Prairie, City of	04/06/01	08/20/20	3.910%	1,098,586	733,000	785,000
Loretto, City of	05/09/06	08/20/25	2.310%	761,704	678,000	713,000
Lyle, City of	06/27/00	08/20/20	3.000%	311,040	195,000	210,000
Lynd, City of	11/19/98	08/20/09	2.040%	27,325	-	-
Madison Lake, City of	05/17/10	08/20/29	1.858%	596,692	140,337	-
Mahnomen, City of	07/30/08	08/20/27	1.518%	390,054	377,000	390,054
Mankato, City of-01st	12/12/05	08/20/25	2.310%	2,309,300	1,968,300	2,069,300
Mankato, City of-02nd	04/09/07	08/20/26	2.630%	37,729,870	32,099,376	32,374,981
Maple Plain, City of	07/09/07	08/20/26	2.150%	3,600,000	3,216,767	3,329,819
Marble, City of	10/08/01	08/20/21	2.570%	128,210	85,000	91,000

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Drinking Water Bond Fund (continued):						
Mayer, City of-01st	12/21/00	08/20/20	3.910%	347,000	226,000	242,000
Mayer, City of-02nd	08/28/06	08/20/26	2.070%	2,560,768	2,271,000	2,382,000
McIntosh, City of-01st	05/31/07	08/20/26	1.900%	222,736	204,000	213,831
McIntosh, City of-02nd	10/24/07	08/20/27	1.341%	858,730	799,000	837,787
Melrose, City of-01st	01/26/99	08/20/18	3.540%	599,219	-	364,000
Melrose, City of-02nd	04/13/99	08/20/19	3.480%	2,500,000	1,514,700	1,639,700
Milaca, City of	07/19/06	08/20/26	1.070%	3,060,114	2,703,000	2,847,000
Minneapolis, City of-01st	12/16/02	08/20/22	2.819%	27,400,000	24,000,000	24,500,000
Minneapolis, City of-02nd	02/26/04	08/20/23	2.800%	25,000,000	23,250,000	23,700,000
Minneapolis, City of-03rd	03/21/05	08/20/19	2.530%	12,500,000	11,675,000	12,350,000
Minneapolis, City of-04th	12/07/06	08/20/26	2.600%	13,500,000	12,750,000	10,805,243
Minneapolis, City of-05th	12/10/09	08/20/27	2.688%	21,959,908	2,005,333	-
Minneapolis, City of-06th	03/02/10	08/20/21	1.000%	7,055,000	4,932,911	-
Minnetrasta, City of	04/05/10	08/20/24	1.189%	719,813	342,892	-
Montevideo, City of	03/27/00	08/20/20	4.250%	1,658,080	1,084,000	1,160,000
Montgomery, City of-01st	09/18/03	08/20/23	3.180%	642,162	496,000	524,000
Montgomery, City of-02nd	05/24/04	08/20/23	2.840%	358,044	283,044	299,044
Montrose, City of	01/11/10	08/20/29	1.619%	426,000	410,068	-
Morgan, City of	06/21/99	08/20/19	2.480%	481,289	282,000	307,000
Morris, City of	10/26/99	08/20/19	2.540%	1,251,423	725,000	788,000
Mountain Lake, City of	09/16/03	08/20/23	1.430%	2,985,751	2,188,000	2,328,000
Nashwauk, City of	06/08/99	08/20/19	1.980%	966,092	554,000	604,000
New Auburn, City of	08/03/06	08/20/25	1.000%	1,069,002	664,000	704,098
New Hope, City of	03/22/10	08/20/29	1.703%	418,644	-	-
New Market, City of	07/02/99	08/20/19	3.040%	76,000	-	-
New Prague, City of	10/15/02	08/20/22	3.630%	2,885,942	2,101,000	2,226,000
New Richland, City of	07/15/03	08/20/22	2.740%	1,327,522	975,522	1,039,522
New York Mills, City of	06/09/09	08/20/28	1.296%	695,668	622,441	-
Nielsenville, City of	12/06/04	08/20/24	1.210%	30,563	22,000	23,840
Northome, City of	03/04/04	08/20/23	1.730%	241,826	186,000	198,000
Onamia, City of	10/19/00	08/20/20	3.000%	420,000	265,000	285,000
Oronoco, City of	10/07/09	08/20/29	1.000%	1,508,922	918,215	-
Osakis, City of	01/14/03	08/20/22	2.920%	666,377	475,000	505,000
Ottertail, City of	01/14/03	08/20/22	1.170%	1,488,000	1,013,000	1,085,000
Park Rapids, City of	06/15/06	08/20/25	2.570%	859,259	750,000	787,509
Pelican Rapids, City of	10/13/08	08/20/28	2.351%	280,648	269,000	280,648
Perham, City of-01st	11/19/99	08/20/19	2.790%	606,790	355,000	385,000
Perham, City of-02nd	01/22/09	08/20/28	2.743%	2,464,073	2,328,789	608,766
Pine River, City of	09/20/02	08/20/22	1.630%	167,260	115,000	123,000
Plainview, City of	06/15/06	08/20/21	2.630%	807,893	679,000	727,000
Princeton, City of-PUC-01st	09/08/99	08/20/19	3.290%	670,000	402,000	436,000
Princeton, City of-PUC-02nd	06/10/04	08/20/23	2.530%	847,422	678,000	718,000
Red Lake Falls, City of	09/30/09	08/20/39	1.000%	360,901	301,783	-
Red Wing, City of	04/12/04	08/20/23	2.819%	15,283,450	11,994,000	12,685,000
Redwood Falls, City of	10/22/09	08/20/39	2.936%	6,526,070	756,614	-
Remer, City of	06/25/09	08/20/39	1.982%	79,748	71,879	-
Renville, City of	08/23/04	08/20/24	1.980%	266,453	210,000	222,000
Rock County Rural Water District-0	09/30/99	08/20/19	1.790%	1,460,000	821,000	895,000
Rock County Rural Water District-0	04/03/07	08/20/26	1.020%	533,000	491,000	517,000
Rothsay, City of	11/04/03	08/20/23	1.990%	378,740	283,000	300,000
Royalton, City of	09/27/99	08/20/19	1.000%	458,452	242,000	265,000

