



Comprehensive Annual Financial Report







State of Minnesota

Comprehensive Annual Financial Report

For the Year Ended JUNE 30, 2020

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



State of Minnesota

2020
Comprehensive
Annual
Financial Report

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Minnesota Management and Budget
400 Centennial Office Building
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<http://www.mn.gov/mmb/accounting/reports/>

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State of Minnesota

Introduction

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2020 Comprehensive Annual Financial Report**Transmittal Letter from the Commissioner of Minnesota Management and Budget**

December 15, 2020

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 and citizens of the state of Minnesota

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, 2020. 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, 2020. 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, 2020. The supplementary report, "Financial and Compliance Report on Federally Assisted Programs," will be available in March 2021.

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

During the most recent, 128-month U.S. economic expansion—from July 2009 to February of 2020—Minnesota experienced steady employment growth, adding 336,700 jobs (according to seasonally adjusted data from Current Employment Statistics (CES)). In the spring of this year, a stay-at-home order and other COVID-19 mitigation efforts were put in place, and many businesses temporarily closed. As a result, in March and April Minnesota lost 387,800 jobs, approximately 13 percent of February employment. Since then, just over half of the jobs lost in the spring have been recovered. As of October, Minnesota has 184,200 fewer jobs than in February.

Total employment in Minnesota dropped 2.9 percent in fiscal year 2020, and we now forecast it to decrease 4.0 percent in fiscal year 2021, resulting in a cumulative 6.8 percent decrease across the biennium. Employment is then expected to grow 3.3 percent in fiscal year 2022, before decelerating to 1.6 percent growth in fiscal year 2023.

Of the 184,200 net employment decline in Minnesota since February, the largest gaps are in the industries most affected by social distancing and containment measures, particularly services that require a high level of face-to-face, personal interaction. Through October, there were 71,500 fewer leisure and hospitality jobs in Minnesota than there were in February resulting in a 25.5 percent drop in employment in that sector. All other sectors experienced a 4.2 percent cumulative drop in employment, indicating that leisure and hospitality in Minnesota was affected approximately 6 times as much as the rest of the economy put together.

Unemployment in this economic downturn has disproportionately impacted lower-wage workers. Since March 16, 57 percent of Minnesota initial Unemployment Insurance (UI) benefit claimants were in occupations with median wages in the bottom two wage quintiles. In addition, U.S. data show that this year the duration of unemployment has been longer for lower-wage workers than for those at higher wages. Consequently, unemployment since March has led to a smaller reduction in total wage and salary income than if the incidence and duration of unemployment had been more evenly distributed across wage levels. Total wage and salary income grew 1.2 percent in fiscal year 2020, and in this forecast it is expected to grow 1.2 percent in fiscal year 2021, followed by growth of 4.9 percent on average each fiscal year from 2022 to 2025.

Prior to the current economic downturn, Minnesota had low unemployment and a high demand for labor, but job losses have changed that picture. According to the Department of Employment and Economic Development's (DEED's) job vacancy report, which covers the second quarter of 2020, there are 111,753 job vacancies in the state, a decline of 23.7 percent from the same period last year. For the first time since the fourth quarter of 2016, the number of unemployed job-seekers exceeded the number of open positions. In the second quarter of 2020 there were 2.5 unemployed persons for each vacancy statewide, or 25 people for each ten job openings. For comparison, at the peak of the 2007-2009 recession, there were nearly seven unemployed persons for each job opening. The statewide job vacancy rate is 4.0 percent, or

4.0 job openings per 100 jobs. This the lowest posted since the second quarter of 2016, when there was a job vacancy rate of 3.6 percent.

Despite several years of rising prices, the demand for homes continues to drive prices upward in Minnesota. Statewide, the median sales price of all homes sold year-to-date through September was \$272,500, a 6.9 percent increase from the median sales price of all homes sold during the same period in 2019. Minnesota home prices are now higher than at any time since 2005. Demand for homes has been strong, but supply has been constrained. There were about 8,700 fewer homes for sale statewide in September of this year, 37.4 percent less than in September 2019. Although home buying has shown strength this year, the rate of growth in new household formations is expected to drop. After 32,000 new households were formed in 2018 and 28,000 were formed in 2019, annual net new household formations are forecast to drop to 11,000 in 2020 and approximately 15,000 per year through 2025.

General Fund Condition

On a budgetary basis, the General Fund ended fiscal year 2020 with an unassigned fund balance of \$1.031 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 \$5.555 billion for fiscal year 2020, a difference of \$4.524 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 \$2.512 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 \$2.012 billion. For details of the budget to GAAP differences, see Note 18 – Budgetary Basis vs. GAAP in the Notes to the Financial Statements.

Budget Reserve

Minnesota budget reserve are nearly \$2.8 billion, including the \$2.377 billion budget reserve, \$350 million cash flow account, and \$56 million stadium reserve. Minnesota's budget reserves have provided some cushion in the current biennium to weather the initial budgetary shock of the COVID-19 pandemic and resulting economic impacts.

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, 2019. This was the thirty-fifth 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,

A handwritten signature in dark ink, appearing to read "Jim Schowalter". The signature is fluid and cursive, with a large initial "J" and "S".

Jim Schowalter

Commissioner



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Minnesota

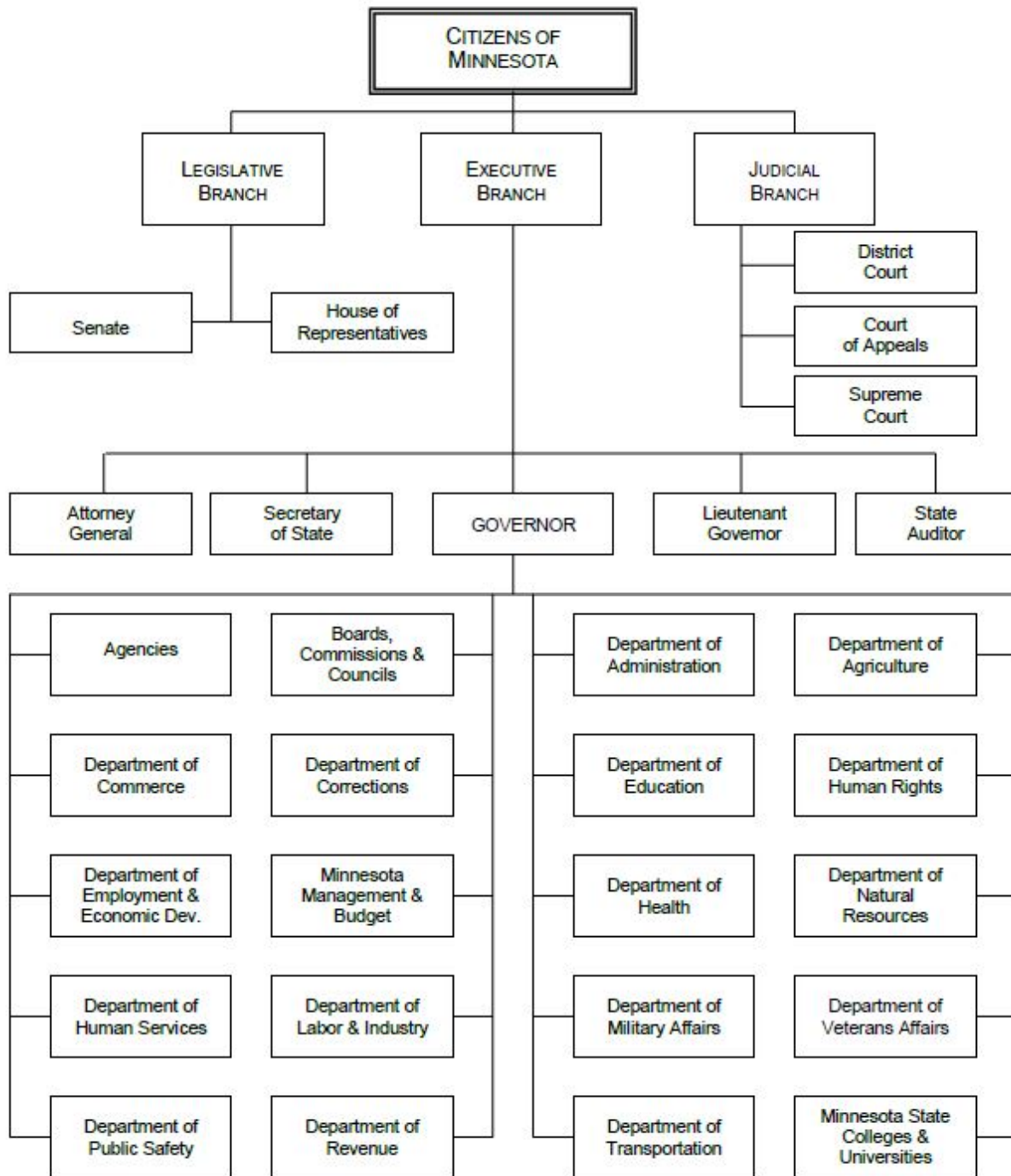
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

