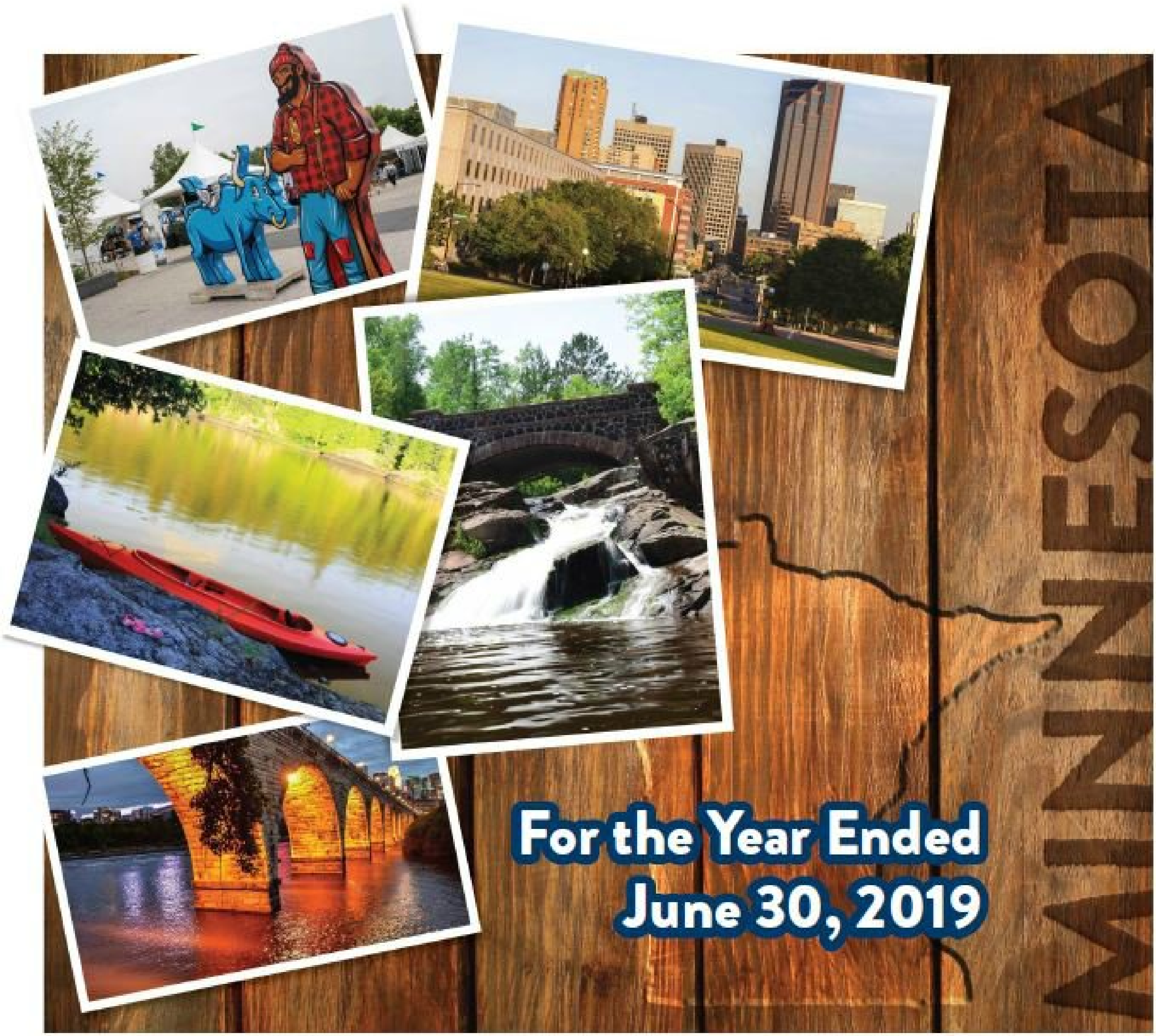
MINNESOTA

Comprehensive Annual Financial Report



For the Year Ended
June 30, 2019

MINNESOTA

State of Minnesota

Comprehensive Annual Financial Report

For the Year Ended JUNE 30, 2019

Prepared by Minnesota
Management and Budget
Myron Frans,
Commissioner
400 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota 55155-1489

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State of Minnesota

2019
Comprehensive
Annual
Financial Report

The State of Minnesota Comprehensive Annual Financial Report can be made available in alternative formats upon request, to ensure that it is accessible to people with disabilities. To obtain this document in an alternate format, contact:

Minnesota Management and Budget
400 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota 55155-1489
651-201-8000

The Minnesota Relay service phone number is 1-800-627-3529.

The State of Minnesota Comprehensive Annual Financial Report is available at the following website:
http://www.mn.gov/mmb/accounting/reports/

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2019 Comprehensive Annual Financial Report

Transmittal Letter from the Commissioner of Minnesota Management and Budget

December 13, 2019

400 Centennial Building
658 Cedar Street
St. Paul, Minnesota 55155
(651) 201-8000
(800) 627-3529
Fax: (651) 296-8685

The Honorable Tim Walz, Governor

Members of the Legislature

In accordance with Minnesota Statutes 16A.50, Minnesota Management and Budget is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the state of Minnesota for the fiscal year ended June 30, 2019. This report includes the financial statements for the state, and the disclosures necessary to accurately present the financial condition and results of operations for the fiscal year. We prepared the report in accordance with generally accepted accounting principles (GAAP) for governmental units.

The report is divided into three sections:

1. Introduction Section – Includes this letter of transmittal, the certificate of achievement, the state's organization chart, and the list of principal officials.
2. Financial Section – Includes the auditor's opinion, management's discussion and analysis, basic financial statements, combining and individual fund statements for nonmajor funds, and the general obligation debt schedule. The Notes to the Financial Statements, in the basic financial statements, are necessary for an understanding of the information included in the statements. The notes include the Summary of Significant Accounting Policies and other necessary disclosure of matters relating to the financial position of the state.
3. Statistical Section – Includes mainly trend data and nonfinancial information useful in assessing a government's financial condition.

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

The independent Office of the Legislative Auditor has issued an unmodified (clean) opinion on the state of Minnesota's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

As a part of the audit of these financial statements, the Office of the Legislative Auditor is conducting a single audit of federal programs. This audit meets the requirements of the federal Single Audit Act and is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the state's internal controls and legal requirements involving the administration of federal awards for the year ended June 30, 2019. The supplementary report, "Financial and Compliance Report on Federally Assisted Programs," will be available in March 2020.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements and is designed to complement this letter of transmittal and should be read in conjunction with it.

Financial Reporting Entity and Responsibilities

The financial reporting entity consists of all the funds of the primary government, as well as its discretely presented component units. Component units are legally separate organizations for which the state is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either (a) the ability of the state to impose its will, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government; the organization is fiscally dependent on the primary government; or the nature and relationship between the primary government and the organization is such that exclusion would cause the reporting entity's financial statements to be misleading. Component units meeting this criteria are considered discretely presented unless the boards are substantially the same as the state or the component unit provides services or benefits entirely, or almost entirely, to the state.

The Housing Finance Agency, Metropolitan Council, University of Minnesota, Agricultural and Economic Development Board, National Sports Center Foundation, Office of Higher Education, Public Facilities Authority, Rural Finance Authority, Workers' Compensation Assigned Risk Plan, Minnesota Sports Facilities Authority, and Minnesota Comprehensive Health Association are component units reported discretely. The state has the ability to either impose its will over these organizations, or provides, or will provide, substantial funding.

Minnesota Management and Budget is responsible for the Statewide Integrated Financial Tools (SWIFT), an Oracle PeopleSoft Enterprise Resource Planning System. The majority of the information related to these financial statements was prepared from information provided by SWIFT. SWIFT maintains two separate ledgers. One is maintained primarily on a modified cash basis of accounting with certain accrual information and represents the starting basis for the financial statements. As SWIFT does not maintain all accrual information, adjustments to accounting data are necessary to provide financial statements in accordance with GAAP. The second ledger tracks information on a budgetary basis and recognizes revenues and expenditures essentially on a cash basis, except that encumbrances at year-end are considered expenditures. These disparate bases result in budgetary fund balances, which often differ significantly from those calculated under GAAP.

Minnesota Management and Budget is also responsible for designing and applying the state's system of internal accounting controls. These controls provide reasonable assurance that the state's assets are protected against loss and that the accounting records from which the financial statements are prepared are reliable. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefit derived.

Budget Process

The state's period is a biennium. The Governor's biennial budget is presented to the Legislature in January (or February after a gubernatorial transition) of odd numbered years for the upcoming biennium. The state constitution and statutes require a balanced budget for the biennium. Specific legislative appropriations are required for several funds. These funds include the General, Trunk Highway, Highway User Tax Distribution, State Airports, Petroleum Tank Cleanup, Natural Resources, Game and Fish, Environmental and Remediation, Heritage, Special Compensation, Workforce Development, and Renewable Development funds.

Budgetary control is provided primarily through SWIFT. Appropriations are established in the accounting system at the amounts provided in the appropriation laws. The accounting system does not permit expenditures in excess of these amounts.

Economic Condition and Outlook

Minnesota's steady economic performance continues, as the U.S. expansion surpasses record length. Statewide, low unemployment and strong demand for workers support growth in total Minnesota wage income and wages per worker. However, the pace of job gains has slowed, reflecting the limit set by labor force growth that is forecast to decelerate amid ongoing baby boomer retirements. Across the state, job vacancies are at high levels, and employers and job-seekers are seeking creative ways to match people to jobs.

As a result of slowing employment growth, more of Minnesota's growth in total wage income is expected to arise from higher wages per worker and less from increases in the number of people working. Employment growth of 0.6 percent is expected in fiscal year 2020, slowing to 0.4 percent in fiscal year 2021 and 0.3 percent in each of fiscal year 2022 and 2023. This slowing employment growth, combined with a moderate acceleration in wages per worker, will lead total wage and salary income to grow at rates of 4.6 percent per year in fiscal year 2020, followed by 4.1 percent in each of fiscal year 2021-2023. Wages per worker are forecast to grow at rates exceeding forecasted rates of inflation over the same period, implying improvements in real wages.

Throughout the current U.S. expansion, Minnesota has continued to add jobs and sustain a state unemployment rate below the U.S. rate. However, the gap between the state and national unemployment rates has narrowed over the last year. While the U.S. rate fell to a 50-year low of 3.5 percent in September, Minnesota's has been drifting upward. Minnesota's rate reached an 18-year low of 2.8 percent in June 2018. It began gradually rising a year ago, reaching to the current rate of 3.2 percent. In addition, the rate of job growth is slowing. Between 2011 and 2017, Minnesota added an average of 42,000 jobs per year. In 2018, Minnesota added about half that many, and we expect a similar number in 2019.

Given the state's tight labor market, improvements in both migration to the state and household formations represent bright spots for Minnesota's economic outlook. Between 2010 and 2017, the state added an average of about 10,000 new households per year, much lower than the pre-recession ten-year average of 24,500. But 2018 marked a spike in Minnesota household formations, with an addition of 32,000 new households. This growth coincided with two years of positive net domestic migration to Minnesota, reversing a 15-year trend of Minnesota seeing a net annual loss of residents to other states. Positive domestic net migration combined with positive international net migration to make2017 the largest year for net migration to Minnesota in nearly three decades.

Robust demand for workers and low unemployment define Minnesota's current, tight labor market. Statewide, there have been fewer unemployed job-seekers than open positions for the past 30 months. In the fourth quarter of fiscal year 2019, there were 0.7 unemployed persons for each vacancy statewide. In contrast, at the peak of the 2007-09 recession, there were nearly seven unemployed persons for each job opening. One year ago, there were 0.6 unemployed persons for each vacancy, slightly lower than the current ratio. This occurs as the number of unemployed persons has increased over the year along with the number of job vacancies. Employers across the state reported 146,513 job vacancies, and the job vacancy rate is now 5.3 percent (5.3 openings per 100 jobs), the highest level for this series (which originated in

2001). The median hourly wage offer for these vacancies was $15.00, up from $14.54 one year ago. The tight labor market is being felt across the state, as both the Twin Cities and Greater Minnesota have a ratio of less than one unemployed persons to every job vacancy. The ratio is 0.6 in the Twin Cities and 0.8 in Greater Minnesota.

General Fund Condition

On a budgetary basis, the General Fund ended fiscal year 2019 with an unassigned fund balance of $2.093 billion.

Minnesota budgets and manages its financial affairs on a budgetary basis, which primarily uses a cash basis of accounting. Revenues are recorded when received and expenditures are recorded when the payments are made with the exception that, at year-end, encumbered amounts are included in the expenditures of the year appropriated for budgetary reporting. GAAP requires that the modified accrual basis of accounting be used to prepare governmental fund statements. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. Expenditures are recognized when a liability occurs.

On a GAAP basis, the General Fund reported a balance of $5.592 billion for fiscal year 2019, a difference of $3.499 billion from the budgetary General Fund balance. The difference between the General Fund budgetary and GAAP fund balance results from two primary reasons. First, on a GAAP basis, the accruals of revenue and expenditures are required to be reported under the modified accrual basis of accounting. Second, several funds are included in the GAAP fund balance which are not included in the budgetary fund balance. These additional funds reported a fund balance of $2.470 billion. The difference between the GAAP basis and budgetary basis General Fund balance, excluding these additional funds not reported in the budgetary fund balance, was $1.029 billion. For details of the budget to GAAP differences, see Note 18 – Budgetary Basis vs. GAAP in the Notes to the Financial Statements.

State of Minnesota Receives Top Credit Rating

In July 2018, Standard and Poor’s (S&P) upgraded Minnesota’s credit rating to AAA, its highest rating. The affirmation of Minnesota’s prime fiscal health follows a continued AAA rating from Fitch. In its determination, S&P touted the state's improved financial position and recently passed pension reform.

Budget Reserve

Minnesota budget reserve is at a healthy level of nearly $2.5 billion, including the $2.075 billion budget reserve, $350 million cash flow account, and $55 million stadium reserve. As rated by Bloomberg in September 2018, Minnesota is one of 23 states with sufficient reserves to weather the budget shortfalls that could come with a moderate economic contraction.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of Minnesota for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirty-fourth consecutive year that the state has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Although Minnesota Management and Budget accepts final responsibility for this report, staff in many other state agencies and component units provided much of the data. Assistance from these organizations ranged from providing necessary data to actual preparation of financial statements. I appreciate the dedication of the people in Minnesota Management and Budget and in other agencies who helped in the preparation of this report. Without the efforts of all involved, this report would not have been possible.

Sincerely,

Myron Frans

Commissioner

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

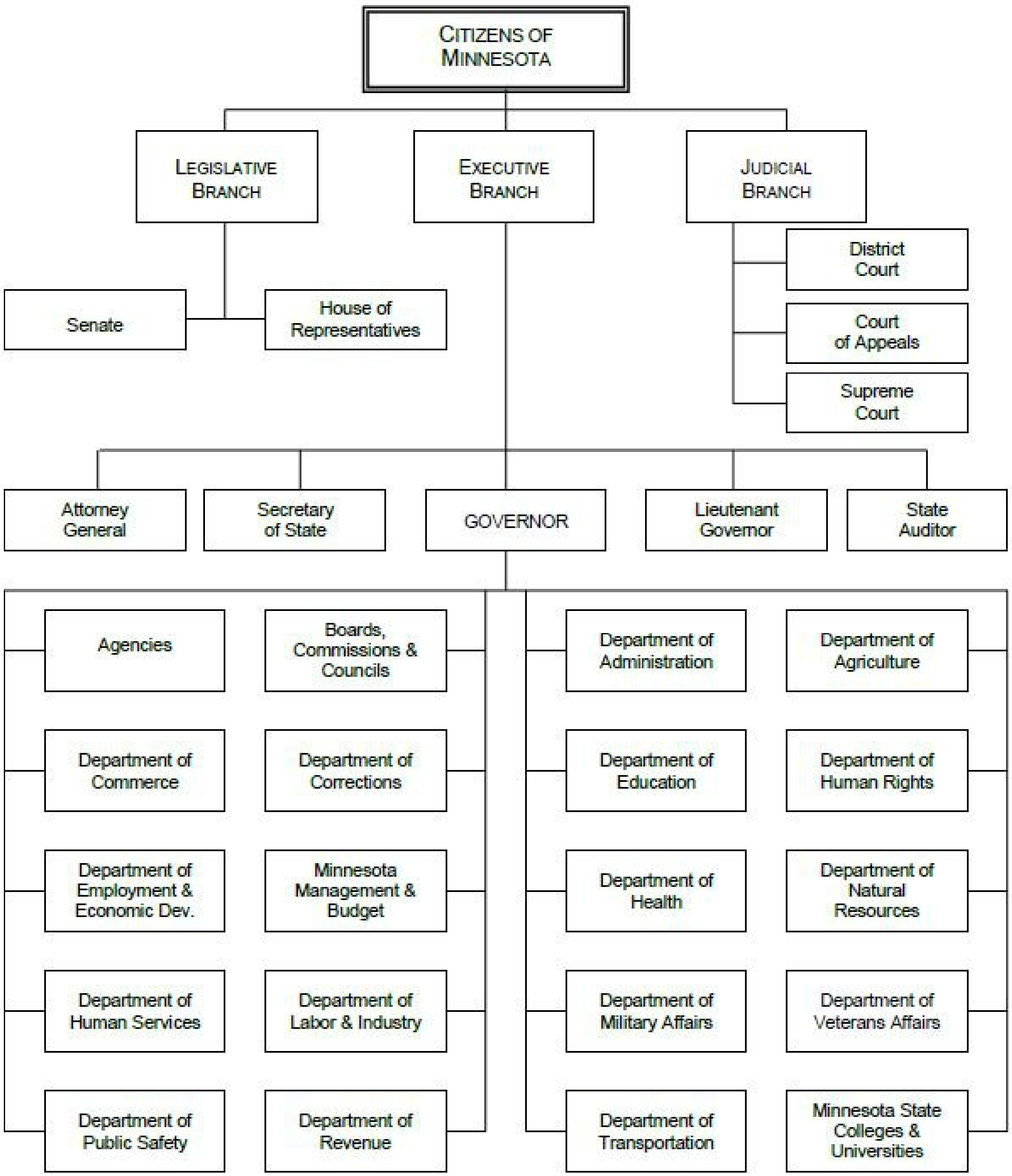
Christopher P. Morrill

Executive Director/CEO

MINNESOTA

2019 Comprehensive Annual Financial Report

State Organization Chart



State Principal Officials

Executive Branch

Governor	Tim Walz
Lieutenant Governor	Peggy Flanagan
Attorney General	Keith M. Ellison
Secretary of State	Steve Simon
State Auditor	Julie A. Blaha

Legislative Branch

Speaker of the House of Representatives	Melissa Hortman
President of the Senate	Jeremy R. Miller

Judicial Branch

Chief Justice of the Supreme Court	Lorie Skjerven Gildea

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State of Minnesota

Financial Section

2019 Comprehensive Annual Financial Report

Independent Auditor's Report

Members of the Minnesota State Legislature

The Honorable Tim Walz, Governor

Mr. Myron Frans, Commissioner, Minnesota Management and Budget

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Minnesota, as of and for the year ended June 30, 2019, which collectively comprise the state's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Minnesota State Colleges and Universities, which is a major proprietary fund and represents 59 percent, 45 percent, and 30 percent, respectively, of the total assets, total net position, and operating revenues of the primary government's business-type activities. We also did not audit the financial statements of the Housing Finance Agency, Metropolitan Council, University of Minnesota, Office of Higher Education, Public Facilities Authority, Minnesota Sports Facilities Authority, and Workers' Compensation Assigned Risk Plan, which cumulatively represent 99 percent, 99 percent, and 99 percent, respectively, of the total assets, total net position, and operating revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned major proprietary fund, business-type activities, and discretely presented component units, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing*

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E-mail: legislative.auditor@state.mn.us • Website: www.auditor.leg.state.mn.us • Minnesota Relay: 1-800-627-3529 or 7-1-1

Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the State of Minnesota's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Minnesota's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The financial statements of the Housing Finance Agency, the National Sports Center Foundation, and the Workers' Compensation Assigned Risk Plan, which are discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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

Opinions

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Minnesota as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Minnesota's basic financial statements. The Introduction, the Combining and Individual Nonmajor Fund Financial Statements and Schedules, General Obligation Debt Schedule, and the Statistical Section, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Combining and Individual Nonmajor Fund Financial Statements and Schedules and the General Obligation Debt Schedule have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Introduction and Statistical Sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

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

Chris Buse

Scott Tjomsland

Chris Buse, CPA
Deputy Legislative Auditor

Scott Tjomsland, CPA
Audit Director

December 13, 2019

Management's Discussion and Analysis

Introduction

The following discussion and analysis of the state of Minnesota (state) financial performance provides an overview of the state's financial activities for the fiscal year ended June 30, 2019, and identifies changes in the financial position of the state that occurred during the fiscal year. This section should be read in conjunction with the preceding transmittal letter and the state's financial statements and notes to the financial statements, which follow.

Overview of the Financial Statements

The focus of Minnesota's financial reporting is on the state as a whole, and on the individual funds that are considered to be major. This reporting focus presents a more comprehensive view of Minnesota's financial activities and financial position and makes the comparison of Minnesota's government to other governments easier.

The financial section of this annual report has four parts:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements – Nonmajor Funds

The report also includes statistical and economic information, which generally provides a ten-year history of various indicators.

The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements that provide more detailed information.

Government-wide Financial Statements

The government-wide financial statements provide an overall view of the state's operations in a manner similar to a private-sector business. Government-wide financial statements consist of the statement of net position and the statement of activities that are prepared using the economic resources measurement focus and the accrual basis of accounting. All current year revenues and expenses are included in the statements regardless of whether the related cash has been received or paid. Revenues and expenses are reported in the statement of activities for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes, accounts receivable, and earned but unused vacation leave). This reporting method produces a view of financial activities and position similar to that presented by most private-sector companies. The statements provide both short-term and long-term information about the state's financial position, which assists readers in assessing the state's economic condition at the end of the fiscal year.

The government-wide financial statements are located immediately following this discussion and analysis.

The statement of net position presents all of the state's financial resources along with capital assets and long-term obligations. The statement includes all assets and liabilities of the state. Net position is the difference between assets and liabilities and is one method to measure the state's financial condition.

- An increase or decrease in the state's net position from one year to the next indicates whether the financial position of the state is improving or deteriorating.
- Other indicators of the state's financial condition include the condition of its infrastructure and economic events and trends that affect future revenues and expenses.

The statement of activities presents the changes in net position and reports on the gross and net cost of various activities carried out by the state (governmental, business-type, and component units). These costs are paid by general taxes and other revenues generated by the state. This statement summarizes the cost of providing specific services by the government and includes all current year revenues and expenses.

The statement of net position and the statement of activities segregate the activities of the state into three types:

Governmental Activities

The governmental activities of the state include most basic services such as environmental resources, general government, transportation, education, health and human services, and public safety. Most of the costs of these activities are financed by taxes, fees, and federal grants.

Business-type Activities

The business-type activities of the state normally are intended to recover all, or a significant portion of, their costs through user fees and charges to external users of goods and services. The operations of the Unemployment Insurance, the State Colleges and Universities, and the Lottery are examples of business-type activities.

Discretely Presented Component Units

Component units may be blended or discretely presented. Blended component units, although legally separate entities, are, in substance, part of the state's operations. Discretely presented component units are shown separately from the primary government. Component units are legally separate organizations for which the state is financially accountable, or the nature and significance of the unit's relationship with the state is such that exclusion of the unit would cause the state's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit governing body, and either a) the ability of the state to impose its will, or b) the potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government.

The state's 11 component units are reported as discretely presented component units and reported in two categories: major and nonmajor. This categorization is based on the relative size of an individual component unit's assets, liabilities, revenues, and expenses in relation to the total of all component units and the primary government.

The state's three major component units are:

- Housing Finance Agency
- Metropolitan Council
- University of Minnesota

The state's eight nonmajor component units are combined into a single column for reporting in the fund financial statements. These nonmajor component units are:

- Agricultural and Economic Development Board
- Minnesota Comprehensive Health Association
- Minnesota Sports Facilities Authority
- National Sports Center Foundation
- Office of Higher Education
- Public Facilities Authority
- Rural Finance Authority
- Workers' Compensation Assigned Risk Plan

State Fund and Component Unit Financial Statements

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

The fund financial statements focus on individual parts of the state, reporting the state's operations in more detail than in the government-wide statements. Fund financial statements focus on the most significant funds within the state.

The state's funds are divided into three categories:

Governmental Funds

Governmental funds record most of the basic services provided by the state and account for essentially the same functions as reported in the governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, the fund financial statements focus on how money flows in and out of the funds during a fiscal year and spendable resources available at the end of the fiscal year.

Governmental funds are accounted for using the modified accrual basis of accounting, which recognizes revenues when they are available and measurable. Expenditures are generally recognized in the accounting period when the fund liability is incurred, if measurable. This approach is known as the flow of current financial resources measurement focus. These statements provide a detailed short-term view of the state's finances that assist in determining whether there are more or less resources available and whether these financial resources will be adequate to meet the current needs of the state. Governmental funds include the General, special revenue, capital project, Debt Service, and Permanent funds.

The focus of governmental funds is narrower than that of the government-wide financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By comparing this financial information, readers may better understand the long-term impact of the state's short-term financing decisions.

The basic financial statements include a reconciliation of governmental funds to governmental activities. These reconciliations follow the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances.

The state maintains 22 individual state governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Federal funds, which are reported as major funds. Information from the remaining funds is combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements included in this report.

The state adopts a biennial budget with annual appropriations for the majority of the activity reported in the General Fund. A budgetary comparison statement has been provided for the General Fund activity with appropriations included in the biennial budget to demonstrate compliance with this budget.

Proprietary Funds

When the state charges customers for the services it provides, whether to outside customers or to other agencies within the state, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) use accrual accounting which is the same method used by private-sector businesses. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Enterprise funds, a type of proprietary fund, are used to report activities that provide goods and services to outside (non-government) customers, including the general public. Internal service funds are used to accumulate and allocate costs internally for goods and services provided by one program of the state to another. Because the activities reported by internal service funds predominantly benefit governmental functions rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

The state maintains 17 individual proprietary funds. The State Colleges and Universities and Unemployment Insurance funds, both of which are considered major funds, are presented separately in the proprietary funds statement of net position and in the proprietary funds statement of revenues, expenses, and changes in net position. Information from the nine nonmajor enterprise funds and the six internal service funds are combined into two separate aggregated columns. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements presented in this report.

Fiduciary Funds

Fiduciary funds are used to report activities when the state acts as a trustee or fiduciary to hold resources for the benefit of parties outside the state. The accrual basis of accounting is used for fiduciary funds and is similar to the accounting used for proprietary funds. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and cannot be used by the state to finance its operations. The state must ensure that the assets reported in fiduciary funds are used for their intended purposes.

The state maintains 19 individual fiduciary funds. The state's fiduciary funds are the pension trust funds, the investment trust funds (which account for the transactions, assets, liabilities, and fund equity of the external investment pools), and the Agency Fund (which accounts for the assets held for distribution by the state as an agent for other governmental units, other organizations, or individuals). Individual fund detail is included in the combining financial statements included in this report.

Component Units

Component units are legally separate organizations for which the state is financially accountable. The government-wide financial statements present information for the discretely presented component units in a single column on the statement of net position. Also, some information on the statement of changes in net position is aggregated for component units. The discretely presented component units' statements of net position and statements of changes in net position provide detail for each major discretely presented component unit and aggregate the detail for nonmajor discretely presented component units. Individual nonmajor discretely presented component unit detail can be found in the combining financial statements included in this report.

Notes to the Financial Statements

The notes provide additional narrative and financial information that is essential to a full understanding of the data provided in the government-wide financial statements and the fund financial statements. The notes to the financial statements are located immediately following the component unit financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. This section includes maintenance data regarding certain portions of the state's infrastructure, actuarial measures of pension and other postemployment benefits, and public employees insurance program development information.

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds and nonmajor discretely presented component units. These funds are added together by fund type and presented in single columns in the basic financial statements.

Government-wide Financial Analysis

Net position serves as a useful indicator of a government's financial position over time. The state's combined net position (governmental and business-type activities) totaled $21.1 billion at the end of fiscal year 2019, compared to $17.5 billion at the beginning of the year.

Net Position
June 30, 2019, and 2018
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current Assets	$ 20,352,038	$ 18,205,048	$ 3,276,395	$ 3,179,551	$ 23,628,433	$ 21,384,599
Noncurrent Assets:						
Capital Assets	18,009,789	17,369,824	2,184,596	2,212,921	20,194,385	19,582,745
Other Assets	854,992	797,935	123,110	120,186	978,102	918,121
Total Assets	$ 39,216,819	$ 36,372,807	$ 5,584,101	$ 5,512,658	$ 44,800,920	$ 41,885,465
Deferred Outflows of Resources	$ 4,329,423	$ 5,770,076	$ 719,330	$ 1,040,500	$ 5,048,753	$ 6,810,576
Current Liabilities	$ 7,207,154	$ 6,100,428	$ 479,414	$ 481,592	$ 7,686,568	$ 6,582,020
Noncurrent Liabilities	11,862,933	17,539,378	1,096,959	2,256,535	12,959,892	19,795,913
Total Liabilities	$ 19,070,087	$ 23,639,806	$ 1,576,373	$ 2,738,127	$ 20,646,460	$ 26,377,933
Deferred Inflows of Resources	$ 6,970,065	$ 4,247,198	$ 1,097,825	$ 604,745	$ 8,067,890	$ 4,851,943
Net Position:						
Net Investment in Capital Assets	$ 14,068,082	$ 13,318,601	$ 1,659,114	$ 1,634,807	$ 15,727,196	$ 14,953,408
Restricted	6,895,583	6,566,430	2,078,645	1,973,820	8,974,228	8,540,250
Unrestricted	(3,457,575)	(5,629,152)	(108,526)	(398,341)	(3,566,101)	(6,027,493)
Total Net Position	$ 17,506,090	$ 14,255,879	$ 3,629,233	$ 3,210,286	$ 21,135,323	$ 17,466,165

The largest portion, $15.7 billion of $21.1 billion, of the state's net position reflects investment in capital assets such as land, buildings, equipment, and infrastructure (pavement, bridges, and other immovable assets) less any related outstanding debt used to acquire those assets. The state uses these capital assets to provide services to Minnesotans. Capital assets are not considered to be convertible to cash and cannot be used to fund the daily activities of the state or pay for the debt related to capital assets. Therefore, the resources needed to repay this debt related to capital assets must be provided from other sources.

Approximately $9.0 billion of the state's net position represent resources subject to external restrictions, constitutional provisions, or enabling legislation, which restricts how these assets may be used. Additional information on the state's net position restrictions is located in Note 16 – Equity in the notes to the financial statements.

The remaining net position balance represents a deficit in unrestricted net position of $3.6 billion. This deficit does not mean that the state lacks resources to pay its bills in the near future. Rather, this deficit primarily reflects three significant factors. First, the state, similar to other states, issues general obligation bonds and distributes the proceeds to component units and local units of government. These proceeds are used to finance the purchase or construction of capital assets. These entities record the capital assets in their statements of net position; however, the state is responsible for the repayment of the debt. This practice allows the state to promote improved financial management by reducing bond issuance costs and obtaining more favorable financing arrangements. Second, the state reports the majority of the noncapital portion of net position for most of its governmental activities' special revenue, debt service, and permanent funds as restricted. Third, the state recognized a net pension liability for defined benefit plans to which the state contributes either on behalf of state employees or for employees of other entities. This liability is long-term in nature and is being managed by the retirement systems and the state Legislature.

The state's combined net position for governmental and business-type activities increased $3.7 billion (21.0 percent) over the course of this fiscal year. This resulted from a $3.3 billion (22.8 percent) increase in net position of governmental activities, and a $418.9 million (13.1 percent) increase in net position of business-type activities.

Changes in Net Position
For Fiscal Years Ended June 30, 2019, and 2018
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	$ 1,662,053	$ 2,496,201	$ 2,749,401	$ 2,694,849	$ 4,411,454	$ 5,191,050
Operating Grants and Contributions	12,544,931	11,889,525	437,587	445,338	12,982,518	12,334,863
Capital Grants	235,522	115,974	28	—	235,550	115,974
General Revenues:						
Individual Income Taxes	12,693,113	12,125,496	—	—	12,693,113	12,125,496
Corporate Income Taxes	1,606,928	1,343,290	—	—	1,606,928	1,343,290
Sales Taxes	6,275,369	5,995,103	—	—	6,275,369	5,995,103
Property Taxes	820,829	823,551	—	—	820,829	823,551
Motor Vehicle Taxes	1,626,285	1,566,759	—	—	1,626,285	1,566,759
Fuel Taxes	931,329	936,618	—	—	931,329	936,618
Other Taxes	3,056,301	2,964,339	—	—	3,056,301	2,964,339
Tobacco Settlement	166,137	165,089	—	—	166,137	165,089
Investment/Interest Income	156,000	94,641	59,959	50,457	215,959	145,098
Other Revenues	137,949	75,201	732	4,249	138,681	79,450
Total Revenues	$ 41,912,746	$ 40,591,787	$ 3,247,707	$ 3,194,893	$ 45,160,453	$ 43,786,680
Expenses:						
Agricultural, Environmental and Energy Resources	$ 1,153,557	$ 1,369,950	$ —	$ —	$ 1,153,557	$ 1,369,950
Economic and Workforce Development	619,817	769,021	—	—	619,817	769,021
General Education	10,516,190	10,172,185	—	—	10,516,190	10,172,185
General Government	756,146	1,438,678	—	—	756,146	1,438,678
Health and Human Services	17,514,760	17,390,698	—	—	17,514,760	17,390,698
Higher Education	1,087,101	1,032,885	—	—	1,087,101	1,032,885
Intergovernmental Aid	1,867,341	1,699,020	—	—	1,867,341	1,699,020
Public Safety and Corrections	974,208	1,296,548	—	—	974,208	1,296,548
Transportation	3,283,888	3,287,843	—	—	3,283,888	3,287,843
Interest	246,462	224,558	—	—	246,462	224,558
State Colleges and Universities	—	—	1,795,697	2,174,240	1,795,697	2,174,240
Unemployment Insurance	—	—	731,132	754,269	731,132	754,269
Lottery	—	—	477,974	455,374	477,974	455,374
Other	—	—	467,022	495,581	467,022	495,581
Total Expenses	$ 38,019,470	$ 38,681,386	$ 3,471,825	$ 3,879,464	$ 41,491,295	$ 42,560,850
Excess (Deficiency) Before Transfers	$ 3,893,276	$ 1,910,401	$ (224,118)	$ (684,571)	$ 3,669,158	$ 1,225,830
Transfers	(643,065)	(626,435)	643,065	626,435	—	—
Changes in Net Position	$ 3,250,211	$ 1,283,966	$ 418,947	$ (58,136)	$ 3,669,158	$ 1,225,830
Net Position, Beginning	$ 14,255,879	$ 12,971,913	$ 3,210,286	$ 3,268,422	$ 17,466,165	$ 16,240,335
Net Position, Ending	$ 17,506,090	$ 14,255,879	$ 3,629,233	$ 3,210,286	$ 21,135,323	$ 17,466,165

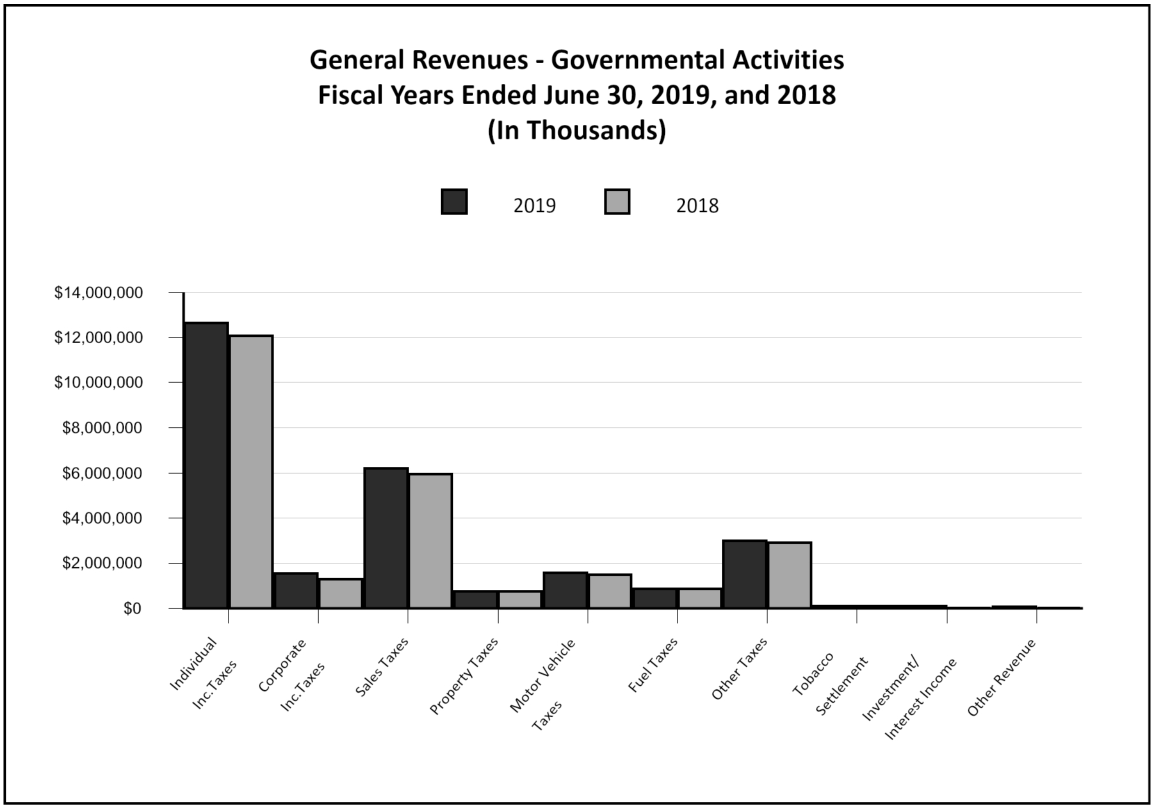
Approximately 60 percent of the state's total revenue (governmental and business-type activities) came from taxes, while 29 percent resulted from grants and contributions, including federal aid. Charges for various goods and services provided 10 percent of the total revenues. The remaining 1 percent came from other general revenues.

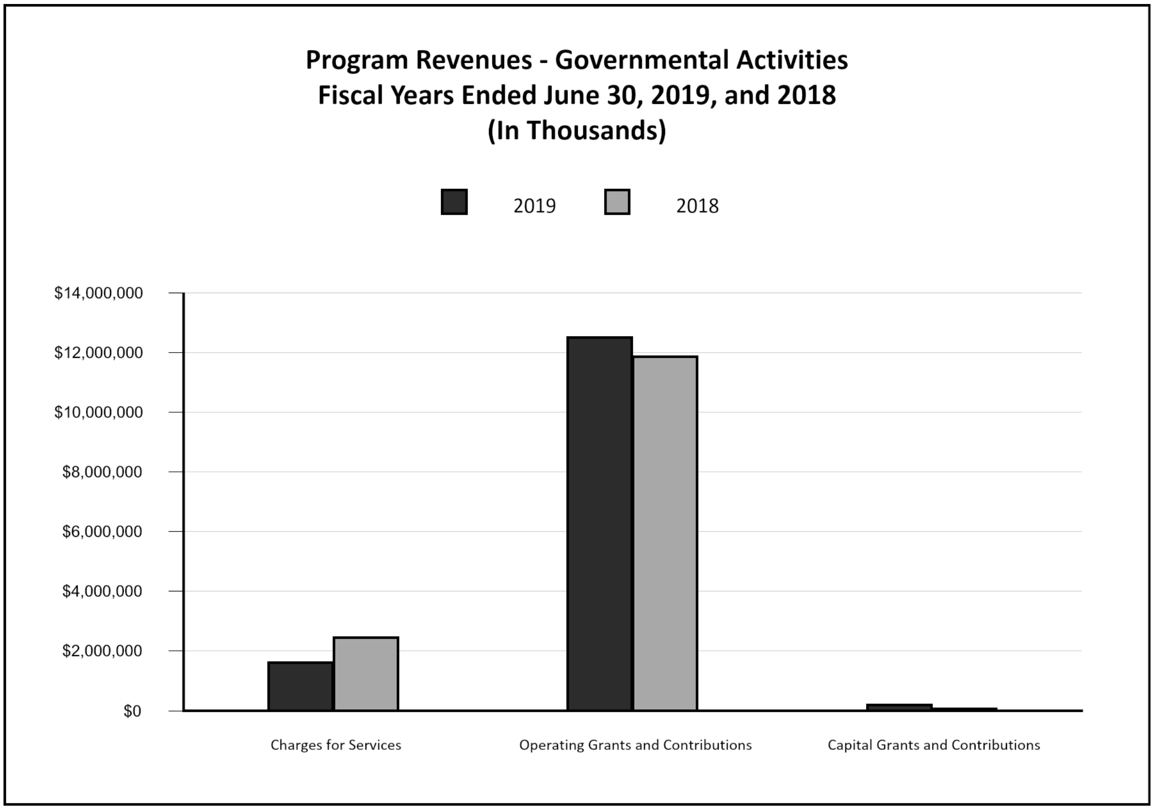
The state's expenses cover a range of services. The largest expenses were for general education and health and human services.

Governmental Activities

Governmental activities increased the state's net position by $3.3 billion in the current year compared to an increase of $1.3 billion in the prior year.

Revenues increased, $1.3 billion (3.3 percent) over prior year. The following graphs show revenues for the current year and prior year separating general revenues from program revenues.

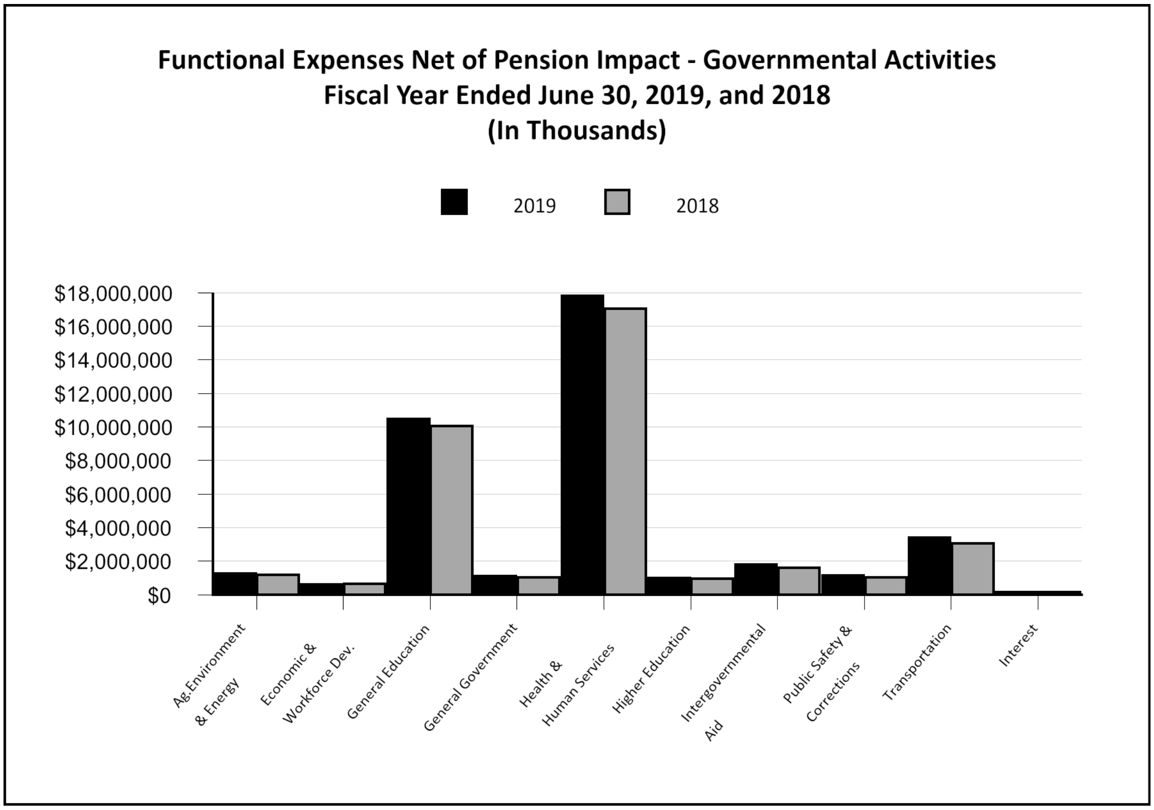




The state's largest general revenues, sales and income taxes, grew due to a continued economic growth in wages and jobs. The increase in other revenues resulted from a receipt of the excess surplus from the Workers' Compensation Assigned Risk Plan (component unit). The significant decrease in charges for services was primarily related to a one-time voluntary settlement of $850 million from a Minnesota company for the cleanup and safeguarding of drinking water, and habitat restoration and recreation in the prior year. The operating grants and contributions increase is due to the federal government's share of the growth in medical assistance expenses, as well as the federal government grant for the MinnesotaCare program. Capital grants increased due to the federal share of the increased capital expenses on transportation infrastructure projects during the current year.

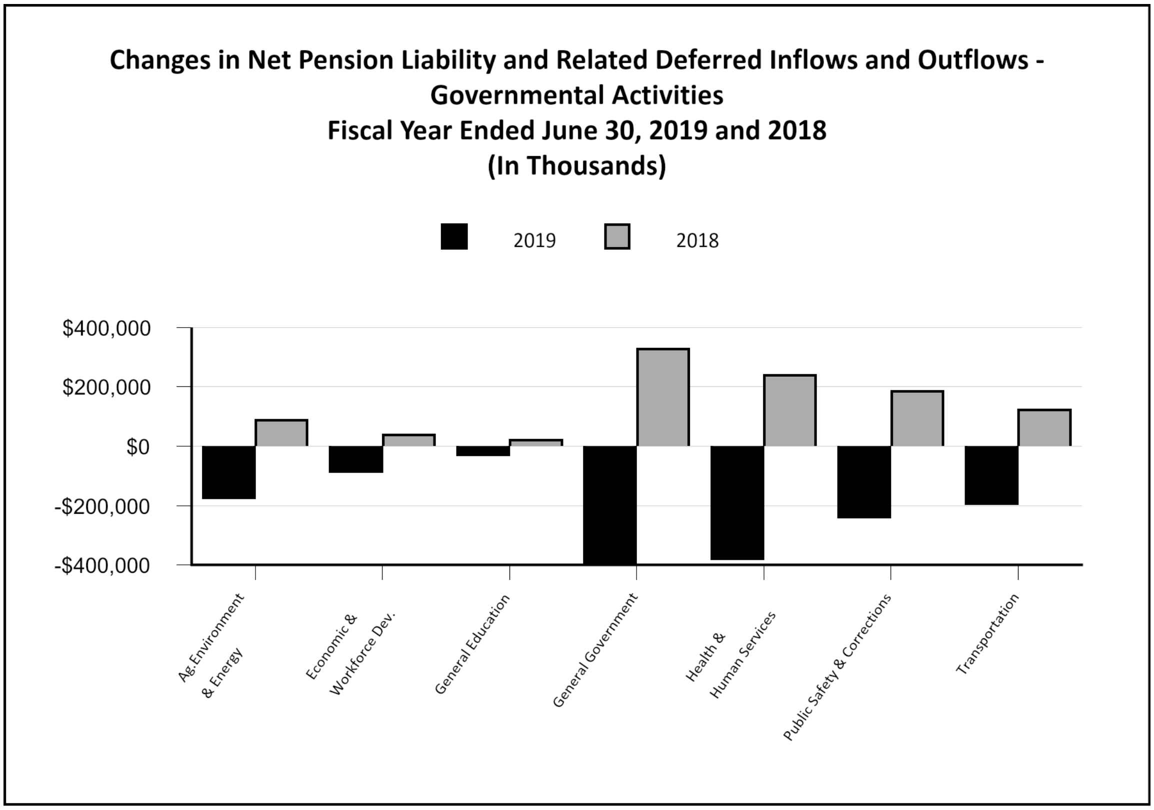
There was a $661.9 million (1.7 percent) decrease in governmental activities expenses compared to the prior year. This included a decrease in expenses of $2.6 billion related to the impacts of pension reporting offset by an increase in non-pension related expenses of $2.0 billion. Pension reporting impacted all functional expenses except higher education and intergovernmental aid. See the chart on the Changes in Net Pension Liability and Related Deferred Inflows and Outflows for the impact by functional expenses.

The following graph shows the functional expenses for governmental activities, excluding the impacts of the changes related to pensions.



Health and human services expenses increase was the result of growth in the cost of medical assistance. As previously noted, these expenses were partially reimbursed by the federal government. The increase in general education was primarily due to a two percent per pupil formula increase and an increase in the number of pupils. The transportation expenses increase was due to additional grants to local units of governments for transportation infrastructure projects, an increase in grants to Metropolitan Council (component unit) and additional operating and planning costs associated with state transportation infrastructure. Agricultural, environmental and energy resources expenses increase resulted from grants to Minnesota Comprehensive Health Association (component unit), which were reimbursed by the federal government as noted above. This increase was offset by decrease in the current year due to the payment of legal fees associated with a Minnesota company settlement in the prior year. Additional grants to the University of Minnesota (component unit) caused an increase in higher education expenses while additional grants to local units of government and an additional homestead credit granted to agricultural landowners caused an increase in intergovernmental aid expenses during the current year.

The following graph shows the changes in functional expenses for governmental activities related to the impacts of pension reporting.

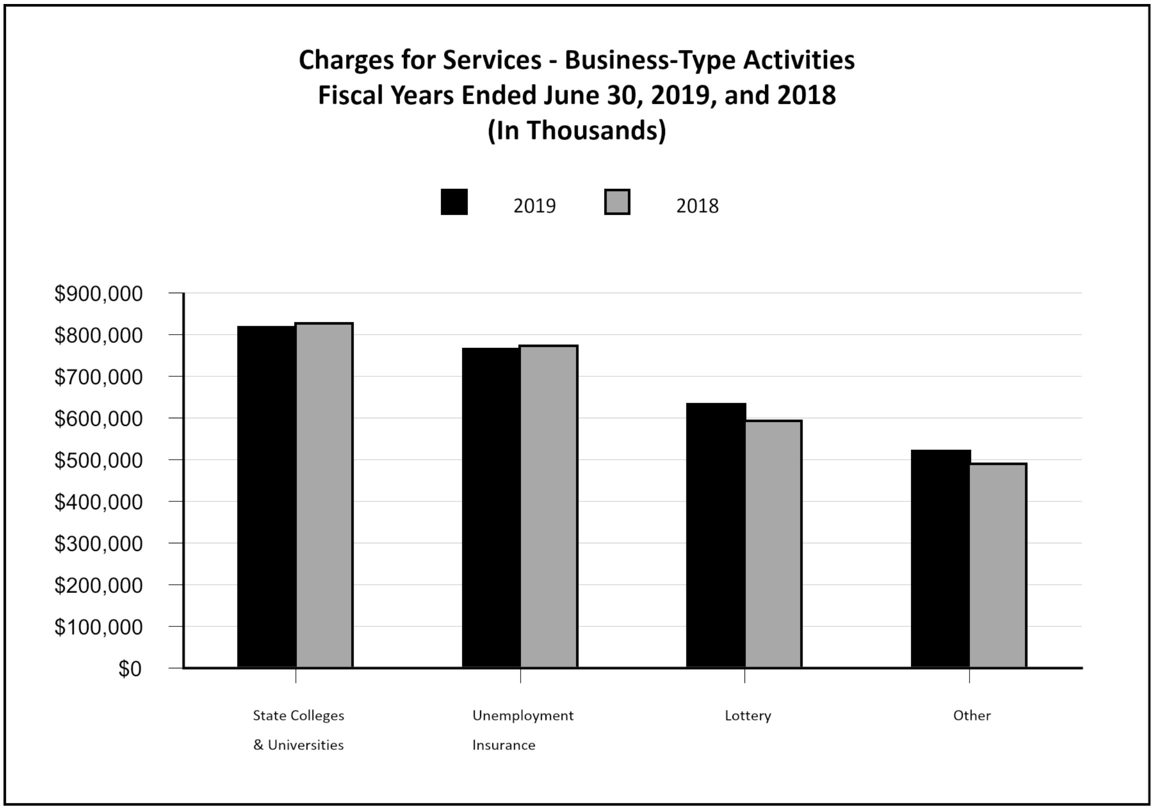


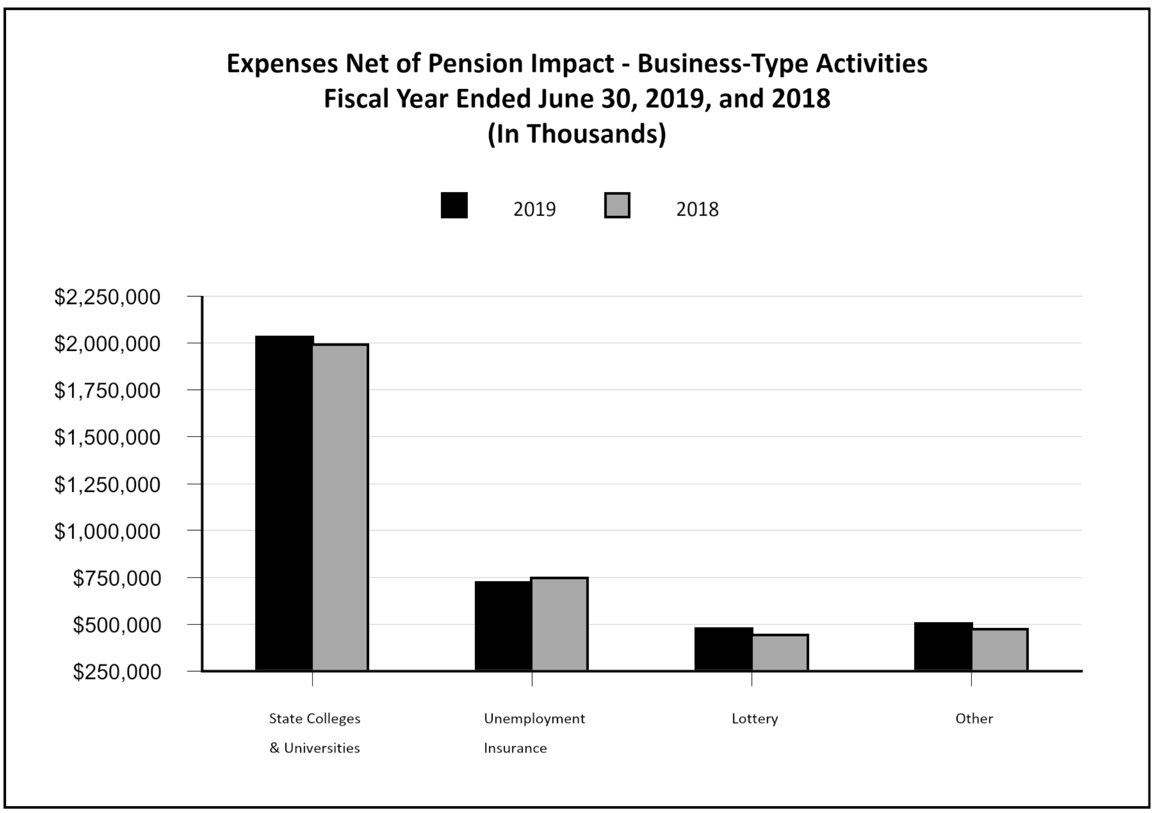
Business-type Activities

Net position for the state’s business-type activities increased by $418.9 million during the current year compared to a decrease of $58.1 million in the prior year. The impacts of pension related reporting on business-type activities resulted in a decrease in expenses of $489.5 million during the current year. See chart on expenses net of pension impact - business-type activities for changes in expenses net of these pension reporting impacts.

The increase in the net position of the state's business-type activities primarily resulted from a $263.4 million increase in net position in the State Colleges and Universities Fund and a $69.0 million increase in net position in the Unemployment Insurance Fund.

The State Colleges and Universities Fund’s net position increased $263.4 million during the current year compared to a decrease of $137.9 million in the prior year. Most of this was attributable to a $418.6 million decrease in net pension expense as noted above. The Unemployment Insurance Fund’s net position increased $69.0 million during the current year compared to an increase of $51.2 million in the prior year. This was primarily attributed to a decrease in the unemployment rate reducing the number of applicants requesting unemployment benefits. This decrease in unemployment benefits was slightly offset by a decrease in insurance premiums due to a slight reduction in the average taxable rate.


Charges for Services - Business-Type Activities
Fiscal Years Ended June 30, 2019, and 2018
(In Thousands)
2019
2018
$900,000
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
State Colleges & Universities
Unemployment Insurance
Lottery
Other


Expenses Net of Pension Impact - Business-Type Activities
Fiscal Year Ended June 30, 2019, and 2018
(In Thousands)
2019
2018
$2,250,000
$2,000,000
$1,750,000
$1,500,000
$1,250,000
$1,000,000
$750,000
$500,000
$250,000
State Colleges & Universities
Unemployment Insurance
Lottery
Other

Long-Term Liabilities

The state’s total long-term liabilities decreased by $6.8 billion (33.0 percent) during the current fiscal year. The decrease in Net Pension Liability of $6.8 billion is the primary reason for the decrease in long-term liabilities.

State Funds Financial Analysis

Governmental Funds

The focus of the state’s governmental funds is to provide information on near-term cash inflows and outflows during the fiscal year and balances of spendable resources as of fiscal year end. Such information is useful in assessing the state’s financial condition. The unassigned fund balance serves as a useful measure of the state’s net resources available for future spending at the end of the fiscal year.

As of the end of the current fiscal year, the state’s governmental funds reported combined ending fund balances of $12.6 billion, an increase of $1.0 billion over the prior year.

The General Fund is the main operating fund of the state. At the end of the current fiscal year, the fund balance of the General Fund was $5.6 billion, an increase of $809.0 million during the current year.

Because the General Fund is the main operating fund of the state, many of the same variances impacting Governmental Activities impacted the General Fund. As previously noted, sales and income taxes grew due to continued growth in wages and jobs and other revenue increased as a result of revenue from the Workers' Compensation Assigned Risk Plan (component unit).

The General Fund expenditures for general education increased as a result of the two percent per pupil formula increase and an increase in the number of pupils and Health and Human Services expenditures increase related to a growth in medical assistance. Additional grants to local units of governments and an additional homestead credit granted to agricultural landowners during the current year increased intergovernmental aid expenditures, while additional grants to Metropolitan Council (component unit) increased transportation expenditures.

The growth in medical assistance also impacted the Federal Fund because of the federal government's share of the health and human services expenditures. The $850 million voluntary settlement from a Minnesota company in the prior year caused a decrease in other revenue in the current year while the payment of the legal fees associated with this settlement caused a decrease in the agricultural, environmental and energy resources expenditures in the Environmental and Remediation Fund (special revenue fund) in the current year. The increase in transportation expenditures resulted from additional operating and planning costs in the Trunk Highway Fund (special revenue fund), which were partially offset by grants from the federal government and additional grants to local units of governments in Municipal State-Aid Street and County State-Aid Highway funds (special revenue funds) for transportation infrastructure projects. Additional grants to the University of Minnesota (component unit) for capital projects caused an increase in higher education expenses.

Proprietary Funds – Enterprise and Internal Service Funds

The statements for proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise Funds

The state’s enterprise funds are included in the Business-type Activities column of the Statement of Activities. Enterprise funds net position increased by $418.9 million during the current year. This primarily resulted from a $263.4 million increase in net position of the State Colleges and Universities Fund and a $69.0 million increase in net position of the Unemployment Insurance Fund. For further discussion, see the Government-wide Financial Analysis – Business-type Activities section.

Internal Service Funds

The state's internal service funds are included in the Governmental Activities column of the Statement of Activities; however, eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once in the function for which the expenses were made.

The implementation of GASB 68, "Accounting and Financial Reporting for Pensions," which required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions, has caused many of the nonmajor enterprise and internal services funds to end the fiscal year in a deficit net position. The actuarially determined amounts are likely to vary significantly from year to year and are managed by the retirement systems and state Legislature to ensure the defined benefit plans are adequately funded to pay plan benefits to employees participating as they become due. For these reasons, the state does not include the pension-related liabilities or deferred inflow and outflows of resources in the rate-setting process for managing these funds as long as the funds are contributing the statutory required contributions. The amounts will continue to be monitored by the retirement systems administering these plans and the state Legislature.

General Fund Budgetary Highlights

Several significant economic forecast and budget actions occurred prior to and during fiscal year 2019. These are material to understanding changes in General Fund balances that occurred in fiscal year 2019. Both the Minnesota State Constitution (Article XI, section 6) and Minnesota Statutes 16A.152, require that the budget be balanced for the biennium. The following highlights material actions taken by the state Legislature and the Governor affecting fiscal year 2019.

Actions Establishing the Fiscal Year 2019 Budget

The budget for state fiscal year 2019 was adopted in May 2017. The February 2017 Budget and Economic Forecast increased the projected budget balance for the 2018-19 biennium from $1.4 billion to $1.651 billion. General Fund revenues were forecast to be $45.663 billion and base spending was estimated to be $44.741 billion. Legislative actions during the 2017 regular session and a subsequent court order that partially funded the legislative budget reduced the projected balance by $1.488 billion to $163 million. Legislative changes included $816 million in new spending, $657 million in lower revenue and $15 million in reduced resources carried forward from the 2016-17 biennium due to changes enacted impacting that budget period.

Changes to the General Fund included $486 million in new spending in E-12 education, largely due to 2 percent annual increase to the basic education formula, $210 million increase in higher education spending, $155 million higher spending for the courts and public safety, $95 million higher appropriations for transportation spending, and a $165 million increase in economic development. The spending increases were offset by a $466 million spending decrease in health and human services. Revenue changes included the dedication of General Fund sales taxes on auto parts, rental cars and motor vehicle leases to the Highway User Tax Distribution Fund, removal of the annual inflator on the statewide property tax and the cigarette and tobacco tax, an increase of the exemption level for the estate tax, and various subtractions, deductions and credits to individual income and corporate taxes.

After the 2017 legislative session and subsequent court order, the enacted budget for fiscal year 2019 included $2.180 billion in carry forward from fiscal year 2018, $23.030 billion in General Fund revenues,

$23.053 billion in General Fund spending, $1.953 billion in cash and budgetary reserves, $40 million in a stadium reserve account, and a $163 million ending budgetary balance.

Budget and Forecast Actions Impacting Fiscal Year 2019

The November 2017 Budget and Economic Forecast reduced the budget outlook for the 2018-19 biennium by $351 million. A favorable close to fiscal year 2017 increased resources carried forward by $625 million but the General Fund revenue forecast was decreased $559 million. Spending estimates were increased by $398 million. Statutory reserve allocations transferred $5 million to the budget reserve and $15 million to the stadium reserve, leaving a deficit of $188 million. Lower expected individual, sales, corporate, and state general property tax revenue more than offset increased forecasts for other tax and non-tax revenue. A large portion of the higher spending, $358 million, in the 2018-19 biennium is the result of unspent appropriations from the previous biennium that carried forward and are available to be spent in the current biennium. A higher forecast for E-12 education contributed $121 million to the overall forecast spending increase.

The February 2018 Budget and Economic Forecast increased General Fund revenues by $353 million and reduced spending estimates by $167 million. Those changes, offset by a $2 million increase in stadium reserves, increased the 2018-19 biennium forecast balance by $518 million. The February forecast for fiscal year 2018 reflected $21.867 billion in General Fund resources, $22.695 billion in General Fund spending, $1.958 billion in cash and budget reserves, $40 million in the stadium reserve, and a $507 million budgetary balance.

The November 2018 Budget and Economic Forecast showed improvement in the state's financial position for the 2018-19 biennium. Forecast revenues were expected to be $45.410 billion, an increase of $609 million (1.4 percent) over end of session estimates. Biennial spending estimates total $45.549 billion, a decline of $306 million (0.7 percent) from prior estimates. Prior to any allocation to the budget reserve under Minnesota Statutes 16A.152, the forecast included two allocations to the budget reserve directed by Minnesota law totaling $137 million. The stadium reserve was reduced by $8 million due to a decision to redirect corporate revenue back to the General Fund that had been allocated to the stadium reserve account. Aggregating spending, revenue and reserve changes resulted in a projected forecast balance for the 2018-19 biennium of $1.074 billion, an improvement of $786 million over end of session estimates. Minnesota statutes automatically allocate 33 percent of any positive budgetary balance in the current biennium to the budget reserve account. After $354 million was allocated to the budget reserve, the available balance for fiscal year 2019 was projected to be $720 million.

The February 2019 Budget and Economic Forecast projected a budgetary balance of $563 million for the 2018-19 biennium, $157 million lower than prior estimates. Revenues were projected to be $198 million (0.4 percent) lower than November estimates. A lower income tax forecast ($403 million, 1.7 percent) was partially offset by higher forecast for corporate taxes ($130 million, 4.8 percent), other tax revenue ($36 million, 1.0 percent) and non-tax revenue ($57 million, 3.5 percent). Estimated expenditures were $41 million (0.1 percent) lower than previous estimates. Lower actual expenditures in Health and Human Services (HHS) compared to the prior forecast was the largest driver of the change. Projected reserve balances were unchanged from prior estimates.

Actions in the 2019 legislative session increased the projected balance for fiscal year 2019 to $606 million, $43 million higher than prior estimates. Revenues increased $26 million, largely due to state tax law conformity to provisions in federal tax law while expenditures were $17 million lower than forecast. This was due to the cancellation of a $50 million transfer from the General Fund to the Health Care Access Fund (account within the General Fund), which was partially offset by increased appropriations for state agencies and a transfer to the disaster contingency account. Reserves were unchanged from February forecast estimates for fiscal year 2019, but legislation was added to reduce the budget reserve balance by $491 million on the first day of fiscal year 2022.