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Drinking Water Bond Fund (continued):						
Rush City, City of	03/05/99	08/20/18	1.540%	3,889,693	1,982,000	2,186,000
Rushford, City of-01st	09/10/99	08/20/19	3.040%	765,000	450,000	488,000
Rushford, City of-02nd	05/15/08	08/20/27	1.352%	1,212,760	1,203,000	1,212,760
Rushford, City of-03rd	06/29/10	08/20/29	1.000%	1,450,000	-	-
Sabin, City of	07/19/05	08/20/24	2.720%	871,267	717,267	755,267
Saint Augusta, City of	07/14/03	08/20/22	2.819%	1,849,591	1,400,000	1,488,000
Saint Bonifacius, City of	02/17/10	08/20/29	1.709%	693,965	428,381	-
Saint Clair, City of	08/20/07	08/20/26	1.900%	1,362,000	1,147,721	1,209,721
Saint Cloud, City of-01st	03/01/04	08/20/23	2.590%	1,381,672	1,082,672	1,146,672
Saint Cloud, City of-02nd	01/05/05	08/20/24	2.530%	2,527,278	2,039,350	2,150,350
Saint Cloud, City of-03rd	05/08/09	08/20/28	2.481%	7,015,400	5,905,504	4,026,817
Saint Francis, City of	12/18/07	08/20/27	2.563%	9,372,000	8,728,660	8,899,123
Saint James, City of-01st	01/08/02	08/20/21	3.570%	2,230,000	1,540,000	1,641,000
Saint James, City of-02nd	05/19/10	08/20/29	2.104%	1,095,747	624,315	-
Saint Paul, City of	11/05/98	12/01/18	3.480%	16,500,000	7,395,000	8,305,000
Saint Peter, City of-01st	03/12/09	08/20/28	2.482%	1,509,483	1,298,323	636,415
Saint Peter, City of-02nd	08/28/09	08/20/29	2.745%	16,731,458	8,359,585	-
Saint Peter, City of-03rd	03/29/10	08/20/29	1.710%	896,750	24,429	-
Sandstone, City of	07/28/99	08/20/19	2.110%	401,331	230,000	249,900
Sauk Centre, City of	11/05/98	08/20/18	3.540%	2,121,231	1,179,000	1,289,000
Savage, City of	08/06/99	08/20/19	3.620%	8,984,395	5,440,395	5,885,395
Sebekka, City of	10/15/02	08/20/22	1.130%	262,242	180,942	193,942
Silver Bay, City of-01st	11/19/98	08/20/18	2.560%	642,000	342,000	375,000
Silver Bay, City of-02nd	06/04/07	08/20/26	1.650%	726,450	673,000	707,000
Sleepy Eye, City of	08/11/09	08/20/29	2.550%	3,792,000	2,410,657	-
South Saint Paul, City of	02/16/10	08/20/29	1.709%	2,801,051	1,936,766	-
Spring Lake Park, City of	07/08/03	08/20/23	2.819%	3,846,216	2,875,000	3,041,000
Staples, City of	03/24/03	08/20/22	1.490%	1,400,000	1,003,000	1,072,000
Stewart, City of	08/08/05	08/20/24	2.220%	719,342	592,000	625,000
Sturgeon Lake, City of-01st	03/10/05	08/20/24	1.220%	2,476,541	2,007,541	2,128,541
Sturgeon Lake, City of-02nd	03/02/06	08/20/24	1.220%	250,000	209,165	222,165
Swanville, City of	07/07/09	08/20/29	1.544%	647,312	647,312	-
Taylors Falls, City of	08/28/07	08/20/26	1.150%	1,015,254	1,003,323	1,004,323
Thomson, City of	09/08/03	08/20/23	2.680%	105,104	49,000	52,000
Tower, City of	01/20/00	08/20/19	1.860%	892,659	500,000	545,000
Tracy, City of	06/30/00	08/20/20	4.160%	141,355	-	88,000
Trosky, City of	11/03/99	08/20/19	3.290%	131,670	78,000	84,000
Two Harbors, City of-01st	06/30/99	08/20/19	3.040%	835,000	497,000	539,000
Two Harbors, City of-02nd	12/21/09	08/20/29	2.528%	2,387,496	-	-
Two Harbors, City of-03rd	05/11/10	08/20/29	1.665%	2,262,255	-	-
Underwood, City of	11/13/01	08/20/21	2.570%	660,878	428,000	458,000
Utica, City of	09/19/01	08/20/21	2.070%	173,000	114,000	122,000
Verndale, City of-01st	12/18/98	08/20/18	1.310%	75,572	36,000	40,000
Verndale, City of-02nd	06/18/09	08/20/29	2.056%	190,933	190,933	-
Virginia, City of	11/08/99	08/20/19	3.040%	6,127,973	3,636,000	3,943,000
Wadena, City of	07/30/02	08/20/22	2.670%	2,617,891	1,882,000	2,002,000
Walker, City of	08/18/99	08/20/19	1.810%	1,877,758	1,055,000	1,151,000
Wanamingo, City of	08/29/01	08/20/21	1.810%	1,660,000	1,087,000	1,167,000
Watertown, City of	12/27/01	08/20/21	3.570%	2,456,978	1,697,000	1,808,000
West Concord, City of	10/09/03	08/20/23	2.819%	234,105	179,000	189,000
Windom, City of-01st	03/12/99	08/20/18	2.570%	3,151,838	1,204,440	1,845,000

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009
Drinking Water Bond Fund (continued):						
Windom, City of-02nd	06/28/99	08/20/19	2.290%	1,319,714	761,000	828,000
Winnebago, City of	09/19/00	08/20/20	2.160%	1,910,364	1,167,000	1,260,000
Winsted, City of	03/06/06	08/20/25	2.560%	573,926	501,000	526,000
Wrenshall, City of	01/21/10	08/20/29	1.000%	420,000	117,741	-
Wykoff, City of-01st	05/10/04	08/20/23	2.340%	278,806	218,000	231,000
Wykoff, City of-02nd	05/14/07	08/20/26	1.400%	470,195	432,000	454,000
Zimmerman, City of	01/08/07	08/20/26	2.520%	2,009,068	1,786,000	1,869,184
Drinking Water Bond Fund				527,173,000	372,335,238	346,788,591
Transportation Bond Fund:						
Transportation Bond Fund Series 1999A:						
Metropolitan Council-1999A	03/12/99	02/15/20	2.710%	21,025,000	3,620,000	5,105,000
Transportation Bond Fund Series 2001:						
Benton County	10/23/01	08/20/11	2.150%	469,000	103,000	152,000
Mazeppa, City of	10/26/99	08/20/14	2.480%	535,000	206,000	244,000
Newport, City of	11/28/01	08/20/15	1.390%	1,625,600	712,000	825,000
Ramsey County-01st	05/04/01	08/20/30	3.590%	6,872,000	5,712,000	5,897,000
Ramsey County-02nd	05/04/01	08/20/30	3.590%	-	-	-
Richfield, City of	09/17/01	02/20/07	2.000%	6,700,000	-	-
Robbinsdale, City of	10/23/01	08/20/12	2.290%	927,843	319,000	421,000
Rochester, City of	11/14/01	08/20/21	2.830%	2,500,000	1,729,000	1,849,000
Waite Park, City of	06/27/01	08/20/21	3.190%	2,100,000	1,414,000	1,509,000
Woodbury, City of-01st	06/28/01	08/20/17	2.700%	13,049,400	5,037,090	6,224,114
Transportation Bond Fund Series 2001				34,778,843	15,232,090	17,121,114
Transportation Bond Fund Series 2006A:						
Stearns County	12/12/06	02/20/20	2.346%	10,240,155	5,665,000	7,240,155
Transportation Bond Fund Series 2008A:						
Metropolitan Council-2008A	01/24/08	02/15/18	1.794%	10,000,000	7,160,000	8,005,000