2020 Comprehensive Annual Financial Report
State Organization Chart



2020 Comprehensive Annual Financial Report
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



State of Minnesota

Financial Section

2020
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Independent Auditor's Report

Members of the Minnesota State Legislature

The Honorable Tim Walz, Governor

Mr. Jim Schowalter, 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, 2020, 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 56 percent, 70 percent, and 26 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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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, 2020, 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.



Lori Leysen, CPA
Deputy Legislative Auditor



Scott Tjomsland, CPA
Audit Director

December 15, 2020



2020 Comprehensive Annual Financial Report 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, 2020 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.

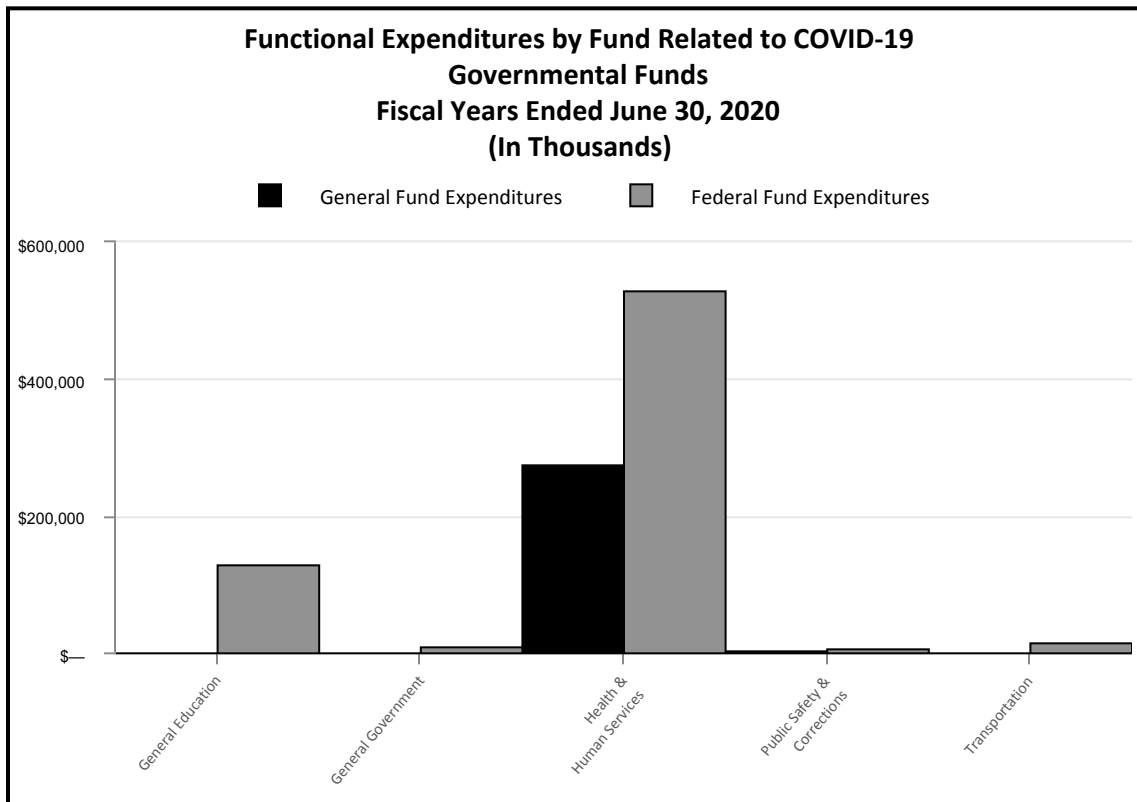
Other Supplementary Information

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.

COVID-19 Pandemic Impact on Current Year Governmental Financial Activity

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, is having a material impact on global, national, and state economies. The President declared a national emergency and the Governor declared a Peacetime Emergency related to COVID-19 on March 13, 2020. The COVID-19 pandemic has significantly disrupted economic activity and increased public and private health emergency response costs, including within the state. The Governor implemented multiple executive orders and took various actions to protect the health of Minnesotans and prevent the spread of COVID-19, which included closing non-essential businesses and on-site school operations, and implementing a stay at home order, among others.

The following graph shows the majority of the functional expenditures in governmental funds related to the impacts of COVID-19. The Federal Fund expenditures are reimbursed by the federal government and are recorded as Federal Revenue in the governmental funds statement of revenues, expenditures and changes in fund balances and Operating Grants and Contributions in the governmental activities statement of activities.



The General Fund expenditures are primarily attributed to costs associated with laboratories, testing and supplies, emergency childcare and other services, food shelf and small business grants, and housing support related to the impacts of COVID-19. A portion of these expenditures were issued as grants to hospitals, cities, and counties for similar costs and services for laboratories, testing, and supplies. The majority of the federal expenditures were related to medical assistance costs reimbursed by the federal government through an increase in the federal participation rate. Additional federal costs were attributed to the issuance of grants to school districts and hospitals as well as spending approximately \$50 million of the Coronavirus Relief funds received by the federal government on testing, supplies, and salaries associated with COVID-19. The Federal Fund expenditures are reimbursed by the federal government and included as federal revenue in the governmental funds statement of revenues, expenditures and changes in fund balances and Operating Grants and Contributions in the governmental activities statement of activities as previously noted.

For the COVID-19 impacts on business-type activities, see the Government-wide Financial Analysis section.

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 \$21.2 billion at the end of fiscal year 2020, compared to the same amount of \$21.2 billion at the beginning of the year.