The 2018 legislative session ended in May 2018. Changes impacting fiscal year 2019 enacted in the session included $159 thousand in revenue changes, $66 million in supplemental spending and a $25 million reduction to the budget reserve.

Fiscal year 2019 officially closed in August 2019. Actual revenues for fiscal year 2019 were $23.743 billion, $802 million higher than end of session estimates. Tax revenue at close was $689 million higher while non-tax revenue was $33 million higher than forecast; $80 million in transfers and prior period adjustments accounted for the remainder of the revenue gain compared to estimates. Spending for fiscal year 2019 was $23.054 billion, $90 million below previous estimates; however, $71 million of unspent appropriations in fiscal year 2019 were authorized to carry forward into fiscal year 2020. Statutory allocations added $5 million to the stadium reserve. The ending budgetary balance for fiscal year 2019 is $1.421 billion, $815 million higher than prior estimates.

Budget and GAAP Based Financial Outlook

Minnesota budgets and manages its financial affairs on a budgetary basis, which primarily uses a cash basis of accounting. Revenues are recorded when received and expenditures are recorded when the payments are made, with the exception that, at year-end, encumbered amounts are included in the expenditures of the year appropriated for budgetary reporting. GAAP requires that the modified accrual basis of accounting be used to prepare governmental fund statements. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. Expenditures are recognized when a liability occurs.

On a budgetary basis, the state's General Fund ended fiscal year 2019 with a balance of $2.093 billion. On a GAAP basis, the General Fund reported a balance of $5.592 billion for fiscal year 2019, a difference of $3.499 billion from the budgetary General Fund balance. The difference between the General Fund budgetary and GAAP fund balance results from two primary reasons. First, on a GAAP basis, the accruals of revenue and expenditures are required to be reported under the modified accrual basis of accounting. Second, several funds are included in the GAAP fund balance which are not included in the budgetary fund balance. These additional funds reported a fund balance of $2.470 billion. The difference between the GAAP basis and budgetary basis fund balance of the General Fund, excluding these additional funds not reported in the budgetary fund balance, was $1.029 billion. Additional information on the differences between the budgetary basis and the GAAP basis for the General Fund is included in Note 18 – Budgetary Basis vs. GAAP of the notes to the financial statements.

A budgetary balance of $1.052 billion was projected for the 2020-21 biennium in the February Budget and Economic Forecast. Actions during the 2019 regular and special legislative sessions reduced that projected balance to $242 million. The higher than expected incoming balance from the closed biennium, combined with an increased revenue forecast, slightly decreased spending estimates, and an increased allocation to the stadium reserve resulted in a forecast balance of $1.616 billion. Minnesota statute allocates a portion of any November forecast balance to the budget reserve account until the statutorily defined target is met. With the November 2019 forecast, $284 million was allocated to the budget reserve, which brought it to the target level of $2.359 billion. After the reserve allocation, the available General Fund balance for the 2020-21 biennium was $1.332 billion.

Revenue in the 2020-21 biennium was projected to reach $48.656 billion, an increase of $501 million (1.0 percent) over end of session estimates. Forecast increases in the two largest taxes, individual income and sales tax, were partially offset by a reduced forecast to the corporate tax forecast. Non-tax revenue was projected to be higher while transfers and other resources were projected to be slightly lower.

Overall projected spending in the 2020-21 biennium was materially unchanged from end of session estimates. The November 2019 forecast assumed spending for 2020-21 biennium to be $48.463 billion, a reduction of $7 million (0.0 percent) from estimates when the budget was first enacted in May 2019.

Forecast expenditures for education aid programs were down $54 million (0.3 percent) from previous estimates but were partially offset by an additional appropriation for safe schools supplemental aid of $30 million that was activated when fiscal year 2019 closed with a General Fund balance that was higher than projected at the end of the legislative session. Total health and human services spending was projected to be down by $97 million due to lower enrollment in Medical Assistance. This savings, along with $51 million (4.3 percent) in lower debt service, was partially offset by increases in Property Tax Aids and Credits, the implementation of two additional contingency appropriations in the 2020-21 biennium and the carryforward of unspent appropriations.

Minnesota Statute 16A.152 directs Minnesota Management and Budget (MMB) to allocate funds to the budget reserve account when there is a positive forecast balance in the current biennium and the current budget reserve balance is below the statutory target. These conditions were met with the November 2019 forecast and $284 million was credited to the budget reserve account, increasing the reserve to its target amount of $2.359 billion for the 2020-21 biennium.

Capital Asset and Debt Administration

Capital Assets

The state's investment in capital assets for governmental and business-type activities as of June 30, 2019, was $24.8 billion, less accumulated depreciation of $4.6 billion, resulting in a net book value of $20.2 billion. This investment in capital assets includes land, buildings, construction and development in progress, infrastructure, easements, art and historical treasures, internally generated computer software, and equipment. Infrastructure assets are long-lived capital assets, such as pavement, bridges, tunnels, drainage systems, lighting systems, and similar items that are normally stationary in nature.

Capital Assets
June 30, 2019, and 2018
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Capital Assets not Depreciated:						
Land	$ 2,727,599	$ 2,662,339	$ 93,226	$ 93,012	$ 2,820,825	$ 2,755,351
Buildings, Structures, Improvements	333,834	333,754	—	—	333,834	333,754
Construction in Progress	283,114	197,848	124,721	89,553	407,835	287,401
Development in Progress	187,427	172,082	—	—	187,427	172,082
Infrastructure	11,264,466	10,879,482	—	—	11,264,466	10,879,482
Easements	440,931	417,028	—	—	440,931	417,028
Art and Historical Treasures	7,724	7,559	—	—	7,724	7,559
Total Capital Assets not Depreciated	$ 15,245,095	$ 14,670,092	$ 217,947	$ 182,565	$ 15,463,042	$ 14,852,657
Capital Assets Depreciated:						
Buildings, Structures, Improvements	$ 3,384,856	$ 3,334,404	$ 3,765,459	$ 3,706,537	$ 7,150,315	$ 7,040,941
Infrastructure	405,871	387,010	28,153	28,153	434,024	415,163
Library Collections	—	—	37,230	38,666	37,230	38,666
Internally Generated Computer Software	401,329	277,777	64,607	57,948	465,936	335,725
Easements	4,127	4,720	—	—	4,127	4,720
Equipment, Furniture, Fixtures	872,792	823,791	341,996	337,895	1,214,788	1,161,686
Total Capital Assets Depreciated	$ 5,068,975	$ 4,827,702	$ 4,237,445	$ 4,169,199	$ 9,306,420	$ 8,996,901
Less: Accumulated Depreciation	(2,304,281)	(2,127,970)	(2,270,796)	(2,138,843)	(4,575,077)	(4,266,813)
Capital Assets Net of Depreciation	$ 2,764,694	$ 2,699,732	$ 1,966,649	$ 2,030,356	$ 4,731,343	$ 4,730,088
Total	$ 18,009,789	$ 17,369,824	$ 2,184,596	$ 2,212,921	$ 20,194,385	$ 19,582,745

The state uses the modified approach for reporting selected infrastructure assets. The modified approach requires that the state meet certain requirements regarding the inventory and maintenance of eligible capital assets, including condition assessments. Under the modified approach, assets are not depreciated and certain maintenance and preservation costs associated with those assets are expensed. Assets accounted for under this approach include approximately 29,000 lane miles of pavement and 3,000 bridges that are maintained by the Minnesota Department of Transportation (MnDOT).

The state's goal is to maintain pavement at, or above, a 3.0 Pavement Quality Index (PQI) for all principal arterial pavement and at, or above, a 2.8 PQI for all other pavement. The most recent condition assessment, completed for calendar year 2018, indicated that the average PQI for principal arterial pavement was 3.5 and 3.3 for all other pavements. The state has maintained a stable condition of pavement over the past several years.

The state's goal is to have over 92 percent of principal arterial system bridges and 80 percent of all other system bridges in fair to good condition. The most recent condition assessment, completed for calendar year 2018, indicated that 94.6 percent of principal arterial system bridges and 94.1 percent of all other system bridges were in fair to good condition. The state has also maintained a stable condition of bridges over the past several years.

During the current year, expenditures were fairly consistent with budget. The increase in capitalized expenditures compared to budget primarily related to pavement and bridge costs associated with three projects on interstate 35W.

Additional information on the state's capital assets and infrastructure under the modified approach is included in Note 6 – Capital Assets of the notes to the financial statements and in the required supplementary information, respectively.

Debt Administration

The authority of the state to incur general obligation debt is described in Article XI, Sections 5 and 7, of the state's constitution. General obligation bonds, issued by the state, are backed by the full faith, credit, and taxing powers of the state.

The state's general obligation bonds were rated on June 30, 2019, as follows:

- AAA by Fitch Ratings
- AAA by Standard & Poor's
- Aa1 by Moody's Investors Service

The Legislature also statutorily authorizes other types of debt.

The state issues revenue bonds, which are payable solely from rentals, revenues, and other income, and charges and monies that were pledged for repayment.

The state issued state General Fund appropriation refunding bonds to refund bonds issued by a blended component unit, Tobacco Securitization Authority, which no longer exists. The state also issued state General Fund appropriation bonds to finance the state and City of Minneapolis shares of the costs of a professional football stadium project and the state financed the Lewis and Clark Regional Water System project.

The Certificates of Participation were issued by the state to finance the statewide systems, integrated tax system, and the legislative office facility.

Outstanding Bonded Debt and Unamortized Premium
June 30, 2019, and 2018
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation	$ 6,924,502	$ 6,867,284	$ 223,190	$ 227,901	$ 7,147,692	$ 7,095,185
Revenue	34,150	36,795	309,803	351,871	343,953	388,666
State Appropriation Bonds	997,488	1,048,439	—	—	997,488	1,048,439
Certificate of Participation	81,709	93,425	—	—	81,709	93,425
Total	$ 8,037,849	$ 8,045,943	$ 532,993	$ 579,772	$ 8,570,842	$ 8,625,715

During fiscal year 2019, the state issued the following bonds:

- $397.7 million in general obligation state various purpose bonds
- $206.0 million in general obligation state trunk highway bonds
- $16.0 million in taxable state bonds

Additional information on the state’s long-term debt obligations is located in Note 12 – General Long-Term Liabilities – Primary Government in the notes to the financial statements.

Requests for Information

This financial report is designed to provide Minnesotans, taxpayers, customers, investors, and creditors with a general overview of the state’s finances and to demonstrate the state’s accountability for the money it receives.

Please contact us if you have questions about this report or to request additional financial information.

Minnesota Management and Budget
400 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota, 55155-1489
651-201-8000
https://www.mn.gov/mmb/

MINNESOTA

State of Minnesota

Basic Financial Statements

2019 Comprehensive Annual Financial Report

MINNESOTA

State of Minnesota

Government-wide Financial Statements

2019
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STATE OF MINNESOTA

STATEMENT OF NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 12,729,273	$ 2,839,417	$ 15,568,690	$ 1,408,321
Investments	3,052,451	24,396	3,076,847	1,081,326
Accounts Receivable	2,699,976	388,354	3,088,330	484,547
Due from Component Units	11,863	—	11,863	—
Due from Primary Government	—	—	—	323,352
Accrued Investment/Interest Income	36,588	—	36,588	34,791
Federal Aid Receivable	1,713,214	21,812	1,735,026	17,910
Inventories	33,252	24,055	57,307	55,299
Loans and Notes Receivable	31,635	4,009	35,644	421,548
Internal Balances	27,870	(27,870)	—	—
Other Assets	15,916	2,222	18,138	44,632
Total Current Assets	$ 20,352,038	$ 3,276,395	$ 23,628,433	$ 3,871,726
Noncurrent Assets:				
Cash and Cash Equivalents-Restricted	$ —	$ 100,451	$ 100,451	$ 1,089,394
Investments-Restricted	—	299	299	3,045,315
Accounts Receivable-Restricted	—	—	—	55,227
Due from Primary Government-Restricted	—	—	—	2,213
Due from Primary Government	—	—	—	3,570
Due from Component Units	82,918	—	82,918	—
Investments	—	—	—	5,236,291
Accounts Receivable	600,229	2,538	602,767	466,290
Loans and Notes Receivable	167,080	19,822	186,902	3,042,892
Depreciable Capital Assets (Net)	2,764,694	1,966,649	4,731,343	7,213,732
Nondepreciable Capital Assets	3,980,629	217,947	4,198,576	1,716,221
Infrastructure (Not depreciated)	11,264,466	—	11,264,466	—
Other Assets	4,765	—	4,765	29,152
Total Noncurrent Assets	$ 18,864,781	$ 2,307,706	$ 21,172,487	$ 21,900,297
Total Assets	$ 39,216,819	$ 5,584,101	$ 44,800,920	$ 25,772,023
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivatives	$ —	$ —	$ —	$ 10,984
Bond Refunding	9,721	1,942	11,663	10,130
Deferred Pension Outflows	4,289,914	706,174	4,996,088	1,055,055
Deferred Other Postemployment Benefits Outflows	29,788	11,214	41,002	13,811
Deferred Derivative Outflows	—	—	—	2,297
Total Deferred Outflows of Resources	$ 4,329,423	$ 719,330	$ 5,048,753	$ 1,092,277
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 5,649,678	$ 267,371	$ 5,917,049	$ 469,354
Due to Component Units	258,080	6	258,086	—
Due to Primary Government	—	—	—	14,477
Unearned Revenue	307,557	92,220	399,777	108,528
Accrued Interest Payable	113,367	132	113,499	58,619
Bonds and Notes Payable	616,419	62,409	678,828	596,954
Capital Leases Payable	10,162	4,141	14,303	5,467
Certificates of Participation Payable	2,180	—	2,180	—
Claims Payable	203,516	20,318	223,834	245,909
Compensated Absences Payable	46,195	19,723	65,918	233,952
Other Liabilities	—	13,094	13,094	4,077
Total Current Liabilities	$ 7,207,154	$ 479,414	$ 7,686,568	$ 1,737,337

STATE OF MINNESOTA

STATEMENT OF NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Noncurrent Liabilities:				
Accounts Payable-Restricted	$ —	$ —	$ —	$ 112,147
Unearned Revenue-Restricted	—	—	—	152,756
Accrued Interest Payable-Restricted	—	—	—	13,667
Due to Primary Government	—	—	—	82,918
Unearned Revenue	128,551	411	128,962	7,881
Interest Rate Swap Agreements	—	—	—	10,984
Bonds and Notes Payable	7,386,679	480,942	7,867,621	7,205,386
Due to Component Units	3,570	—	3,570	—
Capital Leases Payable	51,702	5,353	57,055	33,089
Certificates of Participation Payable	79,529	—	79,529	—
Claims Payable	718,110	2,102	720,212	558,519
Compensated Absences Payable	286,716	139,858	426,574	31,483
Other Postemployment Benefits	527,953	84,846	612,799	317,689
Net Pension Liability	2,680,123	360,421	3,040,544	362,382
Funds Held in Trust	—	—	—	386,625
Other Liabilities	—	23,026	23,026	42,242
Total Noncurrent Liabilities	$ 11,862,933	$ 1,096,959	$ 12,959,892	$ 9,317,768
Total Liabilities	$ 19,070,087	$ 1,576,373	$ 20,646,460	$ 11,055,105
DEFERRED INFLOWS OF RESOURCES				
Bond Refunding	$ 37,370	$ 4,000	$ 41,370	$ 6,122
Capital Lease Restructuring	11,312	—	11,312	—
Deferred Revenue	476,903	—	476,903	20,409
Deferred Pension Inflows	6,385,192	1,088,219	7,473,411	1,706,578
Deferred Other Postemployment Benefits Inflows	59,288	5,606	64,894	25,929
Total Deferred Inflows of Resources	$ 6,970,065	$ 1,097,825	$ 8,067,890	$ 1,759,038
NET POSITION				
Net Investment in Capital Assets	$ 14,068,082	$ 1,659,114	$ 15,727,196	$ 5,857,102
Restricted to:				
Improve Agricultural, Environmental and Energy Resources	$ 2,837,090	$ —	$ 2,837,090	$ —
Enhance Arts and Culture	27,394	—	27,394	—
Acquire, Maintain, and Improve Land and Buildings	—	863	863	—
Retire Indebtedness	485,560	122,494	608,054	—
Develop Economy and Workforce	180,911	2,445	183,356	—
Enhance E-12 Education	14,615	—	14,615	—
Enhance State Government	24,043	—	24,043	—
Enhance Health and Human Services	95,209	—	95,209	—
Enhance Higher Education	35	18,150	18,185	—
Enhance 911 Services and Increase Safety	15,575	61,856	77,431	—
School Aid-Expendable	9,838	—	9,838	—
School Aid-Nonexpendable	1,535,199	—	1,535,199	—
Construct Highways and Improve Infrastructure	1,670,114	—	1,670,114	—
Unemployment Benefits	—	1,797,462	1,797,462	—
Other Purposes	—	75,375	75,375	—
Component Units	—	—	—	7,668,447
Total Restricted	$ 6,895,583	$ 2,078,645	$ 8,974,228	$ 7,668,447
Unrestricted	$ (3,457,575)	$ (108,526)	$ (3,566,101)	$ 524,608
Total Net Position	$ 17,506,090	$ 3,629,233	$ 21,135,323	$ 14,050,157

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBU-TIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBU-TIONS
Primary Government:				
Governmental Activities:				
Agricultural, Environmental and Energy Resources	$ 1,153,557	$ 470,015	$ 370,445	$ 23,694
Economic and Workforce Development	619,817	56,817	229,531	—
General Education	10,516,190	19,141	933,467	7,348
General Government	756,146	337,288	63,345	—
Health and Human Services	17,514,760	544,739	9,946,653	—
Higher Education	1,087,101	—	—	—
Intergovernmental Aid	1,867,341	—	—	—
Public Safety and Corrections	974,208	151,911	207,925	—
Transportation	3,283,888	82,142	793,565	204,480
Interest	246,462	—	—	—
Total Governmental Activities	$ 38,019,470	$ 1,662,053	$ 12,544,931	$ 235,522
Business-type Activities:				
State Colleges and Universities	$ 1,795,697	$ 820,489	$ 434,229	$ 28
Unemployment Insurance	731,132	767,805	3,358	—
Lottery	477,974	636,806	—	—
Other	467,022	524,301	—	—
Total Business-type Activities	$ 3,471,825	$ 2,749,401	$ 437,587	$ 28
Total Primary Government	$ 41,491,295	$ 4,411,454	$ 12,982,518	$ 235,550
Component Units:				
Housing Finance	$ 394,103	$ 256,596	$ 196,665	$ —
Metropolitan Council	957,643	403,391	564,301	328,309
University of Minnesota	3,924,593	1,549,896	1,090,394	102,767
Others	693,904	169,126	231,479	7,600
Total Component Units	$ 5,970,243	$ 2,379,009	$ 2,082,839	$ 438,676

General Revenues:

Taxes:

Individual Income Taxes

Corporate Income Taxes

Sales Taxes

Property Taxes

Motor Vehicle Taxes

Fuel Taxes

Other Taxes

Tobacco Settlement

Unallocated Investment/Interest Income

Other Revenues

State Grants Not Restricted

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning, as Reported

Net Position, Ending

The notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
$ (289,403)		$ (289,403)	
(333,469)		(333,469)	
(9,556,234)		(9,556,234)	
(355,513)		(355,513)	
(7,023,368)		(7,023,368)	
(1,087,101)		(1,087,101)	
(1,867,341)		(1,867,341)	
(614,372)		(614,372)	
(2,203,701)		(2,203,701)	
(246,462)		(246,462)	
$ (23,576,964)		$ (23,576,964)	
	$ (540,951)	$ (540,951)	
	40,031	40,031	
	158,832	158,832	
	57,279	57,279	
	$ (284,809)	$ (284,809)	
$ (23,576,964)	$ (284,809)	$ (23,861,773)	
			$ 59,158
			338,358
			(1,181,536)
			(285,699)
			$ (1,069,719)
$ 12,693,113	$ —	$ 12,693,113	$ —
1,606,928	—	1,606,928	—
6,275,369	—	6,275,369	—
820,829	—	820,829	—
1,626,285	—	1,626,285	—
931,329	—	931,329	—
3,056,301	—	3,056,301	86,846
166,137	—	166,137	—
156,000	59,959	215,959	365,089
137,949	732	138,681	752,584
—	—	—	1,077,480
(643,065)	643,065	—	—
$ 26,827,175	$ 703,756	$ 27,530,931	$ 2,281,999
$ 3,250,211	$ 418,947	$ 3,669,158	$ 1,212,280
$ 14,255,879	$ 3,210,286	$ 17,466,165	$ 12,837,877
$ 17,506,090	$ 3,629,233	$ 21,135,323	$ 14,050,157

MINNESOTA

State of Minnesota

Fund Financial Statements

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Major Governmental Funds

General Fund

The fund accounts for all financial resources except those required to be accounted for in another fund.

Federal Fund

The fund receives and disburses federal government grants and reimbursements. The fund is administered in accordance with grant agreements between the state and federal agencies.

STATE OF MINNESOTA

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019
(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 6,622,800	$ 314,854	$ 5,331,516	$ 12,269,170
Investments	1,197,836	—	1,854,615	3,052,451
Accounts Receivable	2,678,152	298,778	318,151	3,295,081
Interfund Receivables	159,057	50	64,604	223,711
Due from Component Units	279	24	94,478	94,781
Accrued Investment/Interest Income	30,254	—	6,334	36,588
Federal Aid Receivable	—	1,635,141	78,073	1,713,214
Inventories	—	—	32,879	32,879
Loans and Notes Receivable	71,370	4,767	122,578	198,715
Investment in Land	—	—	15,962	15,962
Total Assets	$ 10,759,748	$ 2,253,614	$ 7,919,190	$ 20,932,552
LIABILITIES				
Accounts Payable	$ 3,191,292	$ 1,814,373	$ 673,846	$ 5,679,511
Interfund Payables	9,399	—	74,781	84,180
Due to Component Units	37,502	139,871	80,053	257,426
Unearned Revenue	135,721	278,817	—	414,538
Total Liabilities	$ 3,373,914	$ 2,233,061	$ 828,680	$ 6,435,655
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	$ 1,794,268	$ —	$ 106,738	$ 1,901,006
Total Deferred Inflows of Resources	$ 1,794,268	$ —	$ 106,738	$ 1,901,006
FUND BALANCES				
Nonspendable	$ 1,229,393	$ —	$ 1,568,078	$ 2,797,471
Restricted	93,570	20,553	4,698,452	4,812,575
Committed	62,221	—	663,729	725,950
Assigned	2,124,922	—	53,513	2,178,435
Unassigned	2,081,460	—	—	2,081,460
Total Fund Balances	$ 5,591,566	$ 20,553	$ 6,983,772	$ 12,595,891
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 10,759,748	$ 2,253,614	$ 7,919,190	$ 20,932,552

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

Total Fund Balance for Governmental Funds			$	12,595,891
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:				
Infrastructure	$	11,264,466		
Nondepreciable Capital Assets		3,964,406		
Depreciable Capital Assets		4,870,632		
Accumulated Depreciation		(2,181,016)		
				17,918,488
Net effect of state revenues that will be collected after year-end but not available to pay for current period expenditures and refunds of revenues that will be paid after year-end.				1,424,103
Net Deferred Outflows (Inflows) resulting from the refunding of debt and restructuring of capital leases included in the Statement of Net Position.				(38,961)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.				15,423
Deferred pension and other postemployment benefits outflows (inflows) resulting primarily from actuarial gains and losses to be amortized are included in the Statement of Net Position.				
Total Deferred Pension and Other Postemployment Benefits Outflows	$	3,995,143		
Total Deferred Pension and Other Postemployment Benefits Inflows		(5,933,114)		
				(1,937,971)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:				
Accrued Interest Payable	$	(113,288)		
General Obligation Bonds Payable		(6,078,657)		
State Appropriation Bonds Payable		(896,490)		
Revenue Bonds Payable		(34,150)		
Loans and Notes Payable		(3,633)		
Bond Premium Payable		(946,843)		
Due to Component Units		(4,224)		
Capital Leases Payable		(61,864)		
Certificate of Participation Payable		(72,145)		
Certificate of Participation Premium Payable		(9,564)		
Claims Payable		(832,488)		
Compensated Absences Payable		(322,264)		
Other Postemployment Benefits		(521,652)		
Net Pension Liability		(2,573,621)		
				(12,470,883)
Net Position of Governmental Activities			$	17,506,090

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
Net Revenues:				
Individual Income Taxes	$ 12,674,858	$ —	$ —	$ 12,674,858
Corporate Income Taxes	1,613,373	—	—	1,613,373
Sales Taxes	5,775,278	—	489,388	6,264,666
Property Taxes	811,117	—	—	811,117
Motor Vehicle Taxes	323,059	—	1,303,370	1,626,429
Fuel Taxes	—	—	930,988	930,988
Other Taxes	2,817,669	—	223,278	3,040,947
Tobacco Settlement	162,765	—	—	162,765
Federal Revenues	12,788	11,469,682	701,203	12,183,673
Licenses and Fees	234,462	5,231	344,708	584,401
Departmental Services	242,310	5,472	196,223	444,005
Investment/Interest Income	243,163	6,154	278,006	527,323
Other Revenues	479,461	74,333	322,732	876,526
Net Revenues	$ 25,390,303	$ 11,560,872	$ 4,789,896	$ 41,741,071
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 280,074	$ 306,536	$ 637,810	$ 1,224,420
Economic and Workforce Development	237,288	218,110	306,982	762,380
General Education	9,678,641	788,169	78,202	10,545,012
General Government	865,390	18,349	94,649	978,388
Health and Human Services	8,029,374	9,638,251	213,447	17,881,072
Higher Education	942,218	—	144,940	1,087,158
Intergovernmental Aid	1,867,151	—	190	1,867,341
Public Safety and Corrections	725,507	154,390	289,073	1,168,970
Transportation	542,645	258,745	2,584,536	3,385,926
Total Current Expenditures	$ 23,168,288	$ 11,382,550	$ 4,349,829	$ 38,900,667
Capital Outlay	115,086	110,056	615,236	840,378
Debt Service	30,673	—	923,108	953,781
Total Expenditures	$ 23,314,047	$ 11,492,606	$ 5,888,173	$ 40,694,826
Excess of Revenues Over (Under) Expenditures	$ 2,076,256	$ 68,266	$ (1,098,277)	$ 1,046,245
Other Financing Sources (Uses):				
Bond Issuance	$ 3,875	$ —	$ 599,532	$ 603,407
Bond Issue Premium	625	—	78,544	79,169
Transfers-In	265,088	1,685	998,818	1,265,591
Transfers-Out	(1,536,801)	(56,359)	(360,741)	(1,953,901)
Net Other Financing Sources (Uses)	$ (1,267,213)	$ (54,674)	$ 1,316,153	$ (5,734)
Net Change in Fund Balances	$ 809,043	$ 13,592	$ 217,876	$ 1,040,511
Fund Balances, Beginning, as Reported	$ 4,782,523	$ 6,961	$ 6,765,896	$ 11,555,380
Fund Balances, Ending	$ 5,591,566	$ 20,553	$ 6,983,772	$ 12,595,891

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

Net Change in Fund Balances for Governmental Funds		1,040,511
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital outlay exceeded the depreciation in the current period.		
Capital Outlay	$ 840,378	
Depreciation	(198,720)	
		641,658
Governmental funds report the proceeds from the sale of capital assets as increases in financial resources. However, in the Statement of Activities, only the gain or loss on the sale and the fair market value of donated capital assets are reported.		(5,640)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds activities is reported in governmental activities, but not included in governmental funds.		194,810
Net changes in revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.		58,908
Bond and loan proceeds provide current financial resources to governmental funds; however, issuing or incurring debt is reported as an increase of long-term liabilities in the Statement of Net Position.		(682,576)
Net changes due to the additions and amortization of deferred inflows and outflows related to the refunding of debt and restructuring of capital leases is reported in the Statement of Activities but not included in governmental funds.		8,715
Net changes in the net pension liability and the additions and amortization of deferred inflows and outflows related to pensions is reported in the Statement of Activities but not included in governmental funds.		1,441,631
Net changes in the other postemployment benefits liability and the additions and amortization of deferred inflows and outflows related to other postemployment benefits is reported in the Statement of Activities but not included in governmental funds.		(38,713)
Repayment of bonds, loans, and capital leases are reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		701,045
Net changes in expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds.		(110,138)
Change in Net Position of Governmental Activities		$ 3,250,211

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

MAJOR GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Net Revenues:			
Individual Income Taxes	$ 12,263,300	$ 11,965,190	$ 12,405,417
Corporate Income Taxes	1,295,375	1,523,624	1,660,015
Sales Taxes	5,749,798	5,645,507	5,735,600
Property Taxes	816,499	809,108	810,627
Other Taxes	2,677,696	2,743,429	2,763,526
Tobacco Settlement	150,604	160,161	162,765
Licenses and Fees	217,779	223,316	234,644
Departmental Services	114,454	118,848	119,697
Investment/Interest Income	33,041	87,802	110,615
Other Revenues	309,071	382,115	392,368
Net Revenues	$ 23,627,617	$ 23,659,100	$ 24,395,274
Expenditures:			
Agricultural, Environmental and Energy Resources	$ 221,160	$ 222,802	$ 220,351
Economic and Workforce Development	175,302	175,666	174,441
General Education	9,626,982	9,711,864	9,670,089
General Government	951,104	959,235	947,985
Health and Human Services	7,686,757	7,394,222	7,103,191
Higher Education	913,106	915,553	915,290
Intergovernmental Aid	1,870,547	1,870,738	1,869,898
Public Safety and Corrections	764,244	775,988	772,997
Transportation	159,517	159,607	159,392
Total Expenditures	$ 22,368,719	$ 22,185,675	$ 21,833,634
Excess of Revenues Over (Under) Expenditures	$ 1,258,898	$ 1,473,425	$ 2,561,640
Other Financing Sources (Uses):			
Transfers-In	$ 58,048	$ 57,109	$ 70,429
Transfers-Out	(2,089,398)	(2,089,398)	(2,089,398)
Net Other Financing Sources (Uses)	$ (2,031,350)	$ (2,032,289)	$ (2,018,969)
Net Change in Fund Balances	$ (772,452)	$ (558,864)	$ 542,671
Fund Balances, Beginning, as Reported	$ 4,048,747	$ 4,048,747	$ 4,048,747
Prior Period Adjustments	—	—	102,177
Fund Balances, Beginning, as Restated	$ 4,048,747	$ 4,048,747	$ 4,150,924
Budgetary Fund Balances, Ending	$ 3,276,295	$ 3,489,883	$ 4,693,595
Less: Appropriation Carryover	—	—	83,339
Less: Reserved for Long-Term Receivables	—	—	37,663
Less: Budgetary Reserve	—	—	2,479,808
Unassigned Fund Balance, Ending	$ 3,276,295	$ 3,489,883	$ 2,092,785

The notes are an integral part of the financial statements.

MINNESOTA

State of Minnesota

Major Proprietary Funds

State Colleges and Universities Fund

The fund accounts for the activities of Minnesota State Colleges and Universities (MnSCU). MnSCU is a system of public state universities and two-year colleges and is the largest system of higher education in the state. While the primary activity of MnSCU is to provide educational services, the fund also includes scholarships, student loans, bookstores, student living activities, research, and long-term debt.

Unemployment Insurance Fund

The fund receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

2019 Comprehensive Annual Financial Report

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 1,019,925	$ 1,562,654	$ 256,838	$ 2,839,417	$ 460,103
Investments	24,396	—	—	24,396	—
Accounts Receivable	57,944	298,712	31,698	388,354	77,137
Interfund Receivables	27,164	—	9,451	36,615	4
Federal Aid Receivable	21,638	174	—	21,812	—
Inventories	15,746	—	8,309	24,055	373
Loans and Notes Receivable	4,009	—	—	4,009	—
Prepaid Expenses	1,734	—	488	2,222	15,916
Total Current Assets	$ 1,172,556	$ 1,861,540	$ 306,784	$ 3,340,880	$ 553,533
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	$ 100,451	$ —	$ —	$ 100,451	$ —
Investments-Restricted	299	—	—	299	—
Accounts Receivable	—	—	2,538	2,538	—
Loans and Notes Receivable	19,822	—	—	19,822	—
Depreciable Capital Assets (Net)	1,801,610	—	165,039	1,966,649	75,078
Nondepreciable Capital Assets	203,351	—	14,596	217,947	261
Prepaid Expenses	—	—	—	—	4,765
Total Noncurrent Assets	$ 2,125,533	$ —	$ 182,173	$ 2,307,706	$ 80,104
Total Assets	$ 3,298,089	$ 1,861,540	$ 488,957	$ 5,648,586	$ 633,637
DEFERRED OUTFLOWS OF RESOURCES					
Bond Refunding	$ 1,942	$ —	$ —	$ 1,942	$ —
Deferred Pension Outflows	609,519	—	96,655	706,174	324,202
Deferred Other Postemployment Benefits Outflows	10,361	—	853	11,214	357
Total Deferred Outflows of Resources	$ 621,822	$ —	$ 97,508	$ 719,330	$ 324,559
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 194,954	$ 15,142	$ 57,275	$ 267,371	$ 42,416
Interfund Payables	17,383	19,897	27,205	64,485	111,429
Due to Component Units	—	—	6	6	—
Unearned Revenue	52,943	29,039	10,238	92,220	21,570
Accrued Interest Payable	—	—	132	132	79
Bonds and Notes Payable	40,989	—	21,420	62,409	15,137
Capital Leases Payable	4,141	—	—	4,141	—
Claims Payable	2,697	—	17,621	20,318	89,138
Compensated Absences Payable	17,716	—	2,007	19,723	1,231
Other Liabilities	13,094	—	—	13,094	—
Total Current Liabilities	$ 343,917	$ 64,078	$ 135,904	$ 543,899	$ 281,000

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Noncurrent Liabilities:					
Unearned Revenue	$ —	$ —	$ 411	$ 411	$ —
Bonds and Notes Payable	467,415	—	13,527	480,942	28,188
Capital Leases Payable	5,353	—	—	5,353	—
Claims Payable	2,102	—	—	2,102	—
Compensated Absences Payable	129,203	—	10,655	139,858	9,416
Other Postemployment Benefits	70,054	—	14,792	84,846	6,301
Net Pension Liability	322,706	—	37,715	360,421	106,502
Other Liabilities	23,026	—	—	23,026	—
Total Noncurrent Liabilities	$ 1,019,859	$ —	$ 77,100	$ 1,096,959	$ 150,407
Total Liabilities	$ 1,363,776	$ 64,078	$ 213,004	$ 1,640,858	$ 431,407
Noncurrent Liabilities:					
DEFERRED INFLOWS OF RESOURCES					
Bond Refunding	$ 4,000	$ —	$ —	$ 4,000	$ —
Deferred Pension Inflows	931,975	—	156,244	1,088,219	510,657
Deferred Other Postemployment Benefits Inflows	3,945	—	1,661	5,606	709
Total Deferred Inflows of Resources	$ 939,920	$ —	$ 157,905	$ 1,097,825	$ 511,366
NET POSITION					
Net Investment in Capital Assets	$ 1,514,426	$ —	$ 144,688	$ 1,659,114	$ 32,014
Restricted for:					
Acquire, Maintain, and Improve Land and Buildings	$ 863	$ —	$ —	$ 863	$ —
Retire Indebtedness	122,494	—	—	122,494	—
Develop Economy and Workforce	—	—	2,445	2,445	—
Enhance Higher Education	18,150	—	—	18,150	—
Enhance 911 Services and Increase Safety	—	—	61,856	61,856	—
Unemployment Benefits	—	1,797,462	—	1,797,462	—
Other Purposes	—	—	75,375	75,375	—
Total Restricted	$ 141,507	$ 1,797,462	$ 139,676	$ 2,078,645	$ —
Unrestricted	$ (39,718)	$ —	$ (68,808)	$ (108,526)	$ (16,591)
Total Net Position	$ 1,616,215	$ 1,797,462	$ 215,556	$ 3,629,233	$ 15,423

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:					
Tuition and Fees	$ 690,874	$ —	$ —	$ 690,874	$ —
Restricted Student Payments, Net	110,507	—	—	110,507	—
Net Sales	—	—	915,387	915,387	305,025
Insurance Premiums	—	754,321	205,960	960,281	1,005,906
Other Income	19,108	13,484	39,760	72,352	12,275
Total Operating Revenues	$ 820,489	$ 767,805	$ 1,161,107	$ 2,749,401	$ 1,323,206
Less: Cost of Goods Sold	—	—	484,650	484,650	—
Gross Margin	$ 820,489	$ 767,805	$ 676,457	$ 2,264,751	$ 1,323,206
Operating Expenses:					
Purchased Services	$ 255,206	$ —	$ 88,410	$ 343,616	$ 199,014
Salaries and Fringe Benefits	1,132,891	—	117,233	1,250,124	(69,889)
Student Financial Aid	55,209	—	—	55,209	—
Unemployment Benefits	—	726,959	—	726,959	—
Claims	—	—	196,432	196,432	914,908
Depreciation and Amortization	133,129	—	17,495	150,624	19,294
Supplies and Materials	124,251	—	6,349	130,600	19,218
Repairs and Maintenance	24,501	—	1,323	25,824	12,470
Indirect Costs	—	—	2,448	2,448	3,045
Other Expenses	38,834	—	1,131	39,965	1,207
Total Operating Expenses	$ 1,764,021	$ 726,959	$ 430,821	$ 2,921,801	$ 1,099,267
Operating Income (Loss)	$ (943,532)	$ 40,846	$ 245,636	$ (657,050)	$ 223,939
Nonoperating Revenues (Expenses):					
Investment Income	$ 19,146	$ 37,449	$ 3,364	$ 59,959	$ 8,539
Federal Grants	291,142	—	—	291,142	—
Private Grants	36,045	—	—	36,045	—
Grants and Subsidies	107,070	3,358	—	110,428	—
Other Nonoperating Revenues	—	—	121	121	—
Interest and Financing Costs	(20,629)	—	(822)	(21,451)	(1,055)
Grants, Aids and Subsidies	(11,047)	(4,173)	(16,817)	(32,037)	—
Other Nonoperating Expenses	—	—	(10,889)	(10,889)	(2,992)
Gain (Loss) on Disposal of Capital Assets	475	—	(861)	(386)	512
Total Nonoperating Revenues (Expenses)	$ 422,202	$ 36,634	$ (25,904)	$ 432,932	$ 5,004
Income (Loss) Before Transfers and Contributions	$ (521,330)	$ 77,480	$ 219,732	$ (224,118)	$ 228,943
Transfers-In	784,692	—	22,712	807,404	—
Transfers-Out	—	(8,431)	(155,908)	(164,339)	(34,133)
Change in Net Position	$ 263,362	$ 69,049	$ 86,536	$ 418,947	$ 194,810
Net Position, Beginning, as Reported	$ 1,352,853	$ 1,728,413	$ 129,020	$ 3,210,286	$ (179,387)
Net Position, Ending	$ 1,616,215	$ 1,797,462	$ 215,556	$ 3,629,233	$ 15,423

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:					
Receipts from Customers	$ 818,713	$ 749,936	$ 1,122,128	$ 2,690,777	$ 1,349,112
Receipts from Other Revenues	—	—	33,004	33,004	12,275
Receipts from Repayment of Program Loans	4,335	—	—	4,335	—
Financial Aid Disbursements	(55,642)	—	—	(55,642)	—
Payments to Claimants	—	(724,844)	(588,457)	(1,313,301)	(911,563)
Payments to Suppliers	(444,074)	—	(148,860)	(592,934)	(365,763)
Payments to Employees	(1,366,587)	—	(174,179)	(1,540,766)	(97,960)
Payments to Others	—	—	(52,738)	(52,738)	(2,992)
Net Cash Flows from Operating Activities	$ (1,043,255)	$ 25,092	$ 190,898	$ (827,265)	$ (16,891)
Cash Flows from Noncapital Financing Activities:					
Grant Receipts	$ 426,726	$ 3,349	$ —	$ 430,075	$ —
Grant Disbursements	(10,189)	(4,165)	(16,817)	(31,171)	—
Transfers-In	724,802	—	22,712	747,514	—
Transfers-Out	—	(5,924)	(155,143)	(161,067)	(34,133)
Advances from Other Funds	—	—	—	—	110,000
Net Cash Flows from Noncapital Financing Activities	$ 1,141,339	$ (6,740)	$ (149,248)	$ 985,351	$ 75,867
Cash Flows from Capital and Related Financing Activities:					
Transfers-In	$ 62,224	$ —	$ —	$ 62,224	$ —
Investment in Capital Assets	(107,066)	—	(6,245)	(113,311)	(25,561)
Proceeds from Disposal of Capital Assets	468	—	136	604	2,832
Proceeds from Capital Bonds	18,943	—	—	18,943	—
Proceeds from Loans	—	—	—	—	23,661
Capital Lease Payments	(4,247)	—	—	(4,247)	—
Repayment of Loan Principal	(672)	—	—	(672)	(13,586)
Repayment of Bond Principal	(39,646)	—	(20,400)	(60,046)	—
Interest Paid	(20,510)	—	(2,598)	(23,108)	(1,028)
Net Cash Flows from Capital and Related Financing Activities	$ (90,506)	$ —	$ (29,107)	$ (119,613)	$ (13,682)
Cash Flows from Investing Activities:					
Proceeds from Sales and Maturities of Investments	$ 2,318	$ —	$ —	$ 2,318	$ —
Purchase of Investments	(3,737)	—	—	(3,737)	—
Investment Earnings	14,464	37,449	3,364	55,277	8,539
Net Cash Flows from Investing Activities	$ 13,045	$ 37,449	$ 3,364	$ 53,858	$ 8,539
Net Increase (Decrease) in Cash and Cash Equivalents	$ 20,623	$ 55,801	$ 15,907	$ 92,331	$ 53,833
Cash and Cash Equivalents, Beginning, as Reported	$ 1,099,753	$ 1,506,853	$ 240,931	$ 2,847,537	$ 406,270
Cash and Cash Equivalents, Ending	$ 1,120,376	$ 1,562,654	$ 256,838	$ 2,939,868	$ 460,103

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Operating Income (Loss)	$ (943,532)	$ 40,846	$ 245,636	$ (657,050)	$ 223,939
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation and Amortization	$ 133,129	$ —	$ 17,495	$ 150,624	$ 19,294
Miscellaneous Nonoperating Revenues	—	—	121	121	—
Miscellaneous Nonoperating Expenses	—	—	(10,889)	(10,889)	(2,992)
Loan Principal Repayments	4,335	—	—	4,335	—
Loans Forgiven	279	—	—	279	—
Change in Assets, Liabilities, Deferred Outflows and Inflows:					
Accounts Receivable	(1,870)	(10,827)	(7,682)	(20,379)	51,918
Inventories	(395)	—	1,008	613	(109)
Other Assets	—	—	91	91	3,851
Deferred Outflows	269,956	—	51,214	321,170	143,699
Accounts Payable	(3,537)	1,128	(3,044)	(5,453)	(134,551)
Salaries Payable	1,511	—	—	1,511	—
Claims Payable	—	—	3,604	3,604	3,345
Compensated Absences Payable	3,330	—	(13)	3,317	(22,656)
Unearned Revenues	96	(6,035)	1,558	(4,381)	(13,737)
Other Postemployment Benefits	4,896	—	(6,139)	(1,243)	(11,256)
Net Pension Liability	(952,816)	—	(155,730)	(1,108,546)	(453,169)
Other Liabilities	1,951	(20)	—	1,931	—
Deferred Inflows	439,412	—	53,668	493,080	175,533
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ (99,723)	$ (15,754)	$ (54,738)	$ (170,215)	$ (240,830)
Net Cash Flows from Operating Activities	$ (1,043,255)	$ 25,092	$ 190,898	$ (827,265)	$ (16,891)
Noncash Investing, Capital and Financing Activities:					
Donated Capital Assets	$ 10,440	$ —	$ —	$ 10,440	$ —
Bond Premium Amortization	$ 3,985	$ —	$ 1,691	$ 5,676	$ —

The notes are an integral part of the financial statements.

MINNESOTA

State of Minnesota

2019
Comprehensive
Annual
Financial Report

Fiduciary Funds

Pension Trust Funds

The funds are retirement funds administered by independent boards for which the state performs a fiduciary role.

Investment Trust Funds

The funds account for the external portion of the state's investment pools.

Agency Fund

This fund accounts for resources held in a custodial capacity for various other governmental units, private organizations, or individuals.

STATE OF MINNESOTA

FIDUCIARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	AGENCY
ASSETS			
Cash and Cash Equivalent Investments	$ 54,441	$ —	$ 126,340
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 3,522,929	$ 42,481	$ —
Investments	79,014,122	1,061,035	—
Accrued Interest and Dividends	162,278	2,299	—
Securities Trades Receivables (Payables)	(542,368)	(8,305)	—
Total Investment Pool Participation	$ 82,156,961	$ 1,097,510	$ —
Receivables:			
Accounts Receivable	$ —	$ —	$ 55,485
Interfund Receivables	9,597	—	—
Other Receivables	137,786	—	—
Total Receivables	$ 147,383	$ —	$ 55,485
Securities Lending Collateral	$ 5,253,993	$ —	$ —
Depreciable Capital Assets (Net)	40,791	—	—
Nondepreciable Capital Assets	429	—	—
Total Assets	$ 87,653,998	$ 1,097,510	$ 181,825
LIABILITIES			
Accounts Payable	$ 26,886	$ —	$ 181,825
Interfund Payables	9,833	—	—
Accrued Expense	30	—	—
Revenue Bonds Payable	10,839	—	—
Bond Interest	5	—	—
Compensated Absences Payable	2,905	—	—
Securities Lending Liabilities	5,253,993	—	—
Other Liabilities	1,818	—	—
Total Liabilities	$ 5,306,309	$ —	$ 181,825
NET POSITION			
Net Position Restricted for Pensions and Pooled Investments	$ 82,347,689	$ 1,097,510	$ —

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

FIDUCIARY FUNDS
STATEMENT OF CHANGES
IN NET POSITION
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST
Additions:		
Contributions:		
Employer	$ 1,420,954	$ —
Member	1,655,072	—
Contributions From Other Sources	9,445	—
Participating Plans	—	8,764
Total Contributions	$ 3,085,471	$ 8,764
Net Investment Income (Loss):		
Investment Income (Loss)	$ 5,711,750	$ 84,812
Less: Investment Expenses	(72,319)	(545)
Net Investment Income (Loss)	$ 5,639,431	$ 84,267
Securities Lending Revenues (Expenses):		
Securities Lending Income	$ 179,800	$ —
Securities Lending Rebates and Fees	(146,186)	—
Net Securities Lending Revenue	$ 33,614	$ —
Total Investment Income (Loss)	$ 5,673,045	$ 84,267
Transfers-In	$ 111,754	$ —
Other Additions	13,764	—
Total Additions	$ 8,884,034	$ 93,031
Deductions:		
Benefits	$ 5,225,888	$ —
Refunds and Withdrawals	420,611	27,487
Administrative Expenses	65,334	72
Transfers-Out	32,376	—
Total Deductions	$ 5,744,209	$ 27,559
Net Increase (Decrease)	$ 3,139,825	$ 65,472
Net Position Restricted for Pensions and Pooled Investments, Beginning, as Reported	$ 79,196,927	$ 1,032,703
Change in Reporting Entity	10,272	—
Change in Fund Structure	665	(665)
Net Position Restricted for Pensions and Pooled Investments, Beginning, as Restated	$ 79,207,864	$ 1,032,038
Net Position Restricted for Pensions and Pooled Investments, Ending	$ 82,347,689	$ 1,097,510

The notes are an integral part of the financial statements.

MINNESOTA

State of Minnesota

2019
Comprehensive
Annual
Financial Report

Major Discretely Presented Component Unit Funds

Housing Finance Agency

The agency provides money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes.

Metropolitan Council

The council is responsible for coordinating the planning and development of the Twin Cities metropolitan area. The council also operates the metropolitan regional sewage treatment and disposal systems and the public transit system.

University of Minnesota

The multi-campus university provides undergraduate and graduate degrees, advanced research opportunities, and an extension service. The university includes several nonprofit foundations that provide resources which benefit the university.

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2018 and JUNE 30, 2019
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 57,230	$ 171,709	$ 529,485	$ 649,897	$ 1,408,321
Investments	53,641	49,711	658,226	319,748	1,081,326
Accounts Receivable	527	20,734	413,575	49,711	484,547
Due from Primary Government	570	102,514	83,485	136,783	323,352
Accrued Investment/Interest Income	13,787	2,003	2,926	16,075	34,791
Federal Aid Receivable	3,001	14,383	—	526	17,910
Inventories	—	35,928	19,319	52	55,299
Loans and Notes Receivable	165,603	—	10,624	245,321	421,548
Prepaid Expenses	—	—	—	4,057	4,057
Other Assets	1,965	1,135	37,443	32	40,575
Total Current Assets	$ 296,324	$ 398,117	$ 1,755,083	$ 1,422,202	$ 3,871,726
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	$ 394,602	$ 330,158	$ 62,958	$ 301,676	$ 1,089,394
Investments-Restricted	2,895,459	—	122,288	27,568	3,045,315
Accounts Receivable-Restricted	—	55,227	—	—	55,227
Due from Primary Government-Restricted	—	2,213	—	—	2,213
Due from Primary Government	—	—	—	3,570	3,570
Investments	—	629,788	4,596,395	10,108	5,236,291
Accounts Receivable	—	—	127,784	338,506	466,290
Loans and Notes Receivable	789,832	44,871	70,603	2,137,586	3,042,892
Depreciable Capital Assets (Net)	6,082	3,517,269	2,714,874	975,507	7,213,732
Nondepreciable Capital Assets	—	1,071,626	608,556	36,039	1,716,221
Prepaid Expenses	—	—	—	311	311
Other Assets	—	—	28,841	—	28,841
Total Noncurrent Assets	$ 4,085,975	$ 5,651,152	$ 8,332,299	$ 3,830,871	$ 21,900,297
Total Assets	$ 4,382,299	$ 6,049,269	$ 10,087,382	$ 5,253,073	$ 25,772,023
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	$ 10,984	$ —	$ —	$ —	$ 10,984
Bond Refunding	62	—	634	9,434	10,130
Deferred Pension Outflows	26,561	407,446	612,919	8,129	1,055,055
Deferred Other Postemployment Benefits Outflows	97	8,376	5,315	23	13,811
Deferred Derivative Outflows	—	2,297	—	—	2,297
Total Deferred Outflows of Resources	$ 37,704	$ 418,119	$ 618,868	$ 17,586	$ 1,092,277

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2018 and JUNE 30, 2019
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 40,173	$ 94,807	$ 306,974	$ 27,400	$ 469,354
Due to Primary Government	—	423	2,095	11,959	14,477
Unearned Revenue	—	19,872	64,408	24,248	108,528
Accrued Interest Payable	27,086	2,268	15,735	13,530	58,619
Bonds and Notes Payable	60,195	146,432	303,825	86,502	596,954
Capital Leases Payable	—	875	4,540	52	5,467
Claims Payable	—	6,356	48,321	191,232	245,909
Compensated Absences Payable	327	25,041	208,291	293	233,952
Other Liabilities	—	—	4,054	23	4,077
Total Current Liabilities	$ 127,781	$ 296,074	$ 958,243	$ 355,239	$ 1,737,337
Noncurrent Liabilities:					
Accounts Payable-Restricted	$ —	$ 55,957	$ 56,190	$ —	$ 112,147
Unearned Revenue-Restricted	—	152,756	—	—	152,756
Accrued Interest Payable-Restricted	—	13,667	—	—	13,667
Due to Primary Government	—	—	4,047	78,871	82,918
Unearned Revenue	—	—	44	7,837	7,881
Interest Rate Swap Agreements	10,984	—	—	—	10,984
Bonds and Notes Payable	3,204,648	1,488,542	1,306,369	1,205,827	7,205,386
Capital Leases Payable	—	4,535	28,427	127	33,089
Claims Payable	—	14,028	11,236	533,255	558,519
Compensated Absences Payable	2,293	7,104	21,160	926	31,483
Other Postemployment Benefits	1,716	275,287	40,283	403	317,689
Net Pension Liability	8,725	141,511	209,393	2,753	362,382
Funds Held in Trust	92,121	—	294,385	119	386,625
Other Liabilities	—	—	41,992	250	42,242
Total Noncurrent Liabilities	$ 3,320,487	$ 2,153,387	$ 2,013,526	$ 1,830,368	$ 9,317,768
Total Liabilities	$ 3,448,268	$ 2,449,461	$ 2,971,769	$ 2,185,607	$ 11,055,105
DEFERRED INFLOWS OF RESOURCES					
Bond Refunding	$ —	$ —	$ 6,122	$ —	$ 6,122
Deferred Revenue	18,446	—	—	1,963	20,409
Deferred Pension Inflows	41,836	649,805	1,001,539	13,398	1,706,578
Deferred Other Postemployment Benefits Inflows	192	25,205	487	45	25,929
Total Deferred Inflows of Resources	$ 60,474	$ 675,010	$ 1,008,148	$ 15,406	$ 1,759,038
NET POSITION					
Net Investment in Capital Assets	$ 6,082	$ 3,115,332	$ 1,724,650	$ 1,011,038	$ 5,857,102
Restricted-Expendable	1,066,014	454,650	2,624,751	1,970,716	6,116,131
Restricted-Nonexpendable	—	—	1,552,316	—	1,552,316
Unrestricted	(160,835)	(227,065)	824,616	87,892	524,608
Total Net Position	$ 911,261	$ 3,342,917	$ 6,726,333	$ 3,069,646	$ 14,050,157

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 and JUNE 30, 2019
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
Net Expenses:					
Total Expenses	$ 394,103	$ 957,643	$ 3,924,593	$ 693,904	$ 5,970,243
Program Revenues:					
Charges for Services	$ 256,596	$ 403,391	$ 1,549,896	$ 169,126	$ 2,379,009
Operating Grants and Contributions	196,665	564,301	1,090,394	231,479	2,082,839
Capital Grants and Contributions	—	328,309	102,767	7,600	438,676
Net (Expense) Revenue	$ 59,158	$ 338,358	$ (1,181,536)	$ (285,699)	$ (1,069,719)
General Revenues:					
Taxes	$ —	$ 84,416	$ —	$ 2,430	$ 86,846
Investment Income (Loss)	—	6,073	358,012	1,004	365,089
Other Revenues	818	493	748,070	3,203	752,584
Total General Revenues before Grants	$ 818	$ 90,982	$ 1,106,082	$ 6,637	$ 1,204,519
State Grants Not Restricted	53,320	—	674,288	349,872	1,077,480
Total General Revenues	$ 54,138	$ 90,982	$ 1,780,370	$ 356,509	$ 2,281,999
Change in Net Position	$ 113,296	$ 429,340	$ 598,834	$ 70,810	$ 1,212,280
Net Position, Beginning, as Reported	$ 797,965	$ 2,913,577	$ 6,127,499	$ 2,998,836	$ 12,837,877
Net Position, Ending	$ 911,261	$ 3,342,917	$ 6,726,333	$ 3,069,646	$ 14,050,157

The notes are an integral part of the financial statements.

MINNESOTA

2019 Comprehensive Annual Financial Report

Index of Notes to the Financial Statements

Notes to the Financial Statements

These notes provide disclosures relevant to the basic financial statements on the preceding pages.

Note 1 – Summary of Significant Accounting and Reporting Policies

Basis of Presentation

The accompanying financial statements of the state of Minnesota (the state) have been prepared to conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The state implemented the following GASB statements for the fiscal year ended June 30, 2019:

- GASB Statement No. 83"Certain Asset Retirement Obligations" was issued November 2016. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement has no material impact on the state.
- GASB Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" was issued March 2018. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. See Note 12 – Long-Term Liabilities - Primary Government for additional disclosures.

Financial Reporting Entity of the State of Minnesota

This report includes the state departments, agencies, institutions, and organizational units that are controlled by or dependent upon the Minnesota Legislature or its constitutional officers. The state of Minnesota, as a primary government, consists of all organizations that make up its legal entity. This report also includes other legally separate organizations as component units. GASB has established criteria for determining which organizations should be included as component units. Legally separate organizations are reported as component units if either the state is financially accountable for the organization or the nature and significance of the organization’s relationship with the state are such that exclusion would cause the state's financial statements to be misleading. These criteria include the state's ability to appoint a voting majority of an organization's governing body, and either the state’s ability to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the state.

Component units may be blended or discretely presented. Blended component units, although legally separate entities, are, in substance, part of the state’s operations. All of the state’s component units are discretely presented component units that are shown separately from the primary government. The “Component Units” column in the accompanying financial statements includes the financial data of the state’s discretely presented component units. Discretely presented component units are also identified separately in the note disclosures because of their separate legal status. All discretely presented component units are presented in this report on the economic resources measurement focus and the accrual basis of accounting.

Discretely Presented Component Units

The following provides a description of the state's discretely presented component units:

- Housing Finance Agency (HFA) – HFA provides money for loans and technical assistance for constructing and rehabilitating housing for families of low and moderate incomes. The HFA board has seven members who are either heads of state departments or appointed by the governor. HFA is under the administrative control of a commissioner appointed by the governor. The state has the ability to significantly influence the programs, projects, and levels of services provided by HFA. HFA issues bonds in its own name.
- Metropolitan Council (MC) – MC is responsible for coordinating the planning and development of the seven-county metropolitan area. MC operates the public transit system and the regional sewage collection and treatment system. The governor appoints the council members, including the chair, subject to the advice and consent of the Minnesota senate. The state has the ability to significantly influence the projects and levels of services provided by MC. The regional administrator, appointed by the council, is responsible for the administration of council activities. The fiscal year for MC ends December 31.
- University of Minnesota (U of M) – U of M was established permanently by the Minnesota constitution. The state appropriates a large percentage of U of M's operating budget. The Minnesota Legislature elects the twelve-member board of regents, which governs U of M, but the state does not have direct authority over the management of the university. The state has issued debt for U of M capital projects. U of M includes several nonprofit organizations as component units.
- Agricultural and Economic Development Board (AEDB) – AEDB administers programs for agricultural and economic development. AEDB has seven members, four of whom are commissioners of state departments. The state has the ability to significantly influence the programs and projects of AEDB. AEDB controls the operations of the agriculture resource programs and loans. AEDB may issue revenue bonds for the purpose of financing development projects.
- Minnesota Comprehensive Health Association (MCHA) – MCHA administers the Premium Security Plan (PSP), a risk mitigation program designed to keep premiums affordable to individual purchasers within the state of Minnesota. The purpose is to promote the public health and welfare of the people of Minnesota by making available certain health insurance plans to residents of the state who are not otherwise able to obtain such coverage in the marketplace. The board has 13 members, seven of whom are selected by commissioners of state departments. The state has appropriated funding for the program and has the ability to approve or reject the parameters for making payments to health carriers. The fiscal year for MCHA ends December 31.
- Minnesota Sports Facilities Authority (MSFA) – MSFA's mission is to provide for the construction, financing, and long-term use of a multi-purpose stadium and related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities. The board of the authority has five members, including a chair and two members who are appointed by the governor. The state provides administrative funding to MSFA.
- National Sports Center Foundation (NSCF) – The Minnesota Amateur Sports Commission (MASC), consisting of 14 members 9 of which are appointed by the state, contracts with NSCF to operate various sports facilities, including the National Sports Center. The facilities are used primarily for holding youth-oriented athletic and other non-athletic functions and events. Although the facilities

belong to the state, NSCF is responsible for the operating costs and certain improvements to the facilities. The MASC appoints all foundation board members, approves the foundation's spending budget, approves all rates and fees, and owns any reserve funds. The fiscal year for NSCF ends December 31.

- Office of Higher Education (OHE) – OHE makes and guarantees loans to qualified post-secondary students. To fund the loan program, revenue bonds are issued in OHE's name with limitations set by the Minnesota Legislature. OHE also administers the state grant program. The state provides administrative funding for these programs. The governor appoints the OHE director with the advice and consent of the senate.
- Public Facilities Authority (PFA) – PFA provides assistance to municipalities, primarily for wastewater treatment construction projects. The state provides funding and administrative services for PFA. PFA is composed of commissioners from state departments and agencies. The commissioners direct the operations of the authority and determine the funding for local government projects. PFA issues revenue bonds to make loans for wastewater treatment facilities.
- Rural Finance Authority (RFA) – RFA administers a number of state agriculture programs, including the homestead redemption program, loan restructuring program, and agricultural improvement program. The board of the authority consists of state department heads and members appointed by the governor. RFA is under the administrative control of the commissioner of the Department of Agriculture, who is a member of the board. The state has issued general obligation bond debt for RFA programs.
- Workers' Compensation Assigned Risk Plan (WCARP) – WCARP is the source of workers' compensation and employers' liability coverage for Minnesota employers unable to obtain an insurance policy through the voluntary market. WCARP operations are subject to review by the commissioner of the Department of Commerce. The commissioner enters into administrative contracts, sets premium rates, and makes assessments. The commissioner has the authority to assess all licensed workers' compensation insurance companies doing business in Minnesota an amount sufficient to fully fund the obligations of the plan to the extent that the assets of the plan are inadequate to meet its obligations. The fiscal year for WCARP ends December 31.

A discretely presented component unit is classified as major or non-major, depending on its significance relative to other component units and the nature and significance of the component unit's relationship to the primary government. HFA, MC, and U of M are classified as major component units for this report.

Additional information is available from the component unit's separately-issued financial statements. Because AEDB and RFA do not issue separately audited financial statements, the combining financial statements include a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows for each of these component units.

Complete financial statements of the discretely presented component units may be obtained from their respective administrative offices as follows:

- Housing Finance Agency, 400 Wabasha Street, Suite 400, St. Paul, Minnesota 55102, *www.mnhousing.gov*
- Metropolitan Council, 390 Robert Street North, St. Paul, Minnesota 55101-1805, *www.metrocouncil.org*
- University of Minnesota, Office of the Controller, 205 West Bank Office Building, 1300 South Second Street, Minneapolis, Minnesota 55454-1075, *www.twin-cities.umn.edu*
- Minnesota Comprehensive Health Assoc., 1650 West End Boulevard, Suite 100, St. Louis Park, Minnesota 55416, *www.mchamn.com*

- Minnesota Sports Facilities Authority, 1005 4th Street South, Minneapolis, Minnesota 55415-1752, *www.msfa.com*
- National Sports Center Foundation, National Sports Center, 1700 105th Avenue Northeast, Blaine, Minnesota 55449-4500, *www.nscsports.org*
- Office of Higher Education, 1450 Energy Park Drive, Suite 350, St. Paul, Minnesota 55108-5227, *www.ohe.state.mn.us*
- Public Facilities Authority, Department of Employment & Economic Development, 1st National Bank Building, 332 Minnesota Street, Suite W820, St. Paul, Minnesota 55101-1378, *www.mn.gov/deed/pfa*
- Workers' Compensation Assigned Risk Plan, Affinity Insurance Services, Inc., 8200 Tower, Suite 1100, 5600 West 83rd Street, Minneapolis, Minnesota 55437-1062, *www.mwcarp.org*

Related Entities – These are entities for which the state is accountable because the state appoints a voting majority of the board, but does not have financial accountability or the ability to impose the state's will on the entity. The following are related entities, but are not included in the reporting entity:

- Higher Education Facilities Authority (HEFA) – The governor appoints a majority of the board. HEFA can issue revenue bonds and notes in its name. The state has no statutory authority to affect the operations of HEFA.
- Joint Underwriting Association – The state commissioner of the Department of Commerce appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments. Membership in the association is a condition for doing business in the state.
- Metropolitan Airports Commission – The governor appoints a majority of the voting commissioners. The state has no statutory authority to directly affect the commission's activities and operations. Holders of the commission's debt instruments have no recourse against the state.
- Workers' Compensation Reinsurance Association – The state commissioner of the Department of Labor and Industry appoints, or approves the appointment of, a majority of the board. The association supports itself solely from revenues derived from premiums charged to association members. The state has no authority to affect the operations of the association.

The following organizations, which are included in the primary government, prepare and publish separate financial reports, which may contain differences in presentation resulting from differing reporting emphasis. These financial reports may be obtained directly from each organization.

- Minnesota State Lottery, 2645 Long Lake Road, Roseville, Minnesota 55113-1117, *www.mnlottery.com*
- Minnesota State Retirement System, 60 Empire Drive, Suite 300, St. Paul, Minnesota 55103-3000, *www.msrs.state.mn.us*
- State Board of Investment, 60 Empire Drive, Suite 355, St. Paul, Minnesota 55103-3555, *www.mn.gov/sbi*
- Teachers Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-1889, *www.minnesotatra.org*
- Public Employees Retirement Association, 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088, *www.mnpera.org*
- Minnesota State Colleges and Universities, Financial Reporting Unit, 500 Wells Fargo Place, 30 East 7th Street, St. Paul, Minnesota 55101-7804, *www.minnstate.edu*

The financial reports, available from the State Board of Investment, report on investments in investment pools, which include the majority of the state's Fiduciary Funds.

Financial Reporting Structure of the State of Minnesota

The basic financial statements include government-wide and fund financial statements. The government-wide financial statements report on the state as a whole, while the fund financial statements emphasize major individual funds and fund types. Both types of statements categorize activities as either governmental or business-type. Governmental expenditures are classified by function. Each of the state's departments and agencies is included in a functional classification based on its primary mission and objectives.

Government-wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the state as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the state and it's discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once in the function for which the expenses were made. General government expenses that benefit state agencies have not been allocated as indirect expenses to the various functions of the state, but are reported under the general government function.