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Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2010	2009

Other Fund:

Transportation Revolving Loan Fund Direct Loans:

Big Lake, City of	03/10/10	08/20/29	1.726%	2,465,000	-	-
East Grand Forks, City of	11/06/08	08/20/38	3.645%	3,467,000	1,497,089	-
Elk River, City of	07/07/08	08/20/13	1.311%	2,431,500	1,877,756	396,552
Hubbard County	09/25/07	08/20/18	2.477%	1,780,163	1,461,163	1,475,267
Jeffers, City of	04/12/10	08/20/29	1.660%	329,687	-	-
Mn Dept of Transportation-01st	04/18/00	12/01/10	3.490%	15,000,000	696,320	2,463,349
Mn Dept of Transportation-02nd	01/02/02	12/01/16	2.550%	24,200,000	12,428,558	14,038,219
Mn Dept of Transportation-03rd	07/14/05	12/01/06	1.160%	3,900,000	-	-
Mn Dept of Transportation-04th	11/19/06	12/01/21	2.210%	3,030,150	2,252,035	2,414,671
Mn Dept of Transportation-05th	01/29/09	12/01/28	2.600%	3,100,837	2,950,112	548,515
Mn Dept of Transportation-06th	12/04/08	12/01/28	3.229%	2,325,000	2,240,817	-
Mn Dept of Transportation-07th	12/04/08	12/01/28	3.230%	1,200,000	807,786	-
Pennington County	08/29/01	08/20/21	3.140%	1,731,285	1,149,000	1,227,000
Pine County-01st	05/29/01	08/20/16	3.000%	1,434,459	633,000	713,000
Pine County-02nd	03/15/02	08/20/05	1.810%	17,145	-	-
Rochester, City of	11/05/08	08/20/28	3.415%	2,500,000	2,414,000	2,500,000
Woodbury, City of-02nd	06/28/01	08/20/15	2.690%	4,589,700	1,755,000	2,365,000
Transportation Revolving Loan Fund Direct Loans				73,501,925	32,162,635	28,141,572

Wastewater Infrastructure (WIF) Loans:

Alborn Township	07/07/08	02/20/40	0.000%	480,000	446,321	323,400
Alexandria Lake Area Service Region	08/13/07	08/20/30	0.000%	842,770	842,770	842,770
Brooten, City of	08/27/07	02/20/32	0.000%	419,503	419,503	298,863
Chisago Lakes JSTC-02nd	07/20/06	02/20/27	0.000%	364,683	236,319	236,319
Hudson Township	05/02/07	08/20/30	0.000%	513,315	513,315	513,315
Kandiyohi County-04th	10/17/06	08/20/32	0.000%	1,208,124	1,208,124	1,208,124
Litchfield, City of-02nd	09/01/09	08/20/42	0.000%	6,000,000	5,637,079	-
Madelia, City of-02nd	11/14/06	02/20/27	0.000%	89,587	89,587	89,587
Moose Lake, City of-04th	04/14/10	08/20/31	0.000%	422,641	188,570	-
Murray County	08/25/06	02/20/32	0.000%	3,589,451	3,589,451	3,589,451
Renville, City of-02nd	04/12/10	08/20/37	0.000%	3,414,622	132,210	-
Richmond, City of	12/21/06	08/20/29	0.000%	1,051,299	1,051,299	915,429
Rushmore, City of	10/03/05	08/20/35	0.000%	290,876	290,876	290,876
Saint Hilaire, City of-02nd	09/29/08	02/20/35	0.000%	310,061	162,554	162,554
Sturgeon Lake, City of-01st	02/21/07	08/20/26	0.000%	2,447,828	2,447,828	2,447,828
Willmar, City of-02nd	09/09/08	02/20/30	0.000%	7,000,000	6,516,936	2,511,389
Wastewater Infrastructure (WIF) Loans				28,444,760	23,772,741	13,429,904

Small Community Wastewater Loans:

Taopi, City of	06/28/07	08/20/18	1.000%	135,411	98,735	115,788
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Special Appropriation Loans:

Stewart, City of	04/22/02	08/20/21	1.000%	1,000,000	662,000	714,000
MPFA Totals				<u>\$ 2,944,961,920</u>	<u>\$ 1,765,409,931</u>	<u>\$ 1,619,851,375</u>

(1) Henning: \$500,000 of the original principal amount amortized at -0-% with the balance amortized at 2.23%

(2) Walnut Grove: \$500,000 of the original principal amount amortized at -0-% with the balance amortized at 1.74%

Borrower concentration in the open pool bond funds:

Borrower concentration, Clean Water Bond Fund: only one borrower's loan balance exceeds ten percent of the Clean Water loan portfolio. At June 30, 2010 and 2009, the Metropolitan Council made up 45.1% and 48.0%, respectively, of the outstanding Clean Water loan balances.

Borrower concentration, Drinking Water Bond Fund: only one borrower's loan balance exceeds ten percent of the Drinking Water loan portfolio. At June 30, 2010 and 2009, the City of Minneapolis made up 21.1% and 20.6%, respectively, of the outstanding Drinking Water loan balances.

Projected loan repayments:

The tables on the following two pages show projected repayments on outstanding loans. The repayments include as yet undisbursed amounts and are net of projected fees. Repayments will differ from projected for loans that are not yet fully disbursed.

The projections include only fully executed loans (listed above). The Authority anticipates funding a significant amount of new loans from existing resources; these loans will add to future repayment streams but are not included in the following projected repayments.