Net Position June 30, 2020, and 2019 (In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current Assets ⁽¹⁾	\$ 22,638,053	\$ 20,663,038	\$ 3,614,231	\$ 3,276,395	\$ 26,252,284	\$ 23,939,433
Noncurrent Assets:						
Capital Assets	18,631,498	18,009,789	2,172,853	2,184,596	20,804,351	20,194,385
Other Assets	1,054,257	854,992	88,588	123,110	1,142,845	978,102
Total Assets ⁽¹⁾	<u>\$ 42,323,808</u>	<u>\$ 39,527,819</u>	<u>\$ 5,875,672</u>	<u>\$ 5,584,101</u>	<u>\$ 48,199,480</u>	<u>\$ 45,111,920</u>
Deferred Outflows of Resources	<u>\$ 2,571,372</u>	<u>\$ 4,329,423</u>	<u>\$ 435,379</u>	<u>\$ 719,330</u>	<u>\$ 3,006,751</u>	<u>\$ 5,048,753</u>
Current Liabilities ⁽¹⁾	\$ 8,842,904	\$ 7,424,154	\$ 2,072,520	\$ 479,414	\$ 10,915,424	\$ 7,903,568
Noncurrent Liabilities	11,955,025	11,862,933	1,056,875	1,096,959	13,011,900	12,959,892
Total Liabilities ⁽¹⁾	<u>\$ 20,797,929</u>	<u>\$ 19,287,087</u>	<u>\$ 3,129,395</u>	<u>\$ 1,576,373</u>	<u>\$ 23,927,324</u>	<u>\$ 20,863,460</u>
Deferred Inflows of Resources	<u>\$ 5,233,770</u>	<u>\$ 6,970,065</u>	<u>\$ 830,299</u>	<u>\$ 1,097,825</u>	<u>\$ 6,064,069</u>	<u>\$ 8,067,890</u>
Net Position:						
Net Investment in Capital Assets	\$ 14,765,807	\$ 14,068,082	\$ 1,694,373	\$ 1,659,114	\$ 16,460,180	\$ 15,727,196
Restricted	7,187,903	6,895,583	761,014	2,078,645	7,948,917	8,974,228
Unrestricted ⁽¹⁾	<u>(3,090,229)</u>	<u>(3,363,575)</u>	<u>(104,030)</u>	<u>(108,526)</u>	<u>(3,194,259)</u>	<u>(3,472,101)</u>
Total Net Position ⁽¹⁾	<u>\$ 18,863,481</u>	<u>\$ 17,600,090</u>	<u>\$ 2,351,357</u>	<u>\$ 3,629,233</u>	<u>\$ 21,214,838</u>	<u>\$ 21,229,323</u>

⁽¹⁾ 2019 has been restated to be consistent with the 2020 presentation.

The largest portion, \$16.5 billion of \$21.2 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 \$7.9 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 \$3.2 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 decreased \$14.5 million (0.1 percent) over the course of this fiscal year. This resulted from a \$1.3 billion (7.2 percent) increase in net position of governmental activities, and a \$1.3 billion (35.2 percent) decrease in net position of business-type activities.

Changes in Net Position
For Fiscal Years Ended June 30, 2020, and 2019
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services ⁽¹⁾	\$ 1,642,634	\$ 1,628,053	\$ 3,005,326	\$ 2,749,401	\$ 4,647,960	\$ 4,377,454
Operating Grants and Contributions ⁽¹⁾	13,175,748	12,578,931	4,436,859	437,587	17,612,607	13,016,518
Capital Grants	238,623	235,522	14	28	238,637	235,550
General Revenues:						
Individual Income Taxes	12,754,820	12,693,113	—	—	12,754,820	12,693,113
Corporate Income Taxes	1,638,366	1,606,928	—	—	1,638,366	1,606,928
Sales Taxes	6,408,680	6,275,369	—	—	6,408,680	6,275,369
Property Taxes	781,471	820,829	—	—	781,471	820,829
Motor Vehicle Taxes	1,622,413	1,626,285	—	—	1,622,413	1,626,285
Fuel Taxes	882,917	931,329	—	—	882,917	931,329
Other Taxes	3,019,463	3,056,301	—	—	3,019,463	3,056,301
Tobacco Settlement	150,729	166,137	—	—	150,729	166,137
Investment/Interest Income	127,253	156,000	53,677	59,959	180,930	215,959
Other Revenues	51,292	137,949	30	732	51,322	138,681
Total Revenues	\$ 42,494,409	\$ 41,912,746	\$ 7,495,906	\$ 3,247,707	\$ 49,990,315	\$ 45,160,453
Expenses						
Agricultural, Environmental and Energy Resources	\$ 1,254,084	\$ 1,153,557	\$ —	\$ —	\$ 1,254,084	\$ 1,153,557
Economic and Workforce Development	787,975	619,817	—	—	787,975	619,817
General Education	10,900,070	10,516,190	—	—	10,900,070	10,516,190
General Government	1,443,784	756,146	—	—	1,443,784	756,146
Health and Human Services	18,485,278	17,514,760	—	—	18,485,278	17,514,760
Higher Education	1,009,104	1,087,101	—	—	1,009,104	1,087,101
Intergovernmental Aid	1,780,630	1,867,341	—	—	1,780,630	1,867,341
Public Safety and Corrections	1,191,908	974,208	—	—	1,191,908	974,208
Transportation	3,441,636	3,283,888	—	—	3,441,636	3,283,888
Interest	239,792	246,462	—	—	239,792	246,462
State Colleges and Universities	—	—	2,088,956	1,795,697	2,088,956	1,795,697
Unemployment Insurance	—	—	6,298,163	731,132	6,298,163	731,132
Lottery	—	—	513,558	477,974	513,558	477,974
Other	—	—	569,862	467,022	569,862	467,022
Total Expenses	\$ 40,534,261	\$ 38,019,470	\$ 9,470,539	\$ 3,471,825	\$ 50,004,800	\$ 41,491,295
Excess (Deficiency) Before Transfers	\$ 1,960,148	\$ 3,893,276	\$ (1,974,633)	\$ (224,118)	\$ (14,485)	\$ 3,669,158
Transfers	(696,757)	(643,065)	696,757	643,065	—	—
Changes in Net Position	\$ 1,263,391	\$ 3,250,211	\$ (1,277,876)	\$ 418,947	\$ (14,485)	\$ 3,669,158
Net Position, Beginning⁽¹⁾	\$ 17,600,090	\$ 14,349,879	\$ 3,629,233	\$ 3,210,286	\$ 21,229,323	\$ 17,560,165
Net Position, Ending⁽¹⁾	\$ 18,863,481	\$ 17,600,090	\$ 2,351,357	\$ 3,629,233	\$ 21,214,838	\$ 21,229,323

⁽¹⁾ 2019 has been restated to be consistent with the 2020 presentation.