The focus of the government-wide statements is on financial information of the state as an entity and the change in the overall financial position of the state as a result of the activities of the fiscal year. Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources and obligations of the reporting government, both current and long-term, are reported in the government-wide statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements. These amounts are reported as expenditures in the governmental fund financial statements. Long-term debt is recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liabilities, rather than as expenditures.

In the government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis by column. The statement includes long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports how much of the cost of each functional category (public safety and corrections, transportation, etc.) is supported by general government revenues (sales taxes, income taxes, etc.). The Statement of Activities reduces gross expenses, including depreciation, by related program revenues, and by operating and capital grants and contributions.

Program revenues must be directly associated with, or derived directly from, the function or a business-type activity. Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. Program revenues are applied against program expenses in the Statement of Activities to report the net cost of each program.

General revenues normally cover the net costs (program expenses less program revenues) of all activities. Taxes represent the majority of general revenues. Internally dedicated resources are reported as general revenues, rather than program revenues.

Fund Financial Statements

Fund financial statements report on the financial operations and position of governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. The emphasis in fund financial statements is on the major funds in the governmental or enterprise categories. All remaining governmental, proprietary, and fiduciary funds are aggregated and reported as nonmajor funds.

Governmental funds, including the general, special revenue, capital projects, debt service, and permanent funds, are presented on a current financial resource measurement focus and modified accrual basis of accounting in the fund financial statements. This presentation is deemed most appropriate to demonstrate compliance with legal and bond covenant requirements, the source and use of financial resources, and how the state's actual spending conforms to the budget. Because the governmental fund statements are presented using a different measurement focus and basis of accounting than used in the governmental column in the government-wide statements, reconciliations explaining the adjustments required to restate the fund-based financial statements for the government-wide governmental activities column are included.

Proprietary funds, including the enterprise and internal service funds, are presented on the economic resource measurement focus and full accrual basis of accounting in the fund financial statements. This is the same measurement focus and basis of accounting as the government-wide financial statements.

The state's fiduciary funds are presented in the fund financial statements by type (pension trust, investment trust, or agency). These assets are held for the benefit of others and cannot be used for activities or obligations of the government; therefore, the funds are excluded from the government-wide statements.

The fund financial statements are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate, for governmental, enterprise, and internal service funds.

Classification of Funds

The financial position and results of state operations are organized using individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts used to record the financial transactions and balances of that entity. Individual funds have been established as stipulated by legal provisions or by administrative discretion. The state uses fund accounting, which is designed to demonstrate legal compliance and to segregate transactions related to certain government functions or activities.

Governmental Fund Types – These funds account for the acquisition, use, and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category. The fund types included in this category are the General Fund plus special revenue, capital project, debt service, and permanent funds.

- The General Fund accounts for all financial resources not accounted for and reported in another fund. This fund encompasses many of the primary government's functions.
- Special revenue funds account for revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.
- Capital project funds account for financial resources that are restricted, committed, or assigned to capital expenditures, including the acquisition or construction of capital facilities and other capital assets. The state's capital expenditures are reported as capital outlay, whereas capital expenditures

for other entities are reported as grant expenditures. Capital project funds exclude capital-related outflows financed by proprietary funds or for assets that will be held in trust.

- The Debt Service Fund accounts for the accumulation of resources for, and the payment of, most long-term debt principal and interest.
- Permanent Funds account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the state's programs. The state has only one permanent fund, the Permanent School Fund. Minnesota Constitution, Article XI, Section 8 allows for the distribution of net interest and dividends to school districts. The change in investment value is recorded on the face of the financial statements as "Investment/Interest Income." Amounts that can be authorized for expenditure are classified as restricted on the face of the statements.

The state has two major governmental funds. The General Fund is the principal operating fund used to account for most of the general activities of the state. The Federal Fund is the state's only major special revenue fund. It receives and disburses federal government grants, reimbursements, recoveries, and premiums.

Proprietary Fund Types – These funds focus on determining net income, changes in net position, financial position, and cash flows. Generally accepted accounting principles, similar to those used by private sector businesses, are followed in accounting for these funds. The fund types included in this category are the enterprise and internal service funds.

- Enterprise funds account for activities that charge a fee to external users for goods or services. Activities of enterprise funds are financed and operated similarly to private business enterprises where the intent of the governing body is to recover costs primarily through user fees.
- Internal service funds account for the financing of goods or services provided by one agency to primarily other state agencies on a cost reimbursement or other basis. The activities reported as internal service funds include motor pool, central services, employee insurance, technology services, plant management, and risk management.

The state has two major enterprise funds, the State Colleges and Universities Fund and the Unemployment Insurance Fund. The State Colleges and Universities Fund accounts for the activities of the Minnesota State Colleges and Universities (MnSCU) system, which is the largest higher education system in the state. The Unemployment Insurance Fund receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

Fiduciary Fund Types – These funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. Pension trust, investment trust, and the Agency Fund are included in this fund category.

- Pension trust funds report retirement funds administered by independent boards for which the state has a fiduciary role.
- Investment trust funds provide an investment vehicle for entities outside the state, including various public retirement plans.
- The Agency Fund accounts for resources held in a custodial capacity for individuals, private organizations, or other governmental units. Some examples include resources held for inmates of correctional facilities or residents of veterans and group homes, sales taxes to be distributed to local governments, and child support collections to be distributed to custodial parents.

Basis of Accounting, Measurement Focus, and Fund Financial Statement Presentation

All governmental funds focus on the flow of current financial resources and use the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) to fund balances. Under the modified accrual basis of accounting, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year, or to liquidate liabilities existing at fiscal year-end. The state considers receivables collected after June 30, but by the close of the books in late August, to be available, and recognizes these receivables as current year revenues in governmental funds. Individual income taxes, property taxes, sales taxes, and federal grants are the major revenue sources susceptible to accrual. Receivables not collected by the close of the books in late August are reported as deferred revenue. Revenues collected prior to meeting eligibility requirements (excluding time requirements), including certain federal grant revenues, are reported as unearned revenue until the eligibility requirements are met, at which time revenue is recognized. However, revenues collected prior to meeting only time requirements are reported as deferred revenue. Expenditures and related liabilities are recognized when fund obligations are incurred, except for debt service, compensated absences, capital leases, pension and other postemployment benefits, and claims and judgments, which are recorded when due and expected to be liquidated with available financial resources. The following provides further detail on specific items regarding the modified accrual basis of accounting.

Tax Revenues – Tax revenues, excluding property taxes, are recognized in the period they become both measurable and available to finance expenditures of the current period. Measurable means that taxpayer liability is supported by sufficient documentation and can be reasonably estimated. The state's liability for anticipated refunds of such taxes is estimated and recorded as reductions in revenue in the period when the related tax is recognized.

Property Tax Revenues – Minnesota Statutes 275.025 establishes a state general tax (property tax) against commercial/industrial and seasonal residential recreational properties. Counties, as agents for the state, assess the state general tax. The tax is distributed among counties by applying a uniform rate to the appropriate tax capacities in each county. Levies are determined based on the formula contained in the laws. The state preliminarily certifies the state general levy rate to each county no later than November 1 of each year for taxes payable in the following calendar year. The state certifies the final state general tax levy on January 1 of each year to each county. Property taxes are due to counties in two installments for each year – May 15 and October 15. The counties pay the state general tax to the state on three dates – June 30, December 1, and a final date of January 25 for any adjustments or changes. Property tax is recognized, net of uncollectible amounts, in the period for which the taxes are levied and the taxes are available.

Federal Revenues – Federal revenues, earned by incurring allowable obligations, are recognized at the same time the related obligation is recognized, with one exception. Trunk Highway Fund (special revenue fund) expenditures incurred by June 30, but not converted to Federal funding by the close of the federal fiscal year, are not recognized as federal revenues until the year they are converted.

Proprietary, pension trust, and investment trust funds are accounted for using the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized as incurred. The accrual basis of accounting is also used for contributions, benefits, and refunds paid for defined benefit and defined contribution pension plans. Agency funds use the accrual basis of accounting but do not have a measurement focus because agency funds do not recognize revenues and expenses.

Proprietary funds distinguish operating from nonoperating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expense, and depreciation of capital assets. All other revenues and expenses are reported as nonoperating items.

Cash Equivalents and Investments

Cash Equivalents – Cash equivalents are short-term, highly liquid investments having original maturities (remaining time to maturity at acquisition) of three months or less. Cash equivalents also include management pools and money market funds that are used essentially as demand deposit accounts.

Investments – Investments are reported at fair value, which is defined as the exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The state measures the fair value of investments based on a hierarchy of valuation inputs. Investments in derivatives are generally made to manage the overall risk of the individual manager's portfolios to a level satisfactory to the investment management firm and in accordance with the firm's contract with the State Board of Investment. See Note 2 – Cash, Investments, and Derivative Instruments for additional information regarding cash, investments, and derivative instruments.

Inventories

Generally, inventories for governmental funds are recorded as expenditures when purchased and are not a resource available for appropriation. The exception primarily relates to the Trunk Highway Fund (special revenue fund) and inventories are valued using weighted-average cost. Inventories maintained by the various funds are determined by annual and periodic physical counts. Inventories of proprietary funds are valued using the first-in, first-out, average cost, or specific cost methods.

Securities Lending

Securities on loan for cash collateral and the liabilities resulting from the security lending transactions are reported on the Statement of Net Position or the Balance Sheet, as appropriate, for the particular fund type or level of reporting. Securities lending income and rebate and management fees are reported separately on the Statement of Revenues, Expenditures, and Changes in Fund Balances; the Statement of Revenues, Expenses and Changes in Net Position; or the Statement of Changes in Net Position, as appropriate for the particular fund type.

Restricted Net Position

Mandatory asset segregations required by bond covenants and other external restrictions are presented in enterprise funds and discretely presented component units as restricted net position. After liabilities from restricted assets are paid, any remaining restricted assets in the enterprise funds will be used for debt service.

Income Tax Credits

The Minnesota Department of Revenue processes several types of tax credits through the individual income tax system. For financial reporting purposes, income tax credits that are limited by the amount of the individual's tax liability (before considering such credits) are reported as revenue reductions. In contrast, credits for Education, Working Family, and Child and Dependent Care may be received even if they exceed the individual's tax liability. These types of credits are reported as expenditures, rather than revenue reductions, because the income tax system is, essentially, being used as a filing and payment mechanism to make grant payments to individuals.

Grant Expenditures and Liabilities Recognition

Grants are defined as nonexchange transactions because the state gives (or receives) value to another party without receiving (or giving) equal value in return. Grants are normally paid on either a reimbursement basis or an entitlement basis.

Reimbursement type grants may be awarded for specific services provided to eligible recipients, or may be made for eligible types of reimbursements. Grants paid on the reimbursement basis are recognized as expenditures and liabilities in the year in which the grantee incurs the costs of providing specific services to eligible recipients or makes eligible types of expenditures.

Entitlement type grants may be based on services provided by the grantee. The intent of the grant is to help fund such services, but the grant amount is not based on the cost of providing the service(s). Expenditures and the related liabilities for these types of entitlement grants are recognized as the service is provided if the amount owed can be reasonably estimated soon after the end of the state's fiscal year. Other types of entitlement grants are not based on the services provided or action taken by the grantee. Expenditures and the related liabilities for these types of grants are recognized in the fiscal year in which the resources were appropriated.

Resources received in advance of meeting all eligibility requirements, excluding time requirements, are recorded as liabilities.

Compensated Absences

State employees accrue vacation leave, sick leave, and compensatory leave at various rates within limits specified in the collective bargaining agreements. Leave balances are liquidated in cash only upon termination from state employment. The current and noncurrent compensated absences liabilities for governmental funds are reported only in the government-wide Statement of Net Position. All other fund types report the liability for compensated absences as a liability of the specific fund.

Capital Assets

Capital assets, which include land, buildings, equipment, infrastructure, intangible assets, and art and historical treasures, are reported in the government-wide financial statements and the fund financial statements for proprietary and fiduciary funds. Capital assets are generally defined by the state as assets with an initial, individual cost of more than $300,000 for buildings and depreciable infrastructure, $30,000 for equipment, $300,000 for non-depreciable infrastructure, $30,000 to $2,000,000 for internally generated computer software depending on the fund and fund type, and $30,000 for art and historical treasures. All land and easement assets are capitalized, regardless of cost. Capital assets must also have an estimated useful life of two or more years.

Capital assets are recorded at cost or, for donated assets, at acquisition value at the date of acquisition. An inventory of land and buildings was completed in 1985. Historical cost records for older capital assets are incomplete or not available; therefore, estimated historical costs have been used in these situations. Permanent School Fund (permanent fund) land is reported at estimated historic cost. The land included in the Permanent School Fund was granted to the state by the federal government in connection with the state being admitted to the United States. Tax forfeited land is not included in land inventory because the state does not take permanent title. When the land is sold, proceeds are distributed to local jurisdictions.

Capital assets are depreciated using the straight-line method generally based on the following useful lives: 20-50 years for buildings and depreciable infrastructure, 20-50 years for large improvements, 3-10 years for small improvements, 3-15 years for equipment, 3-10 years for internally generated computer software, and 20-50 years for easements. Transportation infrastructure assets using the modified approach, land, construction, and development in progress, permanent easements with indefinite useful lives, and works of art and historical treasures, such as the state capitol, are not depreciated.

GASB Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” allows an alternative (modified) approach to the recording of infrastructure assets in which costs to maintain and preserve these assets are expensed in lieu of depreciation. The transportation infrastructure capital assets of pavement and bridges are reported using the modified approach. In electing to use this option for transportation infrastructure, the state uses an asset management system which establishes minimum standards and determines, at least every three years, whether the minimum standards are being met. Disclosures of the minimum standards and the current status of the state’s pavement and bridges are included in Required Supplementary Information Modified Approach for Infrastructure. See Note 6 – Capital Assets for further information on capital assets.

Current and Noncurrent Assets

At the government-wide level, assets are classified as either current or noncurrent. Governmental activity current assets are those considered available for appropriation and expenditure and include cash, various receivables, and short-term investments. Current assets in business-type activities are those that are available or can readily be made available to meet the cost of operating or to pay current liabilities. All other assets are considered noncurrent. Assets are classified as current or noncurrent in proprietary funds, but assets are not classified at the fund level for governmental funds.

Deferred Outflows of Resources

In the government-wide financial statements, the differences between the net carrying amounts and the reacquisition price on refunding bonds are reported as a deferred outflows of resources when the net carrying amount exceeds the reacquisition price. These amounts are amortized over the shorter of the remaining life of the old debt or the life of the new debt. In addition, contributions to pension plans and transactions to other postemployment benefit (OPEB) plans subsequent to the measurement date of the net pension liability and the total OPEB liability before the fiscal year end are reported as deferred outflows of resources. In addition, amounts related to the increases in the net pension liability and the total OPEB liability due to changes in assumptions, changes in the primary government’s proportionate share of the net pension liability, differences between expected and actual experience, and net differences between projected and actual investment earnings for pensions are reported as deferred outflows of resources. These amounts are amortized as pension or OPEB expense as applicable over the average of the expected remaining service lives of all employees of the applicable plan, with the exception of the difference between projected and actual earnings, which is amortized over five years.

Current and Noncurrent Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. Long-term liabilities are the amount of liabilities not due and payable during the fiscal year resulting from debt issuances, compensated absences, closure and post closure care for landfills, workers’ compensation claims, supplementary and second injury benefit claims, pollution remediation obligations, capital leases, net pension, other postemployment benefits, and arbitrage rebate requirements. In proprietary fund statements, these liabilities are reported as liabilities of each individual fund.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

See Note 12 – Long-Term Liabilities - Primary Government for further information.

Deferred Inflows of Resources

In the governmental funds, when an asset is recorded but the revenue is not available, the amount is reported as a deferred inflow of resources until the revenue becomes available. Amounts that are not permitted to be used until the next fiscal year remain as deferred inflows of resources in the government-wide statements. In addition, differences between the reacquisition price and the net carrying amounts on refunding bonds when the reacquisition price exceeds the net carrying amount as well as the adjustments to the lease obligations on a capital lease restructuring due to the refunding of the debt by the lessor are reported as a deferred inflow of resources on the government-wide financial statements. These amounts are amortized as interest expense over the shorter of the remaining life of the old debt or the life of the new debt. Amounts related to the decreases in the net pension liability and total other postemployment benefits (OPEB) liability due to changes in assumptions, changes in the primary government's proportionate share of the net pension liability, differences between expected and actual experience, and net differences between projected and actual investment earnings for pensions are reported as deferred inflows of resources. These amounts are amortized as pension or OPEB expense as applicable over the average of the expected remaining service lives of all employees of the applicable plan, with the exception of the difference between projected and actual earnings, which is amortized over five years.

Deferred Compensation Plan

The state offers a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The Minnesota Deferred Compensation Fund (pension trust fund) represents the value of all assets of the plan. The plan is available to all public employees in the state and is administered by the Minnesota State Retirement System. Under this plan, compensation is deferred for income tax purposes in accordance with Section 457 and is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with state statute, effective July 1, 1997, contributions are held for the exclusive benefit of the participants and their beneficiaries. These amounts are held in trust, in custodial accounts, or in qualifying contracts, as required by federal law. The State Board of Investment determines the investment options available to plan participants and oversees the activities of the investment managers. The majority of the assets of the plan are invested in various mutual funds. The state is not liable for any investment losses under the plan.

Net Position/Fund Balances and Fund Balance Classification Policies and Procedures

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary, and fiduciary fund statements and "Fund Balances" on governmental fund statements.

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of such assets as well as deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of these assets or related debt. Significant unspent related debt proceeds are included in Restricted for Capital Projects.

Restricted Net Position represents the portion of net position that is constrained either externally by parties such as creditors or grantors, or legally through constitutional provisions or enabling legislation. Restricted net position is determined at the fund level. For a fund with more than one revenue stream, restricted net position is determined by the materiality of any restricted revenues in the fund.

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the state is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported as restricted when constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or, imposed by law through constitutional provisions or enabling legislation. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Minnesota Legislature by passing a bill, which is signed by the Governor, are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Minnesota Legislature removes or changes the specified use by taking the same type of action it employed to commit those amounts. Amounts that are constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed, are classified as assigned fund balances. Intent is expressed by agency heads to whom the Governor has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Nonspendable fund balances include amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

The state's policy is that restricted amounts are spent first when expenditures are incurred for purposes for which both restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Within unrestricted fund balance, the state's policy is that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Budgeting and Budgetary Control

The state operates on a two-year (biennial) budget cycle ending on June 30 of odd-numbered years. Appropriations in the biennial budget are usually for a single year; however, where specified, single year appropriations may be carried forward to the following year of the biennium. The governor's budget for the biennium is developed by Minnesota Management and Budget and presented to the Minnesota Legislature for approval. Specific appropriations are required for the majority of the expenditures from the General Fund. The accounts not requiring specific appropriations are considered perspective differences in the budgetary basis vs. GAAP reconciliation. Specific appropriations are also required for all special revenue funds except the Federal, Municipal State-Aid Street, County State-Aid Highway, Douglas J. Johnson Economic Protection Trust, Endowment, and Miscellaneous Special Revenue funds. Some appropriations are "open appropriations" for entitlement type and some interfund transfer programs. In these cases, the amount that is needed to fulfill the obligation for the fiscal year is made available. There is no limit on the amount that can be expended for the program. Estimates of the amount needed for such programs are included in the budget forecast.

Budgetary control is essentially maintained at the departmental level except for certain programs where control is at the program level. In most departments, upon notifying the governor and legislative leadership, department heads are permitted to revise budgets by transferring amounts between programs within their departments.

Unencumbered appropriation balances generally cancel to the fund at the end of the fiscal year. However, if specifically provided by law, or if statutory authority is invoked by the agency, the unencumbered balance may be carried forward between fiscal years. The accounting system maintains two separate ledgers. One is maintained primarily on a modified cash basis of accounting with certain accrual information and represents the starting point for the financial statements. The second ledger tracks information on a budgetary basis of accounting, which approximates a cash basis with the exception that, at year-end, encumbered amounts are included as expenditures of the year appropriated for budgetary reporting. The budget ledger controls expenditures by appropriation line item as established in the legally adopted appropriation bills. A separate report showing the detail of legal level of budgetary control and actual expenditures is available from Minnesota Management and Budget.

Interfund Activity and Balances

Generally, internal service fund activity has been eliminated from the government-wide statements. Internal service fund activity from external customers is reported under governmental activities in the government-wide statements. Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for residual amounts between governmental and business-type activities. See Note 5 – Interfund Transactions for additional information.

Salary Income

The net pension income during the current fiscal year caused the salary expense in the Internal Service Funds Combining Statement of Revenues, Expenses and Changes in Net Position for the MN.IT Fund (internal service fund), and the Nonmajor Enterprise Funds Combining Statement of Revenues, Expenses and Changes in Net Position for the Giants Ridge, and Minnesota Correctional Industries funds (enterprise funds) to be in an income position.

Note 2 – Cash, Investments, and Derivative Instruments

Primary Government

Cash and Cash Equivalents

The majority of the primary government's cash is held in the state treasury and commingled in state bank accounts, while the majority of component unit cash is held in separate bank accounts. Cash in individual funds may be invested separately where permitted by statute; however, cash in most funds is invested as part of an investment pool. A fund's investment with the primary government's cash pools is reported as a cash equivalent. Where provided by statute, investment earnings of the primary government's pools are allocated to the individual funds. Earnings for all other participants are credited to the General Fund.

Deposits

Minnesota Statutes 9.031, requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. The statute further requires that the insurance and collateral shall be in an amount sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amounts and the fair value of the collateral.

Investments

The State Board of Investment (SBI) manages the majority of the state's investments. All investments undertaken by SBI are governed by the standards codified in Minnesota Statutes 11A and 356A. Minnesota Statutes 11A.24, broadly restricts investments of the primary government to obligations and stocks of United States and Canadian governments, their agencies and registered corporations, other international securities, short-term obligations of specified high quality, restricted participation as a limited partner in venture capital, real estate, or resource equity investments, and restricted participation in registered mutual funds.

Funds not invested by SBI are primarily from the Minnesota State Colleges and Universities. Investments for these funds must also conform to the above statutes and may be further restricted by bond indentures.

Generally, when applicable, the statutes limit investments to those rated by a nationally recognized rating agency within the top four quality ratings categories. The statutes further prescribe the maximum percentage of fund assets that may be invested in various asset classes and contain specific restrictions to ensure the quality of the investments.

SBI is authorized to establish, and has established, combined investment funds used by participating public retirement and nonretirement funds. Retirement and nonretirement funds should not be commingled. Each investment fund has its own characteristics, including investment objective and risk characteristics. Within statutory requirements and based on detailed analysis of each fund, SBI has established investment guidelines and benchmarks for all funds under its management. These investment guidelines and benchmarks are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure, and specific performance standards.

Investment Derivative Instruments

Minnesota Statutes 11A.24, provides that any agreement for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or securities. This provision applies to foreign currency forward contracts used to offset the currency risk of a security. All other derivatives are exchange traded. The purpose of the SBI derivative activity is to equitize cash in the portfolio, to adjust the duration of the portfolio, or to offset current futures positions.

The cash inflows, cash outflows, and changes in fair value of investment derivatives are reported as investment income. The June 30, 2019 fair value of investment derivatives is reported as investments.

Synthetic Guaranteed Investment Contract (SGIC): SBI maintains a fully benefit-responsive SGIC for the Supplemental Investment Pool - Fixed Interest Account of the pension and investment trust funds' portfolio. The investment objective of the Fixed Interest Account is to protect investors in defined contribution and deferred compensation plans from loss of their original investment and to provide a competitive interest rate. On June 30, 2019, the SGIC had a portfolio of well diversified high quality investment grade fixed income securities with a fair value of $1,589,083,000 that is $30,619,000 in excess of the value protected by the wrap contract. The Fixed Income Account also includes a liquid investment pool with a fair value of $27,176,000.

The following table summarizes, by derivative type, the investment derivative activity, and June 30 positions for fiscal year 2019.

Primary Government
Derivative Activity for the Year Ended June 30, 2019
By Derivative Type
(In Thousands)

Derivative Type	Change in Fair Value	Year End Fair Value	Year End Notional Amount
Governmental Activities:			
Futures	$ 1,615	$ —	$ (32,450)
Total Governmental Activities	$ 1,615	$ —	$ (32,450)
Fiduciary Activities:			
Futures	$ 814	$ —	$ 344,227
Futures Options Bought	(5,802)	613	1,378
Futures Options Written	4,258	(1,465)	(5,263)
FX Forwards	(2,841)	361	460,201
Warrants/Stock Rights	770	1,565	3,100
Total Fiduciary Activities	$ (2,801)	$ 1,074	$ 803,643

Credit Risk: Minnesota is exposed to credit risk through seven counter parties in foreign currency forward (FX Forward) contracts used to offset the currency risk of a security. The state's FX Forward counter parties combined exposes the state to a maximum loss of $2,639,000 should these counter parties fail to perform. These counter parties have Standard & Poor's (S&P) credit ratings of A- or better. The primary government, excluding pension and investment trust funds, had no exposure to counter party risk.

Foreign Currency Risk: Currency futures and foreign stock index futures are exposed to foreign currency risk. Their currency risks are included in the Foreign Currency Risk schedule of this note.

Component Unit Derivative Activity: Derivative activity of the state's component units is disclosed in the last section of this note.

Credit Risk of Debt Security Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holders of the investment. Minnesota Statutes limit investments in debt securities to the top four quality rating categories by a nationally recognized rating agency. SBI may also invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories provided that:

Unrated Corporate Obligations

- Aggregate value may not exceed 5 percent of the fair value of the fund for which the state board is investing;
- SBI’s participation is limited to 50 percent of a single offering; and
- SBI’s participation is limited to 25 percent of the issuer’s unrated obligations.

Corporate Stock

- Aggregate value of corporate stock may not exceed 85 percent of the fair market or book value, whichever is less, of a fund; and
- Investment in corporate stock may not exceed 5 percent of the total outstanding shares of any one corporation; with limited exceptions.

The state does not have a credit risk policy that is more stringent than the statutory requirements. The contracts between SBI and investment managers include guidelines or limitations regarding credit risk. The exposure to credit risk is based on the lower of S&P or Moody’s Quality Ratings. For clarity of reporting, Moody’s ratings are displayed in this exhibit using the comparable S&P rating.

Primary Government
Governmental, Proprietary, and Agency Funds
Investments and Cash Equivalent Investments
Credit Risk Exposure
As of June 30, 2019
(In Thousands)

Quality Rating	Fair Value
AAA	$ 1,574,922
AA	2,903,328
A	1,262,539
BBB	7,134,396
BB	106,467
Unrated	2,988,272
Agencies	7,451
U.S. Governments	563
Total Debt Securities	$ 15,977,938

Primary Government
Pension and Investment Trust Funds
Investments and Cash Equivalent Investments
Credit Risk Exposure
As of June 30, 2019
(In Thousands)

Quality Rating	Fair Value
AAA	$ 678,893
AA	11,329,651
A	431,965
BBB	1,602,762
BB	818,687
B	56,399
CCC	26,198
CC	15,524
C	2,916
D	728
Unrated	2,931,668
Total Debt Securities	$ 17,895,391

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The state does not have a policy on interest rate risk. The contracts between SBI and investment managers contain the guidelines and limitations regarding interest rate risk. Debt securities are constrained around the quality rating, sector mix, and duration of the Barclays Capital U.S. Aggregate Bond index. Interest rate risk information is presented using the weighted average maturity method, which expresses investment time horizons, the period when investments become due and payable in years or months, weighted to reflect the dollar size of individual investments within investment type.

Primary Government
Governmental, Proprietary, and Agency Funds
Investments and Cash Equivalent Investments
Interest Rate Risk
As of June 30, 2019
(In Thousands)

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
U.S. Treasury	$ 859,608	2.55
U.S. Agencies	2,293,803	0.62
Mortgage-backed Securities	435,907	7.91
State or Local Government Bonds	85,809	9.41
Corporate Bonds	2,007,918	2.6
Yankee Bonds	807,291	1.2
Foreign Country Bonds	1,704	10.24
Short Term Notes	9,485,898	0.05
Total Debt Securities	$ 15,977,938	
Equity Investments:		
Corporate Stock	$ 1,783,159	
Other Investments:		
Escheat Property	21,637	
Money Market Accounts	10,074	
Total Other Investments	$ 31,711	
Total Investments	$ 17,792,808 [1]	

[1] Total investments are less than the amount shown on the face of the financial statements as amounts do not include cash on hand.

Primary Government
Pension and Investment Trust Funds
Investments and Cash Equivalent Investments
Interest Rate Risk
As of June 30, 2019
(In Thousands)

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
U.S. Treasury	$ 8,231,169	13.53
U.S. Agencies	788,385	8.28
Mortgage-backed Securities	2,963,592	5.21
State or Local Government Bonds	86,332	18.1
Corporate Bonds	2,033,628	10.02
Yankee Bonds	666,713	7.83
Foreign Country Bonds	14,031	2.78
Asset-backed Securities	575,406	6.41
Short Term Notes	2,536,135	0.47
Total Debt Securities	$ 17,895,391	
Equity Investments:		
Corporate Stock	$ 44,995,131	
Alternative Equities	10,267,771	
Stock Rights/Warrants	1,565	
Total Equity Investments	$ 55,264,467	
Other Investments:		
Guaranteed Investment Account:		
Synthetic Guaranteed Investment Contract (SGIC)	$ 1,558,464	
Short Term Investment Pool	27,176	
Total Guaranteed Investment Account	$ 1,585,640	
Futures Options	(852)	
Mutual Funds	8,719,132	
Total Other Investments	$ 10,303,920	
Total Investments	$ 83,463,778 [1]	

[1] Total Investments do not include $231.23 million of cash that is included in the cash and cash equivalent investments line on the pension and investments trust funds statements.

Fair Value Reporting

GASB Statement No. 72 “Fair Value Measurement and Application” sets forth the framework for measuring the fair value of investments based on a hierarchy of valuation inputs. The statement defines fair value as the exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The hierarchy has three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs for Level 2 include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; or
- Inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs reflect SBI’s assumptions about the inputs that market participants would use in pricing an asset or liability.

Investments that do not have a readily determinable fair value are measured using the net asset value (NAV) per share (or its equivalent) as a practical expedient, and not classified in the fair value hierarchy.

All non-cash investments, including derivative investments that are not hedging derivatives, are required to be measured at fair value on a recurring basis. SBI maintains investment pools in which participants own a proportionate share of the investment pools. The fair value of the investment pools is priced daily by SBI’s custodian, when a daily price is available, by using independent pricing sources.

Level 3 investments primarily consist of assets where the asset is distressed or there is not an active market. The fair value of the assets measured at the NAV has been determined using the March 31, 2019 values, adjusted for cash flows. The investments measured at the NAV are typically not eligible for redemption. Distributions received as underlying investments within the funds are liquidated over the life of the investment. Cash and a portion of the short-term investments are not leveled under GASB 72.

SBI has 57 investments that are valued at the NAV that are currently in the liquidation mode, totaling three percent of the NAV. The majority of the remaining value of investments in the liquidation mode will be returned to SBI within a time period of three to five years. SBI has a total of $10,228,487,000 in unfunded commitments to the invested value of the NAV. Unfunded commitments is money that has been committed to an investment, but not yet transferred to the investor.

The private equity investment strategy is to establish and maintain a broadly diversified private equity portfolio composed of investments that provide diversification by industry type, stage of corporate development, and location.

The real estate investment strategy calls for the establishment and maintenance of a broadly diversified real estate portfolio composed of investments that provide overall diversification by property type and location. The main components of this portfolio consist of investments in closed-end commingled funds. The remaining portion of the portfolio may include investments in less diversified, more focused (specialty) commingled funds and Real Estate Investment Trusts (REITs).

The strategy for resource investments is to establish and maintain a portfolio of resource investment vehicles that provide an inflation hedge and additional diversification. Resource investments will include oil and gas investments and energy service industry investments that are diversified by geographic area as well as by type.

The strategy for yield-oriented investments is to target funds that typically provide a current return and may have an equity component. Structures such as subordinated debt investments and mezzanine investments are typical yield-oriented investments.

Primary Government
Governmental, Proprietary, and Agency Funds
Fair Value of Investments
As of June 30, 2019
(In Thousands)

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	$ 1,729,968	$ 1,726,853	$ 3,115	$ —
Real Estate Investment Trust	53,047	53,047	—	—
Equity Total	$ 1,783,015	$ 1,779,900	$ 3,115	$ —
Fixed Income:				
Asset-backed Securities	$ 358,070	$ —	$ 358,070	$ —
Mortgage-backed Securities	435,236	—	435,236	—
Corporate Bonds	2,234,646	—	2,233,872	774
Government Issues	4,509,801	8,559	4,501,242	—
Fixed Income Total	$ 7,537,753	$ 8,559	$ 7,528,420	$ 774
Total Investments by Fair Value	$ 9,320,768 [1]	$ 1,788,459	$ 7,531,535	$ 774

[1] Total investments are less than the cash, cash equivalent investments, and investments shown on the face of the financial statements since cash and a portion of the short-term investments are not leveled under GASB 72 and are not included in this table.

Primary Government
Pension and Investment Trust Funds
Fair Value of Investments
As of June 30, 2019
(In Thousands)

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	$ 42,247,523	$ 42,238,403	$ 8,872	$ 248
Real Estate Investment Trust	1,328,935	1,328,935	—	—
Other Equity	1,533,500	1,090,686	103,043	339,771
Equity Total	$ 45,109,958	$ 44,658,024	$ 111,915	$ 340,019
Fixed Income:				
Asset-backed Securities	$ 858,518	$ —	$ 816,402	$ 42,116
Mortgage-backed Securities	3,311,816	—	3,276,399	35,417
Corporate Bonds	3,296,463	—	3,279,276	17,187
Government Issues	9,806,167	—	9,780,886	25,281
Other Debt Instruments	521,304	—	521,304	—
Fixed Income Total	$ 17,794,268	$ —	$ 17,674,267	$ 120,001
Investment Derivatives - Options	$ (852)	$ (852)	$ —	$ —
Total Investments by Fair Value	$ 62,903,374	$ 44,657,172	$ 17,786,182	$ 460,020

Investments Measured at Net Asset Value (NAV):	NAV	Number of Investments	Percent of NAV Value	Unfunded Commitments
Private Equity	$ 6,318,495	150	62%	$ 6,889,342
Real Estate	822,565	26	8	1,343,867
Resource	1,980,553	36	20	929,112
Yield Oriented	1,026,533	36	10	1,066,166
Total Investments at NAV	$ 10,148,146	248	100%	$ 10,228,487
Total Investments by Fair Value and NAV	$ 73,051,520 [1]			

[1] Total investments are less than the cash, cash equivalent investments, and investments shown on the face of the financial statements since cash and a portion of the short-term investments are not leveled under GASB 72 and are not included in this table.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The state does not have a formal policy regarding concentration of credit risk for rated corporate debt securities that are among the top four quality categories. For other types of investments, Minnesota Statutes 11A.24, established investment parameters which are outlined in the "Credit Risk of Debt Security Investments" section of this note. SBI determined the concentration of credit risk based on security identification number.

The state did have exposure to one single issuer that equals or exceeds five percent of the overall portfolio as of June 30, 2019. Federal Home Loan Bank had an aggregate market value of 9.1 percent of the total debt security total of the Governmental, Proprietary, and Agency Funds.

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or a deposit. SBI has established guidelines to be used by investment managers. Managers with authority to invest in foreign securities are given authority to hedge foreign currency through forward contracts to avoid currency losses.

The primary government, excluding pension and investment trust funds, had no exposure to foreign currency risk as of June 30, 2019. The following table shows the foreign currency risk for the pension and investment trust funds.

Pension and Investment Trust Funds
Foreign Currency Risk
International Investment Securities at Fair Value
As of June 30, 2019
(In Thousands)

Currency	Cash	Debt	Equity
Australian Dollar	$ 2,792	$ —	$ 690,725
Brazilian Real	36	—	220,852
Canadian Dollar	6,429	25,605	1,015,467
Danish Krone	29	—	186,876
Euro Currency	8,312	4,427	4,235,279
Hong Kong	7,928	—	1,073,249
Indian Rupee	193	—	104,219
Indonesian	625	—	88,712
Japanese Yen	26,476	—	2,215,630
New Taiwan	415	—	328,627
Pound Sterling	2,550	10,442	1,681,132
Singapore Dollar	231	—	150,350
South African	128	—	159,834
South Korean	449	—	372,456
Swedish Krona	67	—	253,389
Swiss Franc	89	—	889,533
Other	2,071	—	593,030
Total	$ 58,820	$ 40,474	$ 14,259,360

Custodial Risk – Investments

Custodial risk for investments is the risk that, in the event of a failure of the counterparty, the state will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are held in the state's name and collateral for repurchase agreements is held in the state's name by third party agents. The primary government does not have a formal policy for custodial credit risk.

Securities Lending

Minnesota Statutes do not prohibit the state from participating in securities lending transactions. The state has, by a Securities Lending Authorization Agreement, authorized State Street Bank and Trust Company (State Street) to act as agent in lending state securities to approved borrowers. State Street, as agent, enters into Securities Loan Agreements with borrowers.

During the fiscal year, State Street lent, on behalf of the state, certain securities held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the federal government. State Street does 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 at least 100 percent of the fair value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to indemnify the state in the event of default by a borrower. There were no failures by any borrower to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default of the borrower.

During the fiscal year, the state and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested in a collective investment pool. As of June 30, 2019, the investment pool had an average duration of 14.42 days and an average weighted maturity of 83.43 days for U.S. dollar collateral.

Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2019, the state had no credit risk exposure to borrowers because the amounts the state owed the borrowers exceeded the amounts the borrowers owed the state.

The fair value of collateral held and the fair value of securities on loan for the state as of June 30, 2019, were $7,457,241,177 and $7,256,219,000, respectively. Securities received as collateral for which the state does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in the Statement of Net Position. Cash collateral of $5,253,993,000 is reported in the Fiduciary Funds Statement of Net Position as an asset and corresponding liability.

Primary Government
Pension and Investment Trust Funds
Securities Loaned
As of June 30, 2019
(In Thousands)

Investment Type	Fair Value	
Domestic Equities	$	5,452,348
U.S. Government Bonds		750,244
International Equities		376,973
Domestic Corporate Bonds		676,654
Total	$	7,256,219

Component Units

Housing Finance Agency

As of June 30, 2019, the Housing Finance Agency (HFA) had $451,832,000 of cash and cash equivalents and $2,949,100,000 of investments. As of June 30, 2019, $451,286,000 of deposits and $2,840,987,000 of investment securities were subject to custodial credit risk. HFA investments have weighted average maturities ranging from under one month (certificates of deposit) to 9.0 – 27.3 years.

HFA cash equivalents included $546,000 of investment agreements, which are generally uncollateralized interest-bearing contracts.

HFA investments had an estimated fair value of $2,949,100,000 as of June 30, 2019. Included in these investments were $109,125,000 in U.S. Treasuries (not rated), and $2,715,701,000 in U.S. Agencies having an S&P rating of AA+ and Moody's Investors Services rating of Aaa. An additional $15,615,000 in municipal debt investments had an S&P rating of AA+ and Moody's Investors Services rating of Aaa.

HFA measured the fair value of its investments using the three-tier hierarchy of input quality specified by GASB Statement No. 72 "Fair Value Measurement and Application." HFA measured investments of $123,681,000 and $2,716,760,000 using Level 1 and Level 2 inputs, respectively. The remaining investments of $108,659,000 related to premiums/discounts and unrealized appreciation/depreciation.

HFA had investments in single issuers as of June 30, 2019, excluding investments issued or explicitly guaranteed by the U.S. Government that exceeded five percent or more of total investments. These investments of $1,016,585,000 were issued by Federal National Mortgage Association.

HFA entered into interest rate swap agreements that were considered to be derivative instruments under GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments." These interest rate swap agreements have been determined to be effective hedges and were reported at fair value as of June 30, 2019, as a liability called "Interest Rate Swap Agreements." The inception-to-date change in fair value as of June 30, 2019, was reported in "Accumulated Decrease in Fair Value of Hedging Derivatives" deferred outflows of resources.

As of June 30, 2019, HFA had interest rate swap agreements with the following counterparties; the Bank of New York Mellon (one agreement), Royal Bank of Canada (five agreements) and Wells Fargo (two agreements) for total notional amounts of $35,000,000, $183,225,000, and $80,000,000, and fair values of $(1,730,000), $(7,306,000), and $(2,443,000), respectively. For these counterparties, the fair values for the fiscal year ended June 30, 2019, decreased $(1,559,000), decreased $(8,879,000), and decreased $(3,814,000), respectively.

The fair value of the swap represents HFA's potential exposure to credit risk. The counterparties, the Bank of New York Mellon, Royal Bank of Canada, and Wells Fargo have been rated by Moody's as Aa2, Aa2, and Aa2 respectively, and by S&P as AA-, AA-, and A+ respectively.

All swaps are pay-fixed, receive-variable. The initial notional amounts matched the original principal amounts and have terms which reduce the notional amounts to approximately follow the anticipated reductions in outstanding principal. HFA has also purchased the rights on the underlying mortgage loans, generally based upon a 300 percent PSA prepayment rate (the standard prepayment model of the Security Industries and Financial Market Association). This has further reduced the notional balances of the swaps as needed to match outstanding principal amounts of the associated bonds. HFA also has the right to terminate outstanding swaps in whole or in part at any time if it is not in default. The swap contracts may also be terminated by the counterparties, but are generally limited to HFA payment default or other HFA defaults that remain uncured for 30 days.

The variable rate HFA pays on its bonds resets weekly, but the variable rate received on its swaps is based upon a specified percentage of the one-month taxable London Inter-Bank Offered Rate (LIBOR) rate or the Securities Industry and Financial Markets Association (SIFMA) index rate. This exposes HFA to basis risk (the risk that the rates do not equal), and this risk will vary over time due to inter-market conditions.

HFA assumes the risk that changes in the tax code may vary from the historical long-term relationship between taxable and tax-exempt short-term interest rates for economic reasons.

Metropolitan Council

As of December 31, 2018, the Metropolitan Council (MC), had $501,867,000 in cash and cash equivalents and $679,499,000 in investments. Of this amount, $1,159,752,000 was subject to rating. Using the Moody's Investors Services rating scale, $903,938,000 of these investments were rated Aaa, while $255,814,000 were not rated. The net outstanding checks of $21,614,000 comprise the remaining cash and investment amount.

MC has investment policies to address its various types of investment risks. Several MC investment holdings are subject to custodial credit risk. Of the $309,043,000 U.S. agency investments, MC has a custodial credit risk exposure of $1,992,000 because the related securities are held by a custodial agent in the broker's name.

MC measured the fair value of its investments using the three-tier hierarchy of input quality specified by GASB Statement No. 72 "Fair Value Measurement and Application." MC measured investments of $288,867,000 and $470,798,000 using Level 1 and Level 2 inputs, respectively. MC measured another $221,260,000 of investments at the net asset value, while the remaining $21,614,000 was cash and cash equivalents. MC also holds $158,159,000 in the Internal Equity Pool and $20,668,000 in a cash fund with the State Board of Investment (SBI) was a trust account for other post-employment benefits (OPEB).

MC has adopted a simulation model of reporting investment sensitivity to fluctuation in interest rates. Assumptions are made of interest rate changes of 50, 100, 150, and 200 basis points with interest rate changes occurring on December 31, 2018. The investment portfolio excluding the cash and escrow accounts and the OPEB trust portfolio has an average yield of 2.59 percent, modified duration of 1.65 years, effective duration of 1.12 years, and convexity of -0.24.

The following table presents the estimated fair value of MC investments subject to interest rate risk using the simulation model.

Major Component Unit
Metropolitan Council
Fair Value of Investments
As of December 31, 2018
(In Thousands)

Fair Value of Portfolio		Estimated Fair Value
Before Basis Point Increase	$	1,186,562
After Basis Point Increase of:		
50 Points	$	1,174,961
100 Points		1,168,861
150 Points		1,162,960
200 Points		1,156,569

MC has used commodity futures as an energy forward pricing mechanism permitted by Minnesota Statutes 473.1293. Statutorily, MC may not hedge more than 100 percent of the projected consumption of any of its commodities and only up to 23 months into the future. Since 2004, MC has hedged most of its annual diesel fuel consumption. The hedging transactions are separate from fuel purchase transactions. For calendar year 2018, MC performed a statistical analysis and determined that the liquidated hedges were essentially effective.

As of December 31, 2018, MC had 286 New York Mercantile Exchange (NYMEX) heating oil futures contracts (12.00 million gallons) acquired from April 04, 2017, through December 20, 2018, to terminate on dates from January 31, 2019, through September 30, 2020. As of December 31, 2018, the heating oil futures contracts had a fair value of $20,604,000.

MC is using NYMEX heating oil futures to hedge its diesel fuel consumption. MC will be exposed to basis risk if the prices significantly deviate from each other. Historically, there has been a strong correlation between the two products.

University of Minnesota

As of June 30, 2019, the University of Minnesota (U of M), including its discretely presented component units, had $592,443,000 of cash and cash equivalents and $5,376,909,000 of investments. U of M's discretely presented component units do not classify investments according to risk because these entities prepare their financial statements under standards set by the Financial Accounting Standards Board. Excluding discretely presented component units, U of M reported cash and cash equivalents of $467,817,000 and investments of $2,324,800,000.

As of June 30, 2019, U of M's bank balance of $176,429,000 was uninsured and uncollateralized.

U of M maintains centralized management for substantially all of its cash and investments. The Board of Regents establishes U of M's investment policies and objectives. U of M uses internal investment pools designed to meet respective investment objectives within established risk parameters for each pool.

U of M has established policies to address the various types of investment risks. U of M uses S&P ratings and duration as a measure of a debt investment's exposure to fair value changes arising from changing interest rates. As of June 30, 2019, $1,354,850,000 of investment in securities was subject to quality rating and interest rate risk. This amount was rated as follows:

- $1,061,996,000 was rated AA or better
- $60,446,000 was rated BBB to A
- $54,950,000 was rated BB or lower
- $177,458,000 was not rated

The securities subject to interest rate risk were comprised of the following:

- $591,631,000 in government agencies with weighted average maturities of 1.0 to 2.1 years
- $79,569,000 in mortgage-backed securities with a weighted average maturity of 16.9 years
- $231,439,000 in cash and cash equivalents with a weighted average maturity of 0.0 years
- $274,753,000 in mutual funds with a weighted average maturity of 5.8 years

As of June 30, 2019, U of M had $137,906,000 of equity investments subject to foreign currency risk. The two largest components of this amount are $52,739,000 in Euro Currency and $26,726,000 in Japanese Yen.

As of June 30, 2019, several U of M investment holdings are subject to custodial credit risk. The market value of investments the U of M held in the custodial accounts was $738,392,000 in Temporary Investment Pool (TIP); $134,483,000 in Consolidated Endowment Fund (CEF); and $23,741,000 in Group Income Pool (GIP), respectively.

U of M measured the fair value of its investments using the three-tier hierarchy of input quality specified by GASB Statement No. 72 "Fair Value Measurement and Application." U of M measured investments of $280,322,000; $714,677,000; and $8,402,000 using Level 1, 2 and 3 inputs, respectively. U of M measured another $1,321,399,000 of investments at the net asset value.

Nonmajor Component Units

Nonmajor Component Units
Cash, Cash Equivalents, and Investments
As of December 31, 2018, or June 30, 2019, as applicable
(In Thousands)

Component Unit	Cash and Cash Equivalents	Investments
Agricultural and Economic Development Board	$ 2,020	$ 21,240
Minnesota Comprehensive Health Association	202	—
Minnesota Sports Facilities Authority	15,840	6,354
National Sports Center Foundation	2,267	—
Office of Higher Education	546,121	—
Public Facilities Authority	361,550	60,733
Rural Finance Authority	17,979	—
Workers' Compensation Assigned Risk Plan	5,594	269,097
Total	$ 951,573	$ 357,424

Note 3 – Disaggregation of Receivables

Primary Government
Components of Net Receivables
Government-wide
As of June 30, 2019
(In Thousands)

	Governmental Activities			
Description	General Fund[2]	Federal Fund	Nonmajor Governmental Funds[1]	Total
Taxes:				
Corporate and Individual	$ 1,007,006	$ —	$ —	$ 1,007,006
Sales and Use	416,711	—	30,349	447,060
Property	417,207	—	—	417,207
Health Care Provider	442,821	—	—	442,821
Motor Vehicle/Fuel	—	—	94,818	94,818
Other	44,287	—	31,548	75,835
Child Support	34,337	34,118	173	68,628
Workers' Compensation	—	—	77,041	77,041
Other	316,019	264,660	89,110	669,789
Net Receivables	$ 2,678,388	$ 298,778	$ 323,039	$ 3,300,205

	Business-type Activities			
Description	State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	Total
Insurance Premiums	$ —	$ 298,712	$ —	$ 298,712
Tuition and Fees[3]	57,944	—	—	57,944
Other	—	—	34,236	34,236
Net Receivables	$ 57,944	$ 298,712	$ 34,236	$ 390,892
Total Government-wide Net Receivables				$ 3,691,097

[1] Includes $77.137 million for Internal Service Funds, less Internal Service Fund eliminations of $72.249 million among Governmental Activities.

[2] Includes $236 thousand Interfund Receivables from Fiduciary Funds reclassified to Accounts Receivable on the Government-wide Statement of Net Position.

[3] The revenue associated with tuition and fees is reduced by a scholarship allowance of $299.766 million.

Accounts receivable are reported net of allowances for uncollectible amounts. Significant uncollectible amounts are:

- Corporate and Individual Taxes $140,222,000
- Sales and Use Taxes $39,560,000
- Child Support $150,485,000

Receivable balances not expected to be collected within one year are:

- Corporate and Individual Taxes $207,045,000
- Sales and Use Taxes $90,950,000
- Child Support $66,418,000
- Health Care Provider $100,542,000
- Other Receivables $137,812,000

Note 4 – Loans and Notes Receivable

Primary Government
Loans and Notes Receivable, Net of Allowance
As of June 30, 2019
(In Thousands)

Loan Purpose	General Fund	Federal Fund	Nonmajor Special Revenue Funds	State Colleges and Universities Fund	Total Loans and Notes Receivable
Student Loan Program	$ —	$ —	$ —	$ 22,090	$ 22,090
Economic Development	64,805	4,767	39,056	—	108,628
School Districts	299	—	—	—	299
Agricultural, Environmental and Energy Resources	—	—	79,330	—	79,330
Transportation	—	—	3,179	—	3,179
Other	6,266	—	1,013	1,741	9,020
Total	$ 71,370	$ 4,767	$ 122,578	$ 23,831	$ 222,546

Component Units
Loans and Notes Receivable
As of December 31, 2018, or June 30, 2019, as applicable
(In Thousands)

Component Unit	Loans and Notes Receivable
Housing Finance Agency	$ 955,435
Metropolitan Council	44,871
University of Minnesota	81,227
Agricultural and Economic Development Board	137
National Sports Center Foundation	695
Office of Higher Education	492,364
Public Facilities Authority	1,799,194
Rural Finance Authority	90,517
Total	$ 3,464,440

Note 5 – Interfund Transactions

Primary Government

During normal operations, the state processes routine transactions between funds, including loans, expenditures, and transfers of resources for administrative and program services, debt service, and compliance with legal mandates.

In the fund financial statements, these transactions are generally recorded as transfers in/out and interfund receivables/payables. Transfers generally represent legally authorized transfers between funds authorized to receive revenue and funds authorized to make expenditures, and do not represent reimbursement of expenditures.

Primary Government
Interfund Receivables and Payables
As of June 30, 2019
(In Thousands)

Description		Amount
Due to the General Fund From:		
Nonmajor Governmental Funds	$	22,472
Nonmajor Enterprise Funds		24,920
Internal Service Funds		111,429
Fiduciary Funds		236
Total Due to General Fund From Other Funds	$	159,057
Due to the Federal Fund From:		
Unemployment Insurance Fund	$	50
Total Due to Federal Fund From Other Funds	$	50
Due to the State Colleges and Universities Fund From:		
Nonmajor Governmental Funds	$	27,164
Total Due to State Colleges and Universities Fund From Other Funds	$	27,164
Due to Nonmajor Enterprise Funds From:		
General Fund	$	9,399
Nonmajor Governmental Funds		52
Total Due to Nonmajor Enterprise Funds From Other Funds	$	9,451
Due to the Internal Service Funds From:		
Nonmajor Governmental Funds	$	4
Total Due to Internal Service	$	4
Due to Fiduciary Funds From:		
Fiduciary Funds	$	9,597
Total Due to Fiduciary Funds From Other Funds	$	9,597
Due to Nonmajor Governmental Funds From:		
State Colleges and Universities Fund	$	17,383
Unemployment Insurance Fund		19,847
Nonmajor Governmental Funds		25,089
Nonmajor Enterprise Funds		2,285
Total Due to Nonmajor Governmental Funds From Other Funds	$	64,604

Primary Government
Interfund Transfers
Year Ended June 30, 2019
(In Thousands)

Description	Amount
Transfers to the General Fund From:	
Federal Fund	$ 55,351
Nonmajor Governmental Funds	58,728
Nonmajor Enterprise Funds	123,971
Internal Service Funds	27,038
Total Transfers to General Fund From Other Funds	$ 265,088
Transfers to the Federal Fund From:	
Unemployment Insurance Fund	$ 44
Nonmajor Governmental Funds	1,641
Total Transfers to Federal Fund From Other Funds	$ 1,685
Transfers to the State Colleges and Universities Fund From:	
General Fund	$ 722,032
Nonmajor Governmental Funds	62,660
Total Transfers to State Colleges and Universities Fund From Other Funds	$ 784,692
Transfers to Fiduciary Funds From:	
General Fund	$ 79,378
Fiduciary Funds	32,376
Total Transfers to Fiduciary Funds From Other Funds	$ 111,754
Transfers to Nonmajor Governmental Funds From:	
General Fund	$ 714,659
Federal Fund	1,008
Unemployment Insurance Fund	8,387
Nonmajor Governmental Funds	237,712
Nonmajor Enterprise Funds	29,957
Internal Service Funds	7,095
Total Transfers to Nonmajor Governmental Funds From Other Funds	$ 998,818
Transfers to Nonmajor Enterprise Funds From:	
General Fund	$ 20,732
Nonmajor Enterprise Funds	1,980
Total Transfers to Nonmajor Enterprise Funds From Other Funds	$ 22,712

Component Units

Primary Government and Component Units
Receivables and Payables
As of December 31, 2018, or June 30, 2019, as applicable
(In Thousands)

Component Units	Due from Primary Government	Due to Primary Government
Major Component Units:		
Housing Finance Agency	$ 570	$ —
Metropolitan Council	104,727	423
University of Minnesota	83,485	6,142
Total Major Component Units	$ 188,782	$ 6,565
Nonmajor Component Units	140,353	90,830
Total Component Units	$ 329,135	$ 97,395

Primary Government	Due from Component Units	Due to Component Units
Major Governmental Funds:		
General Fund	$ 279	$ 37,502
Federal Fund	24	139,871
Total Major Governmental Funds	$ 303	$ 177,373
Nonmajor Governmental Funds	94,478	80,053
Nonmajor Enterprise Funds	—	6
Total Primary Government	$ 94,781	$ 257,432 [1]

[1] Due to Component Units on the Government-wide Statement of Net Position totals $261.656 million and includes $4.224 million of loans payable to the Public Facilities Authority (component unit) that are not fund level liabilities.

The Due to Primary Government balance exceeds the Due from Component Units balance by $2,614,000 because the Metropolitan Council, the Workers' Compensation Assigned Risk Plan, and the National Sports Center Foundation use a different fiscal year end than the primary government. The $71,703,000 difference between the Due from Primary Government balance and the Due to Component Units balance is also due to these different fiscal year ends as well as the $4,224,000 loans payable disclosed above.

Note 6 – Capital Assets

Primary Government

Primary Government
Capital Asset Activity
Government-wide Governmental Activities
Year Ended June 30, 2019
(In Thousands)

Asset Category	Beginning	Additions	Deductions	Ending
Governmental Activities:				
Capital Assets not Depreciated:				
Land	$ 2,662,339	$ 69,544	$ (4,284)	$ 2,727,599
Buildings, Structures, Improvements	333,754	80	—	333,834
Construction in Progress	197,848	158,930	(73,664)	283,114
Development in Progress	172,082	139,555	(124,210)	187,427
Infrastructure	10,879,482	403,002	(18,018)	11,264,466
Easements	417,028	24,263	(360)	440,931
Art and Historical Treasures	7,559	165	—	7,724
Total Capital Assets not Depreciated	$ 14,670,092	$ 795,539	$ (220,536)	$ 15,245,095
Capital Assets Depreciated:				
Buildings, Structures, Improvements	$ 3,334,404	$ 55,265	$ (4,813)	$ 3,384,856
Infrastructure	387,010	18,861	—	405,871
Internally Generated Computer Software	277,777	123,552	—	401,329
Easements	4,720	—	(593)	4,127
Equipment, Furniture, Fixtures	823,791	96,077	(47,076)	872,792
Total Capital Assets Depreciated	$ 4,827,702	$ 293,755	$ (52,482)	$ 5,068,975
Accumulated Depreciation for:				
Buildings, Structures, Improvements	$ (1,414,892)	$ (92,444)	$ 3,545	$ (1,503,791)
Infrastructure	(112,108)	(12,808)	—	(124,916)
Internally Generated Computer Software	(114,258)	(50,660)	—	(164,918)
Easements	(1,593)	(199)	427	(1,365)
Equipment, Furniture, Fixtures	(485,119)	(62,379)	38,207	(509,291)
Total Accumulated Depreciation	$ (2,127,970)	$ (218,490)	$ 42,179	$ (2,304,281)
Total Capital Assets Depreciated, Net	$ 2,699,732	$ 75,265	$ (10,303)	$ 2,764,694
Governmental Act. Capital Assets, Net	$ 17,369,824	$ 870,804	$ (230,839)	$ 18,009,789

Capital outlay expenditures in the governmental funds totaled $840,378,000 for fiscal year 2019. Donations of general capital assets received were valued at $27,042,000. Transfers of $196,313,000 were primarily from construction in progress for completed projects. Transfers of accumulated depreciation totaling $476,000 primarily related to transfers from equipment to depreciable infrastructure and internally generated computer software. Internal service funds had additions of $25,561,000.

General capital assets purchased with resources provided by outstanding capital lease agreements in governmental activities as of June 30, 2019, consisted of buildings with a cost of $180,005,000.

Primary Government
Capital Asset Activity
Government-wide Business-type Activities and Fiduciary Funds
Year Ended June 30, 2019
(In Thousands)

Asset Category	Beginning	Additions	Deductions	Ending
Business-type Activities:				
Capital Assets not Depreciated:				
Land	$ 93,012	$ 516	$ (302)	$ 93,226
Construction in Progress	89,553	98,655	(63,487)	124,721
Total Capital Assets not Depreciated	$ 182,565	$ 99,171	$ (63,789)	$ 217,947
Capital Assets Depreciated:				
Buildings, Structures, Improvements	$ 3,706,537	$ 60,015	$ (1,093)	$ 3,765,459
Infrastructure	28,153	—	—	28,153
Library Collections	38,666	4,533	(5,969)	37,230
Internally Generated Computer Software	57,948	8,995	(2,336)	64,607
Equipment, Furniture, Fixtures	337,895	13,626	(9,525)	341,996
Total Capital Assets Depreciated	$ 4,169,199	$ 87,169	$ (18,923)	$ 4,237,445
Accumulated Depreciation for:				
Buildings, Structures, Improvements	$ (1,833,094)	$ (117,614)	$ 1,081	$ (1,949,627)
Infrastructure	(15,079)	(1,528)	—	(16,607)
Library Collections	(22,956)	(5,317)	5,969	(22,304)
Internally Generated Computer Software	(19,033)	(6,215)	2,336	(22,912)
Equipment, Furniture, Fixtures	(248,681)	(19,950)	9,285	(259,346)
Total Accumulated Depreciation	$ (2,138,843)	$ (150,624)	$ 18,671	$ (2,270,796)
Total Capital Assets Depreciated, Net	$ 2,030,356	$ (63,455)	$ (252)	$ 1,966,649
Business-type Act. Capital Assets, Net	$ 2,212,921	$ 35,716	$ (64,041)	$ 2,184,596
Fiduciary Funds:				
Capital Assets not Depreciated:				
Land	$ 429	$ —	$ —	$ 429
Total Capital Assets not Depreciated	$ 429	$ —	$ —	$ 429
Capital Assets Depreciated:				
Buildings	$ 29,763	$ —	$ —	$ 29,763
Internally Generated Computer Software	36,020	—	—	36,020
Equipment, Furniture, Fixtures	6,714	153	—	6,867
Total Capital Assets Depreciated	$ 72,497	$ 153	$ —	$ 72,650
Accumulated Depreciation for:				
Buildings	$ (12,695)	$ (738)	$ —	$ (13,433)
Internally Generated Computer Software	(9,641)	(3,070)	—	(12,711)
Equipment, Furniture, Fixtures	(5,319)	(396)	—	(5,715)
Total Accumulated Depreciation	$ (27,655)	$ (4,204)	$ —	$ (31,859)
Total Capital Assets Depreciated, Net	$ 44,842	$ (4,051)	$ —	$ 40,791
Fiduciary Funds, Capital Assets, Net	$ 45,271	$ (4,051)	$ —	$ 41,220

Transfers-in for Business-type Activities totaling $62,589,000 primarily related to construction in progress for completed projects and donations were valued at $10,440,000.

Primary Government
Depreciation Expense
Government-wide
Year Ended June 30, 2019
(In Thousands)

Function	Depreciation Expense
Governmental Activities:	
Agricultural, Environmental & Energy Resources	$ 14,897
Economic and Workforce Development	2,769
General Education	5,179
General Government	50,871
Health and Human Services	37,454
Public Safety and Corrections	44,793
Transportation	42,757
Internal Service Funds	19,294
Total Governmental Activities	$ 218,014
Business-type Activities:	
State Colleges and Universities	$ 133,129
Lottery	576
Other	16,919
Total Business-type Activities	$ 150,624

Primary Government
Significant Project Authorizations and Commitments
As of June 30, 2019
(In Thousands)

Description	Administration	Transportation
Authorization	$ 770,447	$ 1,722,030
Less: Expended (through June 30)	(560,035)	(1,321,843)
Less: Unexpended Commitment	(81,161)	(360,988)
Remaining Available Authorization	$ 129,251	$ 39,199

Land in the Permanent School Fund was donated by the federal government and valued at the estimated fair value at the time of donation. Total acres on June 30, 2019, were 2,513,701.

Component Units

Component Units
Capital Assets
As of December 31, 2018, or June 30, 2019, as applicable
(In Thousands)

	Major Component Units				
Asset Category	Housing Finance Agency	Metropolitan Council	University of Minnesota	Nonmajor Component Units	Total
Capital Assets not Depreciated:					
Land	$ —	$ 263,363	$ 187,316	$ 35,178	$ 485,857
Construction in Progress	—	808,263	174,429	861	983,553
Leased Buildings	—	—	155,272	—	155,272
Museums and Collections	—	—	91,534	—	91,534
Easements	—	—	5	—	5
Total Capital Assets not Depreciated	$ —	$ 1,071,626	$ 608,556	$ 36,039	$ 1,716,221
Capital Assets Depreciated:					
Buildings, Structures, Improvements	$ —	$ 4,866,511	$ 4,532,395	$ 863,524	$10,262,430
Infrastructure	—	—	464,994	32,917	497,911
Library	—	—	171,102	—	171,102
Internally Generated Computer Software	12,202	—	184,576	—	196,778
Equipment, Furniture, Fixtures	3,079	1,327,844	805,476	238,179	2,374,578
Other Intangibles	—	—	6,903	—	6,903
Total Capital Assets Depreciated	$ 15,281	$ 6,194,355	$ 6,165,446	$ 1,134,620	$13,509,702
Total Accumulated Depreciation	$ (9,199)	$ (2,677,086)	$ (3,539,508)	$ (159,113)	$ (6,384,906)
Total Capital Assets Depreciated, Net[1]	$ 6,082	$ 3,517,269	$ 2,625,938	$ 975,507	$ 7,124,796
Component Units Capital Assets, Net	$ 6,082	$ 4,588,895	$ 3,234,494	$ 1,011,546	$ 8,841,017

[1] In addition to this amount, the component units of the University of Minnesota had combined capital assets with a net value of $88.936 million as of June 30, 2019.

Note 7 – Disaggregation of Payables

Primary Government
Components of Accounts Payable
Government-wide
As of June 30, 2019
(In Thousands)

Description	Governmental Activities: General Fund	Federal Fund	Nonmajor Governmental Funds[1]	Total
School Aid Programs	$ 1,045,128	$ 166,600	$ 1,982	$ 1,213,710
Tax Refunds	536,232	—	—	536,232
Medical Care Programs	885,059	1,360,749	45,137	2,290,945
Grants	304,079	201,252	295,741	801,072
Salaries and Benefits	119,011	13,942	56,789	189,742
Vendors/Service Providers	301,783	71,830	244,364	617,977
Net Payables	$ 3,191,292	$ 1,814,373	$ 644,013	$ 5,649,678

Description	Business-type Activities: State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	Total
Salaries and Benefits	$ 131,241	$ —	$ 6,502	$ 137,743
Vendors/Service Providers	63,713	15,142	50,773	129,628
Net Payables	$ 194,954	$ 15,142	$ 57,275	$ 267,371
Total Government-wide Net Payables				$ 5,917,049

(1) Includes $42.416 million for Internal Service Funds, less Internal Service Fund eliminations of $72.249 million among Governmental Activities.