All loans of the Authority are secured by the borrowers' general obligation and revenue pledges, except the DWBF loan to Saint Paul.

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Schedules of Future Loan Repayments – At June 30, 2010, scheduled loan repayments on outstanding loans are payable as follows:

Fiscal Year(s) Ending	Clean Water Bond Fund		Drinking Water Bond Fund	
	Interest	Principal	Interest	Principal
2011	29,217,497	76,670,616	8,737,410	19,864,296
2012	32,434,994	79,366,737	9,335,360	22,391,899
2013	32,193,020	82,214,218	8,776,061	22,608,000
2014	30,035,364	82,711,902	8,179,196	23,764,000
2015	27,667,150	88,723,177	7,565,018	24,413,000
2016 - 2020	97,664,798	514,318,079	27,530,109	141,484,985
2021 - 2025	36,917,438	383,700,475	11,200,224	117,584,245
2026 - 2030	8,322,261	159,449,065	1,893,712	55,061,353
2031 - 2035	1,882,288	11,243,000	314,346	1,723,000
2036 - 2040	388,896	7,982,000	87,859	1,952,476
2041 - 2045				
	<u>\$ 296,723,704</u>	<u>\$ 1,486,379,269</u>	<u>\$ 83,619,294</u>	<u>\$ 430,847,255</u>
Less: undisbursed loan commitments:		181,677,777		58,512,017
Outstanding principal:		<u><u>\$ 1,304,701,492</u></u>		<u><u>\$ 372,335,238</u></u>

Fiscal Year(s) Ending	TBF Series 1999A		TBF Series 2001	
	Interest	Principal	Interest	Principal
2011	89,342	320,000	385,171	1,963,463
2012	80,643	330,000	332,591	1,995,627
2013	71,779	335,000	302,825	1,309,000
2014	62,682	345,000	272,487	1,131,000
2015	53,319	355,000	242,184	1,125,000
2016 - 2020	116,266	1,935,000	874,917	3,612,000
2021 - 2025			471,348	2,029,000
2026 - 2030			185,020	1,695,000
2031 - 2035			-	372,000
2036 - 2040				
2041 - 2045				
	<u>\$ 474,031</u>	<u>\$ 3,620,000</u>	<u>\$ 3,066,541</u>	<u>\$ 15,232,090</u>
Less: undisbursed loan commitments:		-		-
Outstanding principal:		<u><u>\$ 3,620,000</u></u>		<u><u>\$ 15,232,090</u></u>

Scheduled future loan repayments (continued):

Fiscal Year(s) Ending	TBF Series 2006A		TBF Series 2008A	
	Interest	Principal	Interest	Principal
2011	120,468	460,000	107,670	860,000
2012	109,650	475,000	92,195	880,000
2013	98,529	485,000	76,467	895,000
2014	87,036	505,000	60,476	910,000
2015	75,283	515,000	44,021	935,000
2016 - 2020	161,615	3,225,000	37,783	2,680,000
2021 - 2025				
2026 - 2030				
2031 - 2035				
2036 - 2040				
2041 - 2045				
	<u>\$ 652,581</u>	<u>\$ 5,665,000</u>	<u>\$ 418,612</u>	<u>\$ 7,160,000</u>

Less: undisbursed loan commitments:

Outstanding principal:	<u>\$ 5,665,000</u>	<u>\$ 7,160,000</u>
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Fiscal Year(s) Ending	Other - Nonpledged		MPFA Totals	
	Interest	Principal	Interest	Principal
2011	764,126	4,374,910	39,421,683	104,513,285
2012	833,858	3,544,918	43,219,291	108,984,181
2013	741,690	3,619,541	42,260,370	111,465,759
2014	652,744	3,720,677	39,349,985	113,087,579
2015	561,169	3,315,694	36,208,144	119,381,872
2016 - 2020	1,784,174	10,190,449	128,169,661	677,445,513
2021 - 2025	1,028,575	5,546,418	49,617,584	508,860,138
2026 - 2030	453,149	19,334,937	10,854,142	235,540,356
2031 - 2035	186,442	8,177,965	2,383,076	21,515,965
2036 - 2040	39,214	3,670,276	515,969	13,604,752
2041 - 2045		1,065,000	-	1,065,000
	<u>\$ 7,045,141</u>	<u>\$ 66,560,785</u>	<u>\$ 391,999,903</u>	<u>\$ 2,015,464,399</u>

Less: undisbursed loan commitments: 9,864,673 250,054,468

Outstanding principal:	<u>\$ 56,696,112</u>	<u>\$ 1,765,409,931</u>
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4 *Bonds Payable*

Bonds payable at June 30, 2010 and 2009 consist of:

Series	Interest Rates	Date Issued	Final Maturity ¹	Original Principal	Outstanding Principal, June 30:	
					2010	2009
Clean Water						
Eleven series of bonds no longer outstanding				\$ 832,962,117	\$ -	\$ -
1998A	4.125 - 5.00	03/05/98	03/01/19	100,000,000		59,000,000.00
2001A	3.00 - 5.00	11/15/01	03/01/20	70,000,000		2,000,000.00
2002A	3.00 - 5.25	12/19/02	03/01/21	100,000,000	20,750,000.00	24,250,000.00
2004BC	3.00 - 5.25	10/21/04	03/01/24	218,000,000	84,600,000.00	200,000,000.00
2004D	3.25 - 5.00	12/02/04	03/01/16	101,000,000	91,890,000.00	101,000,000.00
2005B	3.00 - 5.00	10/20/05	03/01/21	148,375,000	147,365,000.00	147,365,000.00
2005C	5.00	12/07/05	03/01/25	134,000,000	26,500,000.00	92,500,000.00
2007A	4.00 - 5.00	07/11/07	03/01/27	90,000,000	21,250,000.00	89,500,000.00
2007B	4.00 - 5.00	10/25/07	03/01/28	80,000,000	53,400,000.00	79,950,000.00
2010A	2.00 - 5.00	04/01/10	03/01/27	310,065,000	310,065,000.00	
2010B_cw	4.25 - 5.25	04/01/10	03/01/28	20,990,000	20,990,000.00	
Clean Water bonds				2,205,392,117	776,810,000.00	795,565,000.00
Plus: Remaining unamortized net premium (discount)					73,846,304.99	37,345,324.03
Less: Unamortized portion of the amount deferred in refunding ²					(34,009,012.00)	(15,315,807.00)
Net bonds payable reflected on the statement of net assets					816,647,292.99	817,594,517.03
Drinking Water						
1999B	4.60 - 5.125	07/14/99	03/01/19	21,500,000		
2002B	2.00 - 5.25	12/19/02	03/01/21	50,000,000	10,000,000.00	12,500,000.00
2004A	2.00 - 5.00	03/04/04	03/01/24	53,000,000	47,400,000.00	48,700,000.00
2005A	2.00 - 5.00	10/20/05	03/01/25	83,365,000	76,830,000.00	79,815,000.00
2010B_dw	4.25 - 5.25	04/01/10	03/01/28	12,050,000	12,050,000.00	
Drinking Water bonds				219,915,000	146,280,000.00	141,015,000.00
Plus: Remaining unamortized net premium (discount)					3,152,996.49	3,754,568.73
Less: Unamortized portion of the amount deferred in refunding ²					(940,617.00)	(1,075,432.00)
Net bonds payable reflected on the statement of net assets					148,492,379.49	143,694,136.73
Transportation Series 1999A						
1999A	4.00 - 4.75	03/18/99	03/01/20	17,080,000	2,940,000.00	4,145,000.00
Plus: Remaining unamortized net premium (discount)					(15,081.56)	(18,151.27)
Net bonds payable reflected on the statement of net assets					2,924,918.44	4,126,848.73
Transportation Series 2001						
2001	3.50 - 5.00	12/13/01	03/01/21	20,450,000	8,865,000.00	10,150,000.00
Plus: Remaining unamortized net premium (discount)					31,749.39	59,683.84
Net bonds payable reflected on the statement of net assets					8,896,749.39	10,209,683.84
Transportation Series 2006A						
2006A	3.75 - 4.00	12/20/06	03/01/20	8,900,000	5,050,000.00	6,530,000.00
Plus: Remaining unamortized net premium (discount)					30,267.05	38,419.32
Net bonds payable reflected on the statement of net assets					5,080,267.05	6,568,419.32

Bonds payable (continued):

Series	Interest Rates	Date Issued	Final Maturity ¹	Original Principal	Outstanding Principal, June 30: 2010	2009
Transportation Series 2008A						
2008A	3.50 - 4.00	01/24/08	03/01/18	7,700,000	5,560,000.00	6,160,000.00
Plus: Remaining unamortized net premium (discount)					105,628.74	135,915.54
Net bonds payable reflected on the statement of net assets					5,665,628.74	6,295,915.54
Transportation Bond Fund				54,130,000	22,415,000.00	26,985,000.00
					152,563.62	215,867.43
					22,567,563.62	27,200,867.43
MPFA Totals						
Original and outstanding principal				2,479,437,117	945,505,000.00	963,565,000.00
Plus: Remaining unamortized net premium (discount)					77,151,865.10	41,315,760.19
Less: Unamortized portion of the amount deferred in refunding ²					(34,949,629.00)	(16,391,239.00)
Net bonds payable reflected on the statement of net assets					987,707,236.10	988,489,521.19

¹ Final maturity reflects the latest maturity currently outstanding.

² This amount is reflected on the statement of net assets as a reduction of bonds payable.

Bond Proceeds – The net bond proceeds have been used to fund loans to Minnesota municipalities for projects relating to wastewater treatment facilities, drinking water systems, and transportation. A portion of the 1998A Series was used to refund portions of the 1989A, 1991A, 1991B, and 1995A Series bonds. A portion of the 2004BC Series was used to refund portions of the 1995A, 1996B, and 1997AB Series bonds. A portion of the 2004D Series was used to refund portions of the 1998B, 2000A, 2001A, and 2002A Series bonds. A portion of the 2005A Series was used to refund portions of the 1999B and 2002B Series bonds. The 2005B Series proceeds were used to refund portions of the 1998B, 2000A, 2001A, and 2002A Series bonds. A portion of the 2005C Series was used to current refund portions of the 1996A Series bonds. A portion of the 2010A Series was used to current refund portions of the 1998A bonds, and a portion of the 2010A Series was used to advance refund portions of the 2004C, 2005C, 2007A, and 2007B bonds. For the Series 2010A refunding, the difference between the net carrying amount of the refunded bonds and the amount placed in escrow was approximately \$21.8 million. This amount has been deferred and is being amortized over the shorter of the remaining life of the refunded bonds or the life of the Series 2010A refunding bonds. The amount deferred on refunding is reflected in the financial statements as a reduction of bonds payable and is being charged to operations through the year 2027 using the effective interest method. The refunding will reduce debt service payments over the next 16.5 years by approximately \$24.8 million and obtains an economic gain (the difference between the present value of the old and new debt service payments) of approximately \$19.6 million.

Security - The bonds are secured by bond program assets and revenues as defined in the applicable basic and series bond resolutions.

Bonding Authority - The Authority's outstanding debt limit is \$1,500,000,000. The Authority bonds do not constitute a debt of the State of Minnesota or any agency or political subdivision thereof (other than the Authority). The principal amount of bonds outstanding at June 30, 2010 was \$945,505,000. Advanced and Current Refunding of Debt - The Authority has, on nine occasions to date, issued bonds the partial proceeds of which were used to defease or call certain prior debt issuances. In each case of defeasance, the Authority established an irrevocable escrow fund pursuant to an escrow agreement between the Authority, the Minnesota State Board of Investment, and an escrow agent. The escrow funds are pledged solely to the repayment of principal, premium, and interest on the

refunded bonds. Under the agreements, the refunded bonds will be called for redemption at each series' applicable optional redemption dates. As these bonds have, in effect, been redeemed under the defeasance, they are no longer outstanding under the Authority's applicable bond resolutions and therefore, they are not entitled to the pledge of the applicable resolution. Accordingly, these bonds and the related escrow funds are not reflected in these basic financial statements as of June 30, 2010.