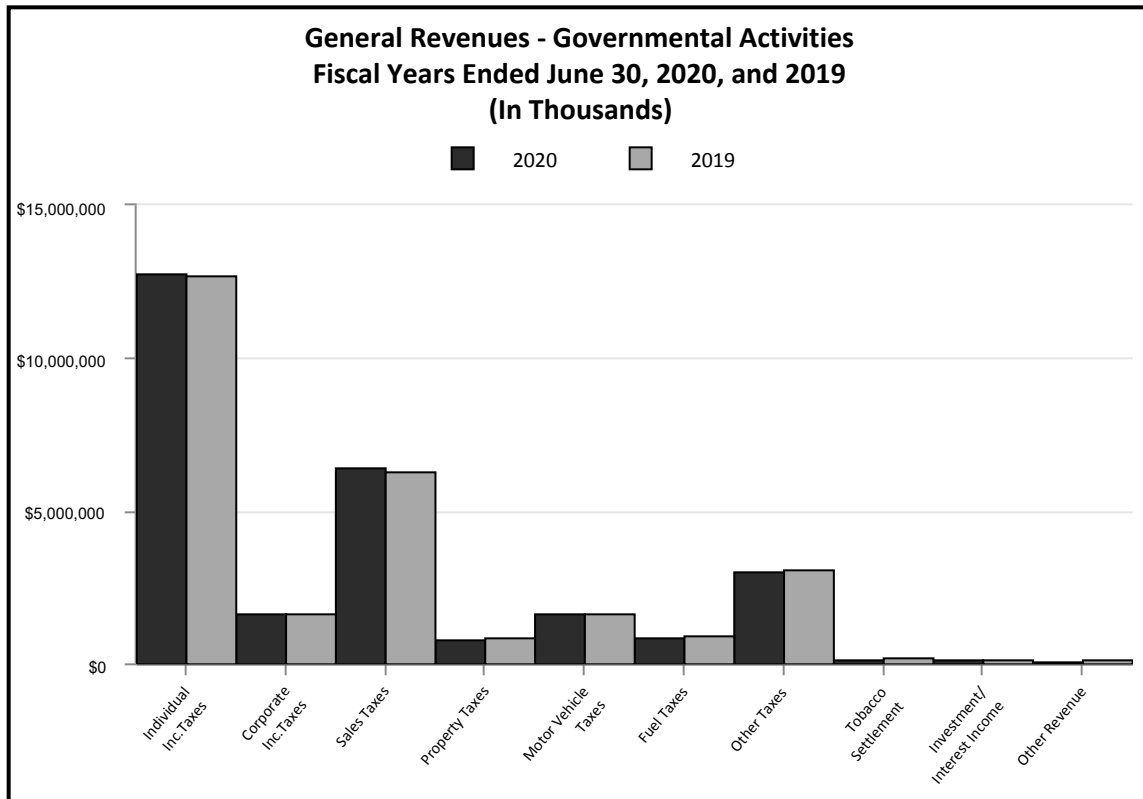
Approximately 54 percent of the state's total revenue (governmental and business-type activities) came from taxes, while 36 percent resulted from grants and contributions, including federal aid. Charges for various goods and services provided 9 percent of the total revenues. The remaining 1 percent came from other general revenues.

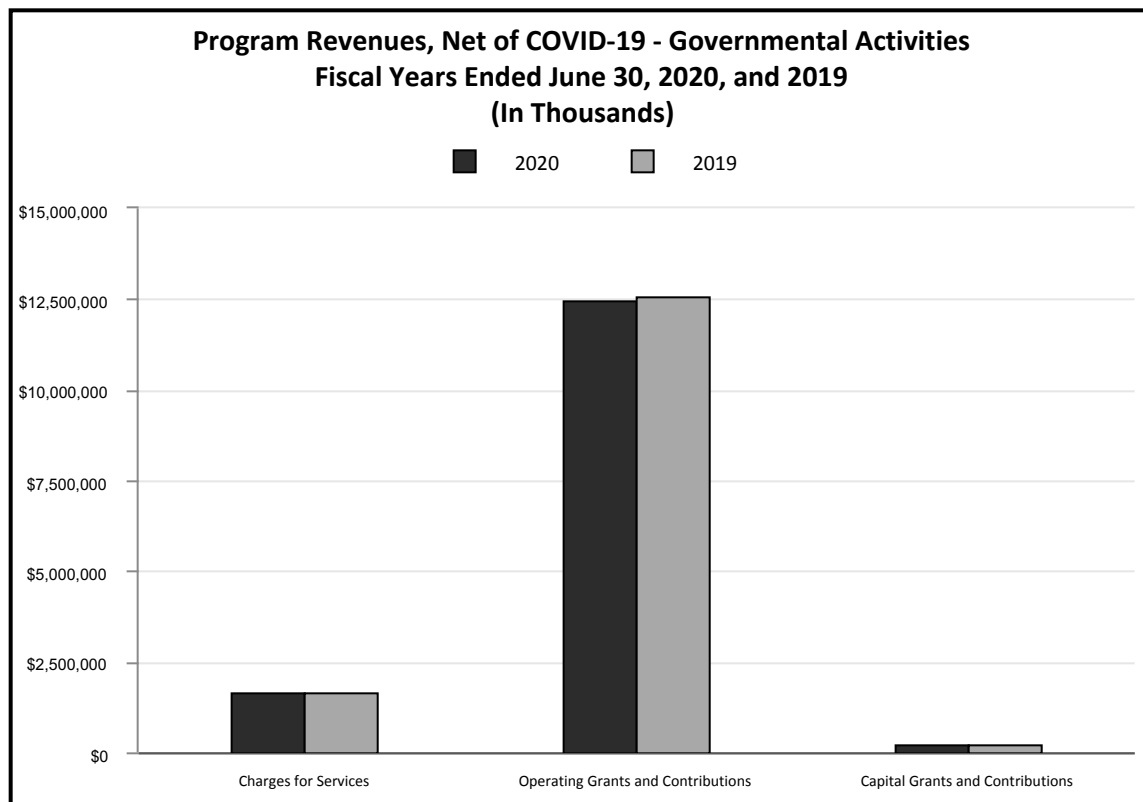
The state's expenses cover a range of services. The largest expenses were for general education and health and human services.

Governmental Activities

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

Revenues increased, \$581.7 million (1.4 percent) over prior year. The following graphs show revenues for the current year and prior year separating general revenues from program revenues. The program revenues graph is net of the COVID-19 revenue.