Note 8 – Pension and Investment Trust Funds

Primary Government Administered Plans

The state performs a fiduciary role for several pension and investment trust funds. For some of these funds, the state contributes as an employer and/or a non-employer contributing entity, and performs only a fiduciary role for other funds. These trust funds are categorized as either defined benefit or defined contribution (pension trust funds) or investment trust funds.

Three plan administrators, who prepare and publish their own stand-alone comprehensive annual financial reports, including financial statements and required supplementary information, and Minnesota State Colleges and Universities (MnSCU), which publishes a stand-alone pension statement, provide the pension fund information. Each plan administrator accounts for one or more pension plans. Copies of these reports may be obtained directly from the organizations listed below.

Plan Administrator	Plans Covered
Minnesota State Retirement System (MSRS)	State Employees Retirement Fund Correctional Employees Retirement Fund Judges Retirement Fund Legislators Retirement Fund State Patrol Retirement Fund Hennepin County Supplemental Retirement Fund Health Care Savings Fund Unclassified Employees Retirement Fund Minnesota Deferred Compensation Fund
Public Employees Retirement Association (PERA)	General Employees Retirement Fund Police and Fire Fund Public Employees Correctional Fund Volunteer Firefighter Retirement Fund Defined Contribution Fund
Teachers Retirement Association (TRA)	Teachers Retirement Fund
Minnesota State Colleges and Universities (MnSCU)	State Colleges and Universities Retirement Fund

See Note 1 – Summary of Significant Accounting and Reporting Policies for addresses of MSRS, PERA, and TRA. The address of the administrative agent (TIAA-CREF), for MnSCU is included in the “Defined Contribution Funds” section of this note.

Basis of Accounting and Valuation of Investments

The plan administrators prepare financial statements using the accrual basis of accounting which is the basis used to determine the fiduciary net position used by the plans. Member and employer contributions are recognized in the period in which they are earned and become due. Expenses are recognized when the liability is incurred. Benefits and refunds are recognized when due and payable in accordance with the statutory terms of each plan.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 – Cash, Investments, and Derivative Instruments for more information.

The individual pension trust funds participate in internal investment pools sponsored by the state and administered by the State Board of Investment (SBI). The pools function much like mutual funds, with the various pension trust funds purchasing "units" in the pool rather than individual securities. At year-end, some security purchase and sale transactions entered into by SBI were not settled, resulting in security trade receivables and payables. These unsettled security trades are an essential element in determining the fair value of each pension trust fund's pooled investment balance; therefore, the trades are reported in the Combining Statement of Net Position of pension trust funds as net amounts and allocated to the individual pension trust funds. As of June 30, 2019, this presentation resulted in a negative asset within the total investment pool participation.

Non-Primary Government Administered Plan

The state contributes as a non-employer contributing entity into the St. Paul Teachers' Retirement Fund, but does not perform any other fiduciary responsibilities. Separately-issued financial statements for the St. Paul Teachers' Retirement Fund Association may be obtained at St. Paul Teachers' Retirement Association, 1619 Dayton Avenue, Room 309, St. Paul, MN 55104.

Defined Benefit Plans

Primary Government Administered Multiple-Employer Cost Sharing Plans

The State Employees Retirement Fund (SERF) covers most state employees, the University of Minnesota (component unit) non-faculty employees, and selected metropolitan agency employees. Fourteen employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	Members hired before July 1, 1989: Step or Level formula, whichever is greater. Members hired on or after July 1, 1989: Level formula. Step formula: 1.2 percent of the high-five average salary for each of the first 10 years of allowable service, and 1.7 percent for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater). Level formula: 1.7 percent of the high-five average salary for all years of allowable service, with full benefits at normal retirement age. Not eligible for benefits under the Rule of 90.
Annual Benefit Increase	2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, and 1.5 percent thereafter. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age. Prior measurement period was 2.0 percent, increasing to 2.5 percent if the plan was funded at least 90 percent for two consecutive years.

The Correctional Employees Retirement Fund (CERF) primarily covers state employees who have direct contact with inmates or patients in Minnesota correctional facilities, the state operated forensic service program, or the Minnesota sex offenders program. Two employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	Members hired before July 1, 2010: 2.4 percent of the high-five average salary for each year of allowable service. Members hired on or after July 1, 2010: 2.2 percent of the high-five average salary for each year of allowable service.
Annual Benefit Increase	2.0 percent through December 31, 2018, and 1.5 percent thereafter. Prior measurement period was 2.0 percent, increasing to 2.5 percent if the plan was funded at least 90 percent for two consecutive years.

The General Employees Retirement Fund (GERF) covers employees of various governmental units and subdivisions, including counties, cities, school districts, and related organizations. Approximately 2,000 employers participate in this plan. The plan provides retirement, survivor, and disability benefits. Minneapolis Employees Retirement Fund (MERF) merged into GERF on January 1, 2015.

Membership Types	Basic membership: Participants who are not covered by the Social Security Act. Coordinated membership: Participants who are covered by the Social Security Act.
Benefit Formula	Members hired before July 1, 1989: Step or Level formula, whichever is greater. Members hired on or after July 1, 1989: Level formula. Step Formula: 1.2 percent of the high-five average salary for each of the first 10 years of allowable service, then 1.7 percent for each year thereafter for Coordinated members. The rates are 2.2 percent and 2.7 percent, respectively, for Basic members. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater). Level Formula: 1.7 percent of the high-five average salary for all years of allowable service for Coordinated members, and 2.7 percent for Basic members. Full benefits at normal retirement age. Not eligible for benefits under the Rule of 90. Former MERF members: 2.0 percent of the high-five average salary for each of the first 10 years of allowable service and 2.5 percent for each year thereafter.
Annual Benefit Increase	1.0 percent through December 31, 2018. 50 percent of the Social Security Administration increase, but not less than 1.0 percent or more than 1.5 percent thereafter. The benefit increase of 1.25 percent is projected for all years. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age. For the prior measurement period the benefit increase of 1.0 percent was projected through 2044 and 2.5 percent thereafter.

The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental units and subdivisions. Approximately 500 employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	3.0 percent of the high-five average salary for each year of allowable service. Members hired after June 30, 2014 limited to 33 years of allowable service.
Annual Benefit Increase	1.0 percent fixed rate.

The Public Employees Correctional Fund (PECF) covers employees in county and regional correctional facilities who are responsible for the security, custody, and control of the facilities and inmates. Eighty employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	1.9 percent of the high-five average salary for each year of allowable service.
Annual Benefit Increase	2.5 percent through December 31, 2018, thereafter it is 100 percent of the Social Security Administration increase, but not less than 1.0 percent or more than 2.5 percent. If the plan's funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will change to 1.5 percent maximum permanently.

The Teachers Retirement Fund (TRF) covers teachers and other related professionals employed by school districts or by the state except those teachers employed by the City of St Paul and the University of Minnesota. Approximately 600 employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Membership Types	Basic membership: Participants who are not covered by the Social Security Act. Coordinated membership: Participants who are covered by the Social Security Act.
Benefit Formula	Members hired before July 1, 1989: Step or Level formula, whichever is greater. Members hired on or after July 1, 1989: Level formula. Step Formula: Coordinated members receive 1.2 percent of the high-five average salary for each of the first 10 years of allowable service prior to July 1, 2006, and 1.4 percent for any of the first 10 years after that date. For allowable years of service after the first ten years, Coordinated members receive 1.7 percent for each year prior to July 1, 2006 and 1.9 percent for years after that date. Basic members receive 2.2 percent of the high-five average salary for each of the first 10 years of allowable service, and 2.7 percent for each year thereafter. The Step formula also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater). Level Formula: Coordinated members receive 1.7 percent of the high-five average salary for all years of allowable service prior to July 1, 2006 and 1.9 percent for years thereafter. Basic members receive 2.7 percent of the high-five average salary for all years of allowable service. The Level formula provides full benefits at normal retirement age. Not eligible for benefits under the Rule of 90.
Annual Benefit Increase	2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, then increase by 0.1 percent each year over five years, and 1.5 percent thereafter. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age. For the prior measurement period the benefit increase of 2.0 percent was projected through 2044, and 2.5 percent thereafter.

Primary Government Administered Multiple-Employer Cost Sharing Plans
Statutory Contribution Rates
(In Thousands)

Description	SERF[1]	CERF[2]	GERF	P&FF[3]	TRF[4]
Minnesota Statutory Authority	352.04	352.92	353.27 353.505	353.65	354.42 354.435,436
Required Contribution Rate:					
Active Members	5.75%	9.6%	6.5-9.75%	11.3%	7.5-11.0%
Employer(s)	5.875%	14.4%	7.5-11.78%	16.95%	7.71-11.71%
Non-Employer Contributing Entity	$ —	$ —	$ 16,000	$ 4,500	$ 31,087
Primary Government Contributions – Reporting Period	$ 136,157	$ 38,141	$ 18,138	$ 4,500	$ 46,534

(1) Member and Employer contribution rates increase by 0.25 and 0.375 percent of pay respectively in fiscal year 2020.

(2) Additional supplemental employer contributions of 1.45, 2.95, and 4.45 percent of salary annually are effective for fiscal years 2020, 2021, and 2022 respectively. The 4.45 percent will remain in effect until the plan is 100 percent funded.

(3) Member and Employer contribution rates increase by 0.5 and 0.75 percent of pay respectively in fiscal year 2020.

(4) An additional contribution of 3.64 percent of salary from Special School District No.1 brings the top of the Employer contribution range to 15.35 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2024. Employer contribution rate increases by 1.04 percent over the next five years.

Primary Government Administered Multiple-Employer Cost Sharing Plans
Summary of Pension Amounts
As of June 30, 2019
(In Thousands)

Description	SERF[1]	CERF[1]	GERF[1]	P&FF[1]	TRF[1]	Total
Primary Government's Proportionate Share of the Net Pension Liability as an:						
Employer	$ 1,031,909	$ 375,232	$ 25,408	$ —	$ 221,190	$ 1,653,739
Non-Employer Contributing Entity	—	—	176,191	56,187	471,220	703,598
Total	$ 1,031,909	$ 375,232	$ 201,599	$ 56,187	$ 692,410	$ 2,357,337
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:						
Current Year Measurement Date	74.45%	99.89%	3.64%	5.27%	11.02%	
Prior Year Measurement Date	74.15%	99.91%	1.75%	N/A[2]	11.41%	
Deferred Outflows of Resources	$ 3,141,270	$ 315,184	$ 133,880	$ 160,133	$ 996,592	$ 4,747,059
Deferred Inflows of Resources	$ 4,947,838	$ 678,659	$ 87,056	$ 108,266	$ 1,365,767	$ 7,187,586
Net Pension Expense	$(1,225,752)	$ (137,170)	$ 25,165	$ 18,297	$ (250,094)	$ (1,569,554)

(1) Proportionate share was determined based on the primary government's percentage of employer and non-employer contributing entity contributions into the plan.

(2) Reporting data for P&FF begins with fiscal year 2019, due to a change in the statutorily required contribution.

Primary Government Administered Multiple-Employer Cost Sharing Plans
Actuarial Assumptions

Description	SERF[1]	CERF[1]	GERF[1]	P&FF[1]	TRF[1]
Actuarial Valuation/ Measurement Date	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018
Long-Term Expected Rate	7.50%	7.50%	7.50%	7.50%	7.50%
20 Year Municipal Bond Rate[2]	3.62%	3.62%	3.62%	3.62%	3.89%
Experience Study Dates	2008-2014	2011-2015	2008-2014	2011-2015	2008-2014
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	Service Related Rates	Service Related Rates	Service Related Rates	Service Related Rates	2.85-9.25%
Payroll Growth	3.25%	3.25%	3.25%	3.25%	3.00%

(1) For SERF, CERF, GERF, P&FF, and TRF mortality rate assumptions, the RP-2014 Mortality table for males and females was used and adjusted for mortality improvements based on Scale MP-2015 for SERF, CERF, and TRF, and Scale MP-2017 for GERF and P&FF. There are various adjustments in each plan to match experience.

(2) Source: Fidelity Index for SERF, CERF, GERF, and P&FF and Bond Buyers for TRF.

Primary Government Administered Multiple-Employer Cost Sharing Plans
Deferred Outflows of Resources
As of June 30, 2019
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	$ 28,497	$ 6,986	$ 5,336	$ 2,281	$ 7,385	$ 50,485
Changes in Assumption	2,951,534	269,799	19,258	72,700	894,030	4,207,321
Change in Proportionate Difference Between Actual Contributions and Proportionate Share of Contributions	25,082	258	91,148	80,652	48,643	245,783
Contributions Subsequent to the Measurement Date	136,157	38,141	18,138	4,500	46,534	243,470
Total	$ 3,141,270	$ 315,184	$ 133,880	$ 160,133	$ 996,592	$ 4,747,059

Primary Government Administered Multiple-Employer Cost Sharing Plans
Deferred Inflows of Resources
As of June 30, 2019
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	$ 78,280	$ 3,101	$ 5,880	$ 13,784	$ 13,963	$ 115,008
Changes in Assumption	4,608,355	645,985	22,652	82,714	1,180,646	6,540,352
Net Difference Between Projected and Actual Earnings on Investment	258,322	29,422	20,600	11,768	53,696	373,808
Change in Proportionate Share of Contributions	2,881	151	37,924	—	117,462	158,418
Total	$ 4,947,838	$ 678,659	$ 87,056	$ 108,266	$ 1,365,767	$ 7,187,586

Primary Government Administered Multiple-Employer Cost Sharing Plans
Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense or a Reduction in Net Pension Liability
As of June 30, 2019
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
2020	$ 106,919	$ (52,271)	$ 3,893	$ 8,884	$ 59,556	$ 126,981
2021	123,486	(34,506)	18,200	8,884	28,509	144,573
2022	(1,491,561)	(184,886)	14,360	8,884	(34,517)	(1,687,720)
2023	(681,569)	(129,953)	(7,767)	8,884	(276,172)	(1,086,577)
2024	—	—	—	11,831	(193,085)	(181,254)
Net Pension Expense	$ (1,942,725)	$ (401,616)	$ 28,686	$ 47,367	$ (415,709)	$ (2,683,997)
Deferred Outflow of Resources as a Reduction to Net Pension Liability	136,157	38,141	18,138	4,500	46,534	243,470
Net Deferred Outflows (Inflows) of Resources	$ (1,806,568)	$ (363,475)	$ 46,824	$ 51,867	$ (369,175)	$ (2,440,527)

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan

The St. Paul Teachers' Retirement Fund (SPTRF) covers teachers and other related professionals employed by St. Paul Public Schools, St. Paul College, charter schools within the City of St. Paul, and SPTRF staff. The plan provides retirement, survivor, and disability benefits.

Membership Types	Basic membership: Participants who are not covered by the Social Security Act. Coordinated membership: Participants who are covered by the Social Security Act.
Benefit Formula	Members hired before July 1, 1989: Tier 1 or Tier 2 formula, whichever is greater. Members hired on or after July 1, 1989: Tier 2 formula. Tier 1 Formula: Coordinated members receive 1.2 percent of the high-five average salary for each of the first 10 years of allowable service prior to July 1, 2015, and 1.4 percent for any of the first 10 years after that date. For allowable years of service after the first ten years, Coordinated members receive 1.7 percent for each year prior to July 1, 2015 and 1.9 percent for years after that date. Basic members receive 2.0 percent of the high-five average salary for all years of allowable service. The Tier 1 formula also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater). Tier 2 Formula: Coordinated members receive 1.7 percent of the high-five average salary for all years of allowable service prior to July 1, 2015 and 1.9 percent for years thereafter. Basic members receive 2.5 percent of the high-five average salary for all years of allowable service. The Tier 2 formula provides full benefits at normal retirement age. Not eligible for benefits under the Rule of 90.

Annual Benefit Increase	1.0 percent through December 31, 2018, no benefit increases through December 31, 2020, and 1.0 percent thereafter. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age. Prior measurement period was 1.0 percent through 2041, 2.0 percent through 2051 and 2.5 percent thereafter.

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Statutory Contribution Rates
(In Thousands)

Description	SPTRF[1]
Minnesota Statutory Authority	354A.12
Required Contribution Rate:	
Active Members	7.5-10.0%
Employer(s)	7.335-10.835%
Primary Government as Non-Employer Contributing Entity - Statutory Requirement	$ 15,666
Primary Government Contributions - Reporting Period	$ 15,713

(1) An additional contribution of 3.64 and 3.84 percent of salary for basic and coordinated members, respectively, of St. Paul Teachers Retirement Fund Association brings the top of the Employer contribution to 14.475 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2023 and Employer contribution rates increase by 1.665 percent over the next five years.

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Summary of Pension Amounts
As of June 30, 2019
(In Thousands)

Description	SPTRF[1]
Primary Government's Proportionate Share of the Net Pension Liability as an:	
Employer	$ 630
Non-Employer Contributing Entity	166,431
Total	$ 167,061
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:	
Current Measurement Date	27.58%
Prior Measurement Date	28.15%
Deferred Outflows of Resources	$ 41,222
Deferred Inflows of Resources	$ 17,865
Net Pension Expense	$ (9,049)

(1) Proportionate share was determined based on the Primary Government's percentage of employer and non-employer contributing entity contributions into the plan.

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Actuarial Assumptions

Description	SPTRF[1]
Actuarial Valuation/Measurement Date	June 30, 2018
Long-Term Expected Rate	7.50%
20 Year Municipal Bond Rate[2]	3.62%
Experience Study Dates	2011-2016
Inflation	2.50%
Salary Increases	3.00-9.00%
Payroll Growth	3.00%

(1) For mortality rate assumptions, the RP-2014 Mortality table for males and females was used and adjusted for mortality improvements based on Scale MP-2017. There are various adjustments to match experience.

(2) Source: Fidelity Index 20-Year Municipal GO AA Index.

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Deferred Outflows of Resources
As of June 30, 2019
(In Thousands)

Description	SPTRF
Difference Between Expected and Actual Experience	$ 980
Changes in Assumption	24,529
Contributions Subsequent to the Measurement Date	15,713
Total	$ 41,222

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Deferred Inflows of Resources
As of June 30, 2019
(In Thousands)

Description	SPTRF
Difference Between Expected and Actual Experience	$ 6,643
Changes in Assumption	3,123
Net Difference Between Projected and Actual Earnings on Investment	799
Change in Proportionate Share of Contributions	7,300
Total	$ 17,865

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense
or a Reduction in Net Pension Liability
As of June 30, 2019
(In Thousands)

Description	SPTRF
2020	$ 1,552
2021	4,391
2022	2,546
2023	(845)
Net Pension Expense	$ 7,644
Deferred Outflow of Resources as a Reduction to Net Pension Liability	15,713
Net Deferred Outflows (Inflows) of Resources	$ 23,357

Primary Government Administered Multiple-Employer Agent Plan

The Volunteer Firefighter Retirement Fund (VFRF) was established on January 1, 2010, as a lump-sum defined benefit plan largely funded by fire state aid and covers volunteer firefighters. Members do not contribute to the plan. Employer contributions are determined annually. There are 159 employers participating in this plan. The plan provides retirement and survivor benefits only. If fire state aid plus investment income are not expected to cover the normal cost of benefits during the next calendar year, an employer contribution is calculated and payable by the end of the next calendar year. Benefits are determined by employee years of service multiplied by a benefit level chosen by the entity sponsoring the fire department from possible levels ranging from $500 to $10,000 per year of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent. The plan is established and administered in accordance with Minnesota Statutes 353G. The state is not an employer of participants in the plan, but performs in a fiduciary capacity.

Primary Government Administered Single-Employer Plans

The Judges Retirement Fund (JRF) covers judges of the Supreme Court, appellate, and district courts. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	Judges appointed or elected before July 1, 2013: 2.7 percent of the high-five average salary for each year of allowable service prior to July 1, 1980, and 3.2 percent for each year thereafter, up to 76.8 percent. Judges appointed or elected on or after July 1, 2013: 2.5 percent of the high-five average salary for each year of allowable service. There is no maximum benefit.
Annual Benefit Increase	1.75 percent, if the plan is funded at least 70 percent for two consecutive years, the increase changes to 2.0 percent, and if the plan is funded at least 90 percent for two consecutive years, the increase changes to 2.5 percent. The benefit increase of 1.75 percent is projected through 2037, 2.0 percent through 2051, and 2.5 percent thereafter. For the prior measurement period the benefit increase of 1.75 percent was projected through 2038, 2.0 percent through 2053, and 2.5 percent thereafter.

The Legislators Retirement Fund (LRF) covers constitutional officers and certain members of the state's House of Representatives and Senate who were first elected prior to July 1, 1997, and chose to retain coverage under this plan. The plan provides retirement and survivor benefits. This plan is closed to new entrants.

Benefit Formula	5.0 percent of high-five average salary for the first eight years of service prior to January 1, 1979, then 2.5 percent for subsequent years.
Annual Benefit Increase	2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, and 1.5 percent thereafter. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age. Prior measurement period was 2.0 percent, increasing to 2.5 percent if the plan was funded at least 90 percent for two consecutive years.

The State Patrol Retirement Fund (SPRF) covers state troopers, conservation officers, and certain crime bureau and gambling enforcement agents. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	3.0 percent of the high-five average salary for each year of allowable service up to 33 years. Members with at least 28 years of service as of July 1, 2013 are not subject to this limit.
Annual Benefit Increase	1.0 percent fixed rate. Prior measurement period was 1.0 percent, increasing to 1.5 percent if the plan was funded at least 85 percent for two consecutive years, and 2.5 percent if the plan is funded at least 90 percent for two consecutive years.

Primary Government Administered Single-Employer Plans
Statutory Contribution Rates
(In Thousands)

Description	JRF	LRF	SPRF
Minnesota Statutory Authority	490.123	3A.03	352B.02
Required Contribution Rate:			
Active Members	7.0-9.0%	9.0%	14.9% (2)
Employer	22.5% (3)	N/A (1)	22.35% (2)
Primary Government Contributions – Reporting Period	$ 17,287	$ 8,798	$ 19,479

(1) Employer contributions are funded on a pay-as-you-go basis.

(2) Member and Employer contribution rates increase by 0.5 and 0.75 percent in fiscal years 2021 and 2020 respectively. Additional supplemental employer contributions of 1.75 percent brings the top of the Employer contribution range to 24.1 percent. Additional supplemental employer contributions increase to 3.0, 5.0, and 7.0 percent of salary annually effective for fiscal years 2020, 2021, and 2022 respectively. The 7.0 percent will remain in effect until plan is 100 percent funded.

(3) Employer contributions include an additional $6 million each year until the earlier of the plan is fully funded or July 1, 2048.

Primary Government Administered Single-Employer Plans
Membership Statistics

Description	JRF	LRF	SPRF
Members (or their beneficiaries) Currently Receiving Benefits	369	372	1,071
Members Entitled To, But Not Receiving Benefits	15	39	56
Active Members	317	19	921

Primary Government Administered Single-Employer Plans
Summary of Pension Amounts
As of June 30, 2019
(In Thousands)

Description	JRF	LRF	SPRF	Total
Net Pension Liability	$ 176,170	$ 139,367	$ 200,609	$ 516,146
Deferred Outflows of Resources	32,612	8,916	166,279	207,807
Deferred Inflows of Resources	43,381	—	224,579	267,960
Net Pension Expense	4,723	767	19,262	24,752

Primary Government Administered Single-Employer Plans
Actuarial Assumptions

Description	JRF[(1)]	LRF[(1)]	SPRF[(1)]
Actuarial Valuation / Measurement Date	June 30, 2018	June 30, 2018	June 30, 2018
Long-Term Expected Rate	7.50%	7.50%	7.50%
20 Year Municipal Bond Rate[(2)]	3.62%	3.62%	3.62%
Experience Study Dates	2011-2015	N/A	2011-2015
Inflation	2.50%	2.50%	2.50%
Salary Increases	2.50%	4.50%	Service Related Rates
Payroll Growth	2.50%	N/A	3.25%

(1) For mortality rate assumptions, the RP-2014 Mortality table for males and females was used and adjusted for mortality improvements based on Scale MP-2015. There are various adjustments in each plan to match experience.

(2) Source: Fidelity Index 20-Year Municipal GO AA Index.

Primary Government Administered Single-Employer Plans
Schedule of Net Pension Liability
As of June 30, 2019
(In Thousands)

Description	JRF	LRF	SPRF	Total
Total Pension Liability (TPL):				
Service Cost	$ 9,857	$ 437	$ 24,935	$ 35,229
Interest on the Total Pension Liability	26,747	5,094	65,110	96,951
Benefit Changes	—	(9,839)	(2,604)	(12,443)
Difference Between Expected and Actual Experience of the Total Pension Liability	1,424	6,119	(8,369)	(826)
Changes in Assumptions	—	(856)	(126,888)	(127,744)
Benefit Payments, Including Refunds of Member Contributions	(23,585)	(8,912)	(59,692)	(92,189)
Net Change in Total Pension Liability	$ 14,443	$ (7,957)	$ (107,508)	$ (101,022)
Total Pension Liability, Beginning	$ 363,482	$ 147,324	$ 1,037,916	$ 1,548,722
Total Pension Liability, Ending	$ 377,925	$ 139,367	$ 930,408	$ 1,447,700
Fiduciary Net Position (FNP):				
Contributions – Employer	$ 17,027	$ 8,856	$ 16,952	$ 42,835
Contributions – Member	3,973	93	10,657	14,723
Net Investment Income	19,265	—	70,474	89,739
Benefit Payments, Including Refunds of Member Contributions	(23,585)	(8,912)	(59,692)	(92,189)
Pension Plan Administrative Expenses	(65)	(37)	(184)	(286)
Other Changes	—	—	(7)	(7)
Net Change in Plan Fiduciary Net Position	$ 16,615	$ —	$ 38,200	$ 54,815
Plan Fiduciary Net Position, Beginning	$ 185,140	$ —	$ 691,599	$ 876,739
Plan Fiduciary Net Position, Ending	$ 201,755	$ —	$ 729,799	$ 931,554
Net Pension Liability (NPL)	$ 176,170	$ 139,367	$ 200,609	$ 516,146

Primary Government Administered Single-Employer Plans
Deferred Outflows of Resources
As of June 30, 2019
(In Thousands)

Description	JRF	LRF	SPRF	Total
Difference Between Expected and Actual Experience	$ 3,993	$ —	$ —	$ 3,993
Changes in Assumption	11,332	—	146,800	158,132
Net Difference Between Projected and Actual Earnings on Investment	—	118	—	118
Contributions Subsequent to the Measurement Date	17,287	8,798	19,479	45,564
Total	$ 32,612	$ 8,916	$ 166,279	$ 207,807

Primary Government Administered Single-Employer Plans
Deferred Inflows of Resources
As of June 30, 2019
(In Thousands)

Description	JRF	LRF	SPRF	Total
Difference Between Expected and Actual Experience	$ 3,848	$ —	$ 24,940	$ 28,788
Changes in Assumption	34,303	—	180,870	215,173
Net Difference Between Projected and Actual Earnings on Investment	5,230	—	18,769	23,999
Total	$ 43,381	$ —	$ 224,579	$ 267,960

Primary Government Administered Single-Employer Plans
Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense
or a Reduction in Net Pension Liability
As of June 30, 2019
(In Thousands)

Description	JRF	LRF	SPRF	Total
2020	$ (10,309)	$ 76	$ 5,274	$ (4,959)
2021	(14,967)	42	(3,289)	(18,214)
2022	(1,968)	—	(11,531)	(13,499)
2023	(812)	—	(45,689)	(46,501)
2024	—	—	(22,544)	(22,544)
Net Pension Expense	$ (28,056)	$ 118	$ (77,779)	$ (105,717)
Deferred Outflow of Resources as a Reduction to Net Pension Liability	17,287	8,798	19,479	45,564
Net Deferred Outflows (Inflows) of Resources	$ (10,769)	$ 8,916	$ (58,300)	$ (60,153)

Summary of Defined Benefit Plans

Summary of Defined Benefit Plans
As of June 30, 2019
(In Thousands)

Description	Primary Government Administered Multiple-Employer Cost Sharing Plans	Non-Primary Government Administered Multiple-Employer Cost Sharing Plan	Primary Government Administered Single-Employer Plans	Total
Net Pension Liabilities	$ 2,357,337	$ 167,061	$ 516,146	$ 3,040,544
Deferred Outflows of Resources	4,747,059	41,222	207,807	4,996,088
Deferred Inflows of Resources	7,187,586	17,865	267,960	7,473,411
Net Pension Expense	(1,569,554)	(9,049)	24,752	(1,553,851)

The State Board of Investment, which manages the investments of MSRS, PERA, and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method using both long-term historical returns and long-term capital market expectations from a number of investments management and consulting organizations. Best-estimates of expected future real rates of return are developed for each major asset class. These asset class estimates and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

Primary Government Administered Plans
Asset Class Target Allocation and Expected Return
As of June 30, 2019

Asset Class	Target Allocation	Long-Term Expected Rate of Return (Geometric Mean)
Domestic Stocks	36.00%	5.10%
International Stocks	17.00%	5.30%
Bonds	20.00%	0.75%
Alternative Assets	25.00%	5.90%
Unallocated Cash	2.00%	0.00%
Total	100.00%	

The following table presents the net pension liability for each defined benefit plan with a primary government proportionate share of the net pension liability, calculated using the corresponding discount rate as well as what the net pension liability would be if the rate were one percentage point higher or lower.

Primary Government Proportionate Share
Sensitivity of the Net Pension Liability to Changes in the Discount Rate
As of June 30, 2019
(In Thousands)

	With a 1% Decrease		Current Discount Rate		With a 1% Increase	
Plan	Rate	NPL[1]	Rate	NPL[1]	Rate	NPL[1]
SERF[3]	6.50%	$ 2,385,150	7.50%	$ 1,031,909	8.50%	$ (91,356)
CERF[3]	6.50%	586,041	7.50%	375,232	8.50%	203,289
GERF	6.50%	327,624	7.50%	201,599	8.50%	97,569
P&FF	6.50%	120,468	7.50%	56,187	8.50%	3,029
TRF[3]	6.50%	1,098,853	7.50%	692,410	8.50%	357,099
SPTRF	6.50%	222,091	7.50%	167,061	8.50%	121,479
JRF	6.50%	214,820	7.50%	176,170	8.50%	143,079
LRF[3][4]	2.62%	154,902	3.62% [2]	139,367	4.62%	126,340
SPRF[3]	6.50%	312,538	7.50%	200,609	8.50%	107,826

(1) Net Pension Liability (Asset).

(2) LRF: The municipal bond rate was used for all years.

(3) The discount rate changed from 5.42, 5.02, 5.12, 8.0, 3.56, and 6.38 percent for SERF, CERF, TRF, SPTRF, LRF, and SPRF, respectively.

(4) The discount rate for fiscal year 2020 will change to 3.13 percent for LRF.

Defined Contribution Plans

The defined contribution funds presented in the financial statements include various statewide public employee retirement funds. The benefits received are limited to an annuity, which can be purchased with the combined contributions of both the employee and employer or solely with employee contributions, depending on the fund. Accordingly, there is no unfunded liability for these funds; therefore, there is no actuarial accrued benefit liability or actuarially required contribution.

Plan Descriptions and Contribution Information

The Hennepin County Supplemental Retirement Fund (HCSRF), authorized by Minnesota Statutes 383B subdivision 46-52, covers employees of Hennepin County who began employment prior to April 14, 1982. The employer (Hennepin County and Hennepin Healthcare System) and employee contribution rate is 1.0 percent of the employee's salary. Benefits are the participant's account balance, which includes investment earnings/losses.

Health Care Savings Fund (HCSF), authorized by Minnesota Statutes 352.98, creates a post-retirement health care savings plan by which public employees may save to cover post-retirement health care costs. Contributions to the plan are defined in a personnel policy or in a collective bargaining agreement. Contributions to the plan, by or on behalf of an employee, are held in trust for reimbursement of employee and dependent health-related expenses following termination of public service. The current plan is based on state employee contributions without any matching provision by the state. A plan participant may request reimbursement until funds accumulated in the participant’s account are exhausted. Benefits are the participant’s account balance, which includes investment gains/losses and must be used for qualifying health-related expenses. The employee contributions were $153,595,000 for the fiscal year ended June 30, 2019.

The Unclassified Employees Retirement Fund (UERF), authorized by Minnesota Statutes 352D, covers only those state employees who are included either by statute or policy in the "unclassified service" of the state, specified employees of various statutorily designated entities, or judges who exceed the maximum benefit cap under the Judges Retirement Fund (pension trust fund). Statutory contribution rates are 5.75 percent of employee's salary for employee and 6.0 percent for the employer. However, contribution rates for participating judges are 8.0 percent of employee's salary with no state contribution. Benefits are either an annuity based on age, value of the participant’s account, and the effective actuarial assumptions, or the participant’s account balance withdrawals. Beginning in fiscal year 2020, the employer contributions will increase 0.25 percent.

The Minnesota Deferred Compensation Fund (DCPF) is a voluntary retirement savings plan authorized under section 457(b) of the Internal Revenue Code and Minnesota Statutes 352.965. The plan is primarily composed of employee contributions and accumulated investment gains or losses. Participants may withdraw funds upon termination of public service or in the event of an unforeseeable emergency. Employees and elected officials of the state and its political subdivisions are eligible to participate in the plan. The employee contributions were $295,457,000 for the fiscal year ended June 30, 2019.

The Defined Contribution Fund (DCF) is authorized by Minnesota Statutes 353D. The plan covers local units of government of which current or former elected officials elect to participate (with the exception of elected county sheriffs), emergency medical service personnel employed by or providing service to any of the participating ambulance services, and physicians employed at public facilities. The statutory contribution rate is 5.0 percent of employee’s salary for both the employee and employer (local units of government, elected officials, and physicians). For other participants, the contribution rate is determined by the employer with a fixed percentage for the employee. Plan benefits depend solely on amounts contributed to the plan, plus investment earnings, less administrative expenses.

The State Colleges and Universities Retirement Fund (CURF), authorized by Minnesota Statutes 354B and 354C, covers unclassified teachers, librarians, administrators, and certain other staff members. Participation is mandatory for qualified employees. This fund consists of an Individual Retirement Account Plan (IRAP) and a Supplemental Retirement Plan (SRP). Two member groups, faculty and administrators, participate in the IRAP. The employer and employee statutory contribution rates are 6.0 and 4.5 percent, respectively. Member contribution rates increase by 3.25 percent over the next five years. For the SRP, the statutorily required contribution rate is 5.0 percent of salary for both the employer and employees with contribution maximums between $1,700 and $2,700 depending on the member group. Minnesota Statutes allow additional employer and employee contributions under specific circumstances.

Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF) is the administrative agent for the State Colleges and Universities Retirement Fund. Separately-issued financial statements can be obtained from TIAA-CREF, Normandale Lake Office Park, 8000 Norman Center Drive, Suite 1100, Bloomington, MN 55437.

Primary Government
Defined Contribution Plans Contributions
As of June 30, 2019
(In Thousands)

Description	HCSRF	UERF	DCF	CURF
Member Contributions	$ 106	$ 6,918	$ 1,957	$ 38,006
Employer Contributions:				
Primary Government Contributions	$ —	$ 6,995	$ —	$ 45,542
Other Employer Contributions	107	547	2,084	—
Total Employer Contributions	$ 107	$ 7,542	$ 2,084	$ 45,542

Investment Trust Funds

The Supplemental Retirement and the Investment Trust funds (investment trust funds) are administered by the State Board of Investment, which issues a separate report (see Note 1 – Summary of Significant Accounting and Reporting Policies for the address). These funds are investment pools for external participants.

Component Units

The following component units are participants in the State Employees Retirement Fund (SERF), Police and Fire Fund (P&FF), and the Unclassified Employees Retirement Funds (UERF):

- Housing Finance Agency (HFA)
- Metropolitan Council (MC)
- University of Minnesota (U of M)
- Minnesota Sports Facilities Authority (MSFA)
- Office of Higher Education (OHE)
- Public Facilities Authority (PFA)

Component Units
Summary of Pension Amounts
State Employee Retirement Fund
As of December 31, 2018 or June 30, 2019, as applicable
(In Thousands)

	Major Component Units			Non-Major Component Units			
Description	HFA	MC	U of M	MSFA	OHE	PFA	Total
Proportionate Share of the Net Pension Liability	$ 8,725	$ 129,774	$ 203,026	$ 162	$ 1,771	$ 820	$ 344,278
Deferred Outflows of Resources	26,561	390,021	594,712	242	5,391	2,496	1,019,423
Deferred Inflows of Resources	41,836	628,123	980,605	977	8,490	3,931	1,663,962
Net Pension Expense (Income)	(10,364)	(150,069)	(264,079)	(542)	(2,104)	(1,439)	(428,597)

Major Component Units
Summary of Pension Amounts
Police and Fire Fund
As of December 31, 2018 or June 30, 2019, as applicable
(In Thousands)

Description	MC	U of M	Total
Proportionate Share of the Net Pension Liability	$ 11,737	$ 6,367	$ 18,104
Deferred Outflows of Resources	17,425	18,207	35,632
Deferred Inflows of Resources	21,682	20,934	42,616
Net Pension Expense	904	223	1,127

Note 9 – Termination and Postemployment Benefits

Primary Government – Termination Benefits

Early termination benefits are defined as benefits received for discontinuing services earlier than planned. A liability and expense for voluntary termination benefits are recognized when the offer is accepted and the amount can be estimated. A liability and expense for involuntary termination benefits are recognized when a plan of termination has been approved, the plan has been communicated to the employees, and the amount can be estimated.

Only three state bargaining agreements provide for this benefit. These agreements, affecting only Minnesota State Colleges and Universities (MnSCU) employees, are the Minnesota State College Faculty, Inter Faculty Organization, and Minnesota State University Association of Administrative Service Faculty contracts. Faculty members who meet a combination of age and years of service plus certain eligibility requirements are eligible to receive an early retirement incentive cash payment based on base salary plus health insurance paid for one year after separation or up to age 65, depending on the contract. Approximately 50 former faculty members and staff currently receive this benefit. The cost of the benefits was $1,038,000 during fiscal year ended June 30, 2019, with a remaining liability as of June 30, 2019, of $1,652,000.

Primary Government Single Employer – Postemployment Benefits Other Than Pensions

Other postemployment benefits (OPEB) are available to state employees and their dependents through a single-employer defined benefit healthcare plan, as allowed by Minnesota Statutes 43A.27, Subdivision 3, and Minnesota Statutes 471.61, Subdivision 2a, and required under the terms of selected employment contracts. All pre-age-65 state retirees with at least 5 years of allowable pension service who are entitled at the time of retirement to receive an annuity under the state retirement program are eligible to participate in the state's health and dental insurance plan until age 65. Retirees not eligible for an employer subsidy must pay 100 percent of the premiums to continue receiving coverage. These employees are allowed to stay in the active employee risk pool with the same premium rate and are, therefore, subsidized by the insurance premiums rates for active state employees, resulting in an implicit rate subsidy.

The state also subsidizes the healthcare and dental premium rates for certain employees, primarily conservation officers, correctional officers at state correctional facilities, and state troopers through an explicit rate subsidy under terms of selected employment contracts. If the retiree terminates employment prior to age 55, the employer's premium contribution rate is frozen at the date of the employee's retirement and is payable by the state until the retiree is age 65. The retiree is responsible for any other portion of the premiums. If the retiree terminates employment at age 55 or later, the employer contributes the active employee's premium rate each year until the retiree is age 65. Coverage ends at the retiree's attainment of age 65.

The state does not issue a separate financial report for its OPEB as the state does not fund an OPEB plan and operates on a pay-as-you-go basis. The amount paid for OPEB benefits during fiscal year 2019 was $34,910,000**.**

Primary Government Single-Employer Plan
Employee Statistics

Description	Employees
Inactive Employees (or their beneficiaries) Currently Receiving Benefits	3,477
Active Employees	47,911

Primary Government Single-Employer Plan
Summary of OPEB Amounts
As of June 30, 2019
(In Thousands)

Description	Amount[1]
Total OPEB Liability	$ 612,799
Deferred Outflows of Resources	41,002
Deferred Inflows of Resources	64,894
Total OPEB Expense	60,875

(1) Amounts represent the primary government's total proportionate share of 99.7 percent. The remaining 0.3 percent represents a discretely presented component unit's proportionate share.

Single-Employer Plan
Actuarial Assumptions

Description	OPEB Plan
Actuarial Valuation[1]	July 1, 2018
Measurement Date[1]	June 30, 2018
Discount Rate: 20 Year Municipal Bond Rate[2]	3.87%
Healthcare Cost Trend Rate	6.5% reduced to 3.8% by 2070
Experience Study Dates	2008 - 2015
Inflation	2.50%
Salary Increases	3.25%

(1) No significant events or material changes in benefit provisions occurred between the actuarial valuation date and the measurement date that required an adjustment to roll-forward of the Total OPEB Liability.

(2) Source: Bond Buyer 20-year General Obligation Index.

The mortality rate assumptions use the RP-2014 employee generational mortality table projected with mortality improvement Scale MP-2018 as applicable to the employee group covered.

Single-Employer Plan
Schedule of Total OPEB Liability
As of June 30, 2019
(In Thousands)

Description	Primary Government's Share[1]	Component Unit's Share[1]	Plan Total
Total OPEB Liability:			
Service Cost	$ 47,486	$ 570	$ 48,056
Interest	23,297	81	23,378
Differences Between Expected and Actual Experience	(42,394)	(147)	(42,541)
Changes in Assumptions or Other Inputs	(594)	(2)	(596)
Benefit Payments	(36,233)	(125)	(36,358)
Net Changes in Total OPEB Liability	$ (8,438)	$ 377	$ (8,061)
Total OPEB Liability, Beginning	621,237	1,742	622,979
Total OPEB Liability, Ending	$ 612,799	$ 2,119	$ 614,918

(1) The primary government's total proportionate share is 99.7 percent and the component unit's proportionate share is 0.3 percent of the state's single employer defined benefit OPEB plan.

Primary Government Single-Employer Plan
Deferred Outflows and Deferred Inflows of Resources
Related to OPEB
As of June 30, 2019
(In Thousands)

Description	Deferred Outflows of Resources[1]	Deferred Inflows of Resources[1]
Difference between Expected and Actual Experience	$ —	$ 36,600
Changes of Assumption	6,092	28,294
Transactions Subsequent to the Measurement Date	34,910	NA
Total	$ 41,002	$ 64,894

(1) Amounts represent the primary government's total proportionate share of 99.7 percent. The remaining 0.3 percent represents a discretely presented component unit's proportionate share.

Primary Government Single-Employer Plan
Net Deferred Outflows (Inflows) of Resources
Recognized as OPEB Expense or a Reduction to the Total OPEB Liability
As of June 30, 2019
(In Thousands)

Description	Amount[1]
2020	$ (9,890)
2021	(9,890)
2022	(9,890)
2023	(9,890)
2024	(10,271)
Thereafter	(8,971)
Net OPEB Expense	$ (58,802)
Deferred Outflow of Resources as a Reduction of the Total OPEB Liability	34,910
Net Deferred Outflows (Inflows) of Resources	$ (23,892)

(1) Amounts represent the primary government's total proportionate share of 99.7 percent. The remaining 0.3 percent represents a discretely presented component unit's proportionate share.

The following tables present the total OPEB liability (TOPEBL) for the defined benefit plan for the primary government's proportionate share of the TOPEBL, calculated using the corresponding discount rate and healthcare trend rate as well as what the TOPEBL would be if the rates were one percentage point higher or lower.

Primary Government
Sensitivity of the Total OPEB liability to Changes in the Discount Rate
As of June 30, 2019
(In Thousands)

With a 1% Decrease		Current Discount Rate		With a 1% Increase	
Rate	TOPEBL	Rate[1]	TOPEBL	Rate	TOPEBL
2.87%	$ 656,350	3.87%	$ 612,799	4.87%	$ 571,940

(1) The discount rate changed from 3.58 percent.

Sensitivity of the Total OPEB liability to Changes in the Healthcare Trend Rates
As of June 30, 2019
(In Thousands)

With a 1% Decrease		Current Healthcare Trend Rate		With a 1% Increase	
Rate	TOPEBL	Rate	TOPEBL	Rate	TOPEBL
2.8%	$ 555,945	3.8%	$ 612,799	4.8%	$ 679,140

Component Units – Postemployment Benefits Other Than Pensions

Housing Finance Agency (HFA) and the Office of Higher Education (OHE) participate in the primary government's single-employer defined benefit OPEB plan.

The Metropolitan Council (MC) administers another postemployment benefit (OPEB) plan, a single-employer defined benefit health care and life insurance plan to eligible retirees, their spouses, and dependents. The funding for MC does not meet the requirements of GASB statement 75, for OPEB. However, MC separately invested $255 million as of December 31, 2018 for this purpose.

The University of Minnesota (U of M) administers another postemployment benefit (OPEB) plan, a single-employer defined benefit health care plan to eligible employees, retirees, their spouses, and dependents, and an academic disability plan for faculty and academic professional and administrative employees. The U of M does not fund an OPEB plan and operates on a pay-as-you-go basis.

Component Units
Summary of OPEB Amounts
State OPEB Plan
As of June 30, 2019
(In Thousands)

	Major Component Unit	Non-Major Component Unit	
Description	HFA	OHE	Total
Proportionate Share Total OPEB Liability	$ 1,716	$ 403	$ 2,119
Deferred Outflows of Resources	97	23	120
Deferred Inflows of Resources	192	45	237
Total OPEB Expense	171	39	210

Major Component Units
Summary of OPEB Amounts
Other Plans
As of December 31, 2018 or June 30, 2019, as applicable
(In Thousands)

Description	MC	U of M	Total
Proportionate Share Total OPEB Liability	$ 275,287	$ 40,283	$ 315,570
Deferred Outflows of Resources	8,376	5,315	13,691
Deferred Inflows of Resources	25,205	487	25,692
Total OPEB Expense	10,832	7,214	18,046

Note 10 – Long-Term Commitments

Primary Government

Governmental Funds

Long-term commitments consist of grant agreements, construction projects, and other contracts. A portion of these commitments will be funded by current reserves, and these amounts are included on the face of the financial statements in the restricted, committed, and assigned fund balance amounts. Resources provided by future bond proceeds, gas taxes, motor vehicle registration taxes, and federal grants will fund the remaining commitments. Governmental funds' encumbrances, both current and long-term, as of June 30, 2019, were as follows:

Primary Government
Encumbrances
As of June 30, 2019
(In Thousands)

Description	Amount
Major Fund: General Fund	$ 438,303
Non-Major Governmental Funds	1,999,688
Total Encumbrances	$ 2,437,991

Enterprise Fund - Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities had commitments of $158,171,000 for construction and renovation of college and university facilities as of June 30, 2019.

Component Units

As of June 30, 2019, the Housing Finance Agency had committed approximately $539,583,000 for the purchase or origination of future loans or other housing assistance.

The Metropolitan Council entered into contracts for various purposes such as transit services and construction projects. As of December 31, 2018, unpaid commitments for Metro Transit Bus services were approximately $462,236,000. Future commitments for Metro Transit Light Rail were approximately $151,367,000, while future commitments for Metro Transit Commuter Rail were approximately $11,414,000. Future commitments for Regional Transit and Environmental Services were approximately $19,372,000 and $71,668,000, respectively. Finally, amounts authorized and initiated in the calendar year 2018 budget but not completely expended in calendar year 2018 were $2,281,000.

The University of Minnesota had construction projects in progress with an estimated completion cost of $138,860,000 as of June 30, 2019. These costs will be funded from plant account assets and state appropriations.

As of June 30, 2019, the Public Facilities Authority (PFA) had committed approximately $130,000,000 for the origination or disbursement of future loans under the Clean Water, Drinking Water, and Transportation Revolving Loan programs. PFA also committed $72,000,000 for grants.

As of June 30, 2019, the Minnesota Sports Facilities Authority had committed approximately $11,684,000 for stadium and stadium infrastructure construction projects.

Note 11 – Operating Lease Agreements

Operating Leases

The state and its component units are committed under various leases primarily for building and office space. For accounting purposes, these leases are considered to be operating leases.

Lease expenditures/expenses for the fiscal year ended June 30, 2019, totaled approximately $89,202,000 and $28,659,000 for the primary government and component units, respectively. Lease expenses for the year ended December 31, 2018, totaled approximately $2,303,000 for component units.

Primary Government and Component Units
Future Minimum Lease Payments
(In Thousands)

Primary Government		Component Units			
Year Ended June 30	Amount	Year Ended June 30	Amount	Year Ended December 31	Amount
2020	$ 81,077	2020	$ 16,477	2019	$ 1,437
2021	72,074	2021	16,206	2020	696
2022	60,533	2022	15,045	2021	571
2023	48,095	2023	6,966	2022	376
2024	40,284	2024	5,966	2023	343
2025-2029	112,155	2025-2029	24,109	2024-2028	606
2030-2034	665	2030-2034	14,638	2029-2033	282
2035-2039	265	2035-2039	2,806	2034-2038	120
2040-2044	280	2040-2044	1,713	2039-2043	47
2045-2049	300	2045-2049	470	2044-2048	23
2050-2054	315	2050-2054	—	2049-2053	—
2055-2059	34	2055-2059	—	2054-2058	—
Total	$ 416,077	Total	$ 104,396	Total	$ 4,501

Note 12 – Long-Term Liabilities - Primary Government

Primary Government
Long-Term Liabilities
Year Ended June 30, 2019
(In Thousands)

Liability Type	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 6,867,284	$ 682,576	$ 625,358	$ 6,924,502	$ 554,874
Revenue Bonds	36,795	—	2,645	34,150	2,740
State Appropriation Bonds	1,048,439	—	50,951	997,488	43,710
Loans	36,906	23,661	13,609	46,958	15,095
Due to Component Units	4,864	—	640	4,224	654
Capital Leases	71,576	—	9,712	61,864	10,162
Certificates of Participation	93,425	—	11,716	81,709	2,180
Claims	840,848	1,151,983	1,071,205	921,626	203,516
Compensated Absences	325,030	337,400	329,519	332,911	46,195
Other Postemployment Benefits	535,148	67,152	74,347	527,953	—
Net Pension Liability	8,382,949	197,477	5,900,303	2,680,123	—
Total	$ 18,243,264	$ 2,460,249	$ 8,090,005	$12,613,508	$ 879,126
Business-type Activities:					
General Obligation Bonds	$ 227,901	$ 18,943	$ 23,654	$ 223,190	$ 21,156
Revenue Bonds	351,871	—	42,068	309,803	40,665
Loans	11,030	—	672	10,358	588
Capital Leases	13,741	—	4,247	9,494	4,141
Claims	18,358	198,758	194,696	22,420	20,318
Compensated Absences	156,264	36,264	32,947	159,581	19,723
Other Postemployment Benefits	86,089	14,332	15,575	84,846	—
Net Pension Liability	1,468,967	—	1,108,546	360,421	—
Total	$ 2,334,221	$ 268,297	$ 1,422,405	$ 1,180,113	$ 106,591

Primary Government
Resources for Repayment of Long-Term Liabilities
Year Ended June 30, 2019
(In Thousands)

Liability Type	Governmental Activities General Fund	Governmental Activities Special Revenue Funds	Governmental Activities Internal Service Funds	Business-type Activities	Total
General Obligation Bonds	$ 4,909,557	$ 2,014,945	$ —	$ 223,190	$ 7,147,692
Revenue Bonds	11,977	22,173	—	309,803	343,953
State Appropriation Bonds	997,488	—	—	—	997,488
Loans	—	3,633	43,325	10,358	57,316
Due to Component Units	—	4,224	—	—	4,224
Capital Leases	61,864	—	—	9,494	71,358
Certificates of Participation	81,709	—	—	—	81,709
Claims	198,906	633,582	89,138	22,420	944,046
Compensated Absences	185,522	136,742	10,647	159,581	492,492
Other Postemployment Benefits	521,652	—	6,301	84,846	612,799
Net Pension Liability	2,573,621	—	106,502	360,421	3,040,544
Total	$ 9,542,296	$ 2,815,299	$ 255,913	$ 1,180,113	$ 13,793,621

The following tables show principal and interest payment schedules for general obligation bonds, revenue bonds, state appropriation bonds, loans, due to component unit, capital leases, and certificates of participation. There are no payment schedules for claims, compensated absences, other postemployment benefits, and net pension liability.

Primary Government
General Obligation Bonds
Principal and Interest Payments
(In Thousands)

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2020	$ 554,874	$ 262,352	$ 21,156	$ 9,619	$ 576,030	$ 271,971
2021	518,444	236,847	20,291	8,205	538,735	245,052
2022	512,145	211,882	19,715	7,227	531,860	219,109
2023	507,345	187,479	18,210	6,294	525,555	193,773
2024	455,924	164,433	17,021	5,428	472,945	169,861
2025-2029	1,913,185	537,259	66,095	16,777	1,979,280	554,036
2030-2034	1,218,369	201,552	34,026	6,072	1,252,395	207,624
2035-2039	398,371	31,568	10,279	977	408,650	32,545
Total	$ 6,078,657	$ 1,833,372	$ 206,793	$ 60,599	$ 6,285,450	$ 1,893,971
Bond Premium	845,845	—	16,397	—	862,242	—
Total	$ 6,924,502	$ 1,833,372	$ 223,190	$ 60,599	$ 7,147,692	$ 1,893,971

Primary Government
Revenue Bonds
Principal and Interest Payments
(In Thousands)

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2020	$ 2,740	$ 1,205	$ 40,665	$ 11,536	$ 43,405	$ 12,741
2021	2,830	1,109	29,370	9,837	32,200	10,946
2022	2,935	1,014	19,835	8,642	22,770	9,656
2023	1,760	944	20,120	7,870	21,880	8,814
2024	1,815	891	18,480	7,112	20,295	8,003
2025-2029	9,990	3,495	94,570	23,709	104,560	27,204
2030-2034	12,080	1,328	64,005	6,506	76,085	7,834
2035-2039	—	—	8,305	400	8,305	400
Total	$ 34,150	$ 9,986	$ 295,350	$ 75,612	$ 329,500	$ 85,598
Bond Premium	—	—	14,453	—	14,453	—
Total	$ 34,150	$ 9,986	$ 309,803	$ 75,612	$ 343,953	$ 85,598

Primary Government
State Appropriation Bonds
Principal and Interest Payments
(In Thousands)

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest
2020	$ 43,710	$ 42,635
2021	45,555	40,560
2022	47,710	38,334
2023	49,235	36,012
2024	51,795	33,598
2025-2029	306,335	128,442
2030-2034	135,015	68,588
2035-2039	110,240	43,551
2040-2044	106,895	13,720
Total	$ 896,490	$ 445,440
Bond Premium	100,998	—
Total	$ 997,488	$ 445,440

Primary Government
Loans Payable and Due to Component Units
Principal and Interest Payments
(In Thousands)

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2020	$ 15,749	$ 1,219	$ 588	$ 290	$ 16,337	$ 1,509
2021	13,845	777	633	270	14,478	1,047
2022	9,873	494	681	248	10,554	742
2023	5,433	292	640	224	6,073	516
2024	1,434	181	594	205	2,028	386
2025-2029	2,478	616	3,128	746	5,606	1,362
2030-2034	1,186	316	3,056	339	4,242	655
2035-2039	1,184	89	1,038	25	2,222	114
Total	$ 51,182	$ 3,984	$ 10,358	$ 2,347	$ 61,540	$ 6,331

Primary Government
Capital Leases
Principal and Interest Payments
(In Thousands)

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2020	$ 10,162	$ 3,078	$ 4,141	$ 1,512	$ 14,303	$ 4,590
2021	10,655	2,570	1,754	430	12,409	3,000
2022	11,171	2,037	1,316	168	12,487	2,205
2023	11,717	1,477	308	87	12,025	1,564
2024	12,291	892	308	47	12,599	939
2025-2029	5,868	283	1,132	185	7,000	468
2030-2034	—	—	535	7	535	7
Total	$ 61,864	$ 10,337	$ 9,494	$ 2,436	$ 71,358	$ 12,773

Primary Government
Certificates of Participation
Principal and Interest Payments
(In Thousands)

	Governmental Activities	
Year Ended June 30	Principal	Interest
2020	$ 2,180	$ 3,607
2021	2,290	3,498
2022	2,405	3,384
2023	2,525	3,264
2024	2,650	3,137
2025-2029	15,390	13,560
2030-2034	19,640	9,308
2035-2039	25,065	3,882
Total	$ 72,145	$ 43,640
Premium on Certificates of Participation	9,564	—
Total	$ 81,709	$ 43,640

Debt Service Fund

For state general obligation bonds, Minnesota Statutes 16A.641, provides for an annual appropriation for transfer to the Debt Service Fund. The amount of the appropriation is to be such that, when combined with the balance on hand in the Debt Service Fund on December 1 of each year for state bonds, it will be sufficient to pay all general obligation bond principal and interest due and to become due through July 1 in the second ensuing year. If the amount appropriated is insufficient when combined with the balance on hand in the Debt Service Fund, the state constitution requires the state auditor to levy a statewide property tax to cover the deficiency. No such property tax has been levied since 1969 when the law requiring the appropriation was enacted.

For other annual appropriation debt, the amounts needed to pay principal and interest payment are appropriated each fiscal year for transfer to the Debt Service Fund. The state has no legal obligation to continue appropriating funds to make debt service payments. The annual appropriation debt is canceled on the earlier of the fiscal year for which the legislature does not appropriate sufficient amounts for debt service, an executive unallotment regarding continuing appropriations for debt service, or the date of the final principal and interest payment. The Minnesota Statutes governing outstanding annual appropriation debt are provided in the applicable sections in this note.

During fiscal year 2019, Minnesota Management and Budget made the necessary transfers to the Debt Service Fund as follows:

Primary Government
Transfers to Debt Service Fund
Year Ended June 30, 2019
(In Thousands)

Fund Type	Amount
General Fund	$ 645,397
Special Revenue Funds:	
Trunk Highway Fund	$ 214,903
Miscellaneous Special Revenue Fund	1,203
Total Special Revenue Funds	$ 216,106
Internal Service Fund – Plant Management Fund	$ 5,791
Total Transfers to Debt Service Fund	$ 867,294

General Obligation Bond Issues

In August 2018, the state issued $619,720,000 general obligation bonds, Series 2018A through Series 2018C:

- Series 2018A for $397,720,000 in state various purpose bonds were issued at a true interest rate of 3.10 percent.
- Series 2018B for $206,000,000 in state trunk highway bonds were issued at a true interest rate of 3.00 percent.
- Series 2018C for $16,000,000 in taxable state bonds were issued at a true interest rate of 3.39 percent.

The state remains contingently liable to pay its advance refunded general obligation bonds as shown in the following table.

Primary Government
Outstanding Defeased Debt
General Obligation Bonds
(In Thousands)

Refunding Date	Original Refunding Amount	Refunded Amount	June 30, 2019 Outstanding Amount	Refunded Bond Call/Maturity Date
August 21, 2014	$ 5,449	$ 5,705	$ 4,130	October 1, 2021
August 21, 2014	9,727	10,185	7,925	August 1, 2022
August 11, 2016	126,762	139,860	139,860	December 1, 2019
August 11, 2016	85,514	94,350	94,350	August 1, 2019
August 11, 2016	98,289	108,445	108,445	November 1, 2019
October 11, 2017	31,201	33,620	33,620	November 1, 2019
October 11, 2017	292,569	315,250	315,250	August 1, 2020
October 11, 2017	29,556	28,665	28,665	December 1, 2019
October 11, 2017	41,243	40,000	40,000	August 1, 2019
October 11, 2017	10,311	10,000	10,000	November 1, 2019
March 14, 2018	NA	1,860	1,395	August 1, 2021
March 14, 2018	NA	3,815	3,270	August 1, 2020
March 14, 2018	NA	480	480	October 1, 2023
Total	$ 730,621	$ 792,235	$ 787,390	

The following table is a schedule of general obligation bonds authorized, but unissued, and bonds outstanding as of June 30, 2019. This schedule includes all general obligation bonds that were sold, including bonds sold for the State Colleges and Universities Fund (enterprise fund).

Primary Government
General Obligation Bonds Authorized, but Unissued, and Bonds Outstanding
As of June 30, 2019
(In Thousands)

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates for Outstanding
Maximum Effort School Loan	$ 9,500	$ 3,875	5.00%
Rural Finance Authority	19,500	70,902	1.40-5.00%
State Transportation	208,337	214,868	2.50-5.00%
Trunk Highway	1,385,409	1,751,185	2.00-5.00%
Trunk Highway Refunding Bonds	—	263,760	2.00-5.00%
Various Purpose	1,199,587	2,387,350	1.75-5.00%
Various Purpose Refunding Bonds	—	1,593,510	1.66-5.00%
Total	$ 2,822,333	$ 6,285,450	

State Appropriation Bonds

On October 31, 2012, the Minnesota Supreme Court concluded that the Appropriation Refunding Bonds do not constitute public debt for which the state has pledged its full faith, credit, and taxing powers. The Minnesota Supreme Court held that, accordingly, the bonds are not subject to the Minnesota Constitution's Article XI, Section 5, restrictions on the use of the proceeds of "public debt." Resulting from the decision of this court case, on November 21, 2012, the state sold state General Fund appropriation refunding bonds as authorized by Minnesota Statutes 16A.99. The bonds were issued for the purpose of refunding tobacco settlement revenue bonds Series 2011A and Series 2011B of the Tobacco Securitization Authority. These appropriation bonds are payable only from amounts appropriated by the Minnesota Legislature.

Minnesota Statutes 16A.965, authorize the state to issue state General Fund appropriation bonds for the purpose of financing up to $498,000,000 for the state and City of Minneapolis' share of the costs of a professional football stadium project of the Minnesota Sports Facilities Authority (component unit) . The state has commenced the financing process. In addition, the Minnesota Pay-for-Performance Act of 2011 authorized issuance of up to $10,000,000 bond proceeds as incentive payments to service providers for certain financial outcomes that will result in decreased costs or increased revenues to the state.

Minnesota Statutes 16A.967, as amended by the Laws of Minnesota Special Session 2017, Chapter 8, Article 2, Section 2, authorizes the state to issue state General Fund appropriation bonds not to exceed $22,500,000 for financing land acquisition, design, engineering, and construction of facilities and infrastructure necessary to complete the next phase of the Lewis and Clark Regional Water System project, including completion of the pipeline to Magnolia, extension of the project to the Lincoln-Pipestone Rural Water System connection near Adrian, and engineering, design, and easement acquisition for the final phase of the project to Worthington. No bonds shall be sold until the commissioner of Minnesota Management and Budget determines that a nonstate match of at least $9,000,000 is committed to this project phase. Grant agreements entered into under this section must provide for reimbursement to the state from any federal money provided for the project, consistent with the Lewis and Clark Regional Water System Incorporated Agreement. The nonstate match was met and in fiscal year 2017, state General Fund appropriation bonds of $11,790,000 were issued at a true interest rate of 2.83 percent. On November 9, 2017, state General Fund appropriation bonds of $7,570,000 were issued at a true interest rate of 3.23 percent.

The following table is a schedule of state appropriation bonds authorized, but unissued, and bonds outstanding as of June 30, 2019.

Primary Government
State Appropriation Bonds Authorized, but Unissued, and Bonds Outstanding
As of June 30, 2019
(In Thousands)

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates
Professional Football Stadium	$ —	$ 418,410	2.67-5.08%
Pay-for-Performance	10,000	—	N/A
Refund Tobacco Securitization Authority	—	461,285	3.00-5.00%
Lewis and Clark Regional Water System	3,140	16,795	1.30-4.00%
Total	$ 13,140	$ 896,490	

Loans Payable and Due to Component Unit

Governmental activities loans and due to component units are loans/due to component units for transportation projects, energy efficiencies improvements, and equipment purchase loans for internal service funds. The capital assets purchased for energy efficiencies improvements and equipment purchases are pledged as collateral on the loans incurred to finance the purchase. On June 30, 2019, the state has an unused line of credit of $24,703,000 to finance additional equipment purchases.

Business-type activities loans are loans to purchase energy efficiencies improvements and equipment. The capital assets purchased for energy efficiencies improvements and equipment purchases are pledged as collateral on the loans incurred to finance the purchases.

Capital Leases

In fiscal year 2006, the state entered into capital lease agreements, amended in fiscal year 2013, with St. Paul Port Authority (SPPA - not part of the state's reporting entity) to purchase two newly constructed buildings on state-owned land for $180,005,000. Lease payments are scheduled over 20 years and approximate the debt service payments of SPPA. The leases meet the criteria of a capital lease as defined by GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The terms of each agreement provide options to purchase the buildings under a bargain purchase option. In May 2013, SPPA issued refunding bonds of $115,760,000. The proceeds of the bonds were applied to refund SPPA's outstanding revenue bonds. The lease agreement was amended to approximate the debt service payments of SPPA refunding bonds.

The state has other capital lease agreements to purchase equipment that meets the above criteria. The equipment is pledged as collateral on these lease agreements. In addition, Minnesota State Universities Fund (enterprise fund) entered into capital lease agreements for campus facilities. Minnesota State Colleges and Universities (MnSCU) guaranteed the revenue bonds issued by Clay County and the city of Saint Cloud Housing and Redevelopment Authority. As of June 30, 2019, MnSCU has not been required to make any payments on these guarantees. In the event MnSCU is called upon to make any lease payments, default provisions in each lease agreement provide options to terminate the agreement and possession of the buildings can be pursued legally by MnSCU. As of June 30, 2019, there is $6,385,000 principal outstanding on these guarantees.

Certificates of Participation

In August 2014, the state issued $80,100,000 of certificates of participation (COPs) at a true interest rate of 3.70 percent to finance the predesign, design, and construction and equipping of offices, hearing rooms, and parking facilities for a legislative office facility as authorized by Laws of Minnesota Regular Session 2013, Chapter 143, Article 12, Section 21. The COPs are not general or moral obligations of the state and no revenues are pledged to repay them. If the state defaults on the debt, the trustee has the right to terminate the lease terms of the project and to take whatever legal action may appear necessary to collect rental payment(s).