The following table lists all bonds defeased and not yet redeemed as of June 30, 2010:

CUSIP #	Series	Maturity	Call Date	Refunded Date	Par Refunded Unredeemed
604111BF0	2002B	03/01/15	03/01/12	10/20/05	3,000,000
604111BG8	2002B	03/01/16	03/01/12	10/20/05	3,000,000
604111BH6	2002B	03/01/17	03/01/12	10/20/05	3,000,000
604111BJ2	2002B	03/01/18	03/01/12	10/20/05	3,500,000
604111BK9	2002B	03/01/19	03/01/12	10/20/05	3,500,000
604111BL7	2002B	03/01/20	03/01/12	10/20/05	4,000,000
604111BM5	2002B	03/01/21	03/01/12	10/20/05	2,500,000
604114MW5	2002A	03/01/15	03/01/12	12/02/04	6,750,000
604114MX3	2002A	03/01/16	03/01/12	12/02/04	7,250,000
604114MY1	2002A	03/01/17	03/01/12	10/20/05	9,500,000
604114MZ8	2002A	03/01/18	03/01/12	10/20/05	9,750,000
604114NA2	2002A	03/01/19	03/01/12	10/20/05	9,750,000
604114NB0	2002A	03/01/20	03/01/12	10/20/05	9,750,000
604114NC8	2002A	03/01/21	03/01/12	10/20/05	9,750,000
604114NV6	2004C	03/01/17	03/01/14	04/01/10	3,500,000
604114NW4	2004C	03/01/18	03/01/14	04/01/10	4,000,000
604114NX2	2004C	03/01/19	03/01/14	04/01/10	3,000,000
604114NY0	2004C	03/01/20	03/01/14	04/01/10	18,000,000
604114NZ7	2004C	03/01/21	03/01/14	04/01/10	24,000,000
604114PA0	2004C	03/01/22	03/01/14	04/01/10	30,000,000
604114PB8	2004C	03/01/23	03/01/14	04/01/10	17,000,000
604114PC6	2004C	03/01/24	03/01/14	04/01/10	10,500,000
604114RC4	2005C	03/01/18	03/01/15	04/01/10	8,000,000
604114RD2	2005C	03/01/19	03/01/15	04/01/10	9,000,000
604114RE0	2005C	03/01/20	03/01/15	04/01/10	8,000,000
604114RF7	2005C	03/01/21	03/01/15	04/01/10	8,000,000
604114RG5	2005C	03/01/22	03/01/15	04/01/10	6,000,000
604114RH3	2005C	03/01/23	03/01/15	04/01/10	5,000,000
604114RJ9	2005C	03/01/24	03/01/15	04/01/10	5,000,000
604114RK6	2005C	03/01/25	03/01/15	04/01/10	7,000,000
60411KAN2	2007A	03/01/20	03/01/17	04/01/10	5,000,000
60411KAP7	2007A	03/01/21	03/01/17	04/01/10	5,000,000
60411KAQ5	2007A	03/01/22	03/01/17	04/01/10	6,000,000
60411KAR3	2007A	03/01/23	03/01/17	04/01/10	7,000,000
60411KAS1	2007A	03/01/24	03/01/17	04/01/10	8,000,000
60411KAT9	2007A	03/01/25	03/01/17	04/01/10	12,000,000
60411KAU6	2007A	03/01/26	03/01/17	04/01/10	13,000,000
60411KAV4	2007A	03/01/27	03/01/17	04/01/10	12,000,000
60411KBH4	2007B	03/01/20	03/01/17	04/01/10	7,500,000
60411KBJ0	2007B	03/01/21	03/01/17	04/01/10	7,500,000
60411KBK7	2007B	03/01/22	03/01/17	04/01/10	6,500,000
60411KBN1	2007B	03/01/25	03/01/17	04/01/10	5,000,000
					<u>\$ 345,500,000</u>

Schedule of Maturities - At June 30, 2010 debt service on outstanding bonds is payable as follows:

Fiscal Year(s)	Clean Water		Drinking Water	
	Interest	Principal	Interest	Principal
2011	37,184,274.58	39,135,000.00	6,705,606.80	7,080,000.00
2012	36,694,232.50	48,675,000.00	6,455,586.25	8,065,000.00
2013	34,313,670.00	49,505,000.00	6,121,692.50	7,885,000.00
2014	31,834,670.00	51,810,000.00	5,741,192.50	8,650,000.00
2015	29,237,170.00	54,845,000.00	5,324,442.50	9,020,000.00
2016 - 2020	103,231,850.00	287,700,000.00	19,679,962.50	54,950,000.00
2021 - 2025	37,141,562.50	198,040,000.00	6,591,217.50	46,255,000.00
2026 - 2030	4,167,887.50	47,100,000.00	456,925.00	4,375,000.00
	<u>\$ 313,805,317.08</u>	<u>\$ 776,810,000.00</u>	<u>\$ 57,076,625.55</u>	<u>\$ 146,280,000.00</u>
Plus: Remaining premium (discount)		73,846,304.99		3,152,996.49
Less: Remaining refunding deferrals		(34,009,012.00)		(940,617.00)
Net bonds payable		<u><u>\$ 816,647,292.99</u></u>		<u><u>\$ 148,492,379.49</u></u>

Fiscal Year(s)	TBF Series 1999A		TBF Series 2001	
	Interest	Principal	Interest	Principal
2011	134,980.00	260,000.00	443,250.00	1,350,000.00
2012	123,930.00	270,000.00	375,750.00	1,395,000.00
2013	112,320.00	270,000.00	306,000.00	950,000.00
2014	100,440.00	280,000.00	258,500.00	820,000.00
2015	87,840.00	290,000.00	217,500.00	835,000.00
2016 - 2020	228,090.00	1,570,000.00	541,000.00	2,995,000.00
2021 - 2025	-	-	26,000.00	520,000.00
2026 - 2030	-	-	-	-
	<u>\$ 787,600.00</u>	<u>\$ 2,940,000.00</u>	<u>\$ 2,168,000.00</u>	<u>\$ 8,865,000.00</u>
Plus: Remaining premium (discount)		(15,081.56)		31,749.39
Less: Remaining refunding deferrals				
Net bonds payable		<u><u>\$ 2,924,918.44</u></u>		<u><u>\$ 8,896,749.39</u></u>

Schedule of revenue bond maturities (continued):

Fiscal Year(s)	TBF Series 2006A		TBF Series 2008A	
	Interest	Principal	Interest	Principal
2011	197,812.50	390,000.00	208,650.00	620,000.00
2012	183,187.50	410,000.00	183,850.00	650,000.00
2013	167,812.50	425,000.00	161,100.00	670,000.00
2014	151,875.00	450,000.00	137,650.00	700,000.00
2015	135,000.00	460,000.00	113,150.00	730,000.00
2016 - 2020	347,800.00	2,915,000.00	170,400.00	2,190,000.00
2021 - 2025	-	-	-	-
2026 - 2030	-	-	-	-
	<u>\$ 1,183,487.50</u>	<u>\$ 5,050,000.00</u>	<u>\$ 974,800.00</u>	<u>\$ 5,560,000.00</u>
Plus: Remaining premium (discount)		30,267.05		105,628.74
Less: Remaining refunding deferrals				
Net bonds payable		<u><u>\$ 5,080,267.05</u></u>		<u><u>\$ 5,665,628.74</u></u>