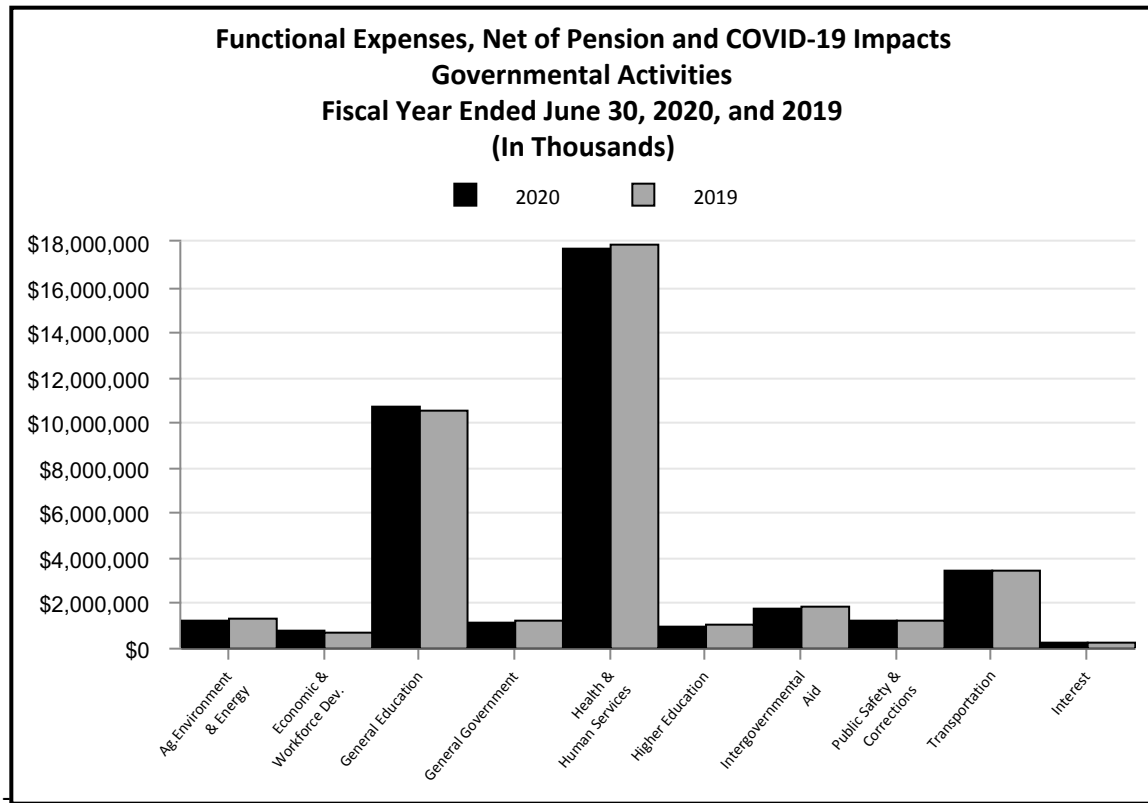


The state's largest general revenues, sales and income taxes, remained relatively flat during the current year. The current year started relatively strong with economic growth in wages and jobs. However, the COVID-19 pandemic declared in March caused a significant slowdown of the state's economy. This offset the economic gains during the first part of the fiscal year. During this pandemic, there was a decrease in travel resulting in a decline in fuel taxes. The decrease in other taxes resulted from a reduction in estate taxes while the decrease in other revenues resulted from a receipt of the excess surplus from the Workers' Compensation Assigned Risk Plan (component unit) in the prior year.

The operating grants and contributions, net of the COVID-19 revenue, decreased slightly over prior year. This was primarily due to a decrease in the federal government's share of the grants to Minnesota Comprehensive Health Association (component unit) for the Minnesota premium security program and transportation infrastructure projects, which was substantially offset by an increase in the federal government's share of the very slight increase in medical assistance expenses.

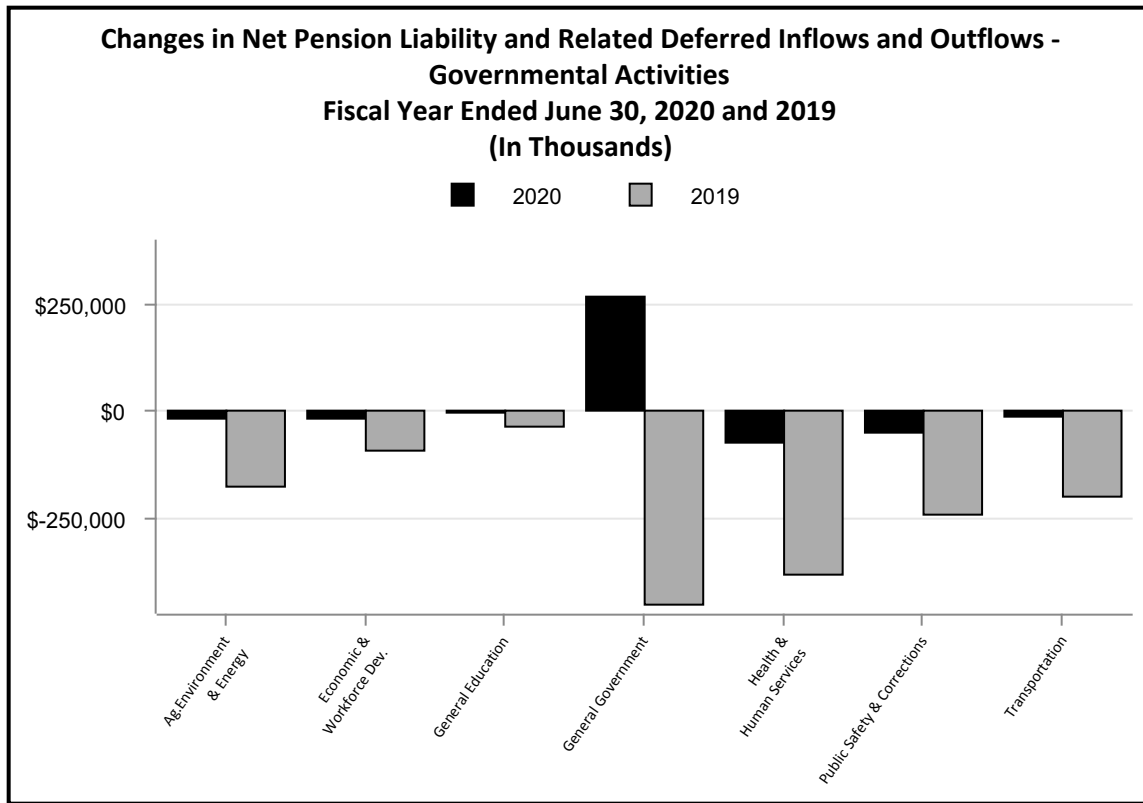
There was a \$2.5 billion (6.6 percent) increase in governmental activities expenses compared to the prior year. This included an increase in expenses of \$1.7 billion related to the impacts of pension reporting and an increase in expenses of \$967.9 million related to COVID-19 offset by an decrease in non-pension related expenses of \$133.6 million. 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. COVID-19 impacted primarily health and human services and general education expenses. See the chart on the functional expenditures by fund related to COVID-19.

The following graph shows the functional expenses for governmental activities, excluding the impacts of the changes related to pensions and COVID-19 expenses.



The higher education expense decrease related to a decrease in capital grants, which were slightly offset by an increase in operating grants to the University of Minnesota (component unit). The intergovernmental aid expense decrease was the result of a reduction in grants to local governments. The agricultural, environmental and energy resources expense decrease was a result of 11 new pollution remediation sites added in the prior year. These net decreases were substantially offset by an increase in general education primarily due to a two percent per pupil formula increase and an increase in the number of pupils.