Revenue Bonds Payable

In October 2013, Iron Range Resources and Rehabilitation issued $37,830,000 of education facilities revenue bonds at a true interest rate of 3.76 percent. Minnesota Laws of 2013, Chapter 143, Article 11, Section 11; Minnesota Statutes 298.22 through 298.32; and an order of the commissioner of Iron Range Resources and Rehabilitation authorized the issuance of the bonds. The bonds will be used to make grants to certain school districts located in the taconite relief areas, as defined in Minnesota Statutes 273.134. The interest rates for the bonds range from 3.00 percent to 4.30 percent over a 20 year term.

In September 2014, the Iron Range Resources and Rehabilitation issued $7,860,000 of education facilities refunding revenue bonds at a true interest rate of 1.32 percent. The proceeds of the bonds will be used to effect a current refunding of the commissioner of Iron Range Resources and Rehabilitation's Educational Facilities Revenue Bonds Series 2006. Minnesota Laws of 2005, Chapter 152, Article 1, Section 39 as amended; Minnesota Statutes 298.2211; and an order of the commissioner of Iron Range Resources and Rehabilitation authorized the issuance of the bonds. The interest rates on the bonds are 3.00 percent for the remaining four years of the bonds.

To repay the bonds, Iron Range Resources and Rehabilitation has pledged future appropriations of the annual distribution of taconite production tax revenues to the Iron Range Resources and Rehabilitation account within the General Fund and the Douglas J. Johnson Economic Protection Trust Fund (special revenue fund). These tax distributions, totaling $3,990,000 for fiscal year 2019, have averaged less than ten percent of the state's total annual taconite production tax revenues over the last five years. The debt service on the bonds is payable solely from these taconite production tax distributions. For fiscal year 2019, principal and interest paid by Iron Range Resources and Rehabilitation on the bonds was $3,943,000. The total principal and interest remaining to be paid as of June 30, 2019, is $44,136,000 payable through October 2033.

The state is authorized by Minnesota Statutes 403.275, and by Minnesota Statewide Radio Board resolution to issue revenue bonds for a current development phase of a public safety radio communications system. On November 1, 2006, $35,000,000 in revenue bonds were issued at a true interest rate of 3.76 percent. On November 13, 2008, $42,205,000 in revenue bonds were issued at a true interest rate of 4.60 percent. On October 22, 2009, $60,510,000 in revenue bonds were issued at a true interest rate of 3.17 percent. On August 16, 2011, $60,380,000 in revenue bonds were issued at a true interest rate of 2.96 percent. On November 1, 2016, $91,715,000 in revenue refunding bonds were issued at a true interest rate of 1.06 percent. The proceeds of the bonds were used to defease and refund, on an advance refunding basis, the outstanding maturities of the state's 911 Revenue Bonds Series 2008, Series 2009, Series 2011, and pay the costs associated with the issuance of the bonds. The state has pledged future 911 fee revenues to repay the debt. The debt service on these bonds is payable solely from the revenues derived from the 911 fee assessed on wireless and wire-line telephone service. Annual principal and interest payments on the bonds are expected to require less than 30 percent of the total 911 fee revenues. The total principal and interest remaining to be paid on the bonds as of June 30, 2019, is $33,650,000 payable through June 2021. Principal and interest paid during fiscal year 2019 and total 911 fee revenues were $22,998,000 and $81,354,000, respectively. The bonds are accounted for in the 911 Services Fund (enterprise fund).

Minnesota State Colleges and Universities (MnSCU) (enterprise fund) is authorized by Minnesota Statutes 136F.98, to issue revenue bonds whose aggregate principal shall not exceed $405,000,000 at any time. The proceeds of these bonds are used to finance the acquisition, construction, and remodeling of buildings for dormitory, residence hall, parking ramps, student union, and food service purposes at state universities. Revenue bonds currently outstanding have interest rates of 1.65 percent to 5.00 percent. The revenue bonds are payable solely from, and collateralized by, an irrevocable pledge of revenues to be derived from the operation of the financed buildings and from student fees. These revenue bonds are payable through 2038. Annual principal and interest payments on the bonds are expected to require less than 25 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $335,933,000. Principal and interest paid for the current year and total customer net revenues were $29,194,000 and $118,060,000, respectively. The bonds are accounted for in the State Colleges and Universities Fund (enterprise fund).

Itasca Community College issued revenue bonds through the Itasca County Housing Redevelopment Authority that are payable through 2038. These bonds are payable solely from, and collateralized by, an irrevocable pledge of revenues to be derived from the operation of the financed buildings. Annual principal and interest payments on the bonds are expected to require less than 36 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $1,379,000. Principal and interest paid and total customer net revenues during fiscal year 2019 were $170,000 and $487,000, respectively. These revenue bonds have a variable interest rate of 2.30 percent to 3.65 percent. The bonds are accounted for in the State Colleges and Universities Fund (enterprise fund).

Claims

The state has assumed responsibility for the long-term care of certain closed municipal solid waste facilities. Minnesota Statutes 115B.39, established the landfill cleanup program to provide environmental response to qualified, state-permitted, closed landfills. The state is responsible, in perpetuity, for performing cleanup and final closure work, as well as all postclosure maintenance and monitoring, at qualifying sites. Municipal solid waste landfill liabilities of $305,257,000 for closure and postclosure care claims are payable from the Environmental and Remediation Fund (special revenue fund) and the General Fund. There are currently 110 landfills in the program and four more landfills that are qualified, but not yet enrolled. One of the qualified sites, Freeway Landfill, has a liability of $133,290,000; approximately 40 percent of the total landfill liability. Estimated landfill closure and postclosure liabilities include planned response actions, future unknown additional remedies which have some probability of occurring, future replacement of some remedial systems, and administrative costs. Additionally, funds may be spent for corrective actions to address incidents involving agricultural chemicals, including related administrative costs, enforcement, and cost recovery actions. Since costs are estimated at current value, actual costs could be different because of inflation, changes in technology, inclusion of additional qualifying sites, or changes in regulations, and future unanticipated response actions.

Funding for the state's ongoing claims at these landfills has historically come from the Environmental and Remediation Fund (special revenue fund). Currently, the majority of funds appropriated for spending from the Environmental and Remediation Fund are budgeted and expended annually on activities not associated with closure and postclosure care of landfills. Further, the recovery of financial assurance monies from previous landfill owners and operators is no longer a source of revenue to the Environmental and Remediation Fund. The closed landfill investment account, established under Minnesota Statutes 115B.421, within the Environmental and Remediation Fund was created to address a portion of these required long-term postclosure costs through minimal withdrawals from a fund managed through the State Board of Investment to ensure long-term availability of resources and may be spent after fiscal year 2020. The Metropolitan Landfill Contingency Action Account is an account in the Environmental and Remediation

Fund consisting of revenues from 25 percent of the metropolitan solid waste landfill fee, cost recovery of response actions expenses, and interest earned on investment of money in the account. The account appropriated for closure and post-closure care of mixed municipal solid waste disposal facilities in the metropolitan area for a thirty year period after closure if determine that the operator/owner cannot take the necessary actions as directed by the commissioner of the Minnesota Pollution Control Agency. Proceeds from the sale of state general obligation bonds, accounted for in the Building Fund (capital projects fund) and repaid by the General Fund, are now a significant source of funding for design and construction work at the publicly-owned landfills in the program.

The state of Minnesota is financially responsible to remediate certain known pollution present on either state-owned or non-state-owned land. In most cases, the state voluntarily assumes responsibility for site assessment and clean-up activities when the responsible party cannot be found or is financially unable to perform the remediation. Pollution remediation obligation liabilities as of June 30, 2019, were $211,299,000. Of this total, $154,890,000 was the liability for remediation on sites designated pursuant to state or federal superfund laws. The pollution remediation amounts are estimated through an analysis of existing polluted sites. The liabilities are based on the weighted average of the pollution remediation outlays expected to be incurred to settle those liabilities. Because the liabilities are measured at their current value, they are subject to change due to inflation, technology improvements, or changes to applicable laws and regulations.

Funding for the state’s pollution remediation primarily comes from the Environmental and Remediation Fund (special revenue fund), which was established under Minnesota Statutes 116.155, and the Petroleum Tank Cleanup Fund (special revenue fund), which was established under Minnesota Statutes 115C.08. These statutes require the state to reimburse eligible applicants for a significant portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks. Reimbursements are made from the Petroleum Tank Cleanup Fund. As of July 2019, the Petroleum Tank Cleanup Fund has approved $455,000,000 in reimbursements for eligible applicants since program inception in 1987. Future expenditures from the Petroleum Tank Cleanup Fund will be necessary as existing cleanup projects are completed and new cleanup projects are begun at currently undiscovered leak sites. The estimated total payments from the program, which is scheduled to sunset on June 30, 2022, are between $460,000,000 and $480,000,000 for investigative and cleanup costs.

The governmental activities’ and business-type activities’ liability for workers' compensation of $70,432,000 and $4,799,000, respectively, are based on claims filed for injuries to state employees occurring prior to June 30, 2019, and is an undiscounted estimate of future payments. The liability will be liquidated using future resources at unspecified times.

Claims of $29,300,000 are for workers' compensation claims of employees of uninsured and bankrupt firms. These claims are funded by an assessment on insurers and are payable from the Special Compensation Fund (special revenue fund).

Claims of $216,200,000 are for reimbursements of supplementary and second injury benefits for old workers’ compensation injuries. Legislative action ended both the supplementary and second injury programs. The claim amount represents the estimated discounted (5.00 percent) cost of supplementary benefits for injuries prior to October 1, 1995, and second injury program benefits for injuries prior to July 1, 1992. Without alteration by settlements, the liability is expected to extend to approximately 2058 for supplementary benefits and 2046 for second injuries.

The remaining claims represent $11,891,000 in the Risk Management Fund (internal service fund), $77,247,000 in the Employee Insurance Fund (internal service fund), and $17,621,000 in the Public Employees Insurance Fund (enterprise fund).

Compensated Absences

The compensated absences liability for governmental activities and business-type activities of $332,911,000 and $159,581,000 respectively, are primarily for vacation leave and vested sick leave, which are payable as severance pay under specific conditions. Both amounts are paid in cash only when an employee terminates state employment. This obligation will be liquidated using future resources at unspecified times.

Arbitrage Liabilities

An arbitrage rebate payable to the federal government is required by the Tax Reform Act of 1986 and U.S. Treasury regulations and penalties if there are excess earnings on tax-exempt bond proceeds and debt service reserves. For fiscal year 2019, the state did not have excess earnings on tax-exempt bond proceeds and debt service.

Revenue Bonds Payable – Fiduciary Funds

On June 1, 2000, the state of Minnesota issued revenue bonds totaling $29,000,000 on behalf of the state's three retirement systems. Minnesota Statutes 356.89, authorized the issuance of the revenue bonds for the construction of an administrative office building. On August 9, 2012, the state of Minnesota issued revenue refunding bonds totaling $21,880,000 on behalf of the state's three retirement systems at a true rate of 1.63 percent. Minnesota Statute 356B.10, authorized the issuance of the revenue bonds for a current refunding of the $29,000,000 Retirement System Building Revenue Bonds, Series 2000, which were issued for the construction of an administrative office building. The revenue refunding bonds have an interest rate of 1.63 percent and are not general obligations of the state. The bonds are backed by the assets of the three retirement systems, excluding assets segregated for retired employees and assets of the systems' defined contribution funds.

The debt service payments are allocated to each system based on the percentage interest each has in the facility. For fiscal year 2019, principal and interest paid by the State Employees Retirement Fund (SERF), Teachers Retirement Fund (TRF), and General Employees Retirement Fund (GERF) was $2,096,000. The total principal and interest remaining to be paid as of June 30, 2019, is $11,392,000, payable through fiscal year 2025.

Long-Term Debt Repayment Schedule
Fiduciary Funds
Revenue Bonds – SERF, TRF, and GERF
(In Thousands)

Year Ended June 30	Principal	Interest
2020	$ 1,785	$ 300
2021	1,835	265
2022	1,875	228
2023	1,915	190
2024	1,845	114
2025-2029	1,000	40
Total	$ 10,255	$ 1,137
Bond Premium	584	—
Total	$ 10,839	$ 1,137

Note 13 – Long-Term Liabilities - Component Units

General Obligation and Revenue Bonds

The Metropolitan Council (MC) issued general obligation bonds for parks, solid waste disposal systems, sewers, and transportation projects, backed by the full faith and credit and taxing powers of MC. MC had $1,629,598,000 in general obligation bonds and general obligation grant anticipation notes outstanding on December 31, 2018, including unamortized discounts/premiums. During calendar year 2018, MC issued general obligation transit, and wastewater bonds for a total of $154,975,000.

The University of Minnesota (U of M) issued general obligation bonds and revenue bonds for capital projects. On June 30, 2019, the principal amount of general obligation bonds and revenue bonds outstanding, including unamortized discounts/premiums, was $1,046,869,000 and $313,405,000, respectively.

Component Units
General Obligation Bonds
Major Component Units
(In Thousands)

	MC			U of M	
Year Ended December 31	Principal	Interest[1]	Year Ended June 30	Principal	Interest
2019	$ 143,632	$ 47,353	2020	$ 41,745	$ 42,056
2020	138,708	42,791	2021	42,595	40,120
2021	141,248	38,323	2022	45,015	34,744
2022	136,068	33,742	2023	35,935	36,280
2023	125,186	29,262	2024	37,500	34,589
2024-2028	481,941	90,058	2025-2029	216,110	144,114
2029-2033	261,896	35,639	2030-2034	203,245	93,032
2034-2038	116,438	7,081	2035-2039	171,860	50,105
2039-2043	—	—	2040-2044	120,690	14,562
Total	$ 1,545,117	$ 324,249	Total	$ 914,695	$ 489,602
Unamortized Discounts / Premiums and Issuance Costs	84,481	—	Unamortized Discounts / Premiums and Issuance Costs	132,174	—
Total	$ 1,629,598	$ 324,249	Total	$ 1,046,869	$ 489,602

[1] MC interest is net of Build America Bonds federal subsidy.

The Housing Finance Agency (HFA) is authorized by Minnesota Statutes 462A.06, to issue revenue bonds and notes to provide funds for rehabilitation, construction, and mortgage loans, or to refund bonds to sponsors of residential housing for families of low and moderate income. The amount outstanding on these bonds at any time shall not exceed $5,000,000,000, according to Minnesota Statutes 462A.22. The principal amount of revenue bonds outstanding on June 30, 2019, including unamortized discounts/premiums, was $3,104,008,000.

The Office of Higher Education (OHE) is authorized by Minnesota Statutes 136A.171-136A.175, to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post-secondary educational institutions. The amount outstanding on these bonds at any one time, not including refunded bonds or otherwise defeased or discharged bonds, shall not exceed $850,000,000, according to Minnesota Statutes 136A.171. On June 30, 2019, the outstanding principal of revenue bonds was $501,316,000, including unamortized discounts/premiums.

The Public Facilities Authority (PFA) is authorized by Minnesota Statutes 446A.04, to issue revenue bonds to make loans to municipalities for wastewater treatment facilities, drinking water systems, and transportation. The amount outstanding on these bonds at any time shall not exceed $2,000,000,000, according to Minnesota Statutes 446A.12. The principal amount of bonds outstanding on June 30, 2019, including unamortized discounts/premiums, was $786,910,000.

Component Units
Revenue Bonds
Major Component Units
(In Thousands)

	HFA		U of M	
Year Ended June 30	Principal	Interest	Principal	Interest[1]
2020	$ 52,430	$ 95,347	$ 12,160	$ 11,870
2021	72,008	95,942	12,755	11,283
2022	44,705	94,269	13,375	10,666
2023	46,470	93,031	14,045	9,989
2024	47,635	91,646	14,755	9,278
2025-2029	258,500	434,136	100,330	34,819
2030-2034	312,150	385,341	74,320	16,469
2035-2039	315,885	335,701	35,925	2,944
2040-2044	395,590	283,996	10,500	—
2045-2049	1,489,835	153,737	—	—
2050-2054	50,824	251	—	—
Total	$ 3,086,032	$ 2,063,397	$ 288,165	$ 107,318
Unamortized Discount / Premiums and Issuance Costs	17,976	—	25,240	—
Total	$ 3,104,008	$ 2,063,397	$ 313,405	$ 107,318

(1) Excludes interest on variable rate bonds with an outstanding principal balance of $32.850 million.

Component Units
Revenue Bonds
Nonmajor Component Units
(In Thousands)

Year Ended June 30	OHE Principal	OHE Interest	PFA Principal	PFA Interest
2020	$ —	$ 14,687	$ 86,190	$ 34,467
2021	—	14,687	86,605	30,196
2022	—	14,687	74,510	26,324
2023	1,335	14,676	55,975	22,761
2024	1,290	14,611	54,375	20,278
2025-2029	16,515	71,360	226,990	67,375
2030-2034	15,900	67,719	105,040	23,036
2035-2039	56,895	62,497	36,920	2,792
2040-2044	157,300	46,958	—	—
2045-2049	251,700	24,316	—	—
Total	$ 500,935	$ 346,198	$ 726,605	$ 227,229
Unamortized Discount / Premiums and Issuance Costs	381	—	60,305	—
Total	$ 501,316	$ 346,198	$ 786,910	$ 227,229

HFA has two indentures of trust that permit capital funding for loans for permanent supportive housing for long-term homeless households, preservation of federally assisted housing, and other purposes. These bonds are payable solely from the appropriations of the primary government's General Fund authorized by Minnesota Statues 462A.36 and 462.37. On June 30, 2019, $160,835,000 in bonds were outstanding.

Component Units
State Appropriation-Backed Bonds
Major Component Units
(In Thousands)

Year Ended June 30	HFA Principal	HFA Interest
2020	$ 7,765	$ 6,633
2021	6,480	6,371
2022	6,730	6,119
2023	7,005	5,841
2024	7,270	5,575
2025-2029	41,140	23,096
2030-2034	45,990	13,461
2035-2039	36,065	3,714
2040-2044	2,390	97
Total	$ 160,835	$ 70,907

Loans and Notes Payable

Metropolitan Council

The Metropolitan Council received loans from the Housing Finance Agency (component unit) in calendar years 2002 and 2004 for $400,000, and $730,000, respectively. In 2004, MC received a $275,000 loan from Hennepin County Housing and Redevelopment Authority for a total of $1,405,000 of loans outstanding on December 31, 2018. The terms of the loan agreements are 30 years, although they may be extended indefinitely if all the terms of the loan agreement are met.

In calendar year 2015, MC entered into an interest-free loan agreement with the Counties Transit Improvement Board, which was assumed by Hennepin County in October 2017. The loan was on a reimbursement basis and will fund the purchase of five light rail vehicles. The outstanding balance of the loan was $3,971,000 on December 31, 2018.

University of Minnesota

The University of Minnesota issued taxable commercial paper notes of $51,620,000 in fiscal years 2015 and $16,000,000 in 2019. U of M also issued tax-exempt commercial paper notes which are backed by U of M's self-liquidity. On June 30, 2019, the outstanding taxable commercial paper notes were $50,020,000 and tax-exempt notes were $199,900,000. Commercial paper is short-term in nature and is classified as current liabilities on the financial statements.

National Sports Center Foundation

On December 31, 2018, the National Sports Center Foundation's total outstanding loans and notes payable was $4,103,000.

Capital Leases

Metropolitan Council

On December 1, 2004, the Metropolitan Council entered into an annual appropriation lease purchase agreement for land and facilities. The lease is subject to non-appropriation by MC, in which event the lease is terminated and there is no obligation of MC for future lease payments. MC intends to continue the lease through its entire term. On December 31, 2018, the present value of the minimum lease payments was $5,410,000.

University of Minnesota

The University of Minnesota has five distinct capital leases. One is financed through third-party financing for the purchase of fleet vehicles. The remaining four capital leases have payments being paid directly to the lessor and represent leases for buildings. On June 30, 2019, the net present value of the minimum lease payments was $32,967,000.

National Sports Center Foundation

In calendar year 2016, the National Sports Center Foundation entered into a capital lease agreement. On December 31, 2018, the total minimum lease payment was $179,000.

Variable Rate Debt

Housing Finance Agency

As of June 30, 2019, all of the HFA interest rate swap agreements have been determined to be effective hedges, as defined by GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments." The fair value was reported as a liability called "Interest Rate Swap Agreements." The inception-to-date change in fair value as of June 30, 2019, was reported in "Accumulated Decrease in Fair Value of Hedging Derivatives" deferred outflows of resources. Fair values were determined pursuant to GASB Statement No. 72 "Fair Value Measurement and Application," and the fair value hierarchy of interest rate swap agreements is determined to be Level 2. See Note 2 – Cash, Investments, and Derivative Instruments for more information.

Office of Higher Education

The rate on the tax-exempt Series 2012B, taxable Series 2017A, and tax-exempt Series 2017C is a percentage of the one-month London Inter-Bank Offered Rate (LIBOR) plus a set margin and the rate changes monthly. The bonds have mandatory redemption dates at various years throughout the life of the bonds with a balloon payment due at final maturity.

Bond Defeasances

University of Minnesota

In prior years, U of M defeased general obligation bonds from various bond series by placing the proceeds from new bond issuances into an irrevocable trust to provide for all future debt-service payments on the old bonds. The amount defeased was $497,695,000 with $285,105,000 outstanding as of June 30, 2019. Neither the outstanding indebtedness nor the related trust account assets for this bond is included in U of M's financial statements as of June 30, 2019.

Office of Higher Education

In July 2018, OHE used existing funds to advance refund $17,315,000 of the revenue bonds series 2010. The funds were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from OHE's financial statements as of June 30, 2019.

Note 14 – Segment Information

Primary Government
Segment Information Financial Data
Year Ended June 30, 2019
(In Thousands)

Description	State Colleges and Universities (MnSCU) Revenue Fund	State Colleges and Universities (MnSCU) Itasca Residence Halls	911 Services
Condensed Statement of Net Position			
Assets:			
Current Assets	$ 97,615	$ 640	$ 70,446
Noncurrent Assets			
Restricted Assets	61,565	299	—
Capital Assets	400,940	2,478	102,177
Total Assets	$ 560,120	$ 3,417	$ 172,623
Deferred Outflows of Resources	$ 13,490	$ 77	$ 5,579
Liabilities:			
Current Liabilities	$ 40,930	$ 152	$ 24,924
Noncurrent Liabilities	266,316	1,137	16,301
Total Liabilities	$ 307,246	$ 1,289	$ 41,225
Deferred Inflows of Resources	$ 17,762	$ 116	$ 8,802
Net Position:			
Net Investment in Capital Assets	$ 152,801	$ 1,268	$ 67,230
Restricted	95,801	299	60,945
Unrestricted	—	522	—
Total Net Position	$ 248,602	$ 2,089	$ 128,175
Condensed Statement of Revenues, Expenses and Changes in Net Position			
Operating Revenues - Customer Charges	$ 118,060	$ 487	$ 81,354
Depreciation Expense	(23,957)	(119)	(8,282)
Other Operating Expenses	(76,509)	(207)	(19,561)
Operating Income (Loss)	$ 17,594	$ 161	$ 53,511
Nonoperating Revenues (Expenses):			
Interest Income	$ 3,508	$ 8	$ 21
Capital Contributions	2,230	—	—
Interest Expense	(9,535)	(40)	(822)
Other	(10)	—	(17,151)
Transfers-In (Out)	—	—	(582)
Change in Net Position	$ 13,787	$ 129	$ 34,977
Beginning Net Position	234,815	1,960	93,198
Ending Net Position	$ 248,602	$ 2,089	$ 128,175
Condensed Statement of Cash Flows			
Net Cash Provided (Used) By:			
Operating Activities	$ 34,368	$ 235	$ 56,406
Noncapital Financing Activities	—	—	(16,736)
Capital and Related Financing Activities	(37,633)	(172)	(23,828)
Investing Activities	3,498	8	21
Net Increase (Decrease)	$ 233	$ 71	$ 15,863
Beginning Cash and Cash Equivalents	$ 154,719	$ 506	$ 50,860
Ending Cash and Cash Equivalents	$ 154,952	$ 577	$ 66,723

The types of goods or services provided by each segment are as follows:

- MnSCU Revenue Fund constructs, maintains, and operates college buildings for residence hall, student union, parking, and wellness purposes.
- MnSCU Itasca Residence Halls account for the construction of student housing at Itasca Community College.
- 911 Services Fund (enterprise fund) accounts for activities related to the enhancement of the state's 911 emergency response system.

Each segment has a revenue stream pledged to secure revenue bonds and provisions in the bond documents which require the separate reporting of each segment's financial operations and position.

Note 15 – Contingent Liabilities

University of Minnesota

The University of Minnesota (U of M), a component unit, issued state-secured revenue bonds to finance a football stadium on campus. In fiscal year 2006, the Minnesota Legislature appropriated from the General Fund $10,250,000 per year not to exceed 25 years starting in fiscal year 2008 to pay a portion of the bonds. Grants from the General Fund are conditioned upon satisfaction of certain requirements by U of M. As of August 2019, there was $70,505,000 outstanding on these bonds.

U of M issued state-secured revenue bonds to finance Biomedical Science Research facilities. In fiscal year 2008, the Minnesota Legislature appropriated from the General Fund amounts ranging from $850,000 to $15,550,000 per year not to exceed 25 years starting in fiscal year 2010 to pay a portion of the bonds. Grants from the General Fund are conditioned upon satisfaction of certain requirements by U of M. As of August 2019, $159,770,000 was outstanding on these bonds.

Housing Finance Agency

The Housing Finance Agency (HFA), a component unit, issued state-secured appropriation bonds to provide funds for rehabilitation, construction, and mortgage loans or to refund bonds to sponsors of residential housing for families of low and moderate income. In fiscal year 2008, the Minnesota Legislature appropriated from the General Fund up to $2,400,000 per year for 22 years starting in fiscal year 2011 to pay a portion of the bonds. As of August 2019, there was $21,985,000 outstanding on these bonds.

HFA issued state-secured appropriation bonds to finance housing infrastructure. In fiscal year 2012, the Minnesota Legislature appropriated from the General Fund up to $2,200,000 per year starting in fiscal year 2014 through 2036 to pay a portion of the bonds. In fiscal year 2014, the Minnesota Legislature appropriated from the General Fund an additional $6,400,000 per year beginning in fiscal year 2016 through 2038 to pay a portion of the bonds. In fiscal year 2015, the Minnesota Legislature appropriated from the General Fund an additional $800,000 per year beginning in fiscal year 2018 through 2039 to pay a portion of the bonds. In fiscal year 2017, and as amended in 2018, the Minnesota Legislature appropriated from the General Fund up to an additional $2,800,000 per year beginning in fiscal year 2020 through 2041. In fiscal year 2018, the Minnesota Legislature appropriated from the General Fund beginning in fiscal year 2021 through 2042 an amount sufficient to pay debt service on bonds. In fiscal year 2019, the Minnesota Legislature appropriated from the General Fund beginning in fiscal year 2023 through 2044 an amount sufficient to pay debt service on bonds. As of August 2019, $131,085,000 was outstanding on these bonds. HFA issued state-secured appropriation bonds of $26,775,000 in late August 2019. See Note 22 – Subsequent Events.

School District Credit Enhancement Program

Minnesota Statutes 126C.55, established a school district credit enhancement program. If a school district is unable to pay its debt service due on school district and intermediate school district certificates of indebtedness, capital notes, certificate of participation, or general obligation bonds enrolled in the program, the Minnesota Legislature appropriates annually from the General Fund the amounts necessary to make the debt service payments. This amount is repaid to the General Fund through a reduction in state aid payable to the school district or intermediate school district, or the levy of an ad valorem tax which may be made with the approval of the commissioner of Education. The total amount of debt enrolled in the program as of November 2019, was $15.9 billion. The state has not had to make any debt service payments on behalf of school districts or intermediate school districts under this program.

City and County Credit Enhancement Program

Minnesota Statutes 446A.086, established a city and county credit enhancement program. If a city or county is unable to pay its debt service due on general obligation bonds enrolled in the program issued for the construction, improvement, or rehabilitation of certain projects, the Minnesota Legislature appropriates annually from the General Fund the amounts necessary to make the debt service payments. This amount is repaid to the General Fund through a reduction in state aid payable to the city or county, or the levy of an ad valorem tax which may be made with the approval of the Public Facilities Authority (component unit). As of November 2019, the total general obligation bonds guaranteed by the state through 2049, was $583 million.

Note 16 – Equity

Restricted Net Position – Government-wide Statement of Net Position

The following table identifies the primary government's restricted net position in greater detail than is presented on the face of the financial statements:

Primary Government
Restricted Net Position Balances
As of June 30, 2019
(In Thousands)

Purpose of Restriction	Restricted by Constitution	Restricted by Enabling Legislation	Restricted by Other	Total
Improve Agricultural, Environmental, and Energy Resources	$ 1,839,935	$ 247,340	$ 749,815	$ 2,837,090
Enhance Arts and Culture	27,394	—	—	27,394
Acquire, Maintain, and Improve Land and Buildings	—	—	863	863
Retire Indebtedness	485,539	—	122,515	608,054
Develop Economy and Workforce	—	180,373	2,983	183,356
Enhance E-12 Education	—	10,850	3,765	14,615
Enhance State Government	—	10,023	14,020	24,043
Enhance Health and Human Services	—	91,648	3,561	95,209
Enhance Higher Education	—	28	18,157	18,185
Enhance 911 Services and Increase Safety	—	9,049	68,382	77,431
School Aid - Expendable	9,838	—	—	9,838
School Aid - Nonexpendable	1,534,199	—	1,000	1,535,199
Construct Highways and Improve Infrastructure	1,599,308	68,916	1,890	1,670,114
Unemployment Benefits	—	—	1,797,462	1,797,462
Other Purposes	—	—	75,375	75,375
Total Restricted Net Position	$ 5,496,213	$ 618,227	$ 2,859,788	$ 8,974,228

Fund Balances – Primary Government

The following table identifies governmental fund balances of the primary government in greater detail than is presented on the face of the financial statements:

Governmental Funds
Fund Balances
As of June 30, 2019
(In Thousands)

		Major Special Revenue Fund		
Fund Balances	General Fund	Federal Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventory	$ —	$ —	$ 32,879	$ 32,879
Trust or Permanent Fund Principal	1,229,393	—	1,535,199	2,764,592
Total Nonspendable Fund Balances	$ 1,229,393	$ —	$ 1,568,078	$ 2,797,471
Purpose of Restriction:				
Improve Agricultural, Environmental, and Energy Resources	$ —	$ 1,711	$ 1,625,273	$ 1,626,984
Enhance Arts and Culture	—	—	27,394	27,394
Acquire, Maintain, and Improve Land and Buildings	—	—	126,147	126,147
Retire Indebtedness	—	—	940,956	940,956
Develop Economy and Workforce	88,351	—	150,949	239,300
Enhance E-12 Education	5,219	—	18,624	23,843
Enhance State Government	—	11,298	12,409	23,707
Enhance Health and Human Services	—	1,086	91,047	92,133
Enhance Higher Education	—	—	35	35
Enhance 911 Services and Increase Safety	—	6,195	9,089	15,284
Construct Highways and Improve Infrastructure	—	263	1,696,529	1,696,792
Total Restricted Fund Balances	$ 93,570	$ 20,553	$ 4,698,452	$ 4,812,575

Continued

Governmental Funds
Fund Balances (continued)
As of June 30, 2019
(In Thousands)

Fund Balances	General Fund	Major Special Revenue Fund Federal Fund	Nonmajor Governmental Funds	Total
Purpose of Commitment:				
Improve Agricultural, Environmental and Energy Resources	$ —	$ —	$ 157,466	$ 157,466
Develop Economy and Workforce	—	—	311,699	311,699
Enhance E-12 Education	—	—	7,595	7,595
Enhance State Government	—	—	58,714	58,714
Enhance Health and Human Services	—	—	9,616	9,616
Enhance Higher Education	—	—	2,668	2,668
Enhance 911 Services and Increase Safety	—	—	54,095	54,095
Construct Highways and Improve Infrastructure	62,221	—	61,876	124,097
Total Committed Fund Balances	$ 62,221	$ —	$ 663,729	$ 725,950
Purpose of Assignment:				
Improve Agricultural, Environmental, and Energy Resources	$ 470,699	$ —	$ —	$ 470,699
Acquire, Maintain, and Improve Land and Buildings	—	—	53,513	53,513
Develop Economy and Workforce	267,969	—	—	267,969
Enhance E-12 Education	42,952	—	—	42,952
Enhance State Government	210,345	—	—	210,345
Enhance Health and Human Services	991,719	—	—	991,719
Enhance Higher Education	22,187	—	—	22,187
Enhance 911 Services and Increase Safety	115,863	—	—	115,863
Construct Highways and Improve Infrastructure	3,188	—	—	3,188
Total Assigned Fund Balances	$ 2,124,922	$ —	$ 53,513	$ 2,178,435
Unassigned	$ 2,081,460	$ —	$ —	$ 2,081,460
Total Fund Balances	$ 5,591,566	$ 20,553	$ 6,983,772	$ 12,595,891

Net Position Deficits

The following funds have net position deficits for the fiscal year ended June 30, 2019:

Net Position Deficits
As of June 30, 2019
(In Thousands)

Fund Type		Net Position
Nonmajor Enterprise Funds:		
Behavioral Services	$	(3,640)
State Lottery		(12,737)
State Operated Community Services		(40,504)
Internal Service Funds:		
MN.IT Services	$	(240,681)

The fiscal year 2015 implementation of GASB Statement No. 68 “Accounting and Financial Reporting for Pensions” required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions. The fiscal year 2018 implementation of GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions” (OPEB) required recording changes of total OPEB liability along with the inflows and outflows and expense associated with OPEB. These caused the nonmajor enterprise and internal services funds noted in the table above to end fiscal year 2019 in a deficit net position. The actuarially determined amounts are likely to vary significantly from year to year and are managed by the retirement systems and the Minnesota Legislature to ensure the defined benefit plans are adequately funded to pay plan benefits to employees participating as they become due. For these reasons, the state does not include these related liabilities or deferred inflows and outflows of resources in the rate-setting process for managing these funds as long as the funds are contributing the statutory required contributions. The amounts will continue to be monitored by the retirement systems administering these plans and the Minnesota Legislature.

Note 17 – Risk Management

Primary Government

The state is exposed to various risks of loss related to torts; to theft of, damage to, or destruction of assets; to errors and omissions; and to employer obligations. The state manages these risks through the Risk Management Fund (internal service fund), a self-insurance fund, and other insurance and self-funding mechanisms. All health plans are self-insured.

Risk Management Fund

State agencies may elect to participate in the Risk Management Fund (internal service fund), which offers auto, liability, property, and related coverage. The agencies pay a premium to participate in this coverage. All agencies that own state vehicles are required to purchase automobile liability coverage from the fund.

The property coverage offers an agency a range of deductibles from $1,000 through $250,000 per loss. The fund covers the balance of the claim up to $1,000,000. The reinsurance program provides coverage up to $1,000,000,000. Once annual aggregate losses paid by the Risk Management Fund reach $2,500,000 in any one fiscal year, the reinsurer will provide coverage in excess of a $25,000 maintenance deductible for each claim. Agencies electing not to participate in the Risk Management Fund, and not able to cover the losses from their operating budget, must seek other reimbursements or additional appropriations from the Minnesota Legislature.

The liability coverage is up to the statutory limit (tort claims cap) of $500,000 bodily injury and property damage per person, and $1,500,000 bodily injury and property damage per occurrence. The casualty reinsurance program provides $10,000,000 excess of a $1,000,000 retention to protect the state from auto and general liability claims that are extra-territorial, as well as for suits brought in federal court which would be outside the state's jurisdiction.

The Risk Management Fund purchases insurance policies for state agencies seeking insurance for specialized insurance needs for which the state does not self-insure. These coverages include aviation, medical malpractice, and travel accident insurance. The premiums for these policies are billed back to the agencies at cost.

Minnesota Statutes 15.38, Subdivision 8, permits the purchase of insurance on state-owned buildings and contents.

All losses of state property are covered by programs of the Risk Management Fund, by insurance policies purchased in the commercial market, or are uninsured and become the liability of the state.

Tort Claims

State agencies may elect to participate in the Risk Management Fund and obtain coverage for selected exposures, subject to the tort claims limits. Agencies not electing to participate in the Risk Management Fund are responsible for paying the cost of claims from their operating budget. The Minnesota Legislature also makes an annual Tort Claim Appropriation to cover claims that would unduly impair agency operations. Agencies not able to cover claims through these two avenues must seek additional appropriations from the Minnesota Legislature. Tort claims brought outside Minnesota state jurisdiction and in federal court have unlimited liability exposure.

Workers' Compensation

The state, as a self-insured employer, assumes all risks for workers' compensation-related claims and provides workers' compensation insurance coverage for state employees. The program provides a full-service workers' compensation insurance program, including workplace safety and loss control, rehabilitative and return to work services, claim services, and legal services.

The program is required by state law to be a member of the Workers' Compensation Reinsurance Association (WCRA). WCRA reimburses the state for catastrophic workers' compensation claims that exceed the current retention amount of $2,000,000.

The recovery of claim costs that are less than the WCRA retention amount is the responsibility of each state agency. State agencies may participate in either a 'pay-as-you-go' revolving fund or a premium pool cost allocation fund. These costs are paid from each agency's operating budget.

The state estimates the liability for reported claims that have not yet been settled. These costs include anticipated indemnity and medical benefits related to the reported claim.

State Employee Group Insurance Program (SEGIP)

The Minnesota Legislature created the Employee Insurance Fund, an internal service fund dedicated solely for the purpose of this program. The fund is administered by SEGIP, to provide eligible employees and other eligible persons with life insurance and hospital, medical, and dental coverage through provider organizations. The Employee Insurance Fund is not associated with any other public risk pools. A contingency reserve is maintained to increase the controls over medical plan provisions and other insurance costs for the purpose of moderating premium and claim fluctuations, and to assume all inherent risk associated with the self-funded insurance programs, which would also include losses to the fund.

SEGIP provides benefits coverage to employees by contracting with carriers through a network of providers throughout the state. SEGIP had settlements of $1,789,000 less than coverage during the fiscal year ended June 30, 2019.

In January 2000, the fund became fully self-insured for medical coverage and assumed all liability for medical claims. The self-funded programs within the fund establish claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not paid and of claims that have been incurred but not reported. These estimates are agreed to by the insurance carriers and the state and are reviewed for accuracy and reasonableness. The estimates are based on claim experience and claim lag timetables provided by the carriers and do not include additional estimates for subrogation, salvage, or unallocated claim adjustments.

Public Employees Insurance Program

The Public Employees Insurance Program (PEIP) is a public entity risk pool currently operating as an insurance program in the Public Employee Insurance Fund (enterprise fund). The risk pool was created by the Minnesota Legislature to provide public employees and other eligible persons with life insurance and hospital, medical, and dental coverage to result in a greater utilization of government resources and advance the health and welfare of the citizens of the state. The enabling legislation for PEIP is Minnesota Laws of 1987, codified as Minnesota Statutes 43A.316. Beginning in fiscal year 1998, medical benefits provided through PEIP became a self-insured program.

PEIP's membership as of June 30, 2019, was 19,581 members and their dependents. The members of the pool include 130 school districts, 120 cities/townships, 20 counties, and 70 other public employers. PEIP provides medical benefits coverage to public employees through a self-insured statewide program administered through several private-sector claims administrators/managed care organizations, as well as fully insured life and dental coverage. The pool will be self-sustaining through member premiums. Stop-loss coverage was discontinued effective January 1, 2015.

The pool establishes claims liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported.

Primary Government
Self-Insured Claim Liabilities
(In Thousands)

Description	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
Risk Management Fund:				
Fiscal Year Ended 6/30/2018	$ 8,816	$ 2,672	$ 2,799	$ 8,689
Fiscal Year Ended 6/30/2019	$ 8,689	$ 4,839	$ 1,637	$ 11,891
Tort Claims:				
Fiscal Year Ended 6/30/2018	$ —	$ 421	$ 421	$ —
Fiscal Year Ended 6/30/2019	$ —	$ 600	$ 600	$ —
Workers' Compensation:				
Fiscal Year Ended 6/30/2018	$ 85,453	$ 11,911	$ 21,888	$ 75,476
Fiscal Year Ended 6/30/2019	$ 75,476	$ 17,098	$ 17,343	$ 75,231
State Employee Group Insurance:				
Fiscal Year Ended 6/30/2018	$ 80,876	$ 844,550	$ 848,322	$ 77,104
Fiscal Year Ended 6/30/2019	$ 77,104	$ 910,069	$ 909,926	$ 77,247

Primary Government
Public Employee Insurance Program
Medical Claims
(In Thousands)

Description	Year Ended June 30 2019	Year Ended June 30 2018
Unpaid Claims and Claim Adjustment Expenses, Beginning	$ 14,017	$ 10,261
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of Current Year	$ 196,311	$ 148,773
Increases (Decreases) in Provision for Insured Events of Prior Years	121	(751)
Total Incurred Claims and Claim Adjustment Expenses	$ 196,432	$ 148,022
Payments:		
Claims and Claims Adjustment Expenses Attributable to Insured Events of Current Year	$ 180,716	$ 135,199
Claims and Claims Adjustment Expenses Attributable to Insured Events of Prior Years	12,112	9,067
Total Payments	$ 192,828	$ 144,266
Total Unpaid Claims and Claim Adjustment Expenses, Ending	$ 17,621	$ 14,017

Component Units

Housing Finance Agency

The Housing Finance Agency (HFA) is exposed to various insurable risks of loss related to tort; theft of, damage to, or destruction of assets; to errors or omissions; and to employer obligations. HFA manages these risks through the primary government's insurance plans including the primary government's Risk Management Fund (internal service fund) and through purchased insurance coverage. HFA retains the risk of loss, although there have been no settlements or actual losses in excess of coverage in the last three years. HFA participates in SEGIP, which is administered by the Employee Insurance Fund (internal service fund). This program provides life insurance and hospital, medical, and dental coverage through provider organizations. HFA also participates in the primary government's Workers' Compensation Program. Annual premiums are assessed by the program based on average costs and claims.

Metropolitan Council

The Metropolitan Council (MC) is exposed to various risks of loss related to torts; to theft of, damage to, and destruction of assets; to errors and omissions; and to employer obligations. MC both purchases commercial insurance and self-insures for these risks of loss. MC has not experienced any significant reductions in insurance coverage from the prior year. MC has not had any settlements in excess of commercial coverage for the past three years.

MC purchases general liability insurance to protect all divisions of MC and recognizes a current liability for incurred, reported claims, and a long-term liability for claims incurred but not reported. Claims liabilities are calculated considering recent claim settlement trends including frequency and amount of payouts. Minnesota Statutes 466.04, generally limits MC's tort exposure to $500,000 per claim and $1,500,000 per occurrence for a claim arising on or after July 1, 2009. For claims arising earlier, the limits are $400,000 per claim and $1,200,000 per occurrence. In addition, an amount equal to twice these limits applies if the claim arises out of the release or threatened release of a hazardous substance.

MC has self-administered workers' compensation claims for all divisions. Liabilities are reported when information is available that suggests there has been an occurrence with probable loss incurred. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are re-evaluated periodically to consider recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a discount rate of 3.05 percent. The self-insurance retention limit for workers' compensation is $5,000,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses MC.

MC claims include both workers' compensation claims and $57,000 for the Family Self Sufficiency Program escrow accounts.

University of Minnesota

The University of Minnesota (U of M) is self-insured for medical malpractice, general liability, directors' and officers' liability, and automobile liability through RUMINCO, Ltd., a wholly-owned single parent captive insurance company. Claims are reported to a third-party administrator, which pays expenses and estimates claim liabilities. The total expense of a claim is estimated and booked as a liability when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated in the year in which it is reported. In addition, an actuarial liability is established for incurred but not reported claims using a discount rate of 1.84 percent.

U of M is also self-insured for workers' compensation through an internally maintained fund. The internal fund for workers' compensation is maintained only to fund current year expected payouts. Excess insurance is maintained through the Workers' Compensation Reinsurance Association. Each year, an actuarial estimate of U of M's liability for workers' compensation is compiled and recorded, however the liability is not funded in a separate reserve.

U of M's medical (health) and dental coverage for faculty and staff is a self-insured program. Under the plan, U of M pays claims, while the administration of the program is handled by two independent administrators. U of M's graduate assistant medical plan and student health plan are also self-insured. Each year, an actuarial estimate of U of M's liability for medical claims, including incurred but not reported claims, is recorded.

Component Units
Claims Liabilities
(In Thousands)

Description	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
Metropolitan Council - Workers' Compensation:				
Fiscal Year Ended 12/31/2017	$ 16,834	$ 10,408	$ 8,150	$ 19,092
Fiscal Year Ended 12/31/2018	$ 19,092	$ 8,721	$ 7,486	$ 20,327
University of Minnesota - RUMINCO, Ltd:				
Fiscal Year Ended 6/30/2018	$ 9,255	$ 2,979	$ 2,860	$ 9,374
Fiscal Year Ended 6/30/2019	$ 9,374	$ 814	$ 2,942	$ 7,246
University of Minnesota - Workers' Compensation:				
Fiscal Year Ended 6/30/2018	$ 13,718	$ 4,136	$ 5,505	$ 12,349
Fiscal Year Ended 6/30/2019	$ 12,349	$ 2,325	$ 2,624	$ 12,050
University of Minnesota - Medical/ Dental:				
Fiscal Year Ended 6/30/2018	$ 29,028	$ 283,780	$ 279,195	$ 33,613
Fiscal Year Ended 6/30/2019	$ 33,613	$ 303,906	$ 297,258	$ 40,261

Note 18 – Budgetary Basis vs. GAAP

Actual revenues, transfers-in, expenditures, encumbrances, and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund. This inequality results primarily from the differences in the recognition of accruals, reimbursements, deferred revenue, intrafund, and loan transactions. In addition, encumbrances are recognized as expenditures in the year encumbered on a budgetary basis. The modified accrual basis of accounting recognizes expenditures when the goods or services are received, regardless of the year funds are encumbered. The GAAP General Fund also includes several funds that are not included in the budgetary General Fund. A reconciliation of the fund balances under the two basis of accounting for the General Fund is provided in the following table.

General Fund
Reconciliation of GAAP Basis Fund Balance
to Budgetary Fund Balance
As of June 30, 2019
(In Thousands)

Description	Amount
GAAP Basis Fund Balance	$ 5,591,566
Less: Encumbrances[1]	297,999
Unassigned Fund Balance	$ 5,293,567
Basis of Accounting Differences:	
Revenue Accruals/Adjustments:	
Taxes Receivable	$ (663,733)
Tax Refunds Payable	475,525
Human Services Receivable	(126,383)
Unearned Revenue	128,551
Escheat Asset	(21,637)
Other Receivables	(9,845)
Permanent School Fund Reimbursement	(1,679)
Investments at Market	8,759
Expenditure Accruals/Adjustments:	
Medical Care Programs	885,059
Human Services Grants Payable	106,348
Education Aids	955,183
Police and Fire Aid	111,710
Other Payables	37,297
Other Financial Sources (Uses):	
Transfers-In	(14,860)
Perspective Differences:	
Account with no Legally Adopted Budget	(2,470,267)
Appropriation Carryover	(83,339)
Long-Term Receivables	(37,663)
Budgetary Reserve	(2,479,808)
Budgetary Basis:	
Unassigned Fund Balance	$ 2,092,785

(1) Encumbrances related to funds included in the budgetary General Fund.

Note 19 – Litigation

Payment of tort claims against the state is made from funds appropriated by the Minnesota Legislature to agencies for their general operations to the extent such funds are available without unduly hindering the operation of the agency, from appropriations of dedicated receipts if practicable, or from funds appropriated for the payment of tort claims. The Tort Claims appropriations for each of the fiscal years ending June 30, 2018 and 2019 are $761,000. The maximum limit of liability for tort claims arising out of a single occurrence in Minnesota on or before January 1, 2000, and before January 1, 2008, is $1,000,000. The maximum limited liability for any one claim is $300,000 for claims arising before August 1, 2007, and $400,000 for claims arising on or after August 1, 2007, and before July 1, 2009, for any one claim and the maximum limits of liability for tort claims arising in Minnesota on or after January 1, 2008, and prior to July 1, 2009, is $1,200,000 for any number of claims arising out of a single occurrence. For tort claims arising in Minnesota on or after July 1, 2009, the maximum limits are $500,000 for any one claim and $1,500,000 for any number of claims arising out of a single occurrence.

Lawsuits based on non-tort theories furnish another basis for potential liability. The following cases, or categories of cases, in which the state, its officers or employees, are defendants have been noted because an adverse decision in each case or category of case could result in an expenditure of state moneys of over $15 million in excess of current levels.

- At any one time, there are hundreds of Minnesota Department of Transportation (MnDOT) eminent domain actions being litigated in district courts throughout the state. There is a continuous flow of such cases, with the actual number depending on many factors such as the number of parcels of land that can be acquired by direct purchase, the construction needs of the department, and revenues available for highway projects. In the aggregate, the potential cost to the state for property which has been, or will be, acquired exceeds $15 million. Liability arising out of decisions unfavorable to the state may impact the state's Trunk Highway Fund (special revenue fund).

- *General Mills, Inc. v. Commissioner of Revenue; International Business Machines Corporation and Subsidiaries v. Commissioner of Revenue*; and other similar matters (Minnesota Tax Court and Second Judicial District Court - Ramsey County) (formerly *H.B. Fuller Co. and Subsidiaries v. Commissioner of Revenue*, and other similar matters). This is a corporate franchise tax case filed in October 2016 involving computation of the research credit allowed by Minnesota Statutes 290.068. Several cases raising the same issue have been filed in the Minnesota Tax Court and in state district court, including a $33 million dollar claim by IBM. The Department of Revenue estimates that if similarly situated taxpayers make similar claims, the total refund exposure may exceed $140 million. On August 17, 2018, the Minnesota Tax Court granted in part and denied in part the motions for summary judgment of IBM and General Mills, and granted in part and denied in part the Commissioner's motion for summary judgment. Cross appeals were filed by both parties. The Minnesota Supreme Court issued a decision that affirmed the tax court resulting in refunds of $20,608,912.

- *The Jamar Company d/b/a Asdco v. State of Minnesota, et al.* (Itasca County District Court) and *Hammerlund Construction Inc., et al. v. State of Minnesota, et al.* (Itasca County District Court). These mechanics' lien suits involve similar claims but different tax-forfeited properties in Itasca County. The subject properties were leased by Itasca County to Magnetation LLC (Magnetation) for mining purposes, however, Magnetation filed for Chapter 11 bankruptcy in May 2015. The state is a named defendant in these suits because it owns the subject properties in trust for Itasca County, the taxing district, which has the authority to manage the properties. Jamar, Hammerlund, and approximately 20 other contractors and subcontractors, which supplied materials and/or labor to the properties for Magnetation, have filed claims and cross-claims against the state and the other defendants that total approximately $22.2 million exclusive of interest and attorneys' fees.

Magnetation disposed of substantially all of its assets in bankruptcy through a sale in December 2016 to an entity called ERP Iron Ore, LLC ("ERP"). The mechanic's liens asserted by the contractors and subcontractors, as described above, were deemed permitted encumbrances on the assets, which ERP agreed to assume as a condition of the sale to permit the suits to continue. Before any further resolution of the mechanic's lien cases, ERP itself became a Chapter 7 bankruptcy debtor in May 2018.

- *Murphy, et al. v. Minnesota Department of Human Services (DHS) et al.* (United States District Court, District of Minnesota). In Murphy, the plaintiffs receive Medicaid Home and Community Based Waiver Services (HCBS) programs and brought claims under the Medicaid Act, the Fourteenth Amendment, the Americans with Disabilities Act, and the Rehabilitation Act, seeking, among other things, access to "individualized housing services." The Defendant's motion to dismiss was denied, and the district court certified a class. Although the exact relief the class seeks is unclear, at a minimum they contend DHS over relies on Community Residential Settings and must facilitate individualized housing and other services for each waiver recipient. The Court recently granted Plaintiffs' partial motion for summary judgment on their notice claim under the Medicaid Act and procedural due process but declined to issue an injunction. The Court also recently denied the Defendant's motions for summary judgment and for class decertification. Absent a settlement, the case will proceed to trial.

- *South Country Health Alliance v. Minnesota Department of Human Services (DHS)* (Ramsey County District Court). Plaintiff is a county-based purchasing health plan that provides managed care to individuals receiving Medicaid or MinnesotaCare. Plaintiff alleges that DHS's prior procurement processes violated Minnesota's county-based purchasing statutes and seeks to compel DHS to comply with Plaintiff's interpretation of the laws in future procurements. While Plaintiff does not seek monetary relief (other than attorneys' fees and costs), DHS estimates that the injunctive relief Plaintiff seeks could increase DHS's procurement costs by over $15 million. The amended complaint was filed in October 2019, and a scheduling order has not yet been entered.

- *State of Texas et al. v. United States of America et al.* (United States District Court, Northern District of Texas). Plaintiffs are a group of nineteen states and two individuals that challenge the constitutionality of the Affordable Care Act's (ACA) individual mandate, and with it, the entire ACA. Minnesota is part of a different group of states that intervened to defend the ACA. The district court granted summary judgment in favor of the plaintiffs, holding the entire ACA invalid. This decision is currently pending on appeal before the Fifth Circuit. Federal funding of programs created by the ACA are at risk if Plaintiffs' suit is successful. MinnesotaCare is Minnesota's Basic Health Program, a program primarily funded by the ACA. In the first three quarters of 2018, MinnesotaCare received over $300 million in federal funding.

- *William Fielding, Trustee, of the Reid and Ann MacDonald Irrevocable GST Trust for Catherine Gray MacDonald v. Commissioner of Revenue; William Fielding, Trustee, et al for Laura Reid MacDonald v. Commissioner of Revenue; William Fielding, Trustee of the Reid and Ann MacDonald Irrevocable GST Trust for Maria V. MacDonald v. Commissioner of Revenue; William Fielding, Trustee of the Reid and Ann MacDonald Irrevocable GST Trust for Vandever R. MacDonald v. Commissioner of Revenue; and other similar matters* (Minnesota Tax Court). These consolidated matters involved as-applied constitutional challenges to Minnesota's definition of "resident trust" pursuant to Minnesota Statutes 290.01, Subdivision 7b. The Trusts paid taxes to the State under protest, contending that the Commissioner of Revenue's ("Commissioner") interpretation of the resident trust statute, to include the Trusts' worldwide income, violates the Due Process and Commerce Clauses because the Trusts lacked sufficient contacts with Minnesota. On May 31, 2017, the Tax Court granted the Trusts' motion for summary judgment and denying the Commissioner's motion, holding that the assessment violated the Due Process. The Minnesota Supreme Court subsequently affirmed the grant of summary judgment to the taxpayers in *Fielding v. Commissioner*, A17-1177 (July 18, 2018). On June 29, 2019, the Commissioner's petition for writ of certiorari to the United States Supreme Court was denied. The refund claims in the consolidated Fielding cases total $1,032,132 plus interest. The denial of certiorari, however, allows other taxpayers similarly situated to the MacDonald trusts the ability to claim residence that is tied to the state where the trust is administered. These claims will be made on a case-by-case basis but would be based on other trusts seeking classification as non-resident trusts. Based on the decisions, the total estimated refund exposure with respect to cases similarly situated to the MacDonald trusts is anticipated to be $66.8 million, plus interest, of which the Commissioner anticipates receiving 30% of the refund requests, or $20.0 million, in fiscal year 2020, and the remaining 70 percent, or $46.8 million, in fiscal year 2021.

Note 20 – Tax Abatements

The state of Minnesota provides tax abatements through six programs operated by the Minnesota Department of Employment and Economic Development, Minnesota Department of Administration, and Minnesota Department of Revenue: the Greater MN Job Expansion Program, Job Opportunity Building Zones, Biopharmaceutical Manufacturing Facility, Border City Enterprise Zones, Angel Tax Credit, and Historic Structure Rehabilitation Credit. Minnesota Statutes 270B.02 classifies tax return information as private data. As the population of program participants is so small, reporting aggregate data may identify individual taxpayers, with the exception of Border City Enterprise Zones program and the Angel Tax Credit program.

The Greater MN Job Expansion Program provides sales tax abatements to expand employment within cities in greater Minnesota. Qualified businesses are eligible for a sales tax exemption up to $5 million annually and $40 million during the agreement period. The agreement period is seven years after a business is certified, except for businesses investing at least $200 million over a ten-year period, in which case the agreement period is ten years. A qualified business must have operated in greater Minnesota for at least one year prior to applying, agree to pay employees, including benefits, on an annualized basis equal to at least 120 percent of the federal poverty level for a family of four, increase the number of full time equivalent employees by two employees or ten percent, whichever is greater, and enter into a subsidy agreement with the state that pledges to satisfy the employment expansion within three years. The subsidy agreements include recapture provisions. The authority for the sales tax abatement is Minnesota Statutes 116J.8738.

The Job Opportunity Building Zones program provides tax abatements to expand employment in economically distressed regions of the state. Taxes abated include: individual income taxes, corporate franchise taxes, sales and use taxes, motor vehicle taxes, property taxes, and wind energy production taxes. A qualified business must be located within a job opportunity building zone, which is designated by the state. The business must enter into a business subsidy agreement with the state indicating it will meet employment expansion and wage level requirements. The program sunset date was December 31, 2015 so no new businesses may enroll in the program. However, three current businesses met the requirements under Minnesota Statutes 469.312 and were eligible to receive benefits through 2019. Individual income taxes are reduced through business income exemptions based on zone percentages, qualified net rents determined by formula, and capital gains exemption determined by formula. Corporate franchise tax exemptions are based on zone percentages. Sales and use tax, and motor vehicle sales tax are reduced for qualified property or services used in the job opportunity building zone. Property taxes are reduced through exemptions for improvements to real property. Wind energy production taxes are exempted for electricity produced by wind energy conversion systems within a job opportunity building zone. A business that relocates from outside the zone into a zone qualifies for the program only if it agrees to increase full-time employment during the first year by a minimum of five jobs or 20 percent of the employer's workforce after entering into the business subsidy agreement. Employers must repay all tax benefits received during the two years prior to the point in time that it ceased to be in compliance with the business subsidy agreement. The authority for Job Opportunity Building Zone tax abatements are Minnesota Statutes 469.310-469.320.

The Biopharmaceutical Manufacturing Facility program provides sales tax abatements to create new jobs in the biopharmaceutical industry. Qualified manufacturing facilities are eligible for a sales tax refund on materials and supplies used in construction, improvement, or expansion of biopharmaceutical manufacturing facilities, paid annually at 25 percent of the total allowable refund. To be eligible for the exemption, the biopharmaceutical manufacturing facility must have a total capital investment exceeding $50 million and the facility must create and maintain at least 190 new Minnesota full-time equivalent (FTE) employees at the facility. A qualified manufacturing facility must meet its minimum FTE requirements to remain eligible. The authority for the sales tax abatement is Minnesota Statutes 297A.71, Subdivision 45.

The Border City Enterprise Zones program provides tax abatements to partially mitigate the effects of disparate taxation of businesses in six cities located near neighboring states as incentives to attract and retain businesses in Minnesota. Taxes abated include: sales taxes, income taxes, or property taxes. Border cities establish eligibility criteria of recipient business, provided that business is not prohibited by Minnesota Statutes 469.171, Subdivision 4. Sales taxes are reduced through exemptions on construction materials and equipment. Income taxes are reduced as credits for additional workers employed within the zone, up to $3,000 per employee per year. Additionally income taxes are reduced as a credit for a percentage of cost of debt financing for construction. Property taxes are reduced as a credit for a portion of property tax paid by new facilities as determined by the border city based on its eligibility criteria. The total amount of tax abatements is determined through allocations to each border city defined in Minnesota Statutes. Prior to entering a tax abatement agreement with a business, the border city must submit the proposed tax reductions to the Department of Employment and Economic Development to evaluate the proposed investment the business will make in the border city, the number and quality of new jobs created, the overall positive economic impact within the border city, and the extent that economic benefits are dependent on the tax abatements to the business. Businesses must maintain operation within the border city. Businesses which receive tax abatements that cease to operate within the border city must repay the tax abatement received during the prior two years; other recapture provisions may exist between the border city and the business. The authority for Border City Enterprise Zone tax abatements are Minnesota Statutes 469.166-469.1735.

The Angel Tax Credit program provides income tax abatements as an incentive for investors to make investments in start-up businesses by helping to raise the equity financing needed to further business growth and the potential to create jobs. Qualified investors are eligible for up to 25 percent of the investment made and must receive an annual certification to make investments in a qualified small business. Qualified investors are required to hold investments in a qualified business for a period of at least three years. If it is determined that a qualified investor does not meet the three year holding requirement, the investor must repay the income tax credit. A qualified small business must satisfy all of the following conditions: be headquartered in Minnesota, have at least 51 percent of its employees and payroll in Minnesota, and be engaged in or committed to engage in innovation in Minnesota. The primary business activity must be in a qualified field of technology, agriculture, tourism, forestry, mining, manufacturing, or transportation. The business must have fewer than 25 employees, and must pay employees annual wages of at least 175 percent of federal poverty guidelines for a family of four. The business may not have previously received private equity investments of more than $4 million, be disqualified under Minnesota Statutes 80A.50, or issued securities traded on a public exchange. The business may not have been in operation for more than ten years, or more than twenty years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which Food and Drug Administration approval is required. If it is determined that a qualified business did not maintain at least 51 percent of its employees and payroll in Minnesota during the first five years following its most recent qualified investment, the business must repay the income tax credit provided to its investors based on a fixed percentage scale. The program will sunset in 2021 except for some reporting requirements. The authority for the tax abatement is Minnesota Statutes 116J.8737.

The Historic Structure Rehabilitation Credit program incentivizes substantial reinvestment in the development of historic buildings listed on the National Register of Historic Places. This program parallels the Federal Rehabilitation Tax Credit and state tax credits are limited by the federal amount. A project is eligible for the program if the property is listed on the National Register of Historic Places or is certified as contributing to a National Register Historic District, or Certified Historic District. The owner must apply for the credit prior to the start of construction, plans must be approved by the National Park Service (NPS), and the work must meet the “substantial rehabilitation test.” The completed work must be approved by the NPS and be allowed the federal tax credit. The qualified historic structure must be used as an income producing property for at least five years after the construction is complete. Investors will be eligible for a tax credit or the option of a grant in lieu of tax in the year the renovated building is placed in service. The program will sunset after fiscal year 2021. The authority for the tax abatement is Minnesota statutes 290.0681.

Tax Abatements
Year Ended June 30, 2019
(In Thousands)

Description	Amount
Border City Enterprise Zones:	
Corporate Taxes	$ 179
Income Taxes	22
Property Taxes	111
Total Border City Enterprise Zones	$ 312
Angel Tax Credit: Income Taxes	$ 6470
Total	$ 6,782

Note 21 – Change in Reporting Entity and Change in Fund Structure

Primary Government

Change in Reporting Entity

Minnesota Statutes 353G, allows volunteer firefighters to be covered by the Volunteer Firefighter Retirement Fund (pension trust fund). During fiscal year 2019, eleven firefighter groups joined the Volunteer Firefighter Retirement Fund managed by the Public Employees Retirement Association. Investment balances of $10,272,000 were reported as a change in reporting entity in the Volunteer Firefighter Retirement Fund.

Change in Fund Structure

Minnesota Statutes 353G, allows volunteer firefighters to be covered by the Volunteer Firefighter Retirement Fund (pension trust fund). During fiscal year 2019, four firefighter groups moved from the volunteer fire accounts, part of the Supplemental Retirement Fund (investment trust fund), into the Volunteer Firefighter Retirement Fund managed by the Public Employees Retirement Association. The transfer was reported as a change in fund structure of $665,000 in the Supplemental Retirement Fund and the Volunteer Firefighter Retirement Fund.

Note 22 – Subsequent Events

Primary Government

In August 2019, the state issued $406.9 million of general obligation state various purpose bonds Series 2019A at a true interest rate of 2.21 percent, $190.7 million of general obligation state trunk highway bonds Series 2019B at a true interest rate of 2.06 percent, $36.3 million general obligation taxable state various purpose bonds Series 2019C at a true interest rate of 2.08 percent, and $27.6 million of general obligation state various purpose refunding bonds Series 2019D at a true interest rate of 1.17 percent. These bonds are backed by the full faith and credit and taxing powers of the state.

In July 2019, the state issued $13.8 million of refunding revenue bonds Series 2019A at a true interest rate of 1.56 percent. The revenue bonds are payable solely from, and collateralized by, an irrevocable pledge of revenues to be derived from the operation of the financed buildings and from student fees in the State Colleges and Universities Fund (enterprise fund).

Component Units

In August 2019, the Housing Finance Agency (HFA) issued $14.5 million state appropriation bonds (Housing Infrastructure) Series 2019A at a true interest rate of 2.58 percent, $1.3 million Series 2019B at a true interest rate of 1.48 percent, $6.9 million Series 2019C at a true interest rate of 2.89 percent, and $4.1 million Series 2019D at a true interest rate of 1.52 percent. The proceeds of the bonds will be used to provide money to fund housing infrastructure loans and to pay the costs of issuance of the Series Bonds. For information on the state appropriation for these bonds, see Note 15 – Contingent Liabilities.

MINNESOTA

State of Minnesota

Required Supplementary Information

2019
Comprehensive
Annual
Financial Report

Modified Approach for Infrastructure

The state uses the modified approach for reporting selected infrastructure assets. Under this approach, the state expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 29,000 lane miles of pavement and approximately 3,000 bridges and tunnels maintained by the state.