Fiscal Year(s)	MPFA Totals	
	Interest	Principal
2011	44,874,573.88	48,835,000.00
2012	44,016,536.25	59,465,000.00
2013	41,182,595.00	59,705,000.00
2014	38,224,327.50	62,710,000.00
2015	35,115,102.50	66,180,000.00
2016 - 2020	124,199,102.50	352,320,000.00
2021 - 2025	43,758,780.00	244,815,000.00
2026 - 2030	4,624,812.50	51,475,000.00
	<u>\$ 375,995,830.13</u>	<u>\$ 945,505,000.00</u>
Plus: Remaining premium (discount)		77,151,865.10
Less: Remaining refunding deferrals		(34,949,629.00)
Net bonds payable		<u><u>\$ 987,707,236.10</u></u>

Table of changes during the fiscal year: The following table summarizes the change in reported bonds payable during the year ended June 30, 2010:

Bond Fund	Beginning	New		Defeased	Ending
	Balance (par)	Issues (par)	Redemptions		Balance (par)
CWBF	\$ 795,565,000	\$ 331,055,000	\$ (37,845,000)	\$ (311,965,000)	\$ 776,810,000
DWBF	141,015,000	12,050,000	(6,785,000)		146,280,000
TR-1999A	4,145,000		(1,205,000)		2,940,000
TR-2001	10,150,000		(1,285,000)		8,865,000
TR-2006A	6,530,000		(1,480,000)		5,050,000
TR-2008A	6,160,000	-	(600,000)		5,560,000
Totals	\$ 963,565,000	\$ 343,105,000	\$ (49,200,000)	\$ (311,965,000)	\$ 945,505,000
plus: remaining unamortized premium					77,151,865
less: unamortized portion of the amount deferred in refunding					(34,949,629)
					<u>\$ 987,707,236</u>

Table of changes during the fiscal year: The following table summarizes the change in reported bonds payable during the year ended June 30, 2009:

Bond Fund	Beginning	New		Defeased	Ending
	Balance (par)	Issues (par)	Redemptions		Balance (par)
CWBF	\$ 842,755,000	\$ -	\$ (47,190,000)	\$ -	\$ 795,565,000
DWBF	147,205,000		(6,190,000)		141,015,000
TR-1999A	5,330,000		(1,185,000)		4,145,000
TR-2001	11,325,000		(1,175,000)		10,150,000
TR-2006A	8,400,000		(1,870,000)		6,530,000
TR-2008A	7,700,000	-	(1,540,000)		6,160,000
Totals	\$ 1,022,715,000	\$ -	\$ (59,150,000)	\$ -	\$ 963,565,000
plus: remaining unamortized premium					41,315,760
less: unamortized portion of the amount deferred in refunding					(16,391,239)
					<u>\$ 988,489,521</u>

5. *Arbitrage Rebate Liability*

The bonds issued by the Authority are subject to a variety of Internal Revenue Service (IRS) regulations that limit the amount of investment income that may be earned on certain funds to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the related bonds as defined by the IRS. Excess earnings must be rebated annually, or every five years, depending on the date and type of bond issue. During fiscal years 2010 and 2009 the Authority paid approximately \$1.1 million and \$-0-, respectively. The Authority's arbitrage rebate liability at June 30, 2010 and 2009 was approximately \$2.1 million and \$3.8 million, respectively.

6. *Related-Party Transactions*

Administrative Services - The DEED, Department of Health, and MPCA provide administrative staff and services to the Authority. During fiscal 2010 and 2009, the Authority paid approximately \$4.6 million and \$3.2 million, respectively, for these services.

Transfers - The Authority has, from CWBF net assets, made sub grant awards for non point-source pollution control programs administered by the Minnesota Department of Agriculture, the MPCA, and DEED. As the Authority makes these awards a transfer out of the CWBF to the Other Fund is recognized. Such transfers during fiscal 2010 and 2009 were \$0.87 million and \$2.5 million, respectively. The 2010 amount is net of a transfer back from the sunset Small Cities Septic program of \$1.1 million. In fiscal year 2010 and 2009, approximately \$1.5 million and \$1.6 million, respectively, were transferred from the TBF Funds to the Other Fund, from excess bond year pledged revenues over bond year debt service in the TBF Funds.

State Appropriations:

- The Capital Improvements bill of 2010 (Chapter 189, Section 22) appropriated \$30.0 million to the Authority for state match to the federal clean water and drinking water capitalization grants, and \$27 million for the WIF program.
- The State Government Economic Development bill of 2009 (Chapter 78, Article 1, Section 4) appropriated \$93 thousand for state fiscal year 2010 and \$93 thousand for state fiscal year 2011 to the Authority for the Small Community Wastewater Treatment Program under Minnesota Statutes 446A.075.
- The Outdoor Heritage bill of 2009 (Chapter 172, Article 2, Section 3) made the following appropriations:
 - \$8,816,000 for state fiscal year 2010 and \$12,834,000 for 2011 for the Total Maximum Daily Load grant program under Minnesota Statutes, section 446A.073.
 - \$4,125,000 for 2010 and \$4,425,000 for 2011 for the Clean Water Legacy Phosphorus Reduction grant program under Minnesota Statutes, section 446A.074.
 - \$500,000 for 2010 and \$2,000,000 for 2011 for the Small Community Wastewater Treatment Program under Minnesota Statutes 446A.075

7. *Commitments*

At June 30, 2010 the Authority had committed approximately \$314 million for the origination or disbursement of future loans, and \$24 million for grants.

8. *Subsequent Events*

On August 9th, 2010, the Authority authorized the issuance of additional State Revolving Fund Revenue Bonds (Clean Water and Drinking Water) not to exceed a total par amount of \$350,000,000, and Transportation Revenue Refunding Bonds for the Transportation Revenue Bonds, Series 1999A (Metropolitan Council Project) and for the Transportation Revenue Bonds, Series 2001 (Closed Loan Pool). The Authority intends to publish official notices of sale in advance of the sale dates. As of the date of this report, the Authority estimates that the par amounts will be approximately \$300 million for the State Revolving Fund bonds, and \$9 million for the Transportation refunding bonds.