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

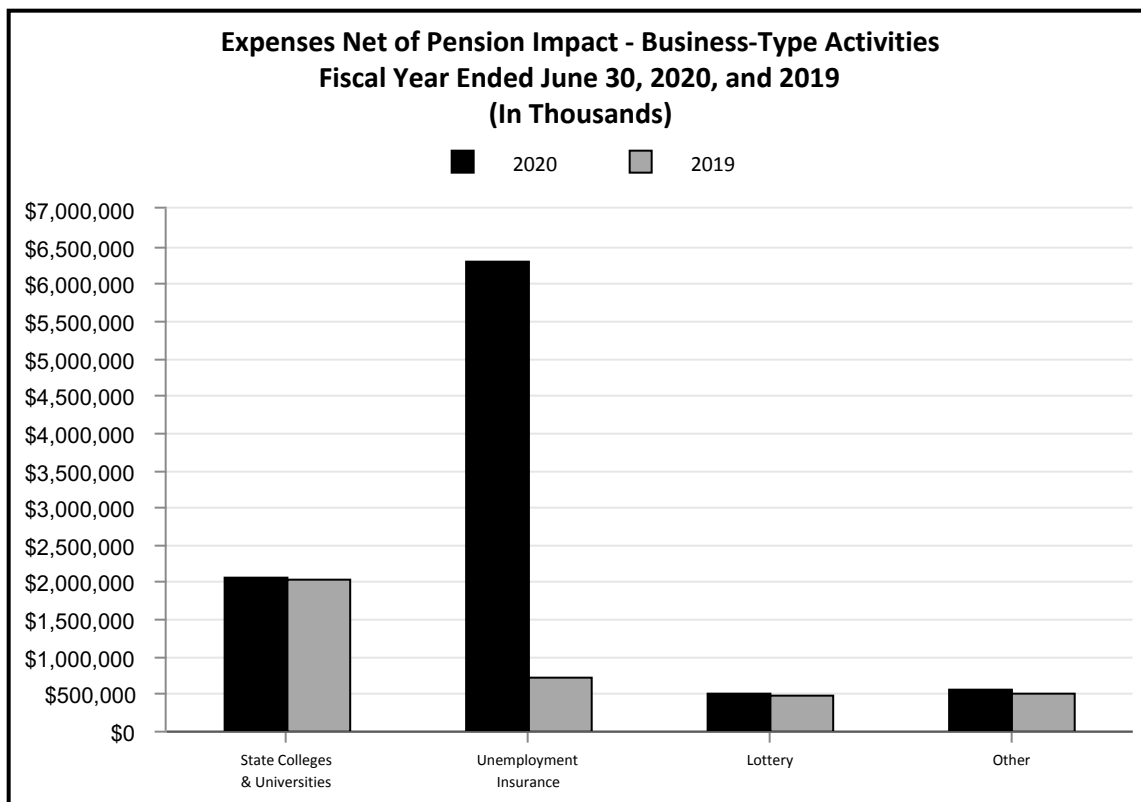
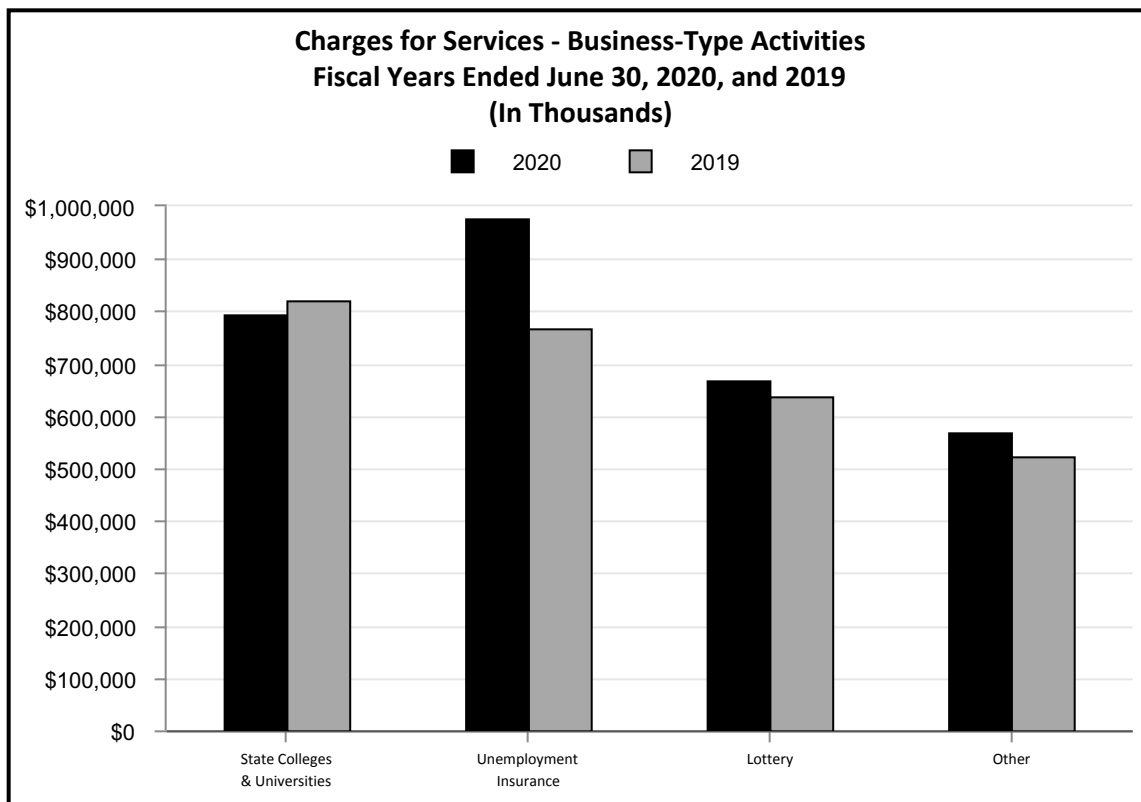


Business-type Activities

Net position for the state's business-type activities decreased by \$1.3 billion during the current year compared to an increase of \$418.9 million in the prior year. The impacts of pension related reporting on business-type activities resulted in a increase in expenses of \$310.9 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 decrease in the net position of the state's business-type activities primarily resulted from a \$25.8 million increase in net position in the State Colleges and Universities Fund and a \$1.3 billion decrease in net position in the Unemployment Insurance Fund.

The State Colleges and Universities Fund's net position increased \$25.8 million during the current year compared to an increase of \$263.4 million in the prior year. Most of this was attributable to a \$256.5 million increase in net pension expense as noted above. The Unemployment Insurance Fund's net position decreased \$1.3 billion during the current year compared to an increase of \$69.0 million in the prior year. COVID-19 has had significant impacts to the Unemployment Insurance Fund. The impact of the Governor's executive order closing restaurants, bars, and many other places of public accommodations and amusement businesses in March 2020 caused a momentous increase in unemployment. A significant portion of this increase was funded through federal government grants. This increase in unemployment benefits were slightly offset by an increase in insurance premiums resulting from a slight increase in the taxable wage base and higher employment through the majority of the fiscal year.



Long-Term Liabilities

The state's total long-term liabilities increased by \$33.4 million (.2 percent) during the current fiscal year. The increase in Net Pension Liability of \$67.1 million is the primary reason for the increase in long-term liabilities, which was offset by paying down claims for reimbursements of supplementary and second injury benefits for old workers' compensation injuries. For additional information on changes in bonds, see the Debt Administration section below.

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 \$12.8 billion, an increase of \$126.0 million 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 decrease of \$130.9 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, the current year started out with strong economic growth in wages and jobs followed by the COVID-19 pandemic which significantly slowed down the state's economy. As a result, sales and income taxes remained relatively flat compared to prior year. The decrease in other taxes resulted from a reduction in estate taxes while the decrease in other revenues resulted from a receipt of the excess surplus from the Workers' Compensation Assigned Risk Plan (component unit) in the prior year.