To utilize the modified approach, the state is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the state.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Lane Miles of Pavement

Measurement Scale

The Minnesota Department of Transportation (MnDOT) uses three pavement condition indices to determine the condition of the trunk highway system: Present Serviceability Rating (PSR), Surface Rating (SR), and Pavement Quality Index (PQI). The PSR is a measure of pavement smoothness, the SR measures pavement distress (cracking), and the PQI is a composite index equal to the square root of the PSR multiplied by the SR.

The five qualitative categories used to describe pavement condition are shown in the table below:

Description	PQI Range	PSR Range	SR Range
Very Good	3.7 - 4.5	4.1 - 5.0	3.3 - 4.0
Good	2.8 - 3.6	3.1 - 4.0	2.5 - 3.2
Fair	1.9 - 2.7	2.1 - 3.0	1.7 - 2.4
Poor	1.0 - 1.8	1.1 - 2.0	0.9 - 1.6
Very Poor	0.0 - 0.9	0.0 - 1.0	0.0 - 0.8

The PQI is used as the index for determining whether the pavement infrastructure is being maintained in a serviceable level. The PQI is an overall index, combining both pavement smoothness (PSR) and cracking (SR).

Established Condition Level

Principal arterial pavements will be maintained at 3.0 PQI (good) or higher, and all other pavements will be maintained at 2.8 PQI (good) or higher.

Assessed Conditions

The state assesses condition on 100 percent of the pavement surfaces at least once every two years.

Description	2018	2017	2016
Principal Arterial Average PQI	3.5	3.6	3.5
Non-Principal Arterial Average PQI	3.3	3.5	3.3

Bridges and Tunnels

Measurement Scale

MnDOT utilizes three performance measures to maintain and improve the bridge system: Structural Condition Rating, Geometric Rating, and Posted Bridge and Bridge Load Carrying Capacity. The Structural Condition Rating is used to determine if the bridge system is being maintained at a serviceable level for the condition of the bridges under MnDOT's jurisdiction.

The Structural Condition Rating is a broad measure of the structural condition of a bridge. Each bridge is rated as Good, Fair, or Poor by using three National Bridge Inventory (NBI) condition codes and two NBI appraisal ratings to place each bridge in a category.

The three NBI condition codes are Deck Condition, Superstructure Condition, and Substructure Condition. The two NBI appraisal ratings are Structural Evaluation and Waterway Adequacy. Both the condition codes and the appraisal ratings use a scale of 0 (failed) through 9 (excellent).

Rating	Description
9	Excellent.
8	Very good.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound, but may have some minor section loss, cracking, spalling, or scour.
4	Poor. Advanced section loss, deterioration, spalling, or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored, it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in light service.
0	Failure. Out of service, beyond corrective action.

The criteria for placing a bridge in each of the three categories are as follows:

Rating	Description
Good	If all of the condition codes are 7 or greater, and if both of the appraisal ratings are 6 or greater.
Fair	If any of the condition codes are 5 or 6, or if either of the appraisal ratings are 3, 4, or 5.
Poor	If any of the condition codes are 4 or less, or if either of the appraisal ratings are 2 or less. This is also defined as structurally deficient.

Established Condition Level

Ninety-two percent of principal arterial system bridges will be maintained at fair to good, while 80 percent of all other system bridges will also be maintained at fair to good.

Assessed Conditions

Description	2018	2017	2016
Principal Arterial: Fair to Good	94.6%	94.3%	95.0%
All Other Systems: Fair to Good	94.1%	95.0%	95.0%

Budgeted and Estimated Costs to Maintain

The following table presents the state's estimate of spending necessary to preserve and maintain the pavement and bridges at, or above, the established condition levels cited above, and the actual amount spent (in thousands):

		Costs to be Capitalized			Maintenance of System			
		Bridges	Pavement	Total Costs	Bridges	Pavement	Total Costs	Total Construction Program
Budget	2019	$ 97,000	$ 260,000	$ 357,000	$ 126,000	$ 719,000	$ 845,000	$ 1,202,000
	2018	100,000	210,000	310,000	100,000	600,000	700,000	1,010,000
	2017	149,000	376,000	525,000	100,000	500,000	600,000	1,125,000
	2016	234,366	400,943	635,309	112,444	462,387	574,831	1,210,140
	2015	255,033	230,075	485,108	55,789	403,213	459,002	944,110
Actual	2019	$ 108,876	$ 294,126	$ 403,002	$ 113,009	$ 717,340	$ 830,349	$ 1,233,351
	2018	64,253	200,064	264,317	121,831	615,727	737,558	1,001,875
	2017	114,106	337,294	451,400	84,046	526,975	611,021	1,062,421
	2016	232,087	403,563	635,650	79,748	652,665	732,413	1,368,063
	2015	197,844	384,351	582,195	71,852	606,939	678,791	1,260,986

Defined Benefit Plans – State Participating

The state of Minnesota currently contributes as an employer and/or non-employer contributing entity into five primary government administered multiple-employer cost sharing plans, one non-primary government administered multiple-employer cost sharing plan, and three primary government administered single-employer plans. During the fiscal year 2015 reporting period, the Minneapolis Employees Retirement Fund merged with the General Employees Retirement Fund and the Duluth Teachers' Retirement Fund merged with the Teachers Retirement Fund. See Note 8 – Pension and Investment Trust Funds for more information on each plan.

Most of the reporting data begins with fiscal year 2014, which is the measurement date used for the implementation of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions." Covered-Member Payroll is an estimate in the reporting year and is restated in the following year to reflect actual Covered-Member Payroll. Required supplementary information is provided for the following plans:

- State Employees Retirement Fund (SERF)
- Correctional Employees Retirement Fund (CERF)
- General Employees Retirement Fund (GERF)
- Police and Fire Fund (P&FF)
- Teachers Retirement Fund (TRF)
- Minneapolis Employees Retirement Fund (MERF)
- St. Paul Teachers' Retirement Fund (SPTRF)
- Duluth Teachers' Retirement Fund (DTRF)
- Judges Retirement Fund (JRF)
- Legislators Retirement Fund (LRF)
- State Patrol Retirement Fund (SPRF)

Required Supplementary Information
Primary Government Administered Multiple-Employer Cost Sharing Plans
Schedule of Contributions
(In Thousands)

State Employee Retirement fund						
Description	2014	2015 (2)	2016	2017	2018	2019 (3)
Statutorily Required Contribution as an Employer(1)	$ 93,957	$ 107,313	$ 110,804	$ 116,552	$ 121,322	$ 136,157
Covered-Member Payroll	$ 1,923,040	$ 2,006,862	$ 2,066,651	$ 2,179,626	$ 2,256,825	$ 2,315,982
Required Employer Contributions as a Percentage of Covered-Member Payroll	4.9%	5.3%	5.4%	5.3%	5.4%	5.9%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rate for employers increased from 5.0 percent to 5.5 percent.
(3) 2019: The required contribution rate for employers increased to 5.875 percent.

Required Supplementary Information
Primary Government Administered Multiple-Employer Cost Sharing Plans
Schedule of Contributions (Continued)
(In Thousands)

Correctional Employees Retirement Fund

Description	2014	2015 [2]	2016	2017	2018	2019 [3]
Statutorily Required Contribution as an Employer[1]	$ 26,421	$ 29,378	$ 30,624	$ 31,663	$ 32,840	$ 38,141
Covered-Member Payroll	$ 218,860	$ 231,126	$ 241,020	$ 248,653	$ 257,055	$ 264,826
Required Employer Contributions as a Percentage of Covered-Member Payroll	12.1%	12.7%	12.7%	12.7%	12.8%	14.4%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rate for employers increased from 12.1 percent to 12.9 percent.
(3) 2019: The required contribution rate for employers increased to 14.4 percent.

General Employees Retirement Fund

Description	2014	2015 [2]	2016	2017	2018	2019
Statutorily Required Contribution as an:						
Employer[1]	$ 2,782	$ 2,655	$ 2,540	$ 3,155	$ 2,283	$ 2,138
Non-Employer Contributing Entity[1]	—	—	6,000	6,000	16,000	16,000
Total Statutorily Required Contribution	$ 2,782	$ 2,655	$ 8,540	$ 9,155	$ 18,283	$ 18,138
Covered-Member Payroll	$ 37,715	$ 34,289	$ 41,328	$ 31,105	$ 28,849	$ 28,656
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.4%	7.7%	6.1%	10.1%	7.9%	7.5%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rates for employers increased from 7.3-11.8 percent to 7.5-11.8 percent on January 1, 2015.

Police and Fire Fund[2]

Description	2019
Statutorily Required Contribution as a Non-Employer Contributing Entity[1]	$ 4,500
Covered-Member Payroll	N/A
Required Employer Contributions as a Percentage of Covered-Member Payroll	N/A

(1) Statutorily required contributions equal actual required contributions.
(2) Reporting data for P&FF begins with fiscal year 2019, due to a change in the statutorily required contribution.

Required Supplementary Information
Primary Government Administered Multiple-Employer Cost Sharing Plans
Schedule of Contributions (Continued)
(In Thousands)

Teachers Retirement Fund						
Description	2014	2015 [2]	2016	2017	2018	2019 [3]
Statutorily Required Contribution as an:						
Employer[1]	$ 13,206	$ 14,542	$ 14,514	$ 14,885	$ 14,678	$ 15,447
Non-Employer Contributing Entity[1]	16,501	29,831	31,088	31,087	30,886	31,087
Total Statutorily Required Contribution	$ 29,707	$ 44,373	$ 45,602	$ 45,972	$ 45,564	$ 46,534
Covered-Member Payroll	$ 167,667	$ 166,870	$ 168,264	$ 174,018	$ 170,196	$ 176,065
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.9%	8.7%	8.6%	8.6%	8.6%	8.8%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rate for employers increased from 7.0-11.0 percent to 7.5-11.5 percent.
(3) 2019: The required contribution rate for employers increased to 7.71-11.71 percent.

Minneapolis Employees Retirement Fund[2]		
Description	2014	2015
Statutorily Required Contribution as a Non-Employer Contributing Entity[1]	$ 24,000	$ 24,000
Covered-Member Payroll	N/A	N/A
Required Employer Contributions as a Percentage of Covered-Member Payroll	N/A	N/A

(1) Statutorily required contributions equal actual required contributions.
(2) MERF merged with GERF in reporting fiscal year 2015.

Required Supplementary Information
Non-Primary Government Administered Multiple-Employer Cost Sharing Plans
Schedule of Contributions
(In Thousands)

St. Paul Teachers' Retirement Fund

Description	2014	2015 [2]	2016 [3]	2017 [4]	2018 [5]	2019 [6]
Statutorily Required Contribution as an:						
Employer[1]	$ 109	$ 86	$ 64	$ 66	$ 41	$ 47
Non-Employer Contributing Entity[1]	10,665	9,827	10,665	10,665	10,665	15,666
Total Statutorily Required Contribution	$ 10,774	$ 9,913	$ 10,729	$ 10,731	$ 10,706	$ 15,713
Covered-Member Payroll	$ 1,749	$ 628	$ 443	$ 465	$ 274	$ 262
Required Employer Contributions as a Percentage of Covered-Member Payroll	6.2%	13.7%	14.4%	14.2%	15.0%	17.9%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rate for employers increased from 5.25-8.75 percent to 5.50-9.00 percent.
(3) 2016: The required contribution rate for employers increased to 6.00-9.50 percent.
(4) 2017: The required contribution rate for employers increased to 6.25-9.75 percent.
(5) 2018: The required contribution rate for employers increased to 6.50-10.00 percent.
(6) 2019: The required contribution rate for employers increased to 7.335-10.835 percent.

Duluth Teachers' Retirement Fund[2]

Description	2014	2015
Statutorily Required Contribution as an:		
Employer[1]	$ 55	$ 56
Non-Employer Contributing Entity[1]	6,555	6,346
Total Statutorily Required Contribution	$ 6,610	$ 6,402
Covered-Member Payroll	$ 729	$ 760
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.5%	7.4%

(1) Statutorily required contributions equal actual required contributions.
(2) DTRF merged with TRF in reporting fiscal year 2015.

Required Supplementary Information
Multiple-Employer Cost Sharing Plans
Schedule of the Proportionate Share of the Net Pension Liability
(In Thousands)

State Employees Retirement Fund					
Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]
Primary Government's Proportion of the Net Pension Liability as an:					
Employer	73.38%	73.93%	73.88%	74.15%	74.45%
Primary Government's Proportionate Share of the Net Pension Liability as an:					
Employer	$ 1,189,902	$ 1,138,125	$ 9,160,172	$ 5,500,428	$ 1,031,909
Primary Government's Covered-Member Payroll – Measurement Period	$ 1,923,040	$ 2,006,862	$ 2,066,651	$ 2,179,626	$ 2,256,825
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	61.9%	56.7%	443.2%	252.4%	45.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.6%	88.3%	47.5%	62.7%	90.6%

(1) 2016: Benefit increase of 2.5 percent was projected to start in 2044 instead of 2016.
(2) 2017: Benefit increase was changed to 2.0 percent for all future years. The discount rate changed from 7.9 percent to 4.17 percent.
(3) 2018: The discount rate changed to 5.42 percent.
(4) 2019: Benefit increase was changed to 2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, and 1.5 percent thereafter. The discount rate changed to 7.5 percent.

Correctional Employees Retirement Fund					
Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]
Primary Government's Proportion of the Net Pension Liability as an:					
Employer	99.80%	99.86%	99.91%	99.91%	99.89%
Primary Government's Proportionate Share of the Net Pension Liability as an:					
Employer	$ 475,387	$ 653,352	$ 1,331,563	$ 1,127,087	$ 375,232
Primary Government's Covered-Member Payroll – Measurement Period	$ 218,860	$ 231,126	$ 241,020	$ 248,653	$ 257,055
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	217.2%	282.7%	552.5%	453.3%	146.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.8%	58.1%	40.3%	47.6%	74.8%

(1) 2016: Benefit increase was projected to remain at 2.0 percent instead of increasing to 2.5 percent in 2016.
(2) 2017: The discount rate changed from 6.25 percent to 4.24 percent.
(3) 2018: The discount rate changed to 5.02 percent.
(4) 2019: Benefit increase was changed to 2.0 percent through December 31, 2018, and 1.5 percent thereafter. The discount rate changed to 7.5 percent.

Required Supplementary Information
Multiple-Employer Cost Sharing Plans
Schedule of the Proportionate Share of the Net Pension Liability (Continued)
(In Thousands)

General Employees Retirement Fund

Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]
Primary Government's Proportion of the Net Pension Liability as an:					
Employer	0.70%	0.62%	0.72%	0.51%	0.46%
Non-Employer Contributing Entity	—%	3.56%	1.29%	1.24%	3.18%
Total Primary Government's Proportion of the Net Pension Liability	0.70%	4.18%	2.01%	1.75%	3.64%
Primary Government's Proportionate Share of the Net Pension Liability as an:					
Employer	$ 33,103	$ 32,022	$ 58,119	$ 32,252	$ 25,408
Non-Employer Contributing Entity	—	184,478	104,677	79,275	176,191
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 33,103	$ 216,500	$ 162,796	$ 111,527	$ 201,599
Primary Government's Covered-Member Payroll – Measurement Period	$ 37,715	$ 34,289	$ 41,328	$ 31,105	$ 28,849
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	87.8%	93.4%	140.6%	103.7%	88.1%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.7%	78.2%	68.9%	75.9%	79.5%

(1) 2016: Benefit increase of 2.5 percent was projected to start in 2036 instead of 2031.
(2) 2017: Benefit increase changed to 1.0 percent for all future years. The discount rate changed from 7.9 percent to 7.5 percent.
(3) 2018: Benefit increase changed to 1.0 percent through 2044 and 2.5 percent thereafter.
(4) 2019: Benefit increase changed to 1.25 percent for all future years.

Police and Fire Fund[1]

Description	2019
Primary Government's Proportion of the Net Pension Liability as a:	
Non-Employer Contributing Entity	5.27%
Primary Government's Proportionate Share of the Net Pension Liability as a:	
Non-Employer Contributing Entity	$ 56,187
Primary Government's Covered-Member Payroll – Measurement Period	N/A
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.8%

(1) Reporting data for P&FF begins with fiscal year 2019, due to a change in the statutorily required contribution.

Required Supplementary Information
Multiple-Employer Cost Sharing Plans
Schedule of the Proportionate Share of the Net Pension Liability (Continued)
(In Thousands)

Teachers Retirement Fund					
Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]
Primary Government’s Proportion of the Net Pension Liability as an:					
Employer	4.13%	3.88%	3.72%	3.71%	3.52%
Non-Employer Contributing Entity	5.17%	9.74%	7.97%	7.70%	7.50%
Total Primary Government’s Proportion of the Net Pension Liability	9.30%	13.62%	11.69%	11.41%	11.02%
Primary Government’s Proportionate Share of the Net Pension Liability as an:					
Employer	$ 190,460	$ 239,701	$ 888,788	$ 740,843	$ 221,190
Non-Employer Contributing Entity	237,958	602,738	1,900,653	1,537,059	471,220
Total Primary Government’s Proportionate Share of the Net Pension Liability	$ 428,418	$ 842,439	$ 2,789,441	$ 2,277,902	$ 692,410
Primary Government’s Covered-Member Payroll – Measurement Period	$ 167,667	$ 166,870	$ 168,264	$ 174,018	$ 170,196
Primary Government’s Employers’ Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	113.6%	143.6%	528.2%	425.7%	130.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.5%	76.8%	44.9%	51.6%	78.1%

(1) 2016: The discount rate changed from 8.25 percent to 8.00 percent.

(2) 2017: A benefit increase was not projected to be attained instead of 2.5 percent in 2037. The discount rate changed to 4.66 percent.

(3) 2018: Benefit increase of 2.5 percent was projected to start in 2045. The discount rate changed to 5.12 percent.

(4) 2019: Benefit increase changed to 2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, then increase by 0.1 percent each year over five years, and 1.5 percent thereafter. The discount rate changed to 7.5 percent.

Required Supplementary Information
Multiple-Employer Cost Sharing Plans
Schedule of the Proportionate Share of the Net Pension Liability (Continued)
(In Thousands)

St. Paul Teachers' Retirement Fund					
Description	2015	2016 (1)	2017 (2)	2018 (3)	2019 (4)
Primary Government's Proportion of the Net Pension Liability as an:					
Employer	0.31%	0.24%	0.17%	0.18%	0.10%
Non-Employer Contributing Entity	30.34%	29.52%	28.79%	27.97%	27.48%
Total Primary Government's Proportion of the Net Pension Liability	30.65%	29.76%	28.96%	28.15%	27.58%
Primary Government's Proportionate Share of the Net Pension Liability as an:					
Employer	$ 1,666	$ 1,385	$ 1,082	$ 1,019	$ 630
Non-Employer Contributing Entity	162,576	171,776	182,226	161,970	166,431
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 164,242	$ 173,161	$ 183,308	$ 162,989	$ 167,061
Primary Government's Covered-Member Payroll – Measurement Period	$ 1,749	$ 628	$ 443	$ 465	$ 274
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	95.3%	220.5%	244.2%	219.1%	229.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.1%	63.6%	60.3%	64.1%	63.9%

(1) 2016: Benefit increase if the plan is at least 90 percent funded was up to 2.5 percent instead of up to 5.0 percent.
(2) 2017: Benefit increase of 2.0 percent was projected to start in 2055 and 2.5 percent in 2066 instead of 2041 and 2051, respectively.
(3) 2018: Benefit increase of 2.0 percent was projected to start in 2042 and 2.5 percent in 2052.
(4) 2019: Benefit increase changed to 1.0 percent through December 31, 2018, no benefit increases through December 31, 2020, and 1.0 percent thereafter. The discount rate changed from 8.0 percent to 7.5 percent.

Description	Minneapolis Employee Retirement Fund(1) 2015	Duluth Teachers Retirement Fund(2) 2015
Primary Government's Proportion of the Net Pension Liability as an:		
Employer	—%	0.55%
Non-Employer Contributing Entity	43.35%	64.98%
Total Primary Government's Proportion of the Net Pension Liability	43.35%	65.53%
Primary Government's Proportionate Share of the Net Pension Liability as an:		
Employer	$ —	$ 1,401
Non-Employer Contributing Entity	95,900	166,948
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 95,900	$ 168,349
Primary Government's Covered-Member Payroll – Measurement Period	N/A	$ 729
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	N/A	192.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.9%	46.8%

(1) MERF merged with GERF in reporting fiscal year 2015.
(2) DTRF merged with TRF in reporting fiscal year 2015.

Required Supplementary Information
Primary Government Administered Single-Employer Plans
Schedule of Contributions
(In Thousands)

Judges Retirement Fund										
Description	2010	2011	2012	2013	2014 [2]	2015	2016	2017 [3]	2018 [4]	2019
Statutorily Required Contribution[1]	$ 8,283	$ 8,297	$ 7,922	$ 8,177	$ 9,426	$ 9,776	$ 10,219	$ 13,758	$ 17,027	$ 17,287
Covered-Member Payroll	$ 39,291	$ 40,473	$ 38,644	$ 39,888	$ 41,893	$ 43,449	$ 45,418	$ 47,813	$ 49,009	$ 48,987
Contributions as a Percentage of Covered-Member Payroll	21.1%	20.5%	20.5%	20.5%	22.5%	22.5%	22.5%	28.8%	34.7%	35.3%

(1) Statutorily required contributions equal actual required contributions.
(2) 2014: The required employer contribution rate changed from 20.5 percent to 22.5 percent.
(3) 2017: The required employer contribution rate included an additional $3 million over the percentage of covered payroll.
(4) 2018: The required employer contribution rate included an additional $3 million for a total of $6 million over the percentage of covered payroll.

Legislators Retirement Fund[2]										
Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Statutorily Required Contribution[1]	$ 1,975	$ 2,805	$ 3,935	$ 3,399	$ 3,436	$ 3,216	$ 5,087	$ 8,716	$ 8,856	$ 8,798
Covered-Member Payroll	$ 1,877	$ 1,774	$ 1,378	$ 1,233	$ 1,122	$ 1,700	$ 989	$ 889	$ 1,033	$ 983
Contributions as a Percentage of Covered-Member Payroll	105.2%	158.1%	285.6%	275.7%	306.2%	189.2%	514.4%	980.4%	857.3%	895.0%

(1) Statutorily required contributions equal actual required contributions.
(2) LRF employer contributions are on a pay-as-you-go basis.

State Patrol Retirement Fund										
Description	2010	2011	2012 [2]	2013	2014	2015 [3]	2016	2017 [4]	2018	2019 [5]
Statutorily Required Contribution[1]	$ 10,104	$ 9,873	$ 11,620	$ 11,482	$ 12,894	$ 13,763	$ 13,938	$ 15,783	$ 15,952	$ 19,479
Covered-Member Payroll	$ 63,250	$ 63,250	$ 62,524	$ 62,121	$ 63,952	$ 68,463	$ 69,343	$ 73,056	$ 74,007	$ 80,401
Contributions as a Percentage of Covered-Member Payroll	16.0%	15.6%	18.6%	18.5%	20.2%	20.1%	20.1%	21.6%	21.6%	24.2%

(1) Statutorily required contributions equal actual required contributions.
(2) 2012: The required employer contribution rate changed from 15.6 percent to 18.6 percent.
(3) 2015: The required employer contribution rate changed to 20.1 percent.
(4) 2017: The required employer contribution rate changed to 21.6 percent.
(5) 2019: The required employer contribution rate changed to 22.35 percent, plus an additional supplemental employer contribution of 1.75 percent.

Required Supplementary Information
Primary Government Administered Single-Employer Plans
Schedule of Changes in the Net Pension Liability
and Related Ratios
(In Thousands)

	Judges Retirement Fund				
Description	2015	2016 [(1)]	2017 [(2)]	2018 [(3)]	2019 [(4)]
Total Pension Liability					
Service Cost	$ 12,075	$ 12,251	$ 13,711	$ 9,483	$ 9,857
Interest on the Total Pension Liability	20,535	21,773	21,349	25,366	26,747
Difference Between Expected and Actual Experience of the Total Pension Liability	5,080	(4,366)	7,135	(4,958)	1,424
Changes in Assumptions	(8,416)	21,696	(85,756)	11,652	—
Benefit Payments, Including Refunds of Member Contributions	(20,802)	(21,893)	(22,378)	(23,094)	(23,585)
Net Change in Total Pension Liability	$ 8,472	$ 29,461	$ (65,939)	$ 18,449	$ 14,443
Total Pension Liability, Beginning	$ 373,039	$ 381,511	$ 410,972	$ 345,033	$ 363,482
Total Pension Liability, Ending	$ 381,511	$ 410,972	$ 345,033	$ 363,482	$ 377,925
Fiduciary Net Position					
Contributions – Employer	$ 9,426	$ 9,776	$ 10,219	$ 13,758	$ 17,027
Contributions – Member	3,578	3,629	3,763	3,932	3,973
Net Investment Income	28,011	7,572	(186)	24,729	19,265
Benefit Payments, Including Refunds of Member Contributions	(20,802)	(21,893)	(22,378)	(23,094)	(23,585)
Pension Plan Administrative Expenses	(55)	(60)	(94)	(89)	(65)
Net Change in Plan Fiduciary Net Position	$ 20,158	$ (976)	$ (8,676)	$ 19,236	$ 16,615
Plan Fiduciary Net Position, Beginning	$ 155,398	$ 175,556	$ 174,580	$ 165,904	$ 185,140
Plan Fiduciary Net Position, Ending	$ 175,556	$ 174,580	$ 165,904	$ 185,140	$ 201,755
Net Pension Liability	$ 205,955	$ 236,392	$ 179,129	$ 178,342	$ 176,170
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.0%	42.5%	48.1%	50.9%	53.4%
Covered-Member Payroll – Measurement Period	$ 41,893	$ 43,449	$ 45,418	$ 47,813	$ 49,009
Net Pension Liability as a Percentage of Covered-Member Payroll	491.6%	544.1%	394.4%	373.0%	359.5%

(1) 2016: The discount rate changed from 5.78 percent to 5.25 percent.
(2) 2017: Benefit increase of 1.75 percent was projected for all future years changed to 1.75 percent through 2041, 2.0 percent for 2042-2054, and 2.5 percent thereafter. The discount rate changed to 7.50 percent.
(3) 2018: Benefit increase rate changed to 1.75 percent through 2038, 2.0 percent for 2039-2053, and 2.5 percent thereafter.
(4) 2019: Benefit increase rate changed to 1.75 percent through 2037, 2.0 percent for 2038-2051, and 2.5 percent thereafter.

Required Supplementary Information
Primary Government Administered Single-Employer Plans
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
(In Thousands)

Legislators Retirement Fund					
Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]
Total Pension Liability					
Service Cost	$ 398	$ 428	$ 495	$ 546	$ 437
Interest on the Total Pension Liability	6,177	6,113	5,332	4,293	5,094
Benefit Changes	—	—	—	—	(9,839)
Difference Between Expected and Actual Experience of the Total Pension Liability	(237)	(7,303)	(1,597)	1,518	6,119
Changes in Assumptions	11,201	7,057	14,653	(5,017)	(856)
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)	(8,536)	(8,716)	(8,912)
Net Change in Total Pension Liability	$ 9,053	$ (2,146)	$ 10,347	$ (7,376)	$ (7,957)
Total Pension Liability, Beginning	$ 137,446	$ 146,499	$ 144,353	$ 154,700	$ 147,324
Total Pension Liability, Ending	$ 146,499	$ 144,353	$ 154,700	$ 147,324	$ 139,367
Fiduciary Net Position					
Contributions – Employer	$ 3,436	$ 3,216	$ 5,087	$ 8,716	$ 8,856
Contributions – Member	101	153	89	80	93
Net Investment Income	1,750	281	(69)	—	—
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)	(8,536)	(8,716)	(8,912)
Pension Plan Administrative Expenses	(36)	(37)	(42)	(39)	(37)
Other Changes	—	—	41	(41)	—
Net Change in Plan Fiduciary Net Position	$ (3,235)	$ (4,828)	$ (3,430)	$ —	$ —
Plan Fiduciary Net Position, Beginning	$ 11,493	$ 8,258	$ 3,430	$ —	$ —
Plan Fiduciary Net Position, Ending	$ 8,258	$ 3,430	$ —	$ —	$ —
Net Pension Liability	$ 138,241	$ 140,923	$ 154,700	$ 147,324	$ 139,367
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	5.6%	2.4%	—%	—%	—%
Covered-Member Payroll – Measurement Period	$ 1,122	$ 1,700	$ 989	$ 889	$ 1,033
Net Pension Liability as a Percentage of Covered-Member Payroll	12,320.9%	8,289.6%	15,642.1%	16,571.9%	13,491.5%

(1) 2016: Benefit increase of 2.5 percent was projected to start in 2044 instead of 2015. The discount rate changed from 4.29 percent to 3.80 percent.
(2) 2017: Benefit increase changed to 2.0 percent for all future years. The discount rate changed to 2.85 percent.
(3) 2018: The discount rate changed to 3.56 percent.
(4) 2019: Benefit increase rate changed to 2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, and 1.5 percent thereafter. The discount rate changed to 3.62 percent.

Required Supplementary Information
Primary Government Administered Single-Employer Plans
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
(In Thousands)

Description	2015	2016 [(1)]	2017 [(2)]	2018 [(3)]	2019 [(4)]
	State Patrol Retirement Fund				
Total Pension Liability					
Service Cost	$ 14,514	$ 16,144	$ 16,555	$ 29,758	$ 24,935
Interest on the Total Pension Liability	60,183	63,753	64,592	58,865	65,110
Benefit Changes	—	—	—	—	(2,604)
Difference Between Expected and Actual Experience of the Total Pension Liability	(5,771)	(12,855)	(22,222)	(2,418)	(8,369)
Changes in Assumptions	30,058	—	283,584	(112,694)	(126,888)
Benefit Payments, Including Refunds of Member Contributions	(53,722)	(55,480)	(57,774)	(58,565)	(59,692)
Net Change in Total Pension Liability	$ 45,262	$ 11,562	$ 284,735	$ (85,054)	$ (107,508)
Total Pension Liability, Beginning	$ 781,411	$ 826,673	$ 838,235	$ 1,122,970	$ 1,037,916
Total Pension Liability, Ending	$ 826,673	$ 838,235	$ 1,122,970	$ 1,037,916	$ 930,408
Fiduciary Net Position					
Contributions – Employer	$ 12,894	$ 14,763	$ 14,938	$ 16,783	$ 16,952
Contributions – Member	7,930	9,174	9,292	10,520	10,657
Net Investment Income	107,187	28,903	(774)	93,077	70,474
Benefit Payments, Including Refunds of Member Contributions	(53,722)	(55,480)	(57,774)	(58,565)	(59,692)
Pension Plan Administrative Expenses	(150)	(170)	(220)	(208)	(184)
Other Changes	—	—	—	—	(7)
Net Change in Plan Fiduciary Net Position	$ 74,139	$ (2,810)	$ (34,538)	$ 61,607	$ 38,200
Plan Fiduciary Net Position, Beginning	$ 593,201	$ 667,340	$ 664,530	$ 629,992	$ 691,599
Plan Fiduciary Net Position, Ending	$ 667,340	$ 664,530	$ 629,992	$ 691,599	$ 729,799
Net Pension Liability	$ 159,333	$ 173,705	$ 492,978	$ 346,317	$ 200,609
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.7%	79.3%	56.1%	66.6%	78.4%
Covered-Member Payroll – Measurement Period	$ 63,952	$ 68,463	$ 69,343	$ 73,056	$ 74,007
Net Pension Liability as a Percentage of Covered-Member Payroll	249.1%	253.7%	710.9%	474.0%	271.1%

(1) 2016: Benefit increase of 1.0 percent was projected to start in 2031 instead of 2018, 1.5 percent through 2052 instead of 2045 and 2.5 percent thereafter.

(2) 2017: Benefit increase changed to 1.0 percent for all future years. The discount rate changed from 7.9 percent to 5.31 percent.

(3) 2018: Benefit increase changed to 1.0 percent through 2064, and 1.5 percent thereafter. The discount rate changed to 6.38 percent.

(4) 2019: Benefit increase changed to 1.0 percent for all future years. The discount rate changed to 7.5 percent.

Defined Benefit Other Postemployment Benefits

The state of Minnesota offers other postemployment benefits (OPEB) to state employees and their dependents through a single-employer defined benefit health care plan. The state does not fund this plan and operates on a pay-as-you-go basis. The state implemented Governmental Accounting Standards Board Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" in fiscal year 2018, which is the first year the data is available.

Required Supplementary Information
Single Employer Defined Benefit OPEB Plan
Schedule of Changes in Total OPEB Liability
(In Thousands)

Description	2018	2019 [2]
Total OPEB Liability[1]:		
Service Cost	$ 51,415	$ 48,056
Interest	18,612	23,378
Differences Between Expected and Actual Experience	—	(42,541)
Changes in Assumptions or Other Inputs	(32,277)	(596)
Benefit Payments	(32,627)	(36,358)
Net Changes in Total OPEB Liability	$ 5,123	$ (8,061)
Total OPEB Liability, Beginning	617,856	622,979
Total OPEB Liability, Ending	$ 622,979	$ 614,918
Covered-Employee Payroll	$ 3,545,697	$ 3,603,462
Total OPEB Liability as a Percentage of Covered-Employee Payroll	17.6%	17.1%

[1] Amounts represent the total of the primary government's proportionate share and its discretely presented component unit's proportionate share.

[2] 2019: The discount rate changed from 3.58 percent to 3.87 percent.

Public Employees Insurance Program Development Information

The Public Employees Insurance Program's medical claim is a self-funded program. The following table illustrates how the fund's earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the fund as of the end of each of the past ten years (in thousands).

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Required Contribution and Investment Revenue:										
Earned	$ 25,031	$ 34,161	$ 45,413	$ 49,244	$ 90,110	$ 96,008	$109,484	$120,780	$169,172	$208,391
Ceded	(2,684)	(2,660)	(3,502)	(4,582)	(8,372)	(4,607)	—	—	—	—
Net Earned	$ 22,347	$ 31,501	$ 41,911	$ 44,662	$ 81,738	$ 91,401	$109,484	$120,780	$169,172	$208,391
2. Unallocated Expenses:										
	$ 2,037	$ 2,411	$ 3,018	$ 3,612	$ 6,390	$ 7,435	$ 7,846	$ 8,518	$ 10,891	$ 13,213
3. Estimated Claims and Expenses End of Policy Year:										
Incurred	$ 19,350	$ 24,134	$ 38,173	$ 41,959	$ 73,795	$ 86,276	$ 97,089	$ 99,399	$148,773	$196,311
Ceded	(562)	(1,491)	(2,149)	(4,909)	(5,767)	(7,571)	—	—	—	—
Net Incurred	$ 18,788	$ 22,643	$ 36,024	$ 37,050	$ 68,028	$ 78,705	$ 97,089	$ 99,399	$148,773	$196,311
4. Net Paid (Cumulative) as of:										
End of Policy Year	$ 16,848	$ 20,720	$ 32,176	$ 33,836	$ 60,813	$ 70,741	$ 87,378	$ 90,091	$135,199	$180,716
One Year Later	18,828	23,219	35,718	37,353	68,176	79,461	96,681	98,880	147,318	
Two Years Later	18,826	23,200	35,946	37,608	68,256	79,762	96,506	98,873		
Three Years Later	18,826	23,303	35,986	37,629	68,391	79,906	96,506			
Four Years Later	18,826	23,303	35,986	37,629	68,617	79,906				
Five Years Later	18,826	23,303	35,986	37,713	68,617					
Six Years Later	18,826	23,303	35,986	37,713						
Seven Years Later	18,826	23,303	35,986							
Eight Years Later	18,826	23,303								
Nine Years Later	18,826									
5. Reestimated Ceded Claims and Expenses:										
	$ 562	$ 1,491	$ 2,149	$ 4,825	$ 5,542	$ 7,374	$ —	$ —	$ —	$ —
6. Reestimated Net Incurred Claims and Expenses:										
End of Policy Year	$ 18,788	$ 22,643	$ 36,024	$ 37,050	$ 68,028	$ 78,705	$ 97,089	$ 99,399	$148,773	$196,311
One Year Later	18,848	23,249	36,006	37,673	68,588	80,027	97,415	99,323	148,678	
Two Years Later	18,826	23,304	35,946	37,608	68,408	79,981	96,506	99,443		
Three Years Later	18,826	23,303	35,986	37,629	68,391	79,906	96,601			
Four Years Later	18,826	23,303	35,986	37,629	68,617	79,906				
Five Years Later	18,826	23,303	35,986	37,713	68,617					
Six Years Later	18,826	23,303	35,986	37,713						
Seven Years Later	18,826	23,303	35,986							
Eight Years Later	18,826	23,303								
Nine Years Later	18,826									
7. Increase (Decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year:										
	$ 38	$ 660	$ (38)	$ 663	$ 589	$ 1,201	$ (488)	$ 44	$ (95)	$ —

The rows of the table are defined as follows:

1. This section shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the fund including overhead and claims expense not allocable to individual claims.
3. This section shows the fund's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, and emergence of new claims not previously known.)
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (section 3) and shows whether this latest estimate of net claims cost is greater or less than originally estimated. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

MINNESOTA

State of Minnesota

Combining and Individual Fund Statements – Nonmajor Funds

2019
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State of Minnesota

2019
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Nonmajor Special Revenue, Debt Service, Permanent and Capital Projects Funds

Debt Service Fund

The fund accounts for the accumulation of resources for, and the payment of, most general obligation and state appropriation long-term debt principal and interest as well as lease-purchase financing for technology improvement.

Permanent Fund

Permanent School Fund

The constitutionally established trust fund receives revenue from investments and the sale of state land and timber for distribution to school districts.

STATE OF MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
COMBINING BALANCE SHEET
JUNE 30, 2019
(IN THOUSANDS)

			PERMANENT		
	SPECIAL REVENUE	DEBT SERVICE	PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
ASSETS					
Cash and Cash Equivalents	$ 4,171,020	$ 773,230	$ 59,729	$ 327,537	$ 5,331,516
Investments	292,242	99,814	1,462,559	—	1,854,615
Accounts Receivable	309,149	—	9,002	—	318,151
Interfund Receivables	46,099	—	1,122	17,383	64,604
Due from Component Units	—	94,478	—	—	94,478
Accrued Investment/Interest Income	753	600	4,981	—	6,334
Federal Aid Receivable	78,073	—	—	—	78,073
Inventories	32,879	—	—	—	32,879
Loans and Notes Receivable	122,578	—	—	—	122,578
Investment In Land	—	—	15,962	—	15,962
Total Assets	$ 5,052,793	$ 968,122	$ 1,553,355	$ 344,920	$ 7,919,190
LIABILITIES					
Accounts Payable	$ 586,605	$ 2	$ 91	$ 87,148	$ 673,846
Interfund Payables	36,345	27,164	9,227	2,045	74,781
Due to Component Units	3,986	—	—	76,067	80,053
Total Liabilities	$ 626,936	$ 27,166	$ 9,318	$ 165,260	$ 828,680
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	$ 106,496	$ —	$ 242	$ —	$ 106,738
Total Deferred Inflows of Resources	$ 106,496	$ —	$ 242	$ —	$ 106,738
FUND BALANCES					
Nonspendable	$ 33,879	$ —	$ 1,534,199	$ —	$ 1,568,078
Restricted	3,621,753	940,956	9,596	126,147	4,698,452
Committed	663,729	—	—	—	663,729
Assigned	—	—	—	53,513	53,513
Total Fund Balances	$ 4,319,361	$ 940,956	$ 1,543,795	$ 179,660	$ 6,983,772
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,052,793	$ 968,122	$ 1,553,355	$ 344,920	$ 7,919,190

STATE OF MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
Net Revenues:					
Sales Taxes	$ 476,658	$ —	$ —	$ 12,730	$ 489,388
Motor Vehicle Taxes	1,303,370	—	—	—	1,303,370
Fuel Taxes	930,988	—	—	—	930,988
Other Taxes	223,278	—	—	—	223,278
Federal Revenues	701,203	—	—	—	701,203
Licenses and Fees	344,565	—	143	—	344,708
Departmental Services	158,320	—	37,903	—	196,223
Investment/Interest Income	112,578	32,160	133,268	—	278,006
Other Revenues	321,753	902	77	—	322,732
Net Revenues	$ 4,572,713	$ 33,062	$ 171,391	$ 12,730	$ 4,789,896
Expenditures:					
Agricultural, Environmental and Energy Resources	$ 590,999	$ —	$ 9,129	$ 37,682	$ 637,810
Economic and Workforce Development	207,039	—	—	99,943	306,982
General Education	35,127	—	35,996	7,079	78,202
General Government	88,003	—	201	6,445	94,649
Health and Human Services	210,899	—	—	2,548	213,447
Higher Education	26,710	—	—	118,230	144,940
Intergovernmental Aid	190	—	—	—	190
Public Safety and Corrections	276,967	—	—	12,106	289,073
Transportation	2,420,692	—	—	163,844	2,584,536
Total Current Expenditures	$ 3,856,626	$ —	$ 45,326	$ 447,877	$ 4,349,829
Capital Outlay	428,116	—	—	187,120	615,236
Debt Service	2,372	920,736	—	—	923,108
Total Expenditures	$ 4,287,114	$ 920,736	$ 45,326	$ 634,997	$ 5,888,173
Excess of Revenues Over (Under) Expenditures	$ 285,599	$ (887,674)	$ 126,065	$ (622,267)	$ (1,098,277)
Other Financing Sources (Uses):					
Bond Issuance	$ —	$ 19,875	$ —	$ 579,657	$ 599,532
Bond Issue Premium	—	18,294	—	60,250	78,544
Transfers-In	87,799	867,294	2,442	41,283	998,818
Transfers-Out	(297,719)	(33)	(329)	(62,660)	(360,741)
Net Other Financing Sources (Uses)	$ (209,920)	$ 905,430	$ 2,113	$ 618,530	$ 1,316,153
Net Change in Fund Balances	$ 75,679	$ 17,756	$ 128,178	$ (3,737)	$ 217,876
Fund Balances, Beginning, as Reported	$ 4,243,682	$ 923,200	$ 1,415,617	$ 183,397	$ 6,765,896
Fund Balances, Ending	$ 4,319,361	$ 940,956	$ 1,543,795	$ 179,660	$ 6,983,772

MINNESOTA

State of Minnesota

2019
Comprehensive
Annual
Financial Report

Nonmajor Special Revenue Funds

Trunk Highway Fund

The fund receives a portion of the revenue from taxes on motor vehicles and motor fuels and federal grants to plan, design, construct, and maintain the state trunk highway system.

Highway User Tax Distribution Fund

The fund receives a portion of the revenue from taxes on motor vehicles and motor fuels to administer vehicle licensing services.

State Airports Fund

The fund uses revenue from aviation-related taxes and fees to provide technical and financial assistance to municipal airports and to promote aviation safety, planning, and regulation.

Municipal State-Aid Street Fund

The fund receives a portion of the revenue from taxes on motor vehicles and motor fuels to plan, design, construct, and maintain the municipal state aid street system.

County State-Aid Highway Fund

The fund receives a portion of the revenue from taxes on motor vehicles and motor fuels to plan, design, construct, and maintain the county state aid highway system.

Petroleum Tank Cleanup Fund

The fund receives funding from a fee imposed on petroleum distributors to reimburse responsible parties for most of their costs to clean up environmental contamination from petroleum tanks.

Nonmajor Special Revenue Funds – Continued

Natural Resources Fund

The fund receives taxes from fuel used in recreational vehicles, and fees and donations that are used to fund management of the related natural resource programs.

Game and Fish Fund

The fund receives revenues from license fees and fines related to hunting and fishing which are spent for related purposes.

Environmental and Remediation Fund

The fund accounts for activities that monitor and control environmental problems using taxes and fees from activities and industries contributing to environmental problems. It also accounts for activities that respond to, and correct releases of, hazardous substances, pollutants, chemicals, and petroleum, as well as environmental actions at qualified landfill facilities.

Douglas J. Johnson Economic Protection Trust Fund

The fund receives distribution from taconite production taxes to be held in trust or expended only in economic emergency for the purposes of rehabilitation and diversification of industry in the area largely dependent on the taconite mining industry.

Heritage Fund

The fund receives a portion of sales and use taxes to restore, protect, and enhance the outdoors, water quality, parks and trails, and arts and cultural heritage.

Endowment Fund

The fund receives gifts and donations that may be expended only for those purposes specified by the donors.

Special Compensation Fund

The fund receives assessments on all insurers for administration of the state workers' compensation program, including enforcement, reimbursement of certain supplemental benefits, and payment of claims to employees of uninsured and bankrupt firms.

Workforce Development Fund

The fund receives special assessments levied on employers for employment and training programs.

Miscellaneous Special Revenue Fund

The fund includes numerous smaller accounts whose revenues are restricted or committed to a variety of specific purposes.

STATE OF MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
ASSETS			
Cash and Cash Equivalents	$ 977,482	$ 11,455	$ 30,415
Investments	—	—	—
Accounts Receivable	67,944	—	1,571
Interfund Receivables	103	—	—
Accrued Investment/Interest Income	—	—	—
Federal Aid Receivable	74,384	—	—
Inventories	32,868	—	—
Loans and Notes Receivable	—	—	2,116
Total Assets	$ 1,152,781	$ 11,455	$ 34,102
LIABILITIES			
Accounts Payable	$ 179,766	$ 413	$ 3,880
Interfund Payables	—	10,676	—
Due to Component Units	835	—	—
Total Liabilities	$ 180,601	$ 11,089	$ 3,880
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	$ 2,146	$ —	$ 40
Total Deferred Inflows of Resources	$ 2,146	$ —	$ 40
FUND BALANCES			
Nonspendable	$ 32,868	$ —	$ —
Restricted	937,166	366	30,182
Committed	—	—	—
Total Fund Balances	$ 970,034	$ 366	$ 30,182
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,152,781	$ 11,455	$ 34,102

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION
	$ 190,976	$ 707,088	$ 14,037	$ 78,105	$ 54,993	$ 795,083
	—	—	—	—	30,006	106,049
	8,111	30,863	115	3,090	1,202	10,726
	14	54	—	20,440	1,142	3,342
	—	—	—	—	70	252
	24	66	—	—	3,479	—
	—	—	—	—	—	—
	—	—	—	—	—	368
	$ 199,125	$ 738,071	$ 14,152	$ 101,635	$ 90,892	$ 915,820
	$ 48,939	$ 195,362	$ 1,759	$ 8,205	$ 9,179	$ 10,898
	—	—	3,342	1,497	332	—
	55	178	—	—	85	342
	$ 48,994	$ 195,540	$ 5,101	$ 9,702	$ 9,596	$ 11,240
	$ 211	$ 792	$ 115	$ 369	$ 68	$ 3,135
	$ 211	$ 792	$ 115	$ 369	$ 68	$ 3,135
	$ —	$ —	$ —	$ —	$ —	$ —
	149,920	541,739	8,936	—	81,228	901,445
	—	—	—	91,564	—	—
	$ 149,920	$ 541,739	$ 8,936	$ 91,564	$ 81,228	$ 901,445
	$ 199,125	$ 738,071	$ 14,152	$ 101,635	$ 90,892	$ 915,820

CONTINUED

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING BALANCE SHEET
JUNE 30, 2019
(IN THOUSANDS)

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
ASSETS			
Cash and Cash Equivalents	$ 73,301	$ 514,898	$ 42,161
Investments	154,568	—	1,619
Accounts Receivable	1,987	30,398	134
Interfund Receivables	—	—	—
Accrued Investment/Interest Income	426	—	5
Federal Aid Receivable	—	—	—
Inventories	—	—	—
Loans and Notes Receivable	36,156	—	—
Total Assets	$ 266,438	$ 545,296	$ 43,919
LIABILITIES			
Accounts Payable	$ 569	$ 20,098	$ 660
Interfund Payables	—	843	—
Due to Component Units	—	517	19
Total Liabilities	$ 569	$ 21,458	$ 679
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	$ 1,957	$ —	$ 3
Total Deferred Inflows of Resources	$ 1,957	$ —	$ 3
FUND BALANCES			
Nonspendable	$ —	$ —	$ 1,000
Restricted	—	523,838	42,237
Committed	263,912	—	—
Total Fund Balances	$ 263,912	$ 523,838	$ 43,237
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 266,438	$ 545,296	$ 43,919

SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
$ 50,951	$ 63,524	$ 566,551	$ 4,171,020
—	—	—	292,242
77,041	19,600	56,367	309,149
842	52	20,110	46,099
—	—	—	753
—	—	120	78,073
—	—	11	32,879
—	—	83,938	122,578
$ 128,834	$ 83,176	$ 727,097	$ 5,052,793
$ 11,472	$ 5,718	$ 89,687	$ 586,605
—	—	19,655	36,345
—	—	1,955	3,986
$ 11,472	$ 5,718	$ 111,297	$ 626,936
$ 78,658	$ 2,131	$ 16,871	$ 106,496
$ 78,658	$ 2,131	$ 16,871	$ 106,496
$ —	$ —	$ 11	$ 33,879
38,704	75,327	290,665	3,621,753
—	—	308,253	663,729
$ 38,704	$ 75,327	$ 598,929	$ 4,319,361
$ 128,834	$ 83,176	$ 727,097	$ 5,052,793

STATE OF MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
Net Revenues:			
Sales Taxes	$ 54,122	$ —	$ 9,576
Motor Vehicle Taxes	756,942	7,924	10,318
Fuel Taxes	529,293	4,141	5,066
Other Taxes	—	—	—
Federal Revenues	664,479	—	—
Licenses and Fees	7,964	1,492	966
Departmental Services	6,912	771	3
Investment/Interest Income	21,117	—	515
Other Revenues	30,759	—	14
Net Revenues	$ 2,071,588	$ 14,328	$ 26,458
Expenditures:			
Agricultural, Environmental and Energy Resources	$ —	$ —	$ —
Economic and Workforce Development	—	—	—
General Education	—	—	—
General Government	—	2,189	—
Health and Human Services	—	—	—
Higher Education	—	—	—
Intergovernmental Aid	—	—	—
Public Safety and Corrections	115,604	14,395	—
Transportation	1,287,644	135	27,510
Total Current Expenditures	$ 1,403,248	$ 16,719	$ 27,510
Capital Outlay	398,403	—	—
Debt Service	403	52	—
Total Expenditures	$ 1,802,054	$ 16,771	$ 27,510
Excess of Revenues Over (Under) Expenditures	$ 269,534	$ (2,443)	$ (1,052)
Other Financing Sources (Uses):			
Transfers-In	$ 6,053	$ —	$ —
Transfers-Out	(214,904)	—	(31)
Net Other Financing Sources (Uses)	$ (208,851)	$ —	$ (31)
Net Change in Fund Balances	$ 60,683	$ (2,443)	$ (1,083)
Fund Balances, Beginning, as Reported	$ 909,351	$ 2,809	$ 31,265
Fund Balances, Ending	$ 970,034	$ 366	$ 30,182

MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION
$ 7,856	$ 67,121	$ —	$ —	$ —	$ —
109,877	418,309	—	—	—	—
76,834	292,503	—	22,090	—	—
—	—	—	—	—	66,060
245	274	—	265	34,381	(63)
—	—	353	29,979	67,667	39,967
—	—	—	32,411	1,553	6,969
4,345	15,491	525	561	3,852	27,695
—	—	19	2,475	135	4,931
$ 199,157	$ 793,698	$ 897	$ 87,781	$ 107,588	$ 145,559
$ —	$ —	$ 6,603	$ 89,184	$ 113,311	$ 118,568
—	—	5,730	—	—	800
—	—	—	160	—	—
—	—	—	—	—	353
—	—	—	—	—	1,241
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	4	—	71
211,889	802,237	—	6,000	—	—
$ 211,889	$ 802,237	$ 12,333	$ 95,348	$ 113,311	$ 121,033
1	9	—	456	942	14
—	—	—	30	11	—
$ 211,890	$ 802,246	$ 12,333	$ 95,834	$ 114,264	$ 121,047
$ (12,733)	$ (8,548)	$ (11,436)	$ (8,053)	$ (6,676)	$ 24,512
$ —	$ 2,000	$ 775	$ 20,652	$ 15,990	$ 10,955
(24)	(76)	(10,951)	(4,321)	(1,629)	(791)
$ (24)	$ 1,924	$ (10,176)	$ 16,331	$ 14,361	$ 10,164
$ (12,757)	$ (6,624)	$ (21,612)	$ 8,278	$ 7,685	$ 34,676
$ 162,677	$ 548,363	$ 30,548	$ 83,286	$ 73,543	$ 866,769
$ 149,920	$ 541,739	$ 8,936	$ 91,564	$ 81,228	$ 901,445

CONTINUED

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
Net Revenue:			
Sales Taxes	$ —	$ 337,875	$ —
Motor Vehicle Taxes	—	—	—
Fuel Taxes	—	—	—
Other Taxes	2,358	—	—
Federal Revenues	—	—	—
Licenses and Fees	—	—	—
Departmental Services	90	—	4,986
Investment/Interest Income	16,229	10,487	1,047
Other Revenues	—	183	11,021
Net Revenues	$ 18,677	$ 348,545	$ 17,054
Expenditures:			
Agricultural, Environmental and Energy Resources	$ —	$ 167,259	$ 3,589
Economic and Workforce Development	2,887	11,637	297
General Education	—	16,180	1,198
General Government	—	46,696	1,448
Health and Human Services	—	4,899	607
Higher Education	—	1,007	27
Intergovernmental Aid	—	—	—
Public Safety and Corrections	—	—	312
Transportation	—	19,841	—
Total Current Expenditures	$ 2,887	$ 267,519	$ 7,478
Capital Outlay	—	21,530	1,527
Debt Service	1,521	—	—
Total Expenditures	$ 4,408	$ 289,049	$ 9,005
Excess of Revenues Over (Under) Expenditures	$ 14,269	$ 59,496	$ 8,049
Other Financing Sources (Uses):			
Transfers-In	$ 3,119	$ 1,116	$ 953
Transfers-Out	—	(1,129)	(7,771)
Net Other Financing Sources (Uses)	$ 3,119	$ (13)	$ (6,818)
Net Change in Fund Balances	$ 17,388	$ 59,483	$ 1,231
Fund Balances, Beginning, as Reported	$ 246,524	$ 464,355	$ 42,006
Fund Balances, Ending	$ 263,912	$ 523,838	$ 43,237

SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
$ —	$ —	$ 108	$ 476,658
—	—	—	1,303,370
—	—	1,061	930,988
68,805	62,478	23,577	223,278
—	—	1,622	701,203
2,325	—	193,852	344,565
3,400	—	101,225	158,320
1,820	1,384	7,510	112,578
—	—	272,216	321,753
$ 76,350	$ 63,862	$ 601,171	$ 4,572,713
$ 763	$ —	$ 91,722	$ 590,999
78,092	57,010	50,586	207,039
—	—	17,589	35,127
7,002	—	30,315	88,003
—	—	204,152	210,899
—	—	25,676	26,710
—	—	190	190
—	—	146,581	276,967
—	—	65,436	2,420,692
$ 85,857	$ 57,010	$ 632,247	$ 3,856,626
—	—	5,234	428,116
4	—	351	2,372
$ 85,861	$ 57,010	$ 637,832	$ 4,287,114
$ (9,511)	$ 6,852	$ (36,661)	$ 285,599
$ —	$ —	$ 26,186	$ 87,799
(85)	(2,011)	(53,996)	(297,719)
$ (85)	$ (2,011)	$ (27,810)	$ (209,920)
$ (9,596)	$ 4,841	$ (64,471)	$ 75,679
$ 48,300	$ 70,486	$ 663,400	$ 4,243,682
$ 38,704	$ 75,327	$ 598,929	$ 4,319,361

STATE OF MINNESOTA

NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	TRUNK HIGHWAY		HIGHWAY USER TAX DISTRIBUTION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	$ —	$ —	$ 91,104	$ 90,276
Motor Vehicle Taxes	—	—	1,296,109	1,289,638
Fuel Taxes	—	—	939,900	937,561
Other Taxes	—	—	—	—
Federal Revenues	468,175	627,708	—	—
Licenses and Fees	7,800	7,907	1,500	1,492
Departmental Services	13,380	12,820	943	769
Investment/Interest Income	16,985	18,901	3,536	3,763
Other Revenues	30,557	32,534	—	—
Net Revenues	$ 536,897	$ 699,870	$ 2,333,092	$ 2,323,499
Expenditures:				
Agricultural, Environmental and Energy Resources	$ —	$ —	$ —	$ —
Economic and Workforce Development	—	—	—	—
General Education	—	—	—	—
General Government	—	—	2,190	2,190
Health and Human Services	—	—	—	—
Higher Education	—	—	—	—
Intergovernmental Aid	—	—	110	110
Public Safety and Corrections	116,821	116,678	11,547	11,543
Transportation	1,802,096	1,796,051	135	135
Total Expenditures	$ 1,918,917	$ 1,912,729	$ 13,982	$ 13,978
Excess of Revenues Over (Under) Expenditures	$ (1,382,020)	$ (1,212,859)	$ 2,319,110	$ 2,309,521
Other Financing Sources (Uses):				
Transfers-In	$ 1,358,233	$ 1,353,773	$ —	$ —
Transfers-Out	(214,903)	(214,903)	(2,311,402)	(2,311,402)
Net Other Financing Sources (Uses)	$ 1,143,330	$ 1,138,870	$ (2,311,402)	$ (2,311,402)
Net Change in Fund Balances	$ (238,690)	$ (73,989)	$ 7,708	$ (1,881)
Fund Balances, Beginning, as Reported	$ 437,045	$ 437,045	$ 12,052	$ 12,052
Prior Period Adjustments	—	61,469	—	1,763
Fund Balances, Beginning, as Restated	$ 437,045	$ 498,514	$ 12,052	$ 13,815
Budgetary Fund Balances, Ending	$ 198,355	$ 424,525	$ 19,760	$ 11,934
Less: Appropriation Carryover	—	61,023	—	—
Less: Reserved for Long-Term Receivables	—	—	—	—
Unassigned Fund Balance, Ending	$ 198,355	$ 363,502	$ 19,760	$ 11,934

STATE AIRPORTS		PETROLEUM TANK CLEANUP		NATURAL RESOURCES	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
$ 6,000	$ 9,572	$ —	$ —	$ 14,760	$ 14,964
10,400	10,299	—	—	—	—
6,300	5,223	—	—	—	—
—	—	—	—	—	—
—	—	—	—	401	265
916	965	25,006	378	27,831	29,595
2	3	—	—	32,117	31,557
487	515	250	525	176	561
40	45	50	32	1,684	2,479
$ 24,145	$ 26,622	$ 25,306	$ 935	$ 76,969	$ 79,421
$ —	$ —	$ 6,965	$ 6,736	$ 116,954	$ 103,253
—	—	8,523	8,523	—	—
—	—	—	—	160	160
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	4	4
26,826	26,748	—	—	6,000	6,000
$ 26,826	$ 26,748	$ 15,488	$ 15,259	$ 123,118	$ 109,417
$ (2,681)	$ (126)	$ 9,818	$ (14,324)	$ (46,149)	$ (29,996)
$ —	$ —	$ —	$ 775	$ 36,522	$ 35,776
(31)	(31)	(10,951)	(10,951)	(4,220)	(4,220)
$ (31)	$ (31)	$ (10,951)	$ (10,176)	$ 32,302	$ 31,556
$ (2,712)	$ (157)	$ (1,133)	$ (24,500)	$ (13,847)	$ 1,560
$ 14,535	$ 14,535	$ 25,647	$ 25,647	$ 56,441	$ 56,441
—	1,947	—	247	—	1,548
$ 14,535	$ 16,482	$ 25,647	$ 25,894	$ 56,441	$ 57,989
$ 11,823	$ 16,325	$ 24,514	$ 1,394	$ 42,594	$ 59,549
—	8,007	—	3,810	—	12,589
—	2,116	—	—	—	—
$ 11,823	$ 6,202	$ 24,514	$ (2,416)	$ 42,594	$ 46,960

CONTINUED

STATE OF MINNESOTA

NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	GAME AND FISH		ENVIRONMENTAL & REMEDIATION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	$ 14,759	$ 14,964	$ —	$ —
Motor Vehicle Taxes	—	—	—	—
Fuel Taxes	—	—	—	—
Other Taxes	—	—	64,472	65,868
Federal Revenues	33,000	33,804	—	—
Licenses and Fees	69,738	67,564	36,902	39,966
Departmental Services	1,366	1,557	1,680	6,971
Investment/Interest Income	855	1,021	10,860	17,854
Other Revenues	144	153	9,945	4,561
Net Revenues	$ 119,862	$ 119,063	$ 123,859	$ 135,220
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 121,452	$ 119,012	$ 123,624	$ 122,403
Economic and Workforce Development	—	—	801	801
General Education	—	—	—	—
General Government	—	—	374	353
Health and Human Services	—	—	1,193	1,191
Higher Education	—	—	—	—
Intergovernmental Aid	—	—	—	—
Public Safety and Corrections	—	—	74	71
Transportation	—	—	—	—
Total Expenditures	$ 121,452	$ 119,012	$ 126,066	$ 124,819
Excess of Revenues Over (Under) Expenditures	$ (1,590)	$ 51	$ (2,207)	$ 10,401
Other Financing Sources (Uses):				
Transfers-In	$ 1,026	$ 1,026	$ 11,640	$ 10,955
Transfers-Out	(1,647)	(1,647)	(791)	(791)
Net Other Financing Sources (Uses)	$ (621)	$ (621)	$ 10,849	$ 10,164
Net Change in Fund Balances	$ (2,211)	$ (570)	$ 8,642	$ 20,565
Fund Balances, Beginning, as Reported	$ 54,325	$ 54,325	$ 762,321	$ 762,321
Prior Period Adjustments	—	1,440	—	2,133
Fund Balances, Beginning, as Restated	$ 54,325	$ 55,765	$ 762,321	$ 764,454
Budgetary Fund Balances, Ending	$ 52,114	$ 55,195	$ 770,963	$ 785,019
Less: Appropriation Carryover	—	9,967	—	750,826
Less: Reserved for Long-Term Receivables	—	—	—	368
Unassigned Fund Balance, Ending	$ 52,114	$ 45,228	$ 770,963	$ 33,825

HERITAGE		SPECIAL COMPENSATION		WORKFORCE DEVELOPMENT	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
$ 329,088	$ 335,524	$ —	$ —	$ —	$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	72,918	69,210	57,544	60,167
—	—	—	—	—	—
—	—	1,953	1,971	—	—
—	—	3,732	3,245	—	—
5,832	10,487	1,301	1,802	240	1,384
—	461	—	—	—	—
$ 334,920	$ 346,472	$ 79,904	$ 76,228	$ 57,784	$ 61,551
$ 241,281	$ 238,299	$ 765	$ 765	$ —	$ —
12,955	12,955	97,483	97,356	60,774	59,669
25,313	25,313	—	—	—	—
46,658	46,545	8,583	7,150	—	—
5,234	5,232	—	—	—	—
1,007	1,007	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
19,841	19,841	—	—	—	—
$ 352,289	$ 349,192	$ 106,831	$ 105,271	$ 60,774	$ 59,669
$ (17,369)	$ (2,720)	$ (26,927)	$ (29,043)	$ (2,990)	$ 1,882
$ 1,231	$ 1,115	$ —	$ —	$ —	$ —
(1,152)	(1,152)	(85)	(85)	(370)	(370)
$ 79	$ (37)	$ (85)	$ (85)	$ (370)	$ (370)
$ (17,290)	$ (2,757)	$ (27,012)	$ (29,128)	$ (3,360)	$ 1,512
$ 228,776	$ 228,776	$ 70,240	$ 70,240	$ 21,414	$ 21,414
—	19,841	—	1,399	—	4,226
$ 228,776	$ 248,617	$ 70,240	$ 71,639	$ 21,414	$ 25,640
$ 211,486	$ 245,860	$ 43,228	$ 42,511	$ 18,054	$ 27,152
—	178,010	—	20,204	—	460
—	—	—	—	—	—
$ 211,486	$ 67,850	$ 43,228	$ 22,307	$ 18,054	$ 26,692

CONTINUED

STATE OF MINNESOTA

NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	MISCELLANEOUS SPECIAL REVENUE RENEWABLE DEVELOPMENT ACCOUNT		COMBINED TOTALS	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	$ —	$ —	$ 455,711	$ 465,300
Motor Vehicle Taxes	—	—	1,306,509	1,299,937
Fuel Taxes	—	—	946,200	942,784
Other Taxes	—	—	194,934	195,245
Federal Revenues	—	—	501,576	661,777
Licenses and Fees	—	—	171,646	149,838
Departmental Services	—	—	53,220	56,922
Investment/Interest Income	1,014	1,677	41,536	58,490
Other Revenues	12,567	12,567	54,987	52,832
Net Revenues	$ 13,581	$ 14,244	$ 3,726,319	$ 3,883,125
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 3,607	$ 3,599	$ 614,648	$ 594,067
Economic and Workforce Development	—	—	180,536	179,304
General Education	—	—	25,473	25,473
General Government	—	—	57,805	56,238
Health and Human Services	—	—	6,427	6,423
Higher Education	—	—	1,007	1,007
Intergovernmental Aid	—	—	110	110
Public Safety and Corrections	—	—	128,446	128,296
Transportation	—	—	1,854,898	1,848,775
Total Expenditures	$ 3,607	$ 3,599	$ 2,869,350	$ 2,839,693
Excess of Revenues Over (Under) Expenditures	$ 9,974	$ 10,645	$ 856,969	$ 1,043,432
Other Financing Sources (Uses):				
Transfers-In	$ —	$ —	$ 1,408,652	$ 1,403,420
Transfers-Out	—	—	(2,545,552)	(2,545,552)
Net Other Financing Sources (Uses)	$ —	$ —	$ (1,136,900)	$ (1,142,132)
Net Change in Fund Balances	$ 9,974	$ 10,645	$ (279,931)	$ (98,700)
Fund Balances, Beginning, as Reported	$ 48,028	$ 48,028	$ 1,730,824	$ 1,730,824
Prior Period Adjustments	—	107	—	96,120
Fund Balances, Beginning, as Restated	$ 48,028	$ 48,135	$ 1,730,824	$ 1,826,944
Budgetary Fund Balances, Ending	$ 58,002	$ 58,780	$ 1,450,893	$ 1,728,244
Less: Appropriation Carryover	—	150	—	1,045,046
Less: Reserved for Long-Term Receivables	—	—	—	2,484
Unassigned Fund Balance, Ending	$ 58,002	$ 58,630	$ 1,450,893	$ 680,714

NOTE TO NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

Budgetary Basis vs GAAP
Nonmajor Appropriated Special Revenue Funds

Actual revenues, transfers-in, expenditures, encumbrances, and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Appropriated Special Revenue Fund - Budget and Actual. This inequality results primarily from the differences in the recognition of accruals, reimbursements, deferred revenue, and intrafund transactions, and from the budgetary basis of accounting for encumbrances. On the budgetary basis, encumbrances are recognized as expenditures in the year encumbered. The modified accrual basis of accounting recognizes expenditures when the goods or services are received, regardless of the year funds are encumbered. The GAAP fund balances also include several funds that are not included in the budgetary fund balances. A reconciliation of the fund balances under the two bases of accounting for the Nonmajor Appropriated Special Revenue Funds is provided in the following table.