Independent Auditor's Report on the Supplementary Information

Minnesota Public Facilities Authority
St. Paul, Minnesota

Our audits were made for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Minneapolis, Minnesota
October 15, 2010

Minnesota Public Facilities Authority
Transportation Bond Fund – Individual Bond Series
Statement of Net Assets
June 30, 2010

	Series 1999A	Series 2001	Series 2006A	Series 2008A	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 14,617.31	\$ 4,075.12	\$ 1,074,335.85	\$ 12,047.80	\$ 1,105,076.08
Loans receivable	320,000.00	1,963,463.00	460,000.00	860,000.00	3,603,463.00
Accrued interest receivable:					
Investments		35,541.00			35,541.00
Loans	37,061.00	167,252.00	48,361.00	48,526.00	301,200.00
Total current assets	371,678.31	2,170,331.12	1,582,696.85	920,573.80	5,045,280.08
Noncurrent assets:					
Investments		1,896,741.00			1,896,741.00
Loans receivable	3,300,000.00	13,268,627.12	5,205,000.00	6,300,000.00	28,073,627.12
Deferred bond issuance costs	23,487.00	59,059.00	100,322.00	75,397.00	258,265.00
Total noncurrent assets	3,323,487.00	15,224,427.12	5,305,322.00	6,375,397.00	30,228,633.12
Total assets	3,695,165.31	17,394,758.24	6,888,018.85	7,295,970.80	35,273,913.20
LIABILITIES					
Current liabilities:					
Interest payable on bonds	44,993.33	147,750.00	65,937.50	69,550.00	328,230.83
Bonds payable	260,000.00	1,350,000.00	390,000.00	620,000.00	2,620,000.00
Total current liabilities	304,993.33	1,497,750.00	455,937.50	689,550.00	2,948,230.83
Noncurrent liabilities:					
Bonds payable	2,664,918.44	7,546,749.39	4,690,267.05	5,045,628.74	19,947,563.62
Arbitrage rebate liability	13,726.54			11,409.71	25,136.25
Total liabilities	2,983,638.31	9,044,499.39	5,146,204.55	5,746,588.45	22,920,930.70
NET ASSETS					
Restricted by bond resolutions	711,527.00	8,350,258.85	1,741,814.30	1,549,382.35	12,352,982.50
Total net assets	\$ 711,527.00	\$ 8,350,258.85	\$ 1,741,814.30	\$ 1,549,382.35	\$ 12,352,982.50

**Minnesota Public Facilities Authority
Transportation Bond Fund – Individual Bond Series
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Year Ended June 30, 2010**

	Series 1999A	Series 2001	Series 2006A	Series 2008A	Total
Operating revenues:					
Interest on loans	\$ 121,313.25	\$ 466,581.04	\$ 155,527.27	\$ 136,851.15	\$ 880,272.71
Investment earnings	1,913.08	130,309.35	122,367.00	1,208.44	255,797.87
Total operating revenues	123,226.33	596,890.39	277,894.27	138,059.59	1,136,070.58
Operating expenses:					
Interest on bonds	177,324.71	471,973.88	250,912.90	212,358.20	1,112,569.69
Total operating expenses	177,324.71	471,973.88	250,912.90	212,358.20	1,112,569.69
Operating income (loss)	(54,098.38)	124,916.51	26,981.37	(74,298.61)	23,500.89
Transfers in (out)	(242,280.40)	(708,085.15)	(21,113.90)	(556,599.27)	(1,528,078.72)
Change in net assets	(296,378.78)	(583,168.64)	5,867.47	(630,897.88)	(1,504,577.83)
Total net assets:					
Beginning of year	1,007,905.78	8,933,427.49	1,735,946.83	2,180,280.23	13,857,560.33
End of year	<u>\$ 711,527.00</u>	<u>\$ 8,350,258.85</u>	<u>\$ 1,741,814.30</u>	<u>\$ 1,549,382.35</u>	<u>\$ 12,352,982.50</u>

Minnesota Public Facilities Authority
Transportation Bond Fund – Individual Bond Series
Statement of Cash Flows
for the Year Ended June 30, 2010

	Series 1999A	Series 2001	Series 2006A	Series 2008A	Total
Operating activities:					
Interest received on loans	\$ 136,516.25	\$ 485,147.04	\$ 168,974.27	\$ 142,578.15	\$ 933,215.71
Principal received on loans	1,485,000.00	1,889,024.06	1,575,154.59	845,000.00	5,794,178.65
Net cash provided in operating activities	1,621,516.25	2,374,171.10	1,744,128.86	987,578.15	6,727,394.36
Non capital financing activities:					
Interest paid on bonds	(185,590.00)	(507,500.00)	(257,012.50)	(232,650.00)	(1,182,752.50)
Principal paid on bonds	(1,205,000.00)	(1,285,000.00)	(1,480,000.00)	(600,000.00)	(4,570,000.00)
Payments to make loans					-
Cash transfers	(242,280.40)	(708,085.15)	(21,113.90)	(556,599.27)	(1,528,078.72)
Net cash provided (used) in capital and related financing activities	(1,632,870.40)	(2,500,585.15)	(1,758,126.40)	(1,389,249.27)	(7,280,831.22)
Investing activities:					
Investment interest	1,061.82	130,309.35	8,931.62	601.07	140,903.86
Net cash provided in investing activities	1,061.82	130,309.35	8,931.62	601.07	140,903.86
Net increase (decrease) in cash and cash equivalents	(10,292.33)	3,895.30	(5,065.92)	(401,070.05)	(412,533.00)
Cash and cash equivalents:					
Beginning of year	24,909.64	179.82	1,079,401.77	413,117.85	1,517,609.08
End of year	14,617.31	4,075.12	1,074,335.85	12,047.80	1,105,076.08
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(54,098.38)	124,916.51	26,981.37	(74,298.61)	23,500.89
Adjustments to reconcile operating income to net cash provided in operating activities:					
Principal received on loans	1,485,000.00	1,889,024.06	1,575,154.59	845,000.00	5,794,178.65
Interest paid on bonds	185,590.00	507,500.00	257,012.50	232,650.00	1,182,752.50
Investment earnings	(1,061.82)	(130,309.35)	(8,931.62)	(601.07)	(140,903.86)
Net amortizations	8,604.71	(14,109.45)	13,633.73	(12,291.80)	(4,162.81)
Changes in assets and liabilities:					-
Accrued revenues	15,203.00	18,566.00	13,447.00	5,727.00	52,943.00
Accrued expenses	(17,721.26)	(21,416.67)	(133,168.71)	(8,607.37)	(180,914.01)
Net cash provided in operating activities	\$ 1,621,516.25	\$ 2,374,171.10	\$ 1,744,128.86	\$ 987,578.15	\$ 6,727,394.36