The General Fund expenditures, net of expenditures related to COVID-19, increased slightly over the prior year. The most significant increase related to general education expenditures as a result of the two percent per pupil formula increase and an increase in the number of pupils. In addition, the General Fund share of the grants to Minnesota Comprehensive Health Association (component unit) for the premium security program increased during the current year due to a decline in the amount reimbursed by the federal government in the Federal Fund (special revenue fund). This program helps keep premiums affordable to individual purchasers within the state. Higher Education expenditures increased due to slight increases in operating grants to the University of Minnesota and the Office of Higher Education (component units). These increases were substantially offset by decreases in health and human services and intergovernmental aid expenditures. The health and human services expenditures declined due to a reduction of the General Fund's share of medical assistance costs as a result of an increase in the federal participation rate due to the COVID-19 pandemic as previously discussed. As a result, the increase in medical assistance cost due to an increase in the average cost per participant was shifted to the Federal Fund as the increased federal participation rate more than offset the growth in medical assistance costs. The decrease in intergovernmental aid expenditures is primarily the result of a decrease in grants to local governments.

During the current year, a fee was imposed in the Petroleum Tank Cleanup Fund (special revenue fund) on tanks containing petroleum products as the fund balance fell below the statutory level during the year causing an increase in license and fees. A small portion of sales taxes shifted from the General Fund to the Trunk Highway, Municipal State-aid Street, and County State-Aid Highway funds (special revenue funds) due to a change in legislation allocating sales taxes on automotive parts to these special revenue funds.

These special revenue funds also had a decline in fuel taxes as a result of the stay at home order declared by the Governor resulting from less travel during the pandemic.

The decrease in transportation expenditures resulted from additional operating and planning costs in the prior year in the Trunk Highway Fund (special revenue fund), which were also partially offset by grants from the federal government in the prior year. A significant reduction in capital grants to the University of Minnesota (component unit) caused a reduction in the Building Fund (capital project fund) higher education expenditures. Economic and workforce development expenditures increased resulting from an increase in capital grants to local governments in the Building Fund as well as paying down claims for reimbursements of supplementary and second injury benefits for old workers' compensation injuries in the Special Compensation Fund (special revenue fund). The payment of these claims also reduced the long-term claims liability on the government-wide statements. See Note 12 – General Long-Term Liabilities – Primary Government in the notes to the financial statements for more information.

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 decreased by \$1.3 billion during the current year. This primarily resulted from a \$25.8 million increase in net position of the State Colleges and Universities Fund and a \$1.3 billion decrease 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 2020. These are material to understanding changes in General Fund balances that occurred in fiscal year 2020. 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 2020.

Actions Establishing the Fiscal Year 2020 Budget

The budget for state fiscal year 2020 was adopted in May and June 2019. The February 2019 Budget and Economic Forecast projected a budgetary balance of \$1.052 billion for the 2020-21 biennium. General Fund revenues for the current biennium were forecast to be \$47.941 billion, \$2.728 billion (6.0 percent) higher than the previous biennium. General Fund expenditures for the current biennium were expected to be \$47.403 billion, \$1.895 billion (4.2 percent) higher than the previous biennium. The 2019 Legislative Sessions concluded May 25, 2019, with a balanced budget for the 2020-21 biennium. The enacted budget increased net General Fund revenues by \$214 million and appropriated an additional \$1.067 billion over the February 2019 Forecast base spending amount; changes were not made to the reserves. After accounting for all revenue and expenditure changes enacted for the current biennium, the General Fund balance at the end of the 2020-21 biennium was estimated to be \$242 million.

Investments over base spending in the General Fund included \$569 million in new spending in E-12 education, largely due to 2 percent annual increase to the basic education formula, \$150 million increase in higher education spending, \$132 million higher spending for the courts and public safety, \$84 million higher appropriations for transportation spending, a \$64 million increase in property tax aids and credits and \$184 million in other areas of the budget. The spending increases were offset by a \$101 million spending decrease in health and human services due to \$270 million in cost shifting to the Health Care Access Fund, which partially offset by other investments in health and human services. Revenue changes included conformity to federal tax law for individual income taxes, pass-through income, and corporate income taxes, which generated additional General Fund revenue. The net tax income increase was then partially offset by a reduction to income tax rates, expansion of the working family credit, and a reduction to the statewide property tax. Transfers from other funds also added resources to the General Fund.

After the 2019 legislative sessions, the enacted budget for fiscal year 2020 included \$3.080 billion in carry forward from fiscal year 2019, \$23.518 billion in General Fund revenues, \$23.950 billion in General Fund spending, \$2.425 billion in cash flow and budgetary reserves, \$62 million in a stadium reserve account, and a \$161 million ending budgetary balance.

Budget and Forecast Actions Impacting Fiscal Year 2020

The November 2019 Budget and Economic Forecast increased the projected balance for the 2020-21 biennium to \$1.616 billion. However, under statutory requirements, a portion of any November forecast balance is allocated 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 Account, bringing it to the target level of \$2.359 billion. After the reserve allocation, the available General Fund balance was \$1.332 billion. The overall forecast gain was driven by a favorable close to fiscal year 2019 which increased resources carried into fiscal year 2020 by \$815 million and the General Fund revenue forecast was increased \$501 million. Spending estimates were largely unchanged, down \$7 million.

With the February 2020 forecast, an improved revenue forecast and lower spending estimates resulted in a \$181 million increase in the projected balance compared to the November 2019 forecast. Given this, the 2020-21 biennium was projected to conclude with a budgetary balance of \$1.513 billion.

In May 2020, Minnesota Management and Budget released a limited interim budget projection in order to give policy makers updated budget information after the onset of the COVID-19 Pandemic and resulting economic changes. The projection was more limited than the regular November and February budget and economic forecasts. For revenues, only the largest General Fund revenue sources – income, sales, corporate, and select excise taxes – were re-estimated. For expenditures, only Medicaid, including increased federal participation, and other public programs administered by the Department of Human

Services were re-estimated. Legislative action taken prior to the release of the May 2020 Interim Budget Projection was also included.

The COVID-19 Pandemic and resulting economic crisis was estimated to have had direct and immediate impact on the 2020-21 biennium General Fund budget. With the May 2020 Interim Budget Projection, General Fund revenue was projected to be \$3.611 billion (7.4 percent) lower than the February 2020 forecast and state spending, including enacted appropriations, was expected to be \$391 million higher than the February 2020 forecast. These changes, partially offset by a \$63 million lower forecast balance in the Stadium Reserve Account, resulted in a projected deficit of \$2.426 billion for the biennium. By law, the \$2.359 billion Budget Reserve Account and \$350 million Cash Flow Account remained intact with this projection.

Fiscal year 2020 officially closed in August 2020. Actual revenues for fiscal year 2020 were \$23.150 billion, \$21 million higher than May projection estimates. Tax revenue at close was \$103 million lower than previous estimates. Higher non-tax revenue of \$50 million and \$73 million in higher prior period adjustments more than offset the lower tax revenue. Spending for fiscal year 2020 was \$23.778 billion, \$413 million below previous estimates; of that however, \$246 million of unspent appropriations in fiscal year 2020 were authorized to carry forward into fiscal year 2021. The ending budgetary balance for fiscal year 2020 is \$333 million, \$187 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 2020 with a balance of \$1.031 billion. On a GAAP basis, the General Fund reported a balance of \$5.555 billion for fiscal year 2020, a difference of \$4.524 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 \$2.512 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 \$2.012 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.