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	PETROLEUM TANK CLEANUP
GAAP Basis Fund Balance:	$ 970,034	$ 366	$ 30,182	$ 8,936
Less: Nonspendable Inventory	32,868	—	—	—
Less: Encumbrances	958,476	61	13,047	7,542
Unassigned Fund Balance	$ (21,310)	$ 305	$ 17,135	$ 1,394
Basis of Accounting Differences:				
Revenue Accruals/Adjustments:				
Taxes Receivable	$ (40,051)	$ —	$ (810)	$ —
Other Receivables	—	(877)	—	—
Investments at Market	—	—	—	—
Expenditure Accruals/Adjustments:				
Other Payables	1,184	12,506	—	—
Other Financing Sources (Uses):				
Transfers-In	—	—	—	—
Transfers-Out	—	—	—	—
Perspective Differences:				
Accounts with no Legally Adopted Budget	—	—	—	—
Appropriation Carryover	(61,023)	—	(8,007)	(3,810)
Long-Term Receivables	—	—	(2,116)	—
Long-Term Commitments	484,702	—	—	—
Budgetary Basis:				
Unassigned Fund Balance	$ 363,502	$ 11,934	$ 6,202	$ (2,416)

NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION	HERITAGE	SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE
$ 91,564	$ 81,228	$ 901,445	$ 523,838	$ 38,704	$ 75,327	$ 598,929
—	—	—	—	—	—	—
11,448	7,216	9,496	248,754	690	30,733	7,711
$ 80,116	$ 74,012	$ 891,949	$ 275,084	$ 38,014	$ 44,594	$ 591,218
$ —	$ —	$ (7,504)	$ (30,349)	$ —	$ (17,390)	$ —
(20,587)	(1,060)	213	—	(2,674)	(52)	—
—	(16,947)	(2,841)	—	—	—	—
120	—	—	1,125	7,171	—	—
(1,597)	(1,142)	—	—	—	—	—
1,497	332	—	—	—	—	—
—	—	(96,798)	—	—	—	(532,438)
(12,589)	(9,967)	(750,826)	(178,010)	(20,204)	(460)	(150)
—	—	(368)	—	—	—	—
—	—	—	—	—	—	—
$ 46,960	$ 45,228	$ 33,825	$ 67,850	$ 22,307	$ 26,692	$ 58,630

MINNESOTA

State of Minnesota

Nonmajor Capital Projects Funds

2019 Comprehensive Annual Financial Report

Building Fund

The fund receives revenue from the sale of certificates of participation and state bonds to finance technology development and to provide funds for the acquisition, maintenance, and betterment of state and local lands and buildings.

General Projects Fund

The fund receives monies appropriated from the General Fund for building, maintenance, or capital improvement projects.

Transportation Fund

The fund receives transportation bond proceeds, General Fund appropriations, and federal grants for the construction or reconstruction of state and locally-owned transportation infrastructure.

STATE OF MINNESOTA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019
(IN THOUSANDS)

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 146,110	$ 57,163	$ 124,264	$ 327,537
Interfund Receivables	17,383	—	—	17,383
Total Assets	$ 163,493	$ 57,163	$ 124,264	$ 344,920
LIABILITIES				
Accounts Payable	$ 57,051	$ 3,650	$ 26,447	$ 87,148
Interfund Payables	2,043	—	2	2,045
Due to Component Units	76,067	—	—	76,067
Total Liabilities	$ 135,161	$ 3,650	$ 26,449	$ 165,260
FUND BALANCES				
Restricted	$ 28,332	$ —	$ 97,815	$ 126,147
Assigned	—	53,513	—	53,513
Total Fund Balances	$ 28,332	$ 53,513	$ 97,815	$ 179,660
Total Liabilities and Fund Balances	$ 163,493	$ 57,163	$ 124,264	$ 344,920

STATE OF MINNESOTA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
Net Revenues:				
Sales Taxes	$ —	$ —	$ 12,730	$ 12,730
Net Revenues	$ —	$ —	$ 12,730	$ 12,730
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 35,491	$ 2,191	$ —	$ 37,682
Economic and Workforce Development	96,237	3,706	—	99,943
General Education	5,941	1,138	—	7,079
General Government	5,211	1,149	85	6,445
Health and Human Services	1,258	1,290	—	2,548
Higher Education	118,230	—	—	118,230
Public Safety and Corrections	12,106	—	—	12,106
Transportation	55,640	2,335	105,869	163,844
Total Current Expenditures	$ 330,114	$ 11,809	$ 105,954	$ 447,877
Capital Outlay	86,303	—	100,817	187,120
Total Expenditures	$ 416,417	$ 11,809	$ 206,771	$ 634,997
Excess of Revenues Over (Under) Expenditures	$ (416,417)	$ (11,809)	$ (194,041)	$ (622,267)
Other Financing Sources (Uses):				
Bond Issuance	$ 322,317	$ —	$ 257,340	$ 579,657
Bond Issue Premium	51,972	—	8,278	60,250
Transfers-In	33	41,250	—	41,283
Transfers-Out	(62,660)	—	—	(62,660)
Net Other Financing Sources (Uses)	$ 311,662	$ 41,250	$ 265,618	$ 618,530
Net Change in Fund Balances	$ (104,755)	$ 29,441	$ 71,577	$ (3,737)
Fund Balances, Beginning, as Reported	$ 133,087	$ 24,072	$ 26,238	$ 183,397
Fund Balances, Ending	$ 28,332	$ 53,513	$ 97,815	$ 179,660

MINNESOTA

State of Minnesota

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Nonmajor Enterprise Funds

Behavioral Services Fund

The fund accounts for the activity of state regional treatment centers for chemical dependency treatment services and for the activity of state neurorehabilitation services.

Enterprise Activities Fund

The fund includes various minor activities providing services to the general public or local governmental units.

Giants Ridge Fund

The fund accounts for a recreation area established to foster economic development and tourism within St. Louis County.

Minnesota Correctional Industries Fund

The fund accounts for the activity of state correctional industries which facilitates offender rehabilitation by providing facilities and assistance for manufacturing and marketing goods primarily to governmental entities.

MNsure Fund

The fund accounts for the on-going operations of MNsure, which is Minnesota's state-run health insurance exchange under the federal Affordable Care Act.

911 Services Fund

The fund accounts for activities related to the enhancement of the state's 911 emergency response system.

Public Employees Insurance Fund

The fund provides hospital, medical, and dental benefit coverage as well as life insurance coverage to public employees and other eligible persons.

Nonmajor Enterprise Funds – Continued

State Lottery Fund

The fund accounts for the operations of the state lottery. Forty percent (40%) of the net proceeds are transferred to the Environment and Natural Resources Fund, with the remainder transferred to the General Fund.

State Operated Community Services Fund

The fund accounts for waiver residential and day treatment and rehabilitation services for individuals with developmental disabilities.

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 3,789	$ 49,269	$ 2,604	$ 12,921
Accounts Receivable	1,043	5,752	100	5,131
Interfund Receivables	—	—	—	—
Inventories	—	351	201	6,513
Prepaid Expenses	—	—	—	—
Total Current Assets	$ 4,832	$ 55,372	$ 2,905	$ 24,565
Noncurrent Assets:				
Accounts Receivable	$ 1,381	$ 2	$ —	$ —
Depreciable Capital Assets (Net)	262	307	25,534	6,625
Nondepreciable Capital Assets	—	3	2,214	—
Total Noncurrent Assets	$ 1,643	$ 312	$ 27,748	$ 6,625
Total Assets	$ 6,475	$ 55,684	$ 30,653	$ 31,190
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	$ 7,732	$ 8,152	$ 305	$ 10,531
Deferred Other Postemployment Benefits Outflows	62	33	2	88
Total Deferred Outflows of Resources	$ 7,794	$ 8,185	$ 307	$ 10,619
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 992	$ 27,077	$ 142	$ 1,554
Interfund Payables	—	—	—	—
Due to Component Units	—	—	—	—
Unearned Revenue	—	9	—	—
Accrued Interest Payable	—	—	—	—
Bonds and Notes Payable	—	—	—	—
Claims Payable	—	—	—	—
Compensated Absences Payable	167	78	3	180
Total Current Liabilities	$ 1,159	$ 27,164	$ 145	$ 1,734
Noncurrent Liabilities:				
Unearned Revenues	$ —	$ —	$ —	$ —
Bonds and Notes Payable	—	—	—	—
Compensated Absences Payable	804	711	11	1,152
Other Postemployment Benefits	1,103	594	27	1,237
Net Pension Liability	2,540	2,677	100	9,424
Total Noncurrent Liabilities	$ 4,447	$ 3,982	$ 138	$ 11,813
Total Liabilities	$ 5,606	$ 31,146	$ 283	$ 13,547
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	$ 12,180	$ 12,841	$ 481	$ 20,587
Deferred Other Postemployment Benefits Inflows	123	66	3	139
Total Deferred Inflows of Resources	$ 12,303	$ 12,907	$ 484	$ 20,726
NET POSITION				
Net Investment in Capital Assets	$ 262	$ 310	$ 27,748	$ 6,625
Restricted for:				
Develop Economy and Workforce	$ —	$ —	$ 2,445	$ —
Enhance 911 Services and Increase Safety	—	—	—	911
Other Purposes	—	19,506	—	—
Total Restricted	$ —	$ 19,506	$ 2,445	$ 911
Unrestricted	$ (3,902)	$ —	$ —	$ —
Total Net Position	$ (3,640)	$ 19,816	$ 30,193	$ 7,536

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
$ 2,836	$ 66,723	$ 80,557	$ 25,478	$ 12,661	$ 256,838
1,985	3,723	6,548	6,257	1,159	31,698
9,451	—	—	—	—	9,451
—	—	—	1,244	—	8,309
—	—	—	488	—	488
$ 14,272	$ 70,446	$ 87,105	$ 33,467	$ 13,820	$ 306,784
$ —	$ —	$ —	$ —	$ 1,155	$ 2,538
39,010	90,584	—	1,256	1,461	165,039
—	11,593	—	—	786	14,596
$ 39,010	$ 102,177	$ —	$ 1,256	$ 3,402	$ 182,173
$ 53,282	$ 172,623	$ 87,105	$ 34,723	$ 17,222	$ 488,957
$ 12,198	$ 5,554	$ 176	$ 13,120	$ 38,887	$ 96,655
55	25	1	58	529	853
$ 12,253	$ 5,579	$ 177	$ 13,178	$ 39,416	$ 97,508
$ 1,998	$ 3,251	$ 3,636	$ 12,598	$ 6,027	$ 57,275
7,728	—	—	19,477	—	27,205
—	6	—	—	—	6
—	—	9,750	479	—	10,238
—	132	—	—	—	132
—	21,420	—	—	—	21,420
—	—	17,621	—	—	17,621
92	115	9	205	1,158	2,007
$ 9,818	$ 24,924	$ 31,016	$ 32,759	$ 7,185	$ 135,904
$ —	$ —	$ —	$ 411	$ —	$ 411
—	13,527	—	—	—	13,527
570	493	50	1,354	5,510	10,655
970	456	12	1,024	9,369	14,792
4,007	1,825	58	4,310	12,774	37,715
$ 5,547	$ 16,301	$ 120	$ 7,099	$ 27,653	$ 77,100
$ 15,365	$ 41,225	$ 31,136	$ 39,858	$ 34,838	$ 213,004
$ 19,213	$ 8,750	$ 275	$ 20,665	$ 61,252	$ 156,244
109	52	2	115	1,052	1,661
$ 19,322	$ 8,802	$ 277	$ 20,780	$ 62,304	$ 157,905
$ 39,010	$ 67,230	$ —	$ 1,256	$ 2,247	$ 144,688
$ —	$ —	$ —	$ —	$ —	$ 2,445
—	60,945	—	—	—	61,856
—	—	55,869	—	—	75,375
$ —	$ 60,945	$ 55,869	$ —	$ —	$ 139,676
$ (8,162)	$ —	$ —	$ (13,993)	$ (42,751)	$ (68,808)
$ 30,848	$ 128,175	$ 55,869	$ (12,737)	$ (40,504)	$ 215,556

STATE OF MINNESOTA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
Operating Revenues:				
Net Sales	$ 10,230	$ 29,196	$ 7,064	$ 44,988
Insurance Premiums	—	—	—	—
Other Income	—	2,261	—	3,598
Total Operating Revenues	$ 10,230	$ 31,457	$ 7,064	$ 48,586
Less: Cost of Goods Sold	—	284	648	28,669
Gross Margin	$ 10,230	$ 31,173	$ 6,416	$ 19,917
Operating Expenses:				
Purchased Services	$ 2,200	$ 8,405	$ 7,492	$ 5,230
Salaries and Fringe Benefits	8,961	7,253	(1,283)	(1,587)
Claims	—	—	—	—
Depreciation and Amortization	51	55	2,148	1,245
Supplies and Materials	833	417	156	—
Repairs and Maintenance	277	49	—	199
Indirect Costs	138	160	—	1,959
Other Expenses	9	407	69	56
Total Operating Expenses	$ 12,469	$ 16,746	$ 8,582	$ 7,102
Operating Income (Loss)	$ (2,239)	$ 14,427	$ (2,166)	$ 12,815
Nonoperating Revenues (Expenses):				
Investment Income	$ 158	$ 46	$ —	$ 262
Other Nonoperating Revenues	—	—	—	—
Interest and Financing Costs	—	—	—	—
Grants, Aids and Subsidies	(1)	(1)	—	—
Other Nonoperating Expenses	—	(10,657)	—	—
Gain (Loss) on Disposal of Capital Assets	—	—	—	—
Total Nonoperating Revenues (Expenses)	$ 157	$ (10,612)	$ —	$ 262
Income (Loss) Before Transfers and Contributions	$ (2,082)	$ 3,815	$ (2,166)	$ 13,077
Transfers-In	8,343	1,681	1,499	—
Transfers-Out	(75)	—	—	—
Change in Net Position	$ 6,186	$ 5,496	$ (667)	$ 13,077
Net Position, Beginning, as Reported	$ (9,826)	$ 14,320	$ 30,860	$ (5,541)
Net Position, Ending	$ (3,640)	$ 19,816	$ 30,193	$ 7,536

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
$ —	$ 81,354	$ —	$ 636,806	$ 105,749	$ 915,387
—	—	205,960	—	—	205,960
32,756	—	908	—	237	39,760
$ 32,756	$ 81,354	$ 206,868	$ 636,806	$ 105,986	$ 1,161,107
—	—	—	455,049	—	484,650
$ 32,756	$ 81,354	$ 206,868	$ 181,757	$ 105,986	$ 676,457
$ 17,787	$ 13,676	$ 13,398	$ 13,012	$ 7,210	$ 88,410
9,421	3,892	110	7,671	82,795	117,233
—	—	196,432	—	—	196,432
5,114	8,282	—	576	24	17,495
47	1,473	—	1,308	2,115	6,349
11	390	—	—	397	1,323
57	95	4	—	35	2,448
42	35	21	358	134	1,131
$ 32,479	$ 27,843	$ 209,965	$ 22,925	$ 92,710	$ 430,821
$ 277	$ 53,511	$ (3,097)	$ 158,832	$ 13,276	$ 245,636
$ 109	$ 21	$ 1,844	$ 710	$ 214	$ 3,364
121	—	—	—	—	121
—	(822)	—	—	—	(822)
—	(16,154)	—	—	(661)	(16,817)
(232)	—	—	—	—	(10,889)
—	(997)	—	22	114	(861)
$ (2)	$ (17,952)	$ 1,844	$ 732	$ (333)	$ (25,904)
$ 275	$ 35,559	$ (1,253)	$ 159,564	$ 12,943	$ 219,732
—	133	—	—	11,056	22,712
(18)	(715)	—	(153,195)	(1,905)	(155,908)
$ 257	$ 34,977	$ (1,253)	$ 6,369	$ 22,094	$ 86,536
$ 30,591	$ 93,198	$ 57,122	$ (19,106)	$ (62,598)	$ 129,020
$ 30,848	$ 128,175	$ 55,869	$ (12,737)	$ (40,504)	$ 215,556

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
Cash Flows from Operating Activities:				
Receipts from Customers	$ 9,834	$ 29,797	$ 7,016	$ 47,882
Receipts from Other Revenues	—	2,261	—	3,598
Payments to Claimants	—	—	—	—
Payments to Suppliers	(5,571)	(10,264)	(8,954)	(36,771)
Payments to Employees	(12,180)	(10,270)	(256)	(14,136)
Payments to Others	—	(10,657)	—	—
Net Cash Flows from Operating Activities	$ (7,917)	$ 867	$ (2,194)	$ 573
Cash Flows from Noncapital Financing Activities:				
Grant Disbursements	$ (1)	$ (1)	$ —	$ —
Transfers-In	8,343	1,681	1,499	—
Transfers-Out	(75)	—	—	—
Net Cash Flows from Noncapital Financing Activities	$ 8,267	$ 1,680	$ 1,499	$ —
Cash Flows from Capital and Related Financing Activities:				
Investment in Capital Assets	$ —	$ —	$ (494)	$ (590)
Proceeds from Disposal of Capital Assets	—	—	—	—
Repayment of Bond Principal	—	—	—	—
Interest Paid	—	—	—	—
Net Cash Flows from Capital and Related Financing Activities	$ —	$ —	$ (494)	$ (590)
Cash Flows from Investing Activities:				
Investment Earnings	$ 158	$ 46	$ —	$ 262
Net Cash Flows from Investing Activities	$ 158	$ 46	$ —	$ 262
Net Increase (Decrease) in Cash and Cash Equivalents	$ 508	$ 2,593	$ (1,189)	$ 245
Cash and Cash Equivalents, Beginning, as Reported	$ 3,281	$ 46,676	$ 3,793	$ 12,676
Cash and Cash Equivalents, Ending	$ 3,789	$ 49,269	$ 2,604	$ 12,921
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Operating Income (Loss)	$ (2,239)	$ 14,427	$ (2,166)	$ 12,815
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation and Amortization	$ 51	$ 55	$ 2,148	$ 1,245
Miscellaneous Nonoperating Revenues	—	—	—	—
Miscellaneous Nonoperating Expenses	—	(10,657)	—	—
Change in Assets, Liabilities, Deferred Outflows and Inflows:				
Accounts Receivable	(396)	608	(48)	2,894
Inventories	—	251	12	352
Other Assets	—	—	—	—
Deferred Outflows	3,685	3,334	1,669	9,284
Accounts Payable	(2,114)	(793)	(601)	(1,010)
Claims Payable	—	—	—	—
Compensated Absences Payable	216	33	(8)	(78)
Unearned Revenues	—	(7)	—	—
Other Postemployment Benefits	(57)	61	(4)	(3,016)
Net Pension Liability	(11,130)	(11,088)	(2,264)	(30,860)
Deferred Inflows	4,067	4,643	(932)	8,947
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ (5,678)	$ (13,560)	$ (28)	$ (12,242)
Net Cash Flows from Operating Activities	$ (7,917)	$ 867	$ (2,194)	$ 573
Noncash Investing, Capital and Financing Activities:				
Bond Premium Amortization	$ —	$ —	$ —	$ —

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
$ —	$ 78,876	$ 205,188	$ 636,146	$ 107,389	$ 1,122,128
25,982	—	908	18	237	33,004
—	—	(192,828)	(395,629)	—	(588,457)
(15,756)	(16,228)	(12,833)	(32,717)	(9,766)	(148,860)
(13,932)	(6,242)	(191)	(13,947)	(103,025)	(174,179)
(232)	—	—	(41,849)	—	(52,738)
$ (3,938)	$ 56,406	$ 244	$ 152,022	$ (5,165)	$ 190,898
$ —	$ (16,154)	$ —	$ —	$ (661)	$ (16,817)
—	133	—	—	11,056	22,712
(18)	(715)	—	(152,430)	(1,905)	(155,143)
$ (18)	$ (16,736)	$ —	$ (152,430)	$ 8,490	$ (149,248)
$ (3,892)	$ (830)	$ —	$ (439)	$ —	$ (6,245)
—	—	—	22	114	136
—	(20,400)	—	—	—	(20,400)
—	(2,598)	—	—	—	(2,598)
$ (3,892)	$ (23,828)	$ —	$ (417)	$ 114	$ (29,107)
$ 109	$ 21	$ 1,844	$ 710	$ 214	$ 3,364
$ 109	$ 21	$ 1,844	$ 710	$ 214	$ 3,364
$ (7,739)	$ 15,863	$ 2,088	$ (115)	$ 3,653	$ 15,907
$ 10,575	$ 50,860	$ 78,469	$ 25,593	$ 9,008	$ 240,931
$ 2,836	$ 66,723	$ 80,557	$ 25,478	$ 12,661	$ 256,838
$ 277	$ 53,511	$ (3,097)	$ 158,832	$ 13,276	$ 245,636
$ 5,114	$ 8,282	$ —	$ 576	$ 24	$ 17,495
121	—	—	—	—	121
(232)	—	—	—	—	(10,889)
(6,895)	(2,478)	(2,219)	(788)	1,640	(7,682)
—	—	—	393	—	1,008
—	—	—	91	—	91
4,774	2,054	97	6,919	19,398	51,214
2,188	(559)	590	(870)	125	(3,044)
—	—	3,604	—	—	3,604
18	23	10	42	(269)	(13)
—	—	1,447	118	—	1,558
(96)	(500)	2	36	(2,565)	(6,139)
(16,314)	(7,251)	(270)	(19,693)	(56,860)	(155,730)
7,107	3,324	80	6,366	20,066	53,668
$ (4,215)	$ 2,895	$ 3,341	$ (6,810)	$ (18,441)	$ (54,738)
$ (3,938)	$ 56,406	$ 244	$ 152,022	$ (5,165)	$ 190,898
$ —	$ 1,691	$ —	$ —	$ —	$ 1,691

MINNESOTA

State of Minnesota

2019
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Internal Service Funds

Central Motor Pool Fund

The fund accounts for the operation of a fleet of passenger vehicles and the state vehicle maintenance garage.

Central Services Fund

The fund accounts for miscellaneous centralized support services provided to state agencies.

Employee Insurance Fund

The fund accounts for employee health and life insurance premiums and makes payments based on insurance benefits provided to employees.

MN.IT Services Fund

The fund accounts for the operation of statewide communication and information systems.

Plant Management Fund

The fund accounts for maintenance and operation costs of state-owned buildings and grounds in the capitol complex.

Risk Management Fund

The fund accounts for the providing of liability insurance, primarily automobile, to state agencies.

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 1,102	$ 4,303	$ 298,562
Accounts Receivable	2,063	4,527	31,723
Interfund Receivables	—	—	—
Inventories	—	1	—
Prepaid Expenses	113	557	—
Total Current Assets	$ 3,278	$ 9,388	$ 330,285
Noncurrent Assets:			
Depreciable Capital Assets (Net)	$ 37,566	$ 416	$ —
Nondepreciable Capital Assets	—	—	—
Prepaid Expenses	—	—	—
Total Noncurrent Assets	$ 37,566	$ 416	$ —
Total Assets	$ 40,844	$ 9,804	$ 330,285
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	$ 772	$ 5,403	$ 4,400
Deferred Other Postemployment Benefits Outflows	3	22	17
Total Deferred Outflows of Resources	$ 775	$ 5,425	$ 4,417
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 3,248	$ 1,961	$ 18,731
Interfund Payables	—	1,429	—
Unearned Revenue	—	—	5,545
Accrued Interest Payable	44	—	—
Bonds and Notes Payable	8,288	—	—
Claims Payable	—	—	77,247
Compensated Absences Payable	9	56	51
Total Current Liabilities	$ 11,589	$ 3,446	$ 101,574
Noncurrent Liabilities:			
Bonds and Notes Payable	$ 15,829	$ —	$ —
Compensated Absences Payable	67	525	414
Other Postemployment Benefits	56	386	296
Net Pension Liability	254	1,776	1,445
Total Noncurrent Liabilities	$ 16,206	$ 2,687	$ 2,155
Total Liabilities	$ 27,795	$ 6,133	$ 103,729
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	$ 1,217	$ 8,512	$ 6,931
Deferred Other Postemployment Benefits Inflows	7	44	34
Total Deferred Inflows of Resources	$ 1,224	$ 8,556	$ 6,965
NET POSITION			
Net Investment in Capital Assets	$ 13,449	$ 416	$ —
Unrestricted	$ (849)	$ 124	$ 224,008
Total Net Position	$ 12,600	$ 540	$ 224,008

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
$ 112,409	$ 19,662	$ 24,065	$ 460,103
35,895	1,021	1,908	77,137
—	4	—	4
—	372	—	373
15,075	—	171	15,916
$ 163,379	$ 21,059	$ 26,144	$ 553,533
$ 28,875	$ 8,036	$ 185	$ 75,078
—	261	—	261
4,765	—	—	4,765
$ 33,640	$ 8,297	$ 185	$ 80,104
$ 197,019	$ 29,356	$ 26,329	$ 633,637
$ 295,987	$ 16,408	$ 1,232	$ 324,202
224	87	4	357
$ 296,211	$ 16,495	$ 1,236	$ 324,559
$ 13,466	$ 4,854	$ 156	$ 42,416
110,000	—	—	111,429
15,787	3	235	21,570
34	1	—	79
6,788	61	—	15,137
—	—	11,891	89,138
859	234	22	1,231
$ 146,934	$ 5,153	$ 12,304	$ 281,000
$ 12,128	$ 231	$ —	$ 28,188
6,999	1,269	142	9,416
3,961	1,536	66	6,301
97,232	5,390	405	106,502
$ 120,320	$ 8,426	$ 613	$ 150,407
$ 267,254	$ 13,579	$ 12,917	$ 431,407
$ 466,212	$ 25,844	$ 1,941	$ 510,657
445	172	7	709
$ 466,657	$ 26,016	$ 1,948	$ 511,366
$ 9,959	$ 8,005	$ 185	$ 32,014
$ (250,640)	$ (1,749)	$ 12,515	$ (16,591)
$ (240,681)	$ 6,256	$ 12,700	$ 15,423

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
Operating Revenues:			
Net Sales	$ 13,173	$ 19,729	$ —
Insurance Premiums	—	—	994,175
Other Income	189	2,595	8,449
Total Operating Revenues	$ 13,362	$ 22,324	$ 1,002,624
Operating Expenses:			
Purchased Services	$ 1,287	$ 15,418	$ 80,589
Salaries and Fringe Benefits	442	4,738	2,747
Claims	—	—	910,069
Depreciation and Amortization	6,219	62	—
Supplies and Materials	3,304	241	24
Repairs and Maintenance	1,181	117	4
Indirect Costs	609	83	53
Other Expenses	554	1	261
Total Operating Expenses	$ 13,596	$ 20,660	$ 993,747
Operating Income (Loss)	$ (234)	$ 1,664	$ 8,877
Nonoperating Revenues (Expenses):			
Investment Income	$ 569	$ —	$ 7,032
Interest and Financing Costs	(505)	—	—
Other Nonoperating Expenses	(85)	—	—
Gain (Loss) on Disposal of Capital Assets	531	(2)	—
Total Nonoperating Revenues (Expenses)	$ 510	$ (2)	$ 7,032
Income (Loss) Before Transfers and Contributions	$ 276	$ 1,662	$ 15,909
Transfers-Out	—	—	(21)
Change in Net Position	$ 276	$ 1,662	$ 15,888
Net Position, Beginning, as Reported	$ 12,324	$ (1,122)	$ 208,120
Net Position, Ending	$ 12,600	$ 540	$ 224,008

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
$ 195,664	$ 76,413	$ 46	$ 305,025
—	—	11,731	1,005,906
—	1,042	—	12,275
$ 195,664	$ 77,455	$ 11,777	$ 1,323,206
$ 83,786	$ 13,351	$ 4,583	$ 199,014
(88,389)	10,129	444	(69,889)
—	—	4,839	914,908
12,336	640	37	19,294
13,290	2,351	8	19,218
6,105	5,062	1	12,470
1,306	824	170	3,045
16	373	2	1,207
$ 28,450	$ 32,730	$ 10,084	$ 1,099,267
$ 167,214	$ 44,725	$ 1,693	$ 223,939
$ 352	$ 4	$ 582	$ 8,539
(545)	(5)	—	(1,055)
—	(120)	(2,787)	(2,992)
—	(17)	—	512
$ (193)	$ (138)	$ (2,205)	$ 5,004
$ 167,021	$ 44,587	$ (512)	$ 228,943
(75)	(34,037)	—	(34,133)
$ 166,946	$ 10,550	$ (512)	$ 194,810
$ (407,627)	$ (4,294)	$ 13,212	$ (179,387)
$ (240,681)	$ 6,256	$ 12,700	$ 15,423

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
Cash Flows from Operating Activities:			
Receipts from Customers	$ 12,868	$ 19,013	$ 986,630
Receipts from Other Revenues	189	2,595	8,449
Payments to Claimants	—	—	(909,926)
Payments to Suppliers	(6,889)	(15,228)	(84,351)
Payments to Employees	(737)	(6,097)	(4,542)
Payments to Others	(85)	—	—
Net Cash Flow from Operating Activities	$ 5,346	$ 283	$ (3,740)
Cash Flows from Noncapital Financing Activities:			
Transfers-Out	$ —	$ —	$ (21)
Advances from Other Funds	—	—	—
Net Cash Flows from Noncapital Financing Activities	$ —	$ —	$ (21)
Cash Flows from Capital and Related Financing Activities:			
Investment in Capital Assets	$ (11,836)	$ —	$ —
Proceeds from Disposal of Capital Assets	2,811	1	—
Proceeds from Loans	10,710	—	—
Repayment of Loan Principal	(7,924)	—	—
Interest Paid	(495)	—	—
Net Cash Flows from Capital and Related Financing Activities	$ (6,734)	$ 1	$ —
Cash Flows from Investing Activities:			
Investment Earnings	$ 569	$ —	$ 7,032
Net Cash Flows from Investing Activities	$ 569	$ —	$ 7,032
Net Increase (Decrease) in Cash and Cash Equivalents	$ (819)	$ 284	$ 3,271
Cash and Cash Equivalents, Beginning, as Reported	$ 1,921	$ 4,019	$ 295,291
Cash and Cash Equivalents, Ending	$ 1,102	$ 4,303	$ 298,562
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	$ (234)	$ 1,664	$ 8,877
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Depreciation and Amortization	$ 6,219	$ 62	$ —
Miscellaneous Nonoperating Expenses	(85)	—	—
Change in Assets, Liabilities, Deferred Outflows and Inflows:			
Accounts Receivable	(305)	(716)	(7,588)
Inventories	—	4	—
Other Assets	(110)	83	—
Deferred Outflows	323	1,489	1,948
Accounts Payable	156	545	(3,420)
Claims Payable	—	—	143
Compensated Absences Payable	7	44	8
Unearned Revenues	—	—	43
Other Postemployment Benefits	(3)	(13)	5
Net Pension Liability	(1,058)	(6,477)	(6,157)
Deferred Inflows	436	3,598	2,401
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 5,580	$ (1,381)	$ (12,617)
Net Cash Flows from Operating Activities	$ 5,346	$ 283	$ (3,740)

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
$ 243,155	$ 75,562	$ 11,884	$ 1,349,112
—	1,042	—	12,275
—	—	(1,637)	(911,563)
(233,759)	(20,677)	(4,859)	(365,763)
(68,343)	(17,160)	(1,081)	(97,960)
—	(120)	(2,787)	(2,992)
$ (58,947)	$ 38,647	$ 1,520	$ (16,891)
$ (75)	$ (34,037)	$ —	$ (34,133)
110,000	—	—	110,000
$ 109,925	$ (34,037)	$ —	$ 75,867
$ (13,013)	$ (712)	$ —	$ (25,561)
—	20	—	2,832
12,630	321	—	23,661
(5,633)	(29)	—	(13,586)
(529)	(4)	—	(1,028)
$ (6,545)	$ (404)	$ —	$ (13,682)
$ 352	$ 4	$ 582	$ 8,539
$ 352	$ 4	$ 582	$ 8,539
$ 44,785	$ 4,210	$ 2,102	$ 53,833
$ 67,624	$ 15,452	$ 21,963	$ 406,270
$ 112,409	$ 19,662	$ 24,065	$ 460,103
$ 167,214	$ 44,725	$ 1,693	$ 223,939
$ 12,336	$ 640	$ 37	$ 19,294
—	(120)	(2,787)	(2,992)
61,319	(854)	62	51,918
—	(113)	—	(109)
3,953	—	(75)	3,851
131,756	7,493	690	143,699
(133,209)	1,397	(20)	(134,551)
—	—	3,202	3,345
(22,608)	(108)	1	(22,656)
(13,828)	3	45	(13,737)
(11,262)	15	2	(11,256)
(414,340)	(23,240)	(1,897)	(453,169)
159,722	8,809	567	175,533
$ (226,161)	$ (6,078)	$ (173)	$ (240,830)
$ (58,947)	$ 38,647	$ 1,520	$ (16,891)

MINNESOTA

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Pension Trust Funds

Minnesota State Retirement System

State Employees Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities to state and University of Minnesota employees not covered by other pension funds.

Correctional Employees Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities to state employees who have direct responsibility for offenders at Minnesota correctional facilities.

Judges Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible district, municipal, county, and probate court judges, supreme court justices, and various court referees.

Legislators Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities for members of the state legislature.

State Patrol Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible state patrol officers, conservation officers, and crime bureau personnel.

Hennepin County Supplemental Retirement Fund

The fund accounts for resources administered by the Minnesota State Retirement System on behalf of the Hennepin County supplemental retirement program.

Pension Trust Funds – Continued

Health Care Savings Fund

The fund includes contributions by or on behalf of employees and accumulated earnings for reimbursement of health-related expenses of the employee or dependents after retirement.

Unclassified Employees Retirement Fund

The fund includes the aggregate of unclassified employee share accounts which are either refunded or used to purchase a retirement annuity upon termination of service.

Minnesota Deferred Compensation Fund

The fund includes contributions by participants toward a voluntary retirement savings plan.

Public Employees Retirement Association

General Employees Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

Police and Fire Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible police officers and firefighters.

Public Employees Correctional Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible correctional employees of various local units of government.

Volunteer Firefighter Retirement Fund

The fund contains the assets attributable to the voluntary statewide lump-sum volunteer firefighter retirement plan.

Defined Contribution Fund

The fund is an IRC Section 401(a) deferred compensation plan administered by the Public Employees Retirement Association.

Teachers Retirement Association

Teachers Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities for members of both the basic and coordinated teachers retirement plans.

State Colleges and Universities

State Colleges and Universities Retirement Fund

The fund includes unclassified teachers, librarians, administrators, and certain other staff members who have been employed full time for a minimum of two academic years.

STATE OF MINNESOTA

PENSION TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
ASSETS			
Cash and Cash Equivalent Investments	$ 16,370	$ 2,664	$ 660
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 556,483	$ 49,253	$ 8,926
Investments	13,234,815	1,136,414	203,591
Accrued Interest and Dividends	30,722	2,640	473
Securities Trades Receivables (Payables)	(101,510)	(8,716)	(1,562)
Total Investment Pool Participation	$ 13,720,510	$ 1,179,591	$ 211,428
Receivables:			
Interfund Receivables	$ 7,901	$ 2	$ —
Other Receivables	20,437	3,304	304
Total Receivables	$ 28,338	$ 3,306	$ 304
Securities Lending Collateral	$ 1,022,558	$ 87,803	$ 15,730
Depreciable Capital Assets (Net)	15,658	—	—
Nondepreciable Capital Assets	88	—	—
Total Assets	$ 14,803,522	$ 1,273,364	$ 228,122
LIABILITIES			
Accounts Payable	$ 4,025	$ 254	$ 46
Interfund Payables	2	845	84
Accrued Expense	—	—	—
Revenue Bonds Payable	2,982	—	—
Bond Interest	—	—	—
Compensated Absences Payable	1,030	—	—
Securities Lending Liabilities	1,022,558	87,803	15,730
Other Liabilities	634	468	—
Total Liabilities	$ 1,031,231	$ 89,370	$ 15,860
NET POSITION			
Net Position Restricted for Pensions	$ 13,772,291	$ 1,183,994	$ 212,262

LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION
MINNESOTA STATE RETIREMENT SYSTEM					
$ 272	$ 2,841	$ 38	$ 1,022	$ 106	$ 8,601
$ —	$ 30,901	$ 18,547	$ 377,616	$ 13,025	$ 81,280
—	721,953	144,143	818,218	313,167	7,404,008
—	1,677	342	2,129	598	167
—	(5,537)	(2,363)	(9,679)	(4,265)	—
$ —	$ 748,994	$ 160,669	$ 1,188,284	$ 322,525	$ 7,485,455
$ —	$ —	$ —	$ —	$ —	$ —
—	1,652	8	8,107	677	12,275
$ —	$ 1,652	$ 8	$ 8,107	$ 677	$ 12,275
$ —	$ 55,780	$ —	$ —	$ —	$ —
—	—	—	—	—	—
—	—	—	—	—	—
$ 272	$ 809,267	$ 160,715	$ 1,197,413	$ 323,308	$ 7,506,331
$ 2	$ 158	$ 42	$ 942	$ 48	$ 1,198
270	185	18	4,679	558	1,498
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	55,780	—	—	—	—
—	—	—	110	26	580
$ 272	$ 56,123	$ 60	$ 5,731	$ 632	$ 3,276
$ —	$ 753,144	$ 160,655	$ 1,191,682	$ 322,676	$ 7,503,055

CONTINUED

STATE OF MINNESOTA

PENSION TRUST FUNDS (CONTINUED)
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
ASSETS			
Cash and Cash Equivalent Investments	$ 7,372	$ 2,724	$ 372
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 929,493	$ 365,476	$ 30,721
Investments	21,574,638	8,508,584	716,734
Accrued Interest and Dividends	50,108	19,760	1,664
Securities Trades Receivables (Payables)	(165,475)	(65,260)	(5,497)
Total Investment Pool Participation	$ 22,388,764	$ 8,828,560	$ 743,622
Receivables:			
Interfund Receivables	$ 1,593	$ 90	$ 11
Other Receivables	48,484	19,074	954
Total Receivables	$ 50,077	$ 19,164	$ 965
Securities Lending Collateral	$ 1,666,916	$ 657,397	$ 55,377
Depreciable Capital Assets (Net)	6,162	—	—
Nondepreciable Capital Assets	170	—	—
Total Assets	$ 24,119,461	$ 9,507,845	$ 800,336
LIABILITIES			
Accounts Payable	$ 6,505	$ 4,879	$ 175
Interfund Payables	102	1,017	361
Accrued Expense	—	—	—
Revenue Bonds Payable	3,958	—	—
Bond Interest	—	—	—
Compensated Absences Payable	1,012	—	—
Securities Lending Liabilities	1,666,916	657,397	55,377
Other Liabilities	—	—	—
Total Liabilities	$ 1,678,493	$ 663,293	$ 55,913
NET POSITION			
Net Position Restricted for Pensions	$ 22,440,968	$ 8,844,552	$ 744,423

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
$ —	$ 276	$ 11,123	$ —	$ 54,441
$ 8,102	$ 4,925	$ 1,048,181	$ —	$ 3,522,929
102,543	69,137	21,904,900	2,161,277	79,014,122
400	160	51,438	—	162,278
(3,595)	(1,204)	(167,705)	—	(542,368)
$ 107,450	$ 73,018	$ 22,836,814	$ 2,161,277	$ 82,156,961
$ —	$ —	$ —	$ —	$ 9,597
89	97	22,324	—	137,786
$ 89	$ 97	$ 22,324	$ —	$ 147,383
$ —	$ —	$ 1,692,432	$ —	$ 5,253,993
—	—	18,971	—	40,791
—	—	171	—	429
$ 107,539	$ 73,391	$ 24,581,835	$ 2,161,277	$ 87,653,998
$ 25	$ 36	$ 8,551	$ —	$ 26,886
—	214	—	—	9,833
—	—	30	—	30
—	—	3,899	—	10,839
—	—	5	—	5
—	—	863	—	2,905
—	—	1,692,432	—	5,253,993
—	—	—	—	1,818
$ 25	$ 250	$ 1,705,780	$ —	$ 5,306,309
$ 107,514	$ 73,141	$ 22,876,055	$ 2,161,277	$ 82,347,689

STATE OF MINNESOTA

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
Additions:			
Contributions:			
Employer	$ 182,939	$ 38,244	$ 11,287
Member	182,209	25,687	4,049
Contributions From Other Sources	—	—	—
Total Contributions	$ 365,148	$ 63,931	$ 15,336
Net Investment Income (Loss):			
Investment Income (Loss)	$ 954,947	$ 81,496	$ 14,594
Less: Investment Expenses	(13,123)	(1,116)	(203)
Net Investment Income (Loss)	$ 941,824	$ 80,380	$ 14,391
Securities Lending Revenues (Expenses):			
Securities Lending Income	$ 34,993	$ 3,005	$ 538
Securities Lending Rebates and Fees	(28,451)	(2,443)	(438)
Net Securities Lending Revenue	$ 6,542	$ 562	$ 100
Total Investment Income (Loss)	$ 948,366	$ 80,942	$ 14,491
Transfers-In	$ 32,262	$ —	$ 6,000
Other Additions	172	—	—
Total Additions	$ 1,345,948	$ 144,873	$ 35,827
Deductions:			
Benefits	$ 841,776	$ 72,418	$ 25,233
Refunds and Withdrawals	15,199	2,484	—
Administrative Expenses	9,991	865	87
Transfers-Out	114	—	—
Total Deductions	$ 867,080	$ 75,767	$ 25,320
Net Increase (Decrease)	$ 478,868	$ 69,106	$ 10,507
Net Position Restricted for Pensions, Beginning, as Reported	$ 13,293,423	$ 1,114,888	$ 201,755
Change in Reporting Entity	—	—	—
Change in Fund Structure	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated	$ 13,293,423	$ 1,114,888	$ 201,755
Net Position Restricted for Pensions, Ending	$ 13,772,291	$ 1,183,994	$ 212,262

MINNESOTA STATE RETIREMENT SYSTEM					
LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION
$ —	$ 19,479	$ 107	$ —	$ 7,542	$ —
91	12,038	106	153,595	6,918	295,457
—	—	—	—	—	—
$ 91	$ 31,517	$ 213	$ 153,595	$ 14,460	$ 295,457
$ —	$ 52,184	$ 12,115	$ 60,185	$ 23,375	$ 556,012
—	(718)	(80)	(591)	(160)	(3,725)
$ —	$ 51,466	$ 12,035	$ 59,594	$ 23,215	$ 552,287
$ —	$ 1,909	$ —	$ —	$ —	$ —
—	(1,552)	—	—	—	—
$ —	$ 357	$ —	$ —	$ —	$ —
$ —	$ 51,823	$ 12,035	$ 59,594	$ 23,215	$ 552,287
$ 8,798	$ —	$ —	$ —	$ 114	$ —
—	1,000	94	5,298	203	4,410
$ 8,889	$ 84,340	$ 12,342	$ 218,487	$ 37,992	$ 852,154
$ 8,853	$ 60,375	$ 6,194	$ 84,976	$ —	$ 56,430
—	429	4,362	—	6,433	298,379
36	190	185	11,724	536	9,877
—	—	—	—	32,262	—
$ 8,889	$ 60,994	$ 10,741	$ 96,700	$ 39,231	$ 364,686
$ —	$ 23,346	$ 1,601	$ 121,787	$ (1,239)	$ 487,468
$ —	$ 729,798	$ 159,054	$ 1,069,895	$ 323,915	$ 7,015,587
—	—	—	—	—	—
—	—	—	—	—	—
$ —	$ 729,798	$ 159,054	$ 1,069,895	$ 323,915	$ 7,015,587
$ —	$ 753,144	$ 160,655	$ 1,191,682	$ 322,676	$ 7,503,055

CONTINUED

PENSION TRUST FUNDS (CONTINUED)
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
Additions:			
Contributions:			
Employer	$ 515,444	$ 174,817	$ 18,676
Member	424,044	111,762	12,485
Contributions From Other Sources	—	—	—
Total Contributions	$ 939,488	$ 286,579	$ 31,161
Net Investment Income (Loss):			
Investment Income (Loss)	$ 1,557,922	$ 613,729	$ 51,195
Less: Investment Expenses	(21,363)	(8,423)	(696)
Net Investment Income (Loss)	$ 1,536,559	$ 605,306	$ 50,499
Securities Lending Revenues (Expenses):			
Securities Lending Income	$ 57,045	$ 22,497	$ 1,895
Securities Lending Rebates and Fees	(46,380)	(18,291)	(1,541)
Net Securities Lending Revenue	$ 10,665	$ 4,206	$ 354
Total Investment Income (Loss)	$ 1,547,224	$ 609,512	$ 50,853
Transfers-In	$ 16,000	$ 13,500	$ —
Other Additions	154	54	—
Total Additions	$ 2,502,866	$ 909,645	$ 82,014
Deductions:			
Benefits	$ 1,536,071	$ 547,699	$ 15,381
Refunds and Withdrawals	65,834	3,283	2,244
Administrative Expenses	13,470	1,018	361
Transfers-Out	—	—	—
Total Deductions	$ 1,615,375	$ 552,000	$ 17,986
Net Increase (Decrease)	$ 887,491	$ 357,645	$ 64,028
Net Position Restricted for Pensions, Beginning, as Reported	$ 21,553,477	$ 8,486,907	$ 680,395
Change in Reporting Entity	—	—	—
Change in Fund Structure	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated	$ 21,553,477	$ 8,486,907	$ 680,395
Net Position Restricted for Pensions, Ending	$ 22,440,968	$ 8,844,552	$ 744,423

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
$ 1,493	$ 2,084	$ 403,300	$ 45,542	$ 1,420,954
—	1,957	386,668	38,006	1,655,072
—	—	6,431	3,014	9,445
$ 1,493	$ 4,041	$ 796,399	$ 86,562	$ 3,085,471
$ 7,481	$ 5,503	$ 1,590,124	$ 130,888	$ 5,711,750
(205)	(63)	(21,853)	—	(72,319)
$ 7,276	$ 5,440	$ 1,568,271	$ 130,888	$ 5,639,431
$ —	$ —	$ 57,918	$ —	$ 179,800
—	—	(47,090)	—	(146,186)
$ —	$ —	$ 10,828	$ —	$ 33,614
$ 7,276	$ 5,440	$ 1,579,099	$ 130,888	$ 5,673,045
$ 3,993	$ —	$ 31,087	$ —	$ 111,754
73	—	2,306	—	13,764
$ 12,835	$ 9,481	$ 2,408,891	$ 217,450	$ 8,884,034
$ 4,709	$ —	$ 1,863,762	$ 102,011	$ 5,225,888
—	5,959	16,005	—	420,611
111	214	15,156	1,513	65,334
—	—	—	—	32,376
$ 4,820	$ 6,173	$ 1,894,923	$ 103,524	$ 5,744,209
$ 8,015	$ 3,308	$ 513,968	$ 113,926	$ 3,139,825
$ 88,562	$ 69,833	$ 22,362,087	$ 2,047,351	$ 79,196,927
10,272	—	—	—	10,272
665	—	—	—	665
$ 99,499	$ 69,833	$ 22,362,087	$ 2,047,351	$ 79,207,864
$ 107,514	$ 73,141	$ 22,876,055	$ 2,161,277	$ 82,347,689

MINNESOTA

State of Minnesota

Investment Trust Funds

Supplemental Retirement Fund

The fund provides an investment vehicle for the assets of various public retirement plans and funds.

Investment Trust Fund

The fund provides an investment vehicle for external funds authorized to be invested by the state.

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STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF PLAN NET POSITION
JUNE 30, 2019
(IN THOUSANDS)

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
ASSETS			
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 20,885	$ 21,596	$ 42,481
Investments	646,240	414,795	1,061,035
Accrued Interest and Dividends	1,395	904	2,299
Securities Trades Receivables (Payables)	(8,170)	(135)	(8,305)
Total Investment Pool Participation	$ 660,350	$ 437,160	$ 1,097,510
Total Assets	$ 660,350	$ 437,160	$ 1,097,510
NET POSITION			
Net Position Restricted for Pooled Investments	$ 660,350	$ 437,160	$ 1,097,510

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES
IN PLAN NET POSITION
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
Additions:			
Contributions:			
Participating Plans	$ 4,489	$ 4,275	$ 8,764
Total Contributions	$ 4,489	$ 4,275	$ 8,764
Net Investment Income (Loss):			
Investment Income (Loss)	$ 46,236	$ 38,576	$ 84,812
Less: Investment Expenses	(436)	(109)	(545)
Net Investment Income (Loss)	$ 45,800	$ 38,467	$ 84,267
Total Additions	$ 50,289	$ 42,742	$ 93,031
Deductions:			
Refunds and Withdrawals	$ 20,476	$ 7,011	$ 27,487
Administrative Expenses	37	35	72
Total Deductions	$ 20,513	$ 7,046	$ 27,559
Net Increase (Decrease)	$ 29,776	$ 35,696	$ 65,472
Net Position Restricted for Pooled Investments, Beginning, as Reported	$ 631,239	$ 401,464	$ 1,032,703
Change in Fund Structure	(665)	—	(665)
Net Position Restricted for Pooled Investments, Beginning, as Restated	$ 630,574	$ 401,464	$ 1,032,038
Net Position Restricted for Pooled Investments, Ending	$ 660,350	$ 437,160	$ 1,097,510

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Agency Fund

Agency Fund

This fund accounts for resources held in a custodial capacity for other governmental units, private organizations, or individuals.

STATE OF MINNESOTA

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
ASSETS				
Cash and Cash Equivalent Investments	$ 147,832	$ 766,960	$ 788,452	$ 126,340
Accounts Receivable	35,506	55,485	35,506	55,485
Total Assets	$ 183,338	$ 822,445	$ 823,958	$ 181,825
LIABILITIES				
Accounts Payable	$ 183,338	$ 822,445	$ 823,958	$ 181,825
Total Liabilities	$ 183,338	$ 822,445	$ 823,958	$ 181,825

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Nonmajor Component Unit Funds

Agricultural and Economic Development Board

The board administers programs for agricultural and economic development.

Minnesota Comprehensive Health Association

The Association administers the Premium Security Plan, a risk mitigation program designed to help keep premiums affordable to individual purchasers within the state of Minnesota.

Minnesota Sports Facilities Authority

The authority provides for the construction, financing, and long-term use and operations of a new multi-purpose stadium and related stadium infrastructure. The purpose of the stadium is to hold professional football games as well as a broad range of other civic, community, athletic, educational, cultural, and commercial activities.

National Sports Center Foundation

The foundation is under contract with the Minnesota Amateur Sports Commission to maintain and operate the National Sports Center facility. The primary purpose of the facility is to hold youth-oriented athletic and other non-athletic functions and events.

Office of Higher Education

The office makes and guarantees loans to qualified post secondary students.

Public Facilities Authority

The authority provides financial assistance to eligible municipalities with high cost wastewater infrastructure projects.

Rural Finance Authority

The authority administers state agricultural programs.

Workers' Compensation Assigned Risk Plan

The plan is the source of workers' compensation and employers' liability coverage for Minnesota employers who have been unable to obtain an insurance policy through the voluntary market.

STATE OF MINNESOTA

NONMAJOR COMPONENT UNIT FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2018 and JUNE 30, 2019
(IN THOUSANDS)

ASSETS	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY
Current Assets:			
Cash and Cash Equivalents	$ 2,020	$ 202	$ 15,480
Investments	—	—	26
Accounts Receivable	—	—	6,676
Due from Primary Government	—	136,125	—
Accrued Investment/Interest Income	108	—	—
Federal Aid Receivable	—	—	—
Inventories	—	—	—
Loans and Notes Receivable	26	—	—
Prepaid Expenses	—	13	528
Other Assets	—	—	—
Total Current Assets	$ 2,154	$ 136,340	$ 22,710
Noncurrent Assets:			
Cash and Cash Equivalents-Restricted	$ —	$ —	$ 360
Investments-Restricted	21,240	—	6,328
Due from Primary Government	—	—	—
Investments	—	—	—
Accounts Receivable	—	—	—
Loans and Notes Receivable	111	—	—
Depreciable Capital Assets (Net)	—	—	967,882
Nondepreciable Capital Assets	—	—	32,527
Prepaid Expenses	—	—	311
Total Noncurrent Assets	$ 21,351	$ —	$ 1,007,408
Total Assets	$ 23,505	$ 136,340	$ 1,030,118
DEFERRED OUTFLOWS OF RESOURCES			
Bond Refunding	$ —	$ —	$ —
Deferred Pension Outflows	—	—	242
Deferred Other Postemployment Benefits Outflows	—	—	—
Total Deferred Outflows of Resources	$ —	$ —	$ 242
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ —	$ 34	$ 5,080
Due to Primary Government	—	3	—
Unearned Revenue	—	178	8,213
Accrued Interest Payable	—	—	—
Bonds and Notes Payable	—	—	—
Capital Leases Payable	—	—	—
Claims Payable	—	136,125	—
Compensated Absences Payable	—	—	187
Other Liabilities	—	—	—
Total Current Liabilities	$ —	$ 136,340	$ 13,480
Noncurrent Liabilities:			
Due to Primary Government	$ —	$ —	$ —
Unearned Revenue	—	—	7,837
Bonds and Notes Payable	—	—	—
Capital Leases Payable	—	—	—
Claims Payable	—	—	—
Compensated Absences Payable	1	—	39
Other Postemployment Benefits	—	—	—
Net Pension Liability	—	—	162
Funds Held in Trust	—	—	119
Other Liabilities	—	—	—
Total Noncurrent Liabilities	$ 1	$ —	$ 8,157
Total Liabilities	$ 1	$ 136,340	$ 21,637
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	$ —	$ —	$ —
Deferred Pension Inflows	—	—	977
Deferred Other Postemployment Benefits Inflows	—	—	—
Total Deferred Inflows of Resources	$ —	$ —	$ 977
NET POSITION			
Net Investment in Capital Assets	$ —	$ —	$ 1,000,409
Restricted-Expendable	—	—	3,845
Unrestricted	23,504	—	3,492
Total Net Position	$ 23,504	$ —	$ 1,007,746

NATIONAL SPORTS CENTER FOUNDATION	OFFICE OF HIGHER EDUCATION	PUBLIC FACILITIES AUTHORITY	RURAL FINANCE AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	TOTAL
$ 2,267	$ 244,805	$ 361,550	$ 17,979	$ 5,594	$ 649,897
—	—	50,625	—	269,097	319,748
958	1,168	—	—	40,909	49,711
—	4	654	—	—	136,783
—	2,992	11,925	—	1,050	16,075
—	—	526	—	—	526
52	—	—	—	—	52
62	77,953	156,968	10,312	—	245,321
412	—	—	—	3,104	4,057
—	—	—	—	32	32
$ 3,751	$ 326,922	$ 582,248	$ 28,291	$ 319,786	$ 1,422,202
$ —	$ 301,316	$ —	$ —	$ —	$ 301,676
—	—	—	—	—	27,568
—	—	3,570	—	—	3,570
—	—	10,108	—	—	10,108
—	—	—	—	338,506	338,506
633	414,411	1,642,226	80,205	—	2,137,586
6,287	1,338	—	—	—	975,507
3,512	—	—	—	—	36,039
—	—	—	—	—	311
$ 10,432	$ 717,065	$ 1,655,904	$ 80,205	$ 338,506	$ 3,830,871
$ 14,183	$ 1,043,987	$ 2,238,152	$ 108,496	$ 658,292	$ 5,253,073
$ —	$ —	$ 9,434	$ —	$ —	$ 9,434
—	5,391	2,496	—	—	8,129
—	23	—	—	—	23
$ —	$ 5,414	$ 11,930	$ —	$ —	$ 17,586
$ 2,959	$ 5,129	$ 10,479	$ —	$ 3,719	$ 27,400
—	303	—	9,465	2,188	11,959
607	—	—	—	15,250	24,248
—	2,041	11,489	—	—	13,530
312	—	86,190	—	—	86,502
52	—	—	—	—	52
—	—	—	—	55,107	191,232
—	48	58	—	—	293
—	—	23	—	—	23
$ 3,930	$ 7,521	$ 108,239	$ 9,465	$ 76,264	$ 355,239
$ —	$ —	$ —	$ 78,871	$ —	$ 78,871
—	—	—	—	—	7,837
3,791	501,316	700,720	—	—	1,205,827
127	—	—	—	—	127
—	—	—	—	533,255	533,255
—	490	396	—	—	926
—	403	—	—	—	403
—	1,771	820	—	—	2,753
—	—	—	—	—	119
250	—	—	—	—	250
$ 4,168	$ 503,980	$ 701,936	$ 78,871	$ 533,255	$ 1,830,368
$ 8,098	$ 511,501	$ 810,175	$ 88,336	$ 609,519	$ 2,185,607
$ —	$ 1,963	$ —	$ —	$ —	$ 1,963
—	8,490	3,931	—	—	13,398
—	45	—	—	—	45
$ —	$ 10,498	$ 3,931	$ —	$ —	$ 15,406
$ 9,291	$ 1,338	$ —	$ —	$ —	$ 1,011,038
—	529,639	1,432,647	—	4,585	1,970,716
(3,206)	(3,575)	3,329	20,160	44,188	87,892
$ 6,085	$ 527,402	$ 1,435,976	$ 20,160	$ 48,773	$ 3,069,646

NONMAJOR COMPONENT UNIT FUNDS
COMBINING STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 and JUNE 30, 2019
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY
Net Expenses:			
Total Expenses	$ 171	$ 136,688	$ 100,761
Program Revenues:			
Charges for Services	$ 122	$ —	$ 47,857
Operating Grants and Contributions	—	136,125	1,006
Capital Grants and Contributions	—	—	7,072
Net (Expense) Revenue	$ (49)	$ (563)	$ (44,826)
General Revenues:			
Taxes	$ —	$ —	$ 2,430
Investment Income (Loss)	725	—	303
Other Revenues	—	136	—
Total General Revenues before Grants	$ 725	$ 136	$ 2,733
State Grants Not Restricted	—	427	—
Total General Revenues	$ 725	$ 563	$ 2,733
Change in Net Position	$ 676	$ —	$ (42,093)
Net Position, Beginning, as Reported	$ 22,828	$ —	$ 1,049,839
Net Position, Ending	$ 23,504	$ —	$ 1,007,746

NATIONAL SPORTS CENTER FOUNDATION	OFFICE OF HIGHER EDUCATION	PUBLIC FACILITIES AUTHORITY	RURAL FINANCE AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	TOTAL
$ 15,745	$ 285,992	$ 107,219	$ 2,058	$ 45,270	$ 693,904
$ 14,270	$ 27,307	$ 32,236	$ 3,267	$ 44,067	$ 169,126
—	13,774	80,574	—	—	231,479
—	528	—	—	—	7,600
$ (1,475)	$ (244,383)	$ 5,591	$ 1,209	$ (1,203)	$ (285,699)
$ —	$ —	$ —	$ —	$ —	$ 2,430
—	—	—	—	(24)	1,004
3,067	—	—	—	—	3,203
$ 3,067	$ —	$ —	$ —	$ (24)	$ 6,637
—	270,293	79,152	—	—	349,872
$ 3,067	$ 270,293	$ 79,152	$ —	$ (24)	$ 356,509
$ 1,592	$ 25,910	$ 84,743	$ 1,209	$ (1,227)	$ 70,810
$ 4,493	$ 501,492	$ 1,351,233	$ 18,951	$ 50,000	$ 2,998,836
$ 6,085	$ 527,402	$ 1,435,976	$ 20,160	$ 48,773	$ 3,069,646

NONMAJOR COMPONENT UNITS
NOT ISSUING SEPARATELY AUDITED FINANCIAL STATEMENTS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Operating Revenues:			
Loan Interest Income	$ 12	$ 3,215	$ 3,227
Rental and Service Fees	—	2	2
Other Income	110	50	160
Total Operating Revenues	$ 122	$ 3,267	$ 3,389
Operating Expenses:			
Economic and Manpower Development	$ 171	$ 2,058	$ 2,229
Total Operating Expenses	$ 171	$ 2,058	$ 2,229
Operating Income (Loss)	$ (49)	$ 1,209	$ 1,160
Nonoperating Revenues (Expenses):			
Investment/Interest Income (Loss)	$ 725	$ —	$ 725
Total Nonoperating Revenues (Expenses)	$ 725	$ —	$ 725
Change in Net Position	$ 676	$ 1,209	$ 1,885
Net Position, Beginning, as Reported	$ 22,828	$ 18,951	$ 41,779
Net Position, Ending	$ 23,504	$ 20,160	$ 43,664

NONMAJOR COMPONENT UNITS
NOT ISSUING SEPARATELY AUDITED FINANCIAL STATEMENTS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Cash Flows from Operating Activities:			
Receipts from Customers	$ 36	$ 9,048	$ 9,084
Receipts from Other Revenues	4	20,778	20,782
Payments to Customers	—	(24,638)	(24,638)
Payments to Suppliers	(54)	—	(54)
Payments to Employees	(23)	—	(23)
Payments to Others	—	(12,744)	(12,744)
Net Cash Flows from Operating Activities	$ (37)	$ (7,556)	$ (7,593)
Cash Flows from Investing Activities:			
Proceeds from Sales and Maturities of Investments	$ 13,715	$ —	$ 13,715
Purchase of Investments	(12,734)	—	(12,734)
Investment Interest	369	—	369
Net Cash Flows from Investing Activities	$ 1,350	$ —	$ 1,350
Net Increase (Decrease) in Cash and Cash Equivalents	$ 1,313	$ (7,556)	$ (6,243)
Cash and Cash Equivalents, Beginning, as Reported	$ 707	$ 25,535	$ 26,242
Cash and Cash Equivalents, Ending	$ 2,020	$ 17,979	$ 19,999
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	$ (49)	$ 1,209	$ 1,160
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Loans Receivable	$ 12	$ (18,252)	$ (18,240)
Due to Primary Government	—	9,487	9,487
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 12	$ (8,765)	$ (8,753)
Net Cash Flows from Operating Activities	$ (37)	$ (7,556)	$ (7,593)

MINNESOTA

State of Minnesota

General Obligation Debt Schedule

2019
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GENERAL OBLIGATION BONDS AUTHORIZED, ISSUED AND UNISSUED
June 30, 2019
(In Thousands)

Purpose of Issue	Law Authorizing	Total Authorization	Previously Issued as Par Bonds	Previously Issued as Premium[1]	Remaining Authorization
Various Purpose [2, 4, 7, 9, 11, 16, 18, 22, 23, 24, 25]	2000, Ch. 492	$ 518,689	$ 518,629	$ 60	$ —
Various Purpose [4, 18, 22]	X2002, Ch. 1	15,055	14,755	—	300
Various Purpose [2, 4, 6, 7, 9, 11, 14, 16, 17, 20]	2005, Ch. 20	913,666	913,241	418	7
Various Purpose [2, 6, 7, 9, 11, 16, 17, 20, 21]	2006, Ch. 258	989,879	989,098	781	—
Trunk Highway [2, 6, 7, 11, 17]	2008, Ch. 152	1,781,771	1,690,193	—	91,578
Various Purpose [2, 6, 7, 9, 11, 14, 17, 19]	2008, Ch. 179	788,298	785,467	2,480	351
Various Purpose [2, 6, 7, 9, 12, 17]	2009, Ch. 93	255,459	249,355	3,180	2,924
Various Purpose [2, 6, 7, 9, 15]	2010, Ch. 189	707,518	692,809	12,130	2,579
Various Purpose [2, 6, 7, 9, 13]	X2010, Ch. 1	31,090	27,408	2,195	1,487
Various Purpose [2, 3, 6]	X2011, Ch. 12	548,497	508,043	22,707	17,747
Trunk Highway [2, 10]	2012, Ch. 287	17,511	17,420	—	91
Various Purpose [2, 6]	2012, Ch. 293	563,171	510,013	46,729	6,429
Various Purpose [2, 6]	X2012, Ch. 1	52,716	45,072	6,428	1,216
Trunk Highway [2, 11]	2013, Ch. 117	300,085	285,455	—	14,630
Various Purpose [2]	2013, Ch. 136	171,973	146,330	19,270	6,373
Various Purpose [2, 3, 4, 8]	2014, Ch. 294	889,643	717,738	139,892	32,013
Various Purpose	X2015, Ch. 5	190,697	136,917	28,853	24,927
Trunk Highway	X2015, Ch. 5	140,140	128,198	—	11,942
Various Purpose	2017, Ch. 4	35,035	33,668	1,367	—
Trunk Highway [5]	X2017, Ch. 3	940,940	85,000	—	855,940
Various Purpose	X2017, Ch. 8	1,038,510	431,966	76,234	530,310
Various Purpose	2018, Ch. 214	893,759	162,239	23,661	707,859
Trunk Highway	2018, Ch. 214	416,608	5,380	—	411,228
Various Purpose	2019, Ch. 2	102,402	—	—	102,402
Totals		$ 12,303,112	$ 9,094,394	$ 386,385	$ 2,822,333

(1) Minnesota Statutes 16A.641, Subdivision 7b, requires the premium received on the sale of bonds after December 1, 2012, to be deposited to either the bond proceeds fund where it is used to reduce the par amount of the bonds issued or to the state bond fund or used to reduce the par amount of the bond issue at the time of the sale.

(2) Minnesota Statutes 16A.642, required that on January 1, 2019, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2019. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2000, Chapter 492 by $15,396; Laws 2005, Chapter 20 by $203,245; Laws 2006, Chapter 258 by $962,405; Laws 2008, Chapter 179 by $1,353,154; Laws 2009, Chapter 93 by $4,469; Laws 2010, Chapter 189 by $164,671; Second Special Session Laws 2010, Chapter 1 by $32,798; Special Session Laws 2011, Chapter 12 by $1,518,198; Laws 2012, Chapter 293 by $1,009,368; Special Session Laws 2012, Chapter 1 by $198,399; Laws 2013, Chapter 117 by $215,000; Laws 2013, Chapter 136 by $6,821,915; and Laws 2014, Chapter 294 by $3,341,134. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by $475,104 and Laws 2012, Chapter 287 by $102,461.

(3) Laws 2018, Chapter 214 reduced Various Purpose Bonds authorized in Laws 2011, Chapter 12 by $4,035,839 and Various Purpose Bonds authorized in Laws 2014, Chapter 294 by $1,719,000.

(4) Special Session Laws 2017, Chapter 8, Article 1 reduced Various Purpose Bonds authorized in Laws 2000, Chapter 492 by $7,933,358; Special Session Laws 2002, Chapter 1 by $217,959; Laws 2005, Chapter 20 by $3,366,628; Laws 2014, Chapter 294 by $1,200,000. The legislation also cancelled the bond authorizations listed in the Cancellation Report of January 2017, as noted in footnote 6 below, on May 31, 2017, rather than the statutory cancellation date of July 1, 2017.

(5) Special Session Laws 2017, Chapter 3, Article 2 increased Trunk Highway bond authorizations by $940,940,000. However, the effective date on the article is July 1, 2017.

[6] Minnesota Statutes 16A.642, required that on January 1, 2017, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2017. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2005, Chapter 20 by $396,889; Laws 2006, Chapter 258 by $135,297; Laws 2008, Chapter 179 by $697,986; Laws 2009, Chapter 93 by $637,749; Laws 2010, Chapter 189 by $550,379; Special Session Laws 2010, Chapter 1 by $290,140; Special Session Laws 2011, Chapter 12 by $1,318,615; Laws 2012, Chapter 293 by $3,750,772; and Special Session Laws 2012, Chapter 1 by $3,780,466. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by $202,248.

[7] Minnesota Statutes 16A.642, required that on January 1, 2015, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2015. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2000, Chapter 492 by $2,688; Laws 2005, Chapter 20 by $295,267; Laws 2006, Chapter 258 by $1,189,366; Laws 2008, Chapter 179 by $923,933; Laws 2009, Chapter 93 by $564,587; Laws 2010, Chapter 189 by $4,866,171 and Special Session Laws 2010, Chapter 1 by $1,243,997. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by $297,457.

[8] Special Session Laws 2015, Chapter 5, Article 1 reduced Various Purpose Bonds authorized in Laws 2014, Chapter 294 by $50,000.

[9] Laws 2014, Chapter 294 reduced Various Purpose Bonds authorized in Laws 2000, Chapter 492 by $983,142, Laws 2005, Chapter 20 by $40,399, Laws 2006, Chapter 258 by $1,509,567, Laws 2008, Chapter 179 by $3,646,561, Laws 2009, Chapter 93 by $199,627, Laws 2010, Chapter 189 by $2,200,284 and Special Session Laws 2010, Chapter 1 by $2,000,000.

[10] Laws 2014, Chapter 312, Article 9 increased Trunk Highway Bonds authorized in Laws 2012, Chapter 287 by $1,493,000.

[11] Minnesota Statutes 16A.642, required that on January 1, 2013, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2013. The cancellation report will reduce Various Purpose Bonds authorizations as follows: Laws 2000, Chapter 492 by $60,002; Laws 2005, Chapter 20 by $2,110,817; Laws 2006, Chapter 258 by $2,516,360 and Laws 2008, Chapter 179 by $2,354,454. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by $1,968,953; however, $1,414,600 was reauthorized by Laws 2013, Chapter 117.

[12] Laws 2013, Chapter 136 reduced Various Purpose Bonds authorized in Laws 2009, Chapter 93 by $2,000,000.

[13] Special Session Laws 2012, Chapter 1 reduced Various Purpose Bonds authorized in Special Session Laws 2010, Chapter 1 by $2,133,000.

[14] Special Session Laws 2011, Chapter 12 also reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by $22,000,000; and Laws 2008, Chapter 179 by $3,500,000. However, as of July 2012, Laws 2005, Chapter 20 had only $18,520,501 available in remaining authorization so that is the amount that was cancelled.

[15] The Governor vetoed $361,460,000 of appropriations for Various Purpose capital projects and $6,500,000 for Trunk Highway projects to be funded from Laws 2010, Chapter 189. The Governor requested that the bond authorizations be reduced to match the appropriations in the 2011 Legislative Session but no capital budget was passed during this time frame. The bond authorizations for Laws 2010, Chapter 189 were reduced in Special Session Laws 2011, Chapter 12 to match the appropriations. The net reductions to the bond authorizations were $359,660,000 for Various Purpose Bonds and $6,500,000 for Trunk Highway Bonds.

[16] Minnesota Statutes 16A.642, required that on January 1, 2011, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2011. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2000, Chapter 492 by $2,000; Laws 2005, Chapter 20 by $2,697,899; and Laws 2006, Chapter 258 by $6,481,965.

[17] Laws 2010, Chapter 189 reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by $1,682,567; Laws 2006, Chapter 258 by $7,770; Laws 2008, Chapter 179 by $152,660; and Laws 2009, Chapter 93 by $3,900,000. Laws 2010, Chapter 189 reduced Trunk Highway Bond authorization Laws 2008, Chapter 152 by $18,500,000. Laws 2010, Chapter 189 reduced the Various Purpose Bond authorization in Laws 2009, Chapter 93 by $85,155,000 to offset the appropriations that the Governor vetoed $85,155,000.

[18] Minnesota Statutes 16A.642, required that on January 1, 2009, the commissioner of Finance report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2009. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2000, Chapter 492 by $217,331; and Special Session Laws 2002, Chapter 1 by $178,656.

[19] Laws 2008, Chapter 365 reduced the Various Purpose Bond authorization in Laws 2008, Chapter 179 by $223,588,000.

[20] Laws 2008, Chapter 179 reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by $2,000,000; and Laws 2006, Chapter 258 by $3,767,000.

[21] Laws 2007, Chapter 45 reduced the Various Purpose Bond authorization in Laws 2006, Chapter 258 by $150,000.

[22] Minnesota Statutes 16A.642, required that on January 1, 2007, the commissioner of Finance report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2007. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2000, Chapter 492 by $524,411; and Special Session Laws 2002, Chapter 1 by $863,386.

[23] Minnesota Statutes 16A.642, required that on January 1, 2005, the commissioner of Finance report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2005. The cancellation report also reduced Various Purpose Bonds authorized by Laws 2000, Chapter 492 by $3,333,695.

[24] Laws 2005, Chapter 20 reduced Various Purpose Bonds authorized by Laws 2000, Chapter 492 by $3,300,000.

[25] Laws of 2001, Chapter 55 converted $7 million of capital projects authorized in Laws 2000, Chapter 492 to be financed from Various Purpose general obligation bonds to general fund cash.

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State of Minnesota

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Statistical Section

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state's overall financial health.

Financial Trends

These schedules contain trend information to help understand and assess how the state's financial position has changed over time.

Revenue Capacity

These schedules contain information to assess the state's most significant revenue source, individual income taxes. Minnesota's data privacy laws prevent disclosing the names of principal taxpayers.

Debt Capacity

These schedules present information to help assess the affordability of the state's current level of outstanding debt and the state's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help understand the environment within which the state's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help understand how the information in the state's financial report relates to the services the state provides and the activities it performs.

MINNESOTA

2019 Comprehensive Annual Financial Report

Index of Statistical Section

Schedule 1 - Net Position By Component
Last Ten Years
Accrual Basis of Accounting
(In Thousands)

	2010	2011	2012	2013
Governmental Activities:				
Net Investment in Capital Assets	$ 9,064,443	$ 9,304,511	$ 10,010,130	$ 10,376,465
Restricted	3,060,905	3,396,243	3,546,397	4,050,489
Unrestricted	(2,463,184)	(2,320,765)	(2,784,715)	(1,992,703)
Total Governmental Activities Net Position	$ 9,662,164	$ 10,379,989	$ 10,771,812	$ 12,434,251
Business-type Activities:				
Net Investment in Capital Assets	$ 1,293,856	$ 1,352,739	$ 1,394,303	$ 1,456,939
Restricted	509,705	643,700	1,252,075	1,899,250
Unrestricted	(300,615)	(82,907)	(6,409)	(8,257)
Total Business-type Activities Net Position	$ 1,502,946	$ 1,913,532	$ 2,639,969	$ 3,347,932
Primary Government:				
Net Investment in Capital Assets	$ 10,358,299	$ 10,657,250	$ 11,404,433	$ 11,833,404
Restricted	3,570,610	4,039,943	4,798,472	5,949,739
Unrestricted	(2,763,799)	(2,403,672)	(2,791,124)	(2,000,960)
Total Primary Government Net Position	$ 11,165,110	$ 12,293,521	$ 13,411,781	$ 15,782,183

Note: In fiscal year 2015, the state implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" which required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions. In fiscal year 2018, the state implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" (OPEB) which required the recording of total OPEB liability and the deferred inflows and outflows of resources associated with OPEB. These have caused some funds to end in a deficit net position.

Source: The state's Comprehensive Annual Financial Report for the relevant year.

2014	2015	2016	2017	2018	2019
$ 11,125,938	$ 11,768,063	$ 12,421,870	$ 12,659,739	$ 13,318,601	$ 14,068,082
5,508,417	5,392,483	5,633,354	5,523,662	6,566,430	6,895,583
(2,494,395)	(5,510,119)	(4,961,314)	(5,029,153)	(5,629,152)	(3,457,575)
$ 14,139,960	$ 11,650,427	$ 13,093,910	$ 13,154,248	$ 14,255,879	$ 17,506,090
$ 1,489,631	$ 1,510,882	$ 1,620,835	$ 1,650,940	$ 1,634,807	$ 1,659,114
2,279,417	1,992,311	2,120,972	1,896,802	1,973,820	2,078,645
(8,450)	(120,013)	(65,830)	(252,631)	(398,341)	(108,526)
$ 3,760,598	$ 3,383,180	$ 3,675,977	$ 3,295,111	$ 3,210,286	$ 3,629,233
$ 12,615,569	$ 13,278,945	$ 14,042,705	$ 14,310,679	$ 14,953,408	$ 15,727,196
7,787,834	7,384,794	7,754,326	7,420,464	8,540,250	8,974,228
(2,502,845)	(5,630,132)	(5,027,144)	(5,281,784)	(6,027,493)	(3,566,101)
$ 17,900,558	$ 15,033,607	$ 16,769,887	$ 16,449,359	$ 17,466,165	$ 21,135,323

Schedule 2 - Changes in Net Position
Accrual Basis of Accounting
Last Ten Years
(In Thousands)

	2010	2011	2012	2013
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Agricultural, Environmental and Energy Resources	$ 358,666	$ 369,400	$ 384,593	$ 326,696
Economic and Workforce Development	49,212	46,764	59,481	40,093
General Education	21,342	19,403	23,418	24,120
General Government	266,565	265,022	249,824	381,788
Health and Human Services	353,929	424,670	399,963	547,216
Higher Education	3	3	636	346
Public Safety and Corrections	156,139	157,201	159,882	157,198
Transportation	25,397	21,782	19,146	30,280
Operating Grants and Contributions:				
Health and Human Services	6,913,844	6,692,535	6,369,736	6,844,284
All Others	3,388,958	2,706,074	2,040,575	2,318,910
Capital Grants and Contributions	215,439	203,750	137,497	172,725
Total Governmental Activities Program Revenues	$ 11,749,494	$ 10,906,604	$ 9,844,751	$ 10,843,656
Business-type Activities:				
Charges for Services:				
State Colleges and Universities	$ 771,104	$ 851,754	$ 848,541	$ 851,377
Unemployment Insurance	972,425	1,211,352	1,444,622	1,469,936
Lottery	499,271	504,514	520,049	560,448
Other	246,829	260,247	274,825	272,822
Operating Grants and Contributions	1,958,195	1,697,323	1,113,581	710,153
Capital Grants and Contributions	1,554	1,515	—	—
Total Business-type Activities Program Revenues	$ 4,449,378	$ 4,526,705	$ 4,201,618	$ 3,864,736
Total Primary Government Program Revenues	$ 16,198,872	$ 15,433,309	$ 14,046,369	$ 14,708,392
Expenses:				
Governmental Activities:				
Agricultural, Environmental and Energy Resources	$ 950,738	$ 969,947	$ 916,001	$ 954,721
Economic and Workforce Development	715,085	695,050	543,680	571,265
General Education	8,042,744	7,499,159	7,890,863	8,207,311
General Government	762,238	832,859	860,883	971,198
Health and Human Services	11,950,195	12,243,662	12,472,172	13,146,913
Higher Education	981,859	892,921	778,389	849,510
Intergovernmental Aid	1,558,453	1,339,943	1,358,521	1,269,078
Public Safety and Corrections	940,685	976,261	952,585	970,095
Transportation	2,456,008	2,843,127	2,280,481	2,683,545
Interest	261,802	322,773	506,909	218,218
Total Governmental Activities Expenses	$ 28,619,807	$ 28,615,702	$ 28,560,484	$ 29,841,854
Business-type Activities:				
State Colleges and Universities	$ 1,802,527	$ 1,903,985	$ 1,816,268	$ 1,891,779
Unemployment Insurance	3,038,557	2,228,405	1,490,943	1,060,431
Lottery	377,025	382,759	396,590	425,541
Other	222,110	269,880	270,276	288,146
Total Business-type Activities Expenses	$ 5,440,219	$ 4,785,029	$ 3,974,077	$ 3,665,897
Total Primary Government Expenses	$ 34,060,026	$ 33,400,731	$ 32,534,561	$ 33,507,751

Source: The state's Comprehensive Annual Financial Report for the relevant year.

2014	2015	2016	2017	2018	2019
$ 350,950	$ 401,687	$ 355,269	$ 430,333	$ 1,314,147	$ 470,015
60,754	57,819	58,939	58,317	55,573	56,817
22,042	22,136	22,646	23,477	21,845	19,141
279,835	305,057	327,487	340,021	347,661	337,288
407,644	424,520	416,068	437,726	499,831	544,739
337	315	20	—	5	—
158,690	161,205	159,549	155,843	152,465	151,911
28,386	23,811	114,667	73,111	104,674	82,142
7,371,378	8,350,067	8,716,931	9,048,622	9,606,414	9,946,653
2,407,201	2,205,884	2,215,444	2,309,582	2,283,111	2,598,278
250,709	170,102	194,056	142,942	115,974	235,522
$ 11,337,926	$ 12,122,603	$ 12,581,076	$ 13,019,974	$ 14,501,700	$ 14,442,506
$ 824,190	$ 815,508	$ 835,447	$ 833,494	$ 829,982	$ 820,489
1,188,214	937,851	820,322	585,523	775,863	767,805
531,550	546,812	592,806	563,507	596,453	636,806
333,425	351,662	389,807	425,937	492,551	524,301
551,820	525,297	481,563	456,997	445,338	437,587
—	—	—	—	—	28
$ 3,429,199	$ 3,177,130	$ 3,119,945	$ 2,865,458	$ 3,140,187	$ 3,187,016
$ 14,767,125	$ 15,299,733	$ 15,701,021	$ 15,885,432	$ 17,641,887	$ 17,629,522
$ 955,339	$ 932,235	$ 1,013,148	$ 1,254,115	$ 1,369,950	$ 1,153,557
641,424	677,044	658,893	806,872	769,021	619,817
9,048,212	9,087,613	9,434,928	9,836,193	10,172,185	10,516,190
1,013,415	1,153,921	1,151,991	1,589,095	1,438,678	756,146
13,647,672	15,016,278	15,590,493	16,396,755	17,390,698	17,514,760
912,083	912,909	976,351	987,375	1,032,885	1,087,101
1,291,075	1,583,636	1,626,833	1,644,215	1,699,020	1,867,341
998,054	985,399	1,005,349	1,360,363	1,296,548	974,208
2,685,688	2,898,216	2,814,456	2,998,902	3,287,843	3,283,888
177,244	291,983	305,017	291,679	224,558	246,462
$ 31,370,206	$ 33,539,234	$ 34,577,459	$ 37,165,564	$ 38,681,386	$ 38,019,470
$ 1,936,061	$ 1,905,845	$ 1,910,435	$ 2,204,067	$ 2,174,240	$ 1,795,697
888,665	726,529	801,670	785,137	754,269	731,132
404,705	410,237	446,860	429,843	455,374	477,974
350,729	408,408	383,012	476,331	495,581	467,022
$ 3,580,160	$ 3,451,019	$ 3,541,977	$ 3,895,378	$ 3,879,464	$ 3,471,825
$ 34,950,366	$ 36,990,253	$ 38,119,436	$ 41,060,942	$ 42,560,850	$ 41,491,295

Schedule 2 - Changes in Net Position (continued)
Accrual Basis of Accounting
Last Ten Years
(In Thousands)

	2010	2011	2012	2013
Net (Expense)/Revenue:				
Governmental Activities	$ (16,870,313)	$ (17,709,098)	$ (18,715,733)	$ (18,998,198)
Business-type Activities	(990,841)	(258,324)	227,541	198,839
Total Primary Government Net Expense	$ (17,861,154)	$ (17,967,422)	$ (18,488,192)	$ (18,799,359)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual Income Taxes	$ 6,792,510	$ 7,883,583	$ 8,409,530	$ 9,209,954
Corporate Income Taxes	539,534	1,204,521	953,428	1,242,912
Sales Taxes	4,379,236	4,760,684	4,849,514	5,004,330
Property Taxes	746,685	771,020	809,044	831,316
Motor Vehicle Taxes	997,214	1,074,769	1,150,343	1,241,242
Fuel Taxes	826,574	851,245	849,955	860,837
Other Taxes	2,268,560	2,192,739	2,253,625	2,436,828
Tobacco Settlement	157,924	172,207	166,154	171,338
Unallocated Investment/Interest Income	21,242	19,836	12,873	23,129
Other Revenues	145,608	139,406	133,285	128,115
Transfers	(543,525)	(584,171)	(480,195)	(489,364)
Total Government Activities	$ 16,331,562	$ 18,485,839	$ 19,107,556	$ 20,660,637
Business-type Activities:				
Unallocated Investment/Interest Income	$ 8,483	$ 7,058	$ 6,567	$ 17,545
Other Revenues	—	18,765	12,134	2,215
Transfers	543,525	584,171	480,195	489,364
Total Business-type Activities	$ 552,008	$ 609,994	$ 498,896	$ 509,124
Total Primary Government General Revenues	$ 16,883,570	$ 19,095,833	$ 19,606,452	$ 21,169,761
Changes in Net Position:				
Governmental Activities	$ (538,751)	$ 776,741	$ 391,823	$ 1,662,439
Change in Accounting Principle	115,817	—	—	—
Change in Fund Structure	—	(58,916)	—	—
Business-type Activities	(438,833)	351,670	726,437	707,963
Changes in Accounting Principle	—	—	—	—
Change in Fund Structure	—	58,916	—	—
Total Primary Government Change in Net Position	$ (861,767)	$ 1,128,411	$ 1,118,260	$ 2,370,402

Source: The state's Comprehensive Annual Financial Report for the relevant year.

2014	2015	2016	2017	2018	2019
$ (20,032,280)	$ (21,416,631)	$ (21,996,383)	$ (24,145,590)	$ (24,179,686)	$ (23,576,964)
(150,961)	(273,889)	(422,032)	(1,029,920)	(739,277)	(284,809)
$ (20,183,241)	$ (21,690,520)	$ (22,418,415)	$ (25,175,510)	$ (24,918,963)	$ (23,861,773)
$ 9,915,021	$ 10,607,930	$ 10,969,019	$ 11,307,961	$ 12,125,496	$ 12,693,113
1,308,578	1,507,608	1,361,681	1,270,423	1,343,290	1,606,928
5,283,785	5,469,773	5,534,870	5,779,685	5,995,103	6,275,369
823,949	839,939	846,216	850,240	823,551	820,829
1,312,982	1,395,872	1,428,134	1,518,531	1,566,759	1,626,285
883,619	908,278	904,424	917,834	936,618	931,329
2,489,475	2,651,969	2,801,323	2,833,543	2,964,339	3,056,301
175,386	170,424	170,179	165,244	165,089	166,137
26,728	25,378	35,289	66,639	94,641	156,000
27,339	63,101	50,574	87,096	75,201	137,949
(520,134)	(554,346)	(661,843)	(591,268)	(626,435)	(643,065)
$ 21,726,728	$ 23,085,926	$ 23,439,866	$ 24,205,928	$ 25,463,652	$ 26,827,175
$ 33,688	$ 40,583	$ 44,919	$ 45,796	$ 50,457	$ 59,959
9,107	7,028	8,067	11,990	4,249	732
520,134	554,346	661,843	591,268	626,435	643,065
$ 562,929	$ 601,957	$ 714,829	$ 649,054	$ 681,141	$ 703,756
$ 22,289,657	$ 23,687,883	$ 24,154,695	$ 24,854,982	$ 26,144,793	$ 27,530,931
$ 1,694,448	$ 1,669,295	$ 1,443,483	$ 60,338	$ 1,283,966	$ 3,250,211
11,959	(4,158,828)	—	—	(175,330)	—
(698)	—	—	—	(7,005)	—
411,968	328,068	292,797	(380,866)	(58,136)	418,947
—	(705,486)	—	—	(33,694)	—
698	—	—	—	7,005	—
$ 2,118,375	$ (2,866,951)	$ 1,736,280	$ (320,528)	$ 1,016,806	$ 3,669,158

Schedule 3 - Fund Balances - Governmental Funds
Last Ten Years
Modified Accrual Basis of Accounting
(In Thousands)

	2010	2011	2012	2013
General Fund:				
Nonspendable	$ 465,601	$ 579,800	$ 625,689	$ 750,071
Restricted	173,687	171,033	148,483	105,581
Committed	—	—	—	—
Assigned	—	—	—	219,562
Unassigned	(1,386,945)	(731,567)	(840,928)	218,474
Total General Fund	$ (747,657)	$ 19,266	$ (66,756)	$ 1,293,688
All Other Governmental Funds:				
Nonspendable	$ 718,469	$ 833,403	$ 892,478	$ 992,738
Restricted	2,380,542	2,450,612	2,300,043	2,754,222
Committed	537,009	382,939	561,628	714,304
Assigned	3,920	2,306	642,158	1,152
Unassigned	—	(19,905)	(97,404)	—
Total All Other Governmental Funds	$ 3,639,940	$ 3,649,355	$ 4,298,903	$ 4,462,416
Total Governmental Funds	$ 2,892,283	$ 3,668,621	$ 4,232,147	$ 5,756,104

Source: The state's Comprehensive Annual Financial Report for the relevant year.

2014	2015	2016	2017	2018	2019
$ 912,814	$ 931,595	$ 929,967	$ 1,034,219	$ 1,121,875	$ 1,229,393
128,025	119,108	180,272	86,942	83,409	93,570
—	—	—	—	82,000	62,221
231,559	322,780	365,054	757,056	1,830,239	2,124,922
530,549	782,405	1,571,798	1,528,516	1,665,000	2,081,460
$ 1,802,947	$ 2,155,888	$ 3,047,091	$ 3,406,733	$ 4,782,523	$ 5,591,566
$ 1,154,936	$ 1,224,853	$ 1,275,357	$ 1,369,443	$ 1,442,020	$ 1,568,078
4,011,252	3,708,694	3,482,136	3,629,229	4,618,092	4,719,005
642,573	861,685	709,828	952,613	688,673	663,729
199,900	682,373	598,110	548,454	24,072	53,513
—	—	—	—	—	—
$ 6,008,661	$ 6,477,605	$ 6,065,431	$ 6,499,739	$ 6,772,857	$ 7,004,325
$ 7,811,608	$ 8,633,493	$ 9,112,522	$ 9,906,472	$ 11,555,380	$ 12,595,891

Schedule 4 - Changes in Fund Balances - Governmental Funds
Last Ten Years
Modified Accrual Basis of Accounting
(In Thousands)

	2010	2011	2012	2013
Revenues:				
Individual Income Taxes	$ 6,729,244	$ 7,828,818	$ 8,267,608	$ 9,257,352
Corporate Income Taxes	540,504	1,135,193	996,524	1,273,112
Sales Taxes	4,411,277	4,681,525	4,871,038	5,028,616
Property Taxes	766,830	766,926	813,723	817,895
Motor Vehicle Taxes	997,214	1,074,769	1,150,343	1,241,242
Fuel Taxes	825,341	852,765	851,410	861,780
Federal Revenues	10,159,045	9,162,775	8,268,573	8,920,572
Other Taxes and Revenues	4,074,393	4,249,437	4,101,994	4,550,709
Total Revenues	$ 28,503,848	$ 29,752,208	$ 29,321,213	$ 31,951,278
Expenditures:				
Agricultural, Environmental and Energy	$ 918,410	$ 1,022,523	$ 904,313	$ 961,993
Economic and Workforce Development	755,337	720,542	588,847	623,810
General Education	8,038,447	7,494,180	7,885,111	8,201,852
General Government	730,091	787,042	747,209	825,528
Health and Human Services	11,929,558	12,222,063	12,451,737	13,130,238
Higher Education	981,868	892,947	777,958	849,506
Intergovernmental Aid	1,549,453	1,317,185	1,358,520	1,269,078
Public Safety and Corrections	901,983	911,490	893,858	909,426
Transportation	2,416,333	2,673,915	2,300,784	2,610,632
Securities Lending Rebates and Fees	132	89	—	—
Capital Outlay	643,736	699,583	573,631	646,086
Debt Service:				
Principal	395,045	347,934	467,870	326,989
Interest	282,774	349,326	571,656	295,231
Total Expenditures	$ 29,543,167	$ 29,438,819	$ 29,521,494	$ 30,650,369
Excess of Revenues Over (Under) Expenditures	$ (1,039,319)	$ 313,389	$ (200,281)	$ 1,300,909
Other Financing Sources (Uses):				
Bond Issuance	$ 722,904	$ 843,496	$ 1,517,849	$ 1,296,087
Certificates of Participation Issuance	74,980	—	—	—
Loan Proceeds	5,729	677	—	1,597
Issuance of Refunding Bonds	426,505	907,785	—	—
Payment to Refunded Bonds Escrow Agent	(426,505)	(907,785)	(400,775)	(768,450)
Bond Issue Premium	108,704	233,570	142,273	200,932
Certificates of Participation Premium	7,411	—	—	—
Net Transfers In (Out)	(523,176)	(557,776)	(495,540)	(507,118)
Capital Leases	3,356	—	—	—
Net Other Financing Sources (Uses)	$ 399,908	$ 519,967	$ 763,807	$ 223,048
Change in Inventory	4,376	1,898	—	—
Change in Fund Structure	—	(58,916)	—	—
Net Changes in Fund Balances	$ (635,035)	$ 776,338	$ 563,526	$ 1,523,957
Debt Service as a Percentage of Non-capital Expenditures	2.3%	2.4%	3.6%	2.1%

Source: The state's Comprehensive Annual Financial report for the relevant year.

	2014	2015	2016	2017	2018	2019
	$ 9,859,403	$ 10,640,365	$ 11,013,385	$ 11,263,573	$ 12,082,631	$ 12,674,858
	1,302,563	1,503,461	1,414,531	1,272,913	1,327,533	1,613,373
	5,281,384	5,455,081	5,558,870	5,792,017	5,993,944	6,264,666
	830,759	836,257	855,032	848,463	819,654	811,117
	1,312,837	1,395,959	1,428,000	1,518,624	1,566,752	1,626,429
	882,649	908,740	904,475	917,956	936,543	930,988
	9,492,563	10,330,369	10,751,013	11,070,070	11,556,973	12,183,673
	4,654,510	4,660,862	4,792,065	5,092,983	6,172,623	5,635,967
	$ 33,616,668	$ 35,731,094	$ 36,717,371	$ 37,776,599	$ 40,456,653	$ 41,741,071
	$ 951,403	$ 951,901	$ 1,008,712	$ 1,035,953	$ 1,173,902	$ 1,224,420
	647,590	694,016	720,340	756,386	721,636	762,380
	9,042,621	9,088,463	9,438,526	9,801,245	10,142,699	10,545,012
	900,517	1,066,108	1,022,298	978,292	967,045	978,388
	13,626,375	15,057,706	15,595,280	16,078,287	17,126,873	17,881,072
	911,986	912,947	976,387	987,714	1,032,901	1,087,158
	1,291,075	1,583,636	1,626,833	1,644,215	1,699,020	1,867,341
	939,855	965,508	974,864	1,046,709	1,067,492	1,168,970
	2,630,645	2,883,144	2,840,880	2,772,542	3,093,871	3,385,926
	—	—	—	—	—	—
	939,987	1,090,210	1,183,985	870,595	669,165	840,378
	410,450	598,590	650,190	647,020	655,751	614,384
	251,606	365,231	390,603	392,195	380,418	339,397
	$ 32,544,110	$ 35,257,460	$ 36,428,898	$ 37,011,153	$ 38,730,773	$ 40,694,826
	$ 1,072,558	$ 473,634	$ 288,473	$ 765,446	$ 1,725,880	$ 1,046,245
	$ 1,348,259	$ 720,300	$ 670,905	$ 491,129	$ 449,188	$ 603,407
	—	80,100	—	—	—	—
	—	—	—	769	2,887	—
	373,940	153,905	391,555	310,565	404,880	—
	(373,940)	(153,905)	(391,555)	(310,565)	(404,880)	—
	180,783	123,666	163,418	155,376	137,078	79,169
	—	—	—	—	—	—
	(546,096)	(575,815)	(643,767)	(618,770)	(666,622)	(688,310)
	—	—	—	—	—	—
	$ 982,946	$ 348,251	$ 190,556	$ 28,504	$ (77,469)	$ (5,734)
	—	—	—	—	—	—
	—	—	—	—	497	—
	$ 2,055,504	$ 821,885	$ 479,029	$ 793,950	$ 1,648,908	$ 1,040,511
	2.1%	2.8%	3.0%	2.9%	2.7%	2.4%

Schedule 5 - Revenue Base
Estimated Personal Income By Industry
Last Ten Calendar Years
(In Thousands)

	2009	2010	2011	2012
Farm Earnings	$ 2,224,254	$ 3,287,574	$ 4,497,149	$ 6,234,574
Nonfarm Earnings:				
Private Earnings:				
Forestry, Fishing, Related Activities	$ 253,343	$ 321,147	$ 313,714	$ 377,581
Mining	583,824	944,822	1,175,135	1,195,976
Utilities	1,478,767	1,548,536	1,696,883	1,598,936
Construction	8,222,053	7,919,310	8,610,456	9,695,487
Manufacturing:				
Durable Goods Manufacturing	13,765,946	13,983,671	14,945,794	15,477,077
Nondurable Goods Manufacturing	7,074,136	6,998,774	7,376,995	7,865,499
Wholesale trade	10,609,139	10,849,264	11,521,480	12,015,927
Retail Trade	9,069,439	9,414,354	9,838,374	10,267,848
Transportation and Warehousing	5,148,306	5,206,575	5,752,355	5,944,742
Information	4,631,883	4,367,170	4,554,992	4,501,266
Finance and Insurance	11,767,315	12,738,316	13,498,147	16,305,898
Real Estate and Rental and Leasing	2,515,835	2,311,487	2,835,593	3,766,233
Professional and Technical Services	13,224,466	13,235,346	14,232,902	14,850,286
Management of Companies and Enterprises	7,911,994	9,151,495	9,380,832	9,729,235
Administrative and Waste Services	4,878,169	5,201,266	5,659,208	5,769,149
Educational Services	2,495,446	2,600,327	2,729,144	2,796,682
Health Care and Social Assistance	21,080,465	21,994,737	22,453,534	23,162,318
Arts, Entertainment, and Recreation	1,303,850	1,396,561	1,427,418	1,446,421
Accommodation and Food Services	3,752,511	3,749,606	4,028,151	4,314,959
Other Services, Except Public Administration	5,874,202	5,836,609	6,040,975	6,294,864
Total Private Earnings	$ 135,641,089	$ 139,769,373	$ 148,072,082	$ 157,376,384
Government and Government Enterprises:				
Federal, Civilian	$ 2,942,734	$ 2,991,515	$ 3,024,745	$ 3,007,494
Military	855,721	846,077	784,391	748,232
State and Local	20,853,112	21,178,166	20,989,028	21,119,824
Total Government and Government Enterprises	$ 24,651,567	$ 25,015,758	$ 24,798,164	$ 24,875,550
Total Nonfarm Earnings	$ 160,292,656	$ 164,785,131	$ 172,870,246	$ 182,251,934
Total Earnings By Industry	$ 162,516,910	$ 168,072,705	$ 177,367,395	$ 188,486,508
Derivation of Personal Income:				
Earnings By Place of Work	$ 162,516,910	$ 168,072,705	$ 177,367,395	$ 188,486,508
Other Personal Income[1]	52,632,516	55,627,488	61,270,680	65,534,021
Personal Income	$ 215,149,426	$ 223,700,193	$ 238,638,075	$ 254,020,529

(1) Adjustments for Residence, Dividends, Interest, Rent, and Transfer Receipts less Social Security Benefits.

Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA), table SAINC5N: Personal Income by Major Component and Earnings by NAICS Industry (www.apps.bea.gov/itable). The data is updated quarterly. The Comprehensive Annual Financial Report utilizes the most current data estimates available. Data from the website and prior years are not adjusted or updated. The website reflects that data used in this report was updated September 24, 2019 for calendar year 2018.

2013	2014	2015	2016	2017	2018
$ 6,055,896	$ 3,957,930	$ 3,436,873	$ 2,134,638	$ 492,804	$ 1,852,217
$ 375,183	$ 372,518	$ 405,253	$ 424,616	$ 434,528	$ 481,398
940,241	836,803	711,097	567,153	598,939	759,190
1,753,610	1,819,167	1,813,182	1,872,657	1,831,635	1,908,942
10,307,393	11,256,047	12,199,335	12,845,658	13,656,541	13,978,979
15,769,874	16,463,894	17,276,885	17,438,243	17,929,229	18,601,711
7,976,017	8,866,827	9,169,634	9,357,227	9,404,043	9,604,543
12,457,480	12,670,150	13,096,562	12,945,024	14,803,153	14,349,985
10,568,505	10,934,279	11,384,942	11,789,700	11,927,427	12,326,763
6,131,364	6,468,497	6,743,929	7,336,944	8,010,476	8,380,010
4,506,448	4,720,952	4,851,528	4,689,082	4,911,711	4,899,737
15,853,822	15,939,115	16,821,074	16,837,111	18,327,349	19,603,029
4,020,944	4,248,409	4,464,110	3,983,710	3,996,742	3,629,490
15,577,864	16,890,612	17,816,158	19,890,779	20,579,819	21,484,286
10,194,587	10,605,646	10,841,476	10,879,965	11,677,068	12,000,032
5,871,881	6,229,435	6,499,176	6,924,327	7,654,637	7,593,887
2,766,270	2,865,504	2,918,287	3,085,382	3,157,217	3,251,508
24,004,913	24,990,069	26,435,203	28,175,658	29,831,013	31,256,560
1,576,030	1,884,804	2,004,934	2,212,728	2,274,522	2,631,950
4,480,084	4,746,770	5,159,435	5,517,804	5,810,628	6,015,044
6,401,623	6,886,532	7,151,982	7,369,166	7,766,344	7,956,699
$ 161,534,133	$ 169,696,030	$ 177,764,182	$ 184,142,934	$ 194,583,021	$ 200,713,743
$ 2,978,551	$ 3,039,703	$ 3,169,588	$ 3,254,830	$ 3,341,625	$ 3,501,023
709,513	665,703	623,320	657,201	653,478	706,250
21,944,845	22,804,710	23,628,074	24,423,598	25,166,437	26,343,997
$ 25,632,909	$ 26,510,116	$ 27,420,982	$ 28,335,629	$ 29,161,540	$ 30,551,270
$ 187,167,042	$ 196,206,146	$ 205,185,164	$ 212,478,563	$ 223,744,561	$ 231,265,013
$ 193,222,938	$ 200,164,076	$ 208,622,037	$ 214,613,201	$ 224,237,365	$ 233,117,230
$ 193,222,938	$ 200,164,076	$ 208,622,037	$ 214,613,201	$ 224,237,365	$ 233,117,230
62,816,834	68,365,869	71,784,447	72,636,608	78,903,906	89,610,344
$ 256,039,772	$ 268,529,945	$ 280,406,484	$ 287,249,809	$ 303,141,271	$ 322,727,574

Schedule 6 - Revenue Rates
Tax Rates and Taxable Income Brackets for 2010 through 2019

Tax Year 2010

	5.35% Up To	7.05%			7.85% Over
Married Joint	$ 33,280	$ 33,281	—	$ 132,220	$ 132,220
Married Separate	16,640	16,641	—	66,110	66,110
Single	22,770	22,771	—	74,780	74,780
Head of Household	28,030	28,031	—	112,620	112,620

Tax Year 2011

	5.35% Up To	7.05%			7.85% Over
Married Joint	$ 33,770	$ 33,771	—	$ 134,170	$ 134,170
Married Separate	16,890	16,891	—	67,090	67,090
Single	23,100	23,101	—	75,890	75,890
Head of Household	28,440	28,441	—	114,290	114,290

Tax Year 2012

	5.35% Up To	7.05%			7.85% Over
Married Joint	$ 34,590	$ 34,591	—	$ 137,430	$ 137,430
Married Separate	17,300	17,301	—	68,720	68,720
Single	23,670	23,671	—	77,730	77,730
Head of Household	29,130	29,131	—	117,060	117,060

Tax Year 2013

	5.35% Up To	7.05%			7.85%			9.85% Over
Married Joint	$ 35,480	$ 35,481	—	$ 140,960	$ 140,961	—	250,000	250,000
Married Separate	17,740	17,741	—	70,480	70,481	—	125,000	125,000
Single	24,270	24,271	—	79,730	79,731	—	150,000	150,000
Head of Household	29,880	29,881	—	120,070	120,071	—	200,000	200,000

Tax Year 2014

	5.35% Up To	7.05%			7.85%			9.85% Over
Married Joint	$ 36,080	$ 36,081	—	$ 143,350	$ 143,351	—	$ 254,240	$ 254,240
Married Separate	18,040	18,041	—	71,680	71,681	—	127,120	127,120
Single	24,680	24,681	—	81,080	81,081	—	152,540	152,540
Head of Household	30,390	30,391	—	122,110	122,111	—	203,390	203,390

Source: Minnesota Department of Revenue Tax Research Division

For tax years prior to 2019, Minnesota Taxable Income is federal taxable income modified for state-specific additions and subtractions. Beginning with tax year 2019, Minnesota Taxable Income is federal adjusted gross income modified for state-specific additions and subtractions.

Schedule 6 - Revenue Rates
Tax Rates and Taxable Income Brackets for 2010 through 2019 (continued)

Tax Year 2015

	5.35% Up To	7.05%			7.85%			9.85% Over
Married Joint	$ 36,650	$ 36,651	—	$ 145,620	$ 145,621	—	$ 258,260	$ 258,260
Married Separate	18,330	18,331	—	72,810	72,811	—	129,130	129,130
Single	25,070	25,071	—	82,360	82,361	—	154,950	154,950
Head of Household	30,870	30,871	—	124,040	124,041	—	206,610	206,610

Tax Year 2016

	5.35% Up To	7.05%			7.85%			9.85% Over
Married Joint	$ 36,820	$ 36,821	—	$ 146,270	$ 146,271	—	$ 259,420	$ 259,420
Married Separate	18,410	18,411	—	73,140	73,141	—	129,710	129,710
Single	25,180	25,181	—	82,740	82,741	—	155,650	155,650
Head of Household	31,010	31,011	—	124,600	124,601	—	207,540	207,540

Tax Year 2017

	5.35% Up To	7.05%			7.85%			9.85% Over
Married Joint	$ 37,110	$ 37,111	—	$ 147,450	$ 147,451	—	$ 261,510	$ 261,510
Married Separate	18,560	18,561	—	73,730	73,731	—	130,760	130,760
Single	25,390	25,391	—	83,400	83,401	—	156,900	156,900
Head of Household	31,260	31,261	—	125,600	125,601	—	209,200	209,200

Tax Year 2018

	5.35% Up To	7.05%			7.85%			9.85% Over
Married Joint	$ 37,850	$ 37,851	—	$ 150,380	$ 150,381	—	$ 266,700	$ 266,700
Married Separate	18,930	18,931	—	75,190	75,191	—	133,350	133,350
Single	25,890	25,891	—	85,060	85,061	—	160,020	160,020
Head of Household	31,880	31,881	—	128,090	128,091	—	213,360	213,360

Tax Year 2019

	5.35% Up To	6.80%			7.85%			9.85% Over
Married Joint	$ 38,770	$ 38,771	—	$ 154,020	$ 154,021	—	$ 269,010	$ 269,010
Married Separate	19,385	19,386	—	77,010	77,011	—	134,505	134,505
Single	26,520	26,521	—	87,110	87,111	—	161,720	161,720
Head of Household	32,650	32,651	—	131,190	131,191	—	214,980	214,980

Schedule 7 - Principal Tax Payers
Personal Income Tax Filers and Liability By Income Level
Calendar Years 2008 and 2017

Calendar Year 2008

Federal Adjusted Gross Income	Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability[1]	Percent of Total
$ — – $ 4,999	233,988	9.19%	$ 3,588,683	0.05%
5,000 – 9,999	201,728	7.92%	6,797,920	0.09%
10,000 – 19,999	324,131	12.73%	66,515,188	0.93%
20,000 – 29,999	301,465	11.84%	173,397,454	2.41%
30,000 – 39,999	253,703	9.96%	260,376,454	3.63%
40,000 – 49,999	207,963	8.17%	322,014,928	4.48%
50,000 – 99,999	645,260	25.34%	1,847,773,404	25.73%
100,000 – 249,999	317,385	12.46%	2,183,190,792	30.40%
250,000 – 499,999	39,304	1.54%	744,386,446	10.37%
500,000 & Over	21,726	0.85%	1,572,896,921	21.91%
Total	2,546,653	100.00%	$ 7,180,938,190	100.00%

Calendar Year 2017

Federal Adjusted Gross Income	Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability[1]	Percent of Total
$ — – $ 4,999	201,792	7.15%	$ 8,063,189	0.07%
5,000 – 9,999	173,279	6.14%	4,837,181	0.04%
10,000 – 19,999	304,893	10.81%	52,554,670	0.48%
20,000 – 29,999	294,548	10.44%	149,959,872	1.36%
30,000 – 39,999	274,410	9.73%	264,555,344	2.40%
40,000 – 49,999	235,890	8.36%	348,767,198	3.17%
50,000 – 99,999	714,365	25.32%	2,008,499,553	18.23%
100,000 – 249,999	509,526	18.06%	3,582,334,961	32.51%
250,000 – 499,999	74,412	2.64%	1,497,768,019	13.59%
500,000 & Over	37,897	1.35%	3,100,272,402	28.15%
Total	2,821,012	100.00%	$ 11,017,612,389	100.00%

(1) Minnesota Income Tax Liability before refundable tax credits.

Source: Minnesota Department of Revenue, Individual Income Tax Sample. Calendar year 2017 is the most recent year available.

Schedule 8 - Ratios of Outstanding and General Bonded Debt
Last Ten Years
(In Thousands)

	2010	2011	2012	2013
Governmental Activities:				
General Obligation Bonds[1]	$ 5,103,210	$ 5,814,900	$ 5,772,034	$ 6,157,536
Revenue Bonds[1]	12,900	12,055	794,574	10,260
State Appropriation Bonds[1]	—	—	—	774,770
Loans	41,319	31,583	28,612	35,982
Capital Leases	158,175	151,156	144,319	115,300
Certificates of Participation[1]	80,649	79,408	70,742	49,440
Total Governmental Activities	$ 5,396,253	$ 6,089,102	$ 6,810,281	$ 7,143,288
Business-type Activities:				
General Obligation Bonds[1]	$ 250,353	$ 260,618	$ 249,636	$ 250,321
Revenue Bonds[1]	320,779	375,409	431,952	470,498
Loans	603,020	465,280	5,015	4,414
Capital Leases	18,662	46,168	40,137	35,281
Total Business-type Activities	$ 1,192,814	$ 1,147,475	$ 726,740	$ 760,514
Total Debt to the Primary Government	$ 6,589,067	$ 7,236,577	$ 7,537,021	$ 7,903,802
Less: Set Aside to Repay General Debt	$ (420,055)	$ (463,165)	$ (301,320)	$ (383,740)
Net Debt to the Primary Government	$ 6,169,012	$ 6,773,412	$ 7,235,701	$ 7,520,062
Total Personal Income	$ 215,149,426	$ 223,700,193	$ 238,638,075	$ 254,020,529
Ratio of Total Debt to Personal Income	3.06%	3.23%	3.16%	3.11%
Per Capita Total Outstanding Debt (Actual Dollars)	$ 1,248	$ 1,363	$ 1,409	$ 1,469
Ratio of Net General Obligation Debt to Personal Income	2.29%	2.51%	2.40%	2.37%
Per Capita Net General Obligation Debt (Actual Dollars)	$ 934	$ 1,057	$ 1,069	$ 1,120

(1) Includes applicable premium or discount.

Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA), table SAINC5N: Personal Income by Major Component and Earnings by NAICS Industry (www.apps.bea.gov/itable). The data is updated quarterly. The Comprehensive Annual Financial Report utilizes the most current data estimates available. Data from the website and prior years are not adjusted or updated. The website reflects that data used in this report was updated September 25, 2018 for calendar year 2017.

2014	2015	2016	2017	2018	2019
$ 6,649,907	$ 6,885,776	$ 7,043,943	$ 6,999,510	$ 6,867,284	$ 6,924,502
47,255	44,757	42,103	39,365	36,795	34,150
1,230,408	1,175,677	1,128,706	1,090,895	1,048,439	997,488
28,610	24,966	23,337	23,252	41,770	51,182
106,821	98,512	89,854	80,881	71,576	61,864
41,981	125,875	115,870	104,875	93,425	81,709
$ 8,104,982	$ 8,355,563	$ 8,443,813	$ 8,338,778	$ 8,159,289	$ 8,150,895
$ 256,886	$ 260,431	$ 253,671	$ 238,637	$ 227,901	$ 223,190
444,231	460,484	431,289	392,070	351,871	309,803
3,635	3,794	4,842	2,552	11,030	10,358
30,519	25,968	21,635	26,996	13,741	9,494
$ 735,271	$ 750,677	$ 711,437	$ 660,255	$ 604,543	$ 552,845
$ 8,840,253	$ 9,106,240	$ 9,155,250	$ 8,999,033	$ 8,763,832	$ 8,703,740
$ (604,165)	$ (605,850)	$ (613,385)	$ (625,870)	$ (611,595)	$ (619,740)
$ 8,236,088	$ 8,500,390	$ 8,541,865	$ 8,373,163	$ 8,152,237	$ 8,084,000
$ 256,039,772	$ 268,529,945	$ 280,406,484	$ 287,249,809	$ 303,141,271	$ 322,727,574
3.45%	3.39%	3.26%	3.13%	2.89%	2.70%
$ 1,631	$ 1,670	$ 1,670	$ 1,630	$ 1,571	$ 1,551
2.46%	2.44%	2.38%	2.30%	2.14%	2.02%
$ 1,163	$ 1,199	$ 1,219	$ 1,198	$ 1,163	$ 1,163

Schedule 9 - Pledged Revenue Coverage
Last Ten Fiscal Years (In Thousands)

	2010	2011	2012	2013
State University Board Revenue Segment of College and University Enterprise Fund				
Gross Revenues[1]	$ 101,311	$ 108,102	$ 111,168	$ 109,368
Less: Operating Expenses[2]	(71,426)	(72,391)	(74,432)	(78,410)
Net Available Revenue	$ 29,885	$ 35,711	$ 36,736	$ 30,958
Debt Service:				
Principal	$ 6,125	$ 7,870	$ 7,545	$ 11,575
Interest	10,816	8,070	11,889	11,129
Total Debt Service	$ 16,941	$ 15,940	$ 19,434	$ 22,704
Coverage	1.76	2.24	1.89	1.36
Vermillion Community College[3] and Itasca Community College Student Housing Segments of College and University Enterprise Fund				
Gross Revenues[1]	$ 628	$ 667	$ 690	$ 450
Less: Operating Expenses[2]	(338)	(348)	(334)	(205)
Net Available Revenue	$ 290	$ 319	$ 356	$ 245
Debt Service:				
Principal	$ 145	$ 155	$ 165	$ 95
Interest	141	134	124	71
Total Debt Service	$ 286	$ 289	$ 289	$ 166
Coverage	1.01	1.10	1.23	1.48
Giants Ridge Enterprise Fund[4]				
Gross Revenues[5]	$ 4,083	$ 3,835	$ —	$ —
Less: Operating Expenses[2]	(5,889)	(6,005)	—	—
Net Available Revenue	$ (1,806)	$ (2,170)	$ —	$ —
Debt Service:				
Principle	$ 815	$ 11,310	$ —	$ —
Interest	858	630	15	10
Total Debt Service	$ 1,673	$ 11,940	$ 15	$ 10
Coverage	(1.08)	(0.18)	—	—

(1) Revenues from student fees and the operating of the financed buildings are pledged to repay revenue bonds. This amount is net of cost of goods sold.
(2) Depreciation, amortization, bad debt, interest and financing expenses are not included.
(3) In 2013, the remaining $85,000 in principal and interest was paid in full for Vermillion Community College. Remaining pledged revenue is for Itasca Community College only.
(4) Revenue bonds of $16.0 million for Giants Ridge were issued on November 1, 2000. In 2011, the remaining $11.3 million in outstanding revenue bonds were redeemed. Of this amount, the D.J. Johnson Economic Protection Trust Fund contributed $8.7 million.
(5) Revenues from golf course and ski area were pledged to repay revenue bonds. This amount is net of cost of goods sold.

Source: The state's Comprehensive Annual Financial Report for the relevant year.

2014	2015	2016	2017	2018	2019
$ 109,857	$ 112,662	$ 119,182	$ 120,261	$ 116,988	$ 118,060
(81,624)	(78,856)	(80,031)	(85,050)	(84,176)	(76,509)
$ 28,233	$ 33,806	$ 39,151	$ 35,211	$ 32,812	$ 41,551
$ 12,425	$ 14,060	$ 14,385	$ 16,315	$ 17,755	$ 18,665
12,452	11,847	12,342	10,503	11,378	10,529
$ 24,877	$ 25,907	$ 26,727	$ 26,818	$ 29,133	$ 29,194
1.13	1.30	1.46	1.31	1.13	1.42
$ 473	$ 478	$ 495	$ 493	$ 481	$ 487
(230)	(203)	(209)	(245)	(260)	(207)
$ 243	$ 275	$ 286	$ 248	$ 221	$ 280
$ 130	$ 120	$ 120	$ 130	$ 130	$ 130
49	48	46	44	42	40
$ 179	$ 168	$ 166	$ 174	$ 172	$ 170
1.36	1.64	1.72	1.43	1.28	1.65
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
$ —	$ —	$ —	$ —	$ —	$ —
$ —	$ —	$ —	$ —	$ —	$ —
—	—	1	—	—	—
$ —	$ —	$ 1	$ —	$ —	$ —
—	—	—	—	—	—

Schedule 9 - Pledged Revenue Coverage (continued)
Last Ten Fiscal Years (In Thousands)

	2010	2011	2012	2013
D.J. Johnson Economic Protection Trust Fund[6]				
Taconite Production Tax[7]	$ 5,006	$ 1,547	$ 1,919	$ 5,723
Net Available Revenue	$ 5,006	$ 1,547	$ 1,919	$ 5,723
Debt Service:				
Principle[4]	$ 408	$ 422	$ 440	$ 572
Interest	289	273	256	123
Total Debt Service	$ 697	$ 695	$ 696	$ 695
Coverage	7.18	2.23	2.76	8.23
Iron Range Resources and Rehabilitation Agency (IRRR)[6]				
Taconite Production Tax	$ 704	$ 704	$ 704	$ 706
Net Available Revenue	$ 704	$ 704	$ 704	$ 706
Debt Service:				
Principle	$ 408	$ 422	$ 440	$ 572
Interest	289	273	256	124
Total Debt Service	$ 697	$ 695	$ 696	$ 696
Coverage	1.01	1.01	1.01	1.01
911 Services Fund[7]				
911 Services Fees	$ 60,229	$ 63,373	$ 68,516	$ 63,222
Less: Operating Expenses[2]	(7,290)	(30,996)	(25,815)	(26,019)
Net Available Revenue	$ 52,939	$ 32,377	$ 42,701	$ 37,203
Debt Service:				
Principal	$ 13,375	$ 12,100	$ 15,005	$ 11,380
Interest	4,642	5,150	7,260	6,918
Total Debt Service	$ 18,017	$ 17,250	$ 22,265	$ 18,298
Coverage	2.94	1.88	1.92	2.03

(6) On October 18, 2013, Iron Range Resources and Rehabilitation (IRRR) issued $37.8 million Educational Facilities Revenue bonds, a portion of Taconite production tax revenues allocated to IRRR are pledged to repay the bonds. IRRR pays two-third and D.J. Johnson Economic Protection Trust Funds pay one-third of the debt.

(7) Revenue bonds of $42.2 million were issued on November 13, 2008, for 911 services. The 911 fees assessed on wireless and wire-line telephone services are pledged to repay the 911 revenue bonds.

Source: The state's Comprehensive Annual Financial Report for the relevant year.

2014	2015	2016	2017	2018	2019
$ 2,074	$ 1,542	$ 1,540	$ 1,540	$ 1,539	$ 1,539
$ 2,074	$ 1,542	$ 1,540	$ 1,540	$ 1,539	$ 1,539
$ 477	$ 973	$ 974	$ 1,007	$ 1,037	$ 1,063
417	853	547	518	487	458
$ 894	$ 1,826	$ 1,521	$ 1,525	$ 1,524	$ 1,521
2.32	0.84	1.01	1.01	1.01	1.01
$ 2,074	$ 2,452	$ 2,450	$ 2,452	$ 2,451	$ 2,451
$ 2,074	$ 2,452	$ 2,450	$ 2,452	$ 2,451	$ 2,451
$ 478	$ 1,452	$ 1,431	$ 1,483	$ 1,533	$ 1,582
615	1,343	992	944	896	840
$ 1,093	$ 2,795	$ 2,423	$ 2,427	$ 2,429	$ 2,422
1.90	0.88	1.01	1.01	1.01	1.01
$ 63,684	$ 57,381	$ 68,500	$ 76,324	$ 79,130	$ 81,354
(26,191)	(24,741)	(24,695)	(25,244)	(22,430)	(19,561)
$ 37,493	$ 32,640	$ 43,805	$ 51,080	$ 56,700	$ 61,793
$ 11,820	$ 12,310	$ 12,810	$ 20,320	$ 19,430	$ 20,400
6,443	5,924	5,403	2,675	3,570	2,598
$ 18,263	$ 18,234	$ 18,213	$ 22,995	$ 23,000	$ 22,998
2.05	1.79	2.41	2.22	2.47	2.69

Schedule 10 - Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population [1]	Income (Thousands)[1]	Per Capita Personal Income[1]	Median Age[2]	Unemployment Rate[3]
2009	5,281,203	$ 215,149,426	$ 40,739	37.2	7.8%
2010	5,311,147	$ 223,700,193	$ 42,119	37.4	7.4%
2011	5,348,562	$ 238,638,075	$ 44,617	37.5	6.5%
2012	5,380,285	$ 254,020,529	$ 47,213	37.6	5.6%
2013	5,418,521	$ 256,039,772	$ 47,253	37.7	5.0%
2014	5,453,109	$ 268,529,945	$ 49,243	37.7	4.2%
2015	5,482,435	$ 280,406,484	$ 51,146	37.8	3.7%
2016	5,519,952	$ 287,249,809	$ 52,038	37.9	3.8%
2017	5,576,606	$ 303,141,271	$ 54,359	38.0	3.1%
2018	5,611,179	$ 322,727,574	$ 57,515	38.1	2.9%

Sources:

[1] U.S. Department of Commerce, Bureau of Economic Analysis (BEA), table SAINC5N: Personal Income by Major Component and Earnings by NAICS Industry (www.apps.bea.gov/itable) The data is updated quarterly. The Comprehensive Annual Financial Report utilizes the most current data estimates available data from the website and prior years are not adjusted or updated. The website reflects that data used in this report was updated September 25, 2019 for calendar year 2018.

[2] U.S. Census Bureau

[3] Minnesota Department of Employment and Economic Development

Schedule 11 - Principal Employers
Year 2018 and Nine Years Ago

	2009			2018		
Employer	Employees[1]	Rank	Percent of Total State Employment	Employees [2]	Rank	Percent of Total State Employment
State of Minnesota	53,729	1	2.02%	40,293	2	1.36%
Mayo Clinic	37,000	2	1.39%	41,691	1	1.41%
United States Government	33,000	3	1.24%	34,427	3	1.17%
Target Corp.	29,000	4	1.09%	27,000	6	0.91%
Allina Health System	23,818	5	0.89%	28,465	5	0.96%
Fairview Health Services	21,507	6	0.81%	33,350	4	1.13%
Wells Fargo Bank Minnesota	20,613	7	0.77%	19,000	9	0.64%
Wal-Mart Stores Inc.	20,230	8	0.76%	N/A	N/A	N/A
University of Minnesota	19,718	9	0.74%	26,900	7	0.91%
3M Company	15,000	10	0.56%	N/A	N/A	N/A
Health Partners Inc.	N/A	N/A	N/A	24,310	8	0.82%
United Health Group Inc.	N/A	N/A	N/A	18,000	10	0.61%
Total	273,615			293,436		
Total State Employment [3]	2,662,400			2,954,363		

Note: N/A indicates the employer is not a principal employer for the year stated.

Source:
(1) 2009 State of Minnesota Comprehensive Annual Report
(2) Minneapolis/St. Paul Business Journal Book of Lists published July 13, 2018
(3) State of Minnesota Full-Time Employee data 2018 provided by the Minnesota Department of Employment and Economic Development.

Schedule 12
Full-Time Equivalent State Employees By Function
Last Ten Fiscal Years

	2010	2011	2012	2013
Primary Government:				
Agricultural, Environmental and Energy Resources	4,467	4,416	4,221	4,543
Economic and Workforce Development	2,661	2,621	2,368	2,468
General Education	880	877	851	898
General Government	6,868	7,005	6,867	7,228
Health and Human Services	9,167	8,997	8,694	9,143
Higher Education	15,835	15,851	15,554	15,584
Public Safety and Corrections	6,553	6,569	6,457	6,521
Transportation	4,969	4,964	4,514	4,915
Total	51,400	51,300	49,526	51,300

Sources: Minnesota Management & Budget
Minnesota State Colleges and Universities

2014	2015	2016	2017	2018	2019
4,532	4,622	4,576	4,459	4,454	4,471
2,378	2,373	2,332	2,242	2,184	2,176
915	900	846	859	849	861
7,552	7,606	8,666	9,347	9,511	9,813
9,613	9,909	9,062	9,452	9,837	10,119
15,481	15,090	14,810	14,576	14,385	14,376
6,519	6,598	6,761	6,728	6,817	6,915
4,970	4,815	4,654	4,793	4,979	5,145
51,960	51,913	51,707	52,456	53,016	53,876

Schedule 13 - Operating and Capital Asset Indicators By Function
Last Ten Fiscal Years

	2010	2011	2012	2013
Agricultural, Environmental and Energy Resources:				
Recreational Fishing Licenses Issued/License Year	1,247,885	1,317,401	1,394,075	1,340,327
Watercraft Licenses Issued/Calendar Year	908,232	928,540	970,091	957,061
Acres of State Land Managed by Forestry/Fiscal Year	3,915,225	3,915,178	3,914,875	4,008,450
Farms/Calendar Year	80,500	79,800	74,500	74,400
Acres of Farmland/Calendar Year (1,000 Acres)	26,900	26,850	26,000	25,900
Agricultural Production-Crops/Calendar Year (Dollars In Thousands)	$ 8,495,341	$ 9,948,617	$ 13,547,827	$ 12,763,802
Agricultural Production-Livestock/Calendar Year (Dollars In Thousands)	$ 6,180,769	$ 7,008,030	$ 7,434,338	$ 7,621,957
Economic and Workforce Development:				
Unemployment Claims Filed	350,443	353,277	319,473	282,339
Workplace Injuries Reported	32,828	33,889	33,757	34,303
General Education:[1]				
Pre-kindergarten (handicapped only) through Grade 12 Students	821,923	823,347	824,922	831,722
School Districts	337	337	337	336
Charter Schools	154	149	147	148
Special Education Age 0-21 Child Count	126,108	127,863	128,430	128,812
General Government:				
Individual Income Tax Payers/Calendar Year	2,695,214	2,708,203	2,766,477	2,794,748
Corporate Income Tax Returns/Calendar Year	32,115	38,072	33,404	36,223
Sales Tax Permit Holders/Calendar Year	284,000	284,000	256,439	284,000
Health and Human Services:				
Average Monthly Cash Recipients	174,372	185,739	183,983	181,900
Average Monthly Health Care Enrollees	776,430	832,903	855,643	864,365
Health Care Providers	4,366	4,442	4,680	4,780
Higher Education:				
Full Year Student Equivalents	155,422	157,903	153,447	149,905
Number of Students Graduated	36,464	38,765	39,617	39,800
Square Footage of Buildings	26,792,759	27,248,375	27,835,651	27,968,002
Public Safety and Corrections:				
Incarcerated Inmates	9,619	9,429	9,345	9,452
Offenders on Supervision	20,559	19,727	19,697	19,968
Correctional Facilities	10	10	10	10
Reassignment of Minnesota Certificates of Title	1,277,295	1,277,132	1,319,334	1,625,547
Crashes Investigated By State Patrol	20,324	25,768	20,527	23,229
Transportation:				
Approximate Miles of Paved Highways	29,370	29,347	29,310	29,323
Approximate Number of Trunk Highway Bridges	2,988	2,985	2,985	3,017
Acres of Right-of-Way	254,880	254,852	254,958	255,714

(1) Current year amounts are estimated.

Notes: Of the $20.2 billion in capital assets owned by the state as of June 30, 2019, $13.2 billion (65.5 percent) of the assets represent infrastructure and right of way under the Transportation function. The remaining $7.0 billion in capital assets are allocated to other functions.
N/A indicates the information for the current year is not available.

2014	2015	2016	2017	2018	2019
1,364,293	1,363,641	1,375,334	1,398,604	1,345,199	N/A
958,111	960,418	976,329	989,301	977,780	N/A
4,014,742	4,014,641	4,030,652	4,200,338	4,202,557	4,205,684
74,000	73,600	73,300	72,845	72,745	67,812
25,900	25,900	25,900	25,775	25,770	25,367
$ 8,981,160	$ 9,359,125	$ 8,720,433	$ 8,290,126	$ 8,627,695	$ 8,963,847
$ 9,614,139	$ 7,858,145	$ 7,560,945	$ 7,520,072	$ 7,796,953	$ 7,548,137
268,800	242,214	240,570	225,711	208,174	202,300
34,963	33,786	33,915	33,006	33,252	32,949
837,616	845,527	852,399	861,191	870,737	876,334
332	332	332	332	330	331
150	157	165	165	164	164
129,669	130,886	133,742	137,601	142,270	147,605
2,854,888	2,894,528	2,942,829	2,936,859	2,985,941	3,029,630
35,857	35,534	35,613	33,872	32,879	34,469
155,000	155,000	160,000	160,000	160,000	315,000
176,300	166,428	163,859	168,518	164,703	156,672
929,455	1,139,325	1,191,630	1,169,864	1,189,240	1,170,116
4,931	4,724	4,533	4,582	4,805	5,101
144,524	138,657	135,192	131,640	128,830	126.094
39,148	38,220	37,427	36,846	36,128	35.969
27,998,859	28,042,641	28,473,676	28,675,891	28,587,383	28,550,290
9,768	9,947	10,105	9,869	9,963	9,479
19,343	20,418	20,011	20,168	20,291	20,533
10	10	10	10	10	10
1,420,951	1,177,543	1,343,989	1,399,009	1,341,378	1,721,593
25,670	23,278	25,113	28,200	29,845	29,198
29,288	29,288	29,288	29,290	29,263	29,233
3,032	3,036	3,022	3,017	3,033	3,036
255,453	256,265	256,483	256,958	256,715	256.679