When the May Interim budget projection was released, a deficit of \$2.426 billion was projected for the current biennium. Subsequent legislative changes in the 2020 regular session and multiple special sessions reduced the projected deficit in the 2020-21 biennium to \$2.314 billion. Eight months into the pandemic, the impact on state revenues and spending was not the same as expected in May. The November 2020 forecast showed significant improvement to the state's financial position. A surplus of \$636 million was projected for the 2020-21 biennium, an improvement of \$2.950 billion compared to estimates published at the end of the October special session.

Revenue in the 2020-21 biennium was projected to reach \$47.100 billion, an increase of \$1.912 billion (4.2 percent) over end of session estimates. Forecast increases in all major taxes contributed to the overall change.

Reduced spending in fiscal year 2020 combined with reduced estimated spending in fiscal year 2021 resulted in a total of \$1.053 billion (2.2 percent) in lower spending projected for the current biennium compared to May estimates, adjusted for legislative changes in the summer and fall. Lower health and human services spending accounted for the majority of change in the spending estimates. Higher federal participation in Medical Assistance combined with lower health care consumption drives the downward forecast adjustment in health and human services. E-12 education spending and debt service spending were also projected to be lower than prior estimates. After adjusting for forecast changes, total spending for the 2020-21 biennium was projected to be \$47.627 billion.

Minnesota Statutes 16A.152 directs MMB to allocate funds to the budget reserve account up to the recommended budget reserve level when there is a projected surplus in the current biennium in the November Budget and Economic Forecast. The 2020-21 biennial budget reserve balance of \$2.377 billion exceeded this target level so there was no additional allocation to the budget reserve with the November 2020 Budget and Economic Forecast. The 2020-21 biennium projected balance of the stadium reserve account was \$81 million, \$15 million higher than prior estimates. The Cash Flow account balance was unchanged at \$350 million.

The May interim budget projection, adjusted for legislative changes in the summer and fall, estimated that spending would exceed revenue in the 2022-23 biennium by almost \$5 billion. Current law reduces the balance of the budget reserve by \$491 million in fiscal year 2022 and the stadium reserve growth impacts the General Fund bottom line. After accounting for reserve changes and excluding the impact of the budgetary balance in the current biennium, prior projections estimate a \$4.539 billion budgetary shortfall in 2022-23 biennium. With the updated November 2020 Budget and Economic Forecast, the improved revenue outlook and lower spending estimates in the 2020-21 biennium carry through the budget horizon into the 2022-23 biennium, resulting in a projected budgetary shortfall of \$1.273 billion for the next biennium. This projected shortfall excludes any balance from the current 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, 2020, was \$25.7 billion, less accumulated depreciation of \$4.9 billion, resulting in a net book value of \$20.8 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, 2020, and 2019
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Capital Assets not Depreciated:						
Land	\$ 2,788,654	\$ 2,727,599	\$ 94,996	\$ 93,226	\$ 2,883,650	\$ 2,820,825
Buildings, Structures, Improvements	333,834	333,834	—	—	333,834	333,834
Construction in Progress	316,029	283,114	114,572	124,721	430,601	407,835
Development in Progress	231,748	187,427	—	—	231,748	187,427
Infrastructure	11,725,576	11,264,466	—	—	11,725,576	11,264,466
Easements	466,507	440,931	—	—	466,507	440,931
Art and Historical Treasures	7,724	7,724	—	—	7,724	7,724
Total Capital Assets not Depreciated	\$ 15,870,072	\$ 15,245,095	\$ 209,568	\$ 217,947	\$ 16,079,640	\$ 15,463,042
Capital Assets Depreciated:						
Buildings, Structures, Improvements	\$ 3,481,419	\$ 3,384,856	\$ 3,895,565	\$ 3,765,459	\$ 7,376,984	\$ 7,150,315
Infrastructure	423,225	405,871	28,153	28,153	451,378	434,024
Library Collections	—	—	35,784	37,230	35,784	37,230
Internally Generated Computer Software	434,146	401,329	65,047	64,607	499,193	465,936
Easements	3,897	4,127	—	—	3,897	4,127
Equipment, Furniture, Fixtures	928,644	872,792	347,171	341,996	1,275,815	1,214,788
Total Capital Assets Depreciated	\$ 5,271,331	\$ 5,068,975	\$ 4,371,720	\$ 4,237,445	\$ 9,643,051	\$ 9,306,420
Less: Accumulated Depreciation	(2,509,905)	(2,304,281)	(2,408,435)	(2,270,796)	(4,918,340)	(4,575,077)
Capital Assets Net of Depreciation	\$ 2,761,426	\$ 2,764,694	\$ 1,963,285	\$ 1,966,649	\$ 4,724,711	\$ 4,731,343
Total	\$ 18,631,498	\$ 18,009,789	\$ 2,172,853	\$ 2,184,596	\$ 20,804,351	\$ 20,194,385

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 2019, 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 2019, indicated that 94.4 percent of principal arterial system bridges and 94.0 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 pavement expenditures compared to budget primarily related to additional costs on projects associated with a change in scope.

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, 2020, 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, 2020, and 2019
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation	\$ 7,025,411	\$ 6,924,502	\$ 214,906	\$ 223,190	\$ 7,240,317	\$ 7,147,692
Revenue	31,410	34,150	266,519	309,803	297,929	343,953
State Appropriation Bonds	944,767	997,488	—	—	944,767	997,488
Certificate of Participation	79,038	81,709	—	—	79,038	81,709
Total	<u>\$ 8,080,626</u>	<u>\$ 8,037,849</u>	<u>\$ 481,425</u>	<u>\$ 532,993</u>	<u>\$ 8,562,051</u>	<u>\$ 8,570,842</u>

During fiscal year 2020, the state issued the following bonds:

- \$406.9 million in general obligation state various purpose bonds
- \$190.7 million in general obligation state trunk highway bonds
- \$36.3 million in taxable state bonds
- \$27.6 million in state various purpose refunding bonds
- \$13.8 million in revenue bonds for capital assets for State Colleges and Universities

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/>



State of Minnesota

Basic Financial Statements

2020
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State of Minnesota

Government-wide Financial Statements

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STATE OF MINNESOTA

STATEMENT OF NET POSITION

JUNE 30, 2020

(IN THOUSANDS)

	PRIMARY GOVERNMENT				COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
ASSETS					
Current Assets:					
Cash and Cash Equivalents.....	\$ 13,000,167	\$ 2,866,754	\$ 15,866,921	\$ 1,863,132	
Investments.....	3,242,629	22,925	3,265,554	1,004,616	
Accounts Receivable.....	4,506,276	608,907	5,115,183	551,901	
Due from Component Units.....	8,676	—	8,676	—	
Due from Primary Government.....	—	—	—	264,500	
Accrued Investment/Interest Income.....	28,230	—	28,230	29,068	
Federal Aid Receivable.....	1,752,862	101,896	1,854,758	21,005	
Inventories.....	47,627	24,394	72,021	61,703	
Loans and Notes Receivable.....	18,879	3,881	22,760	366,321	
Internal Balances.....	17,673	(17,673)	—	—	
Other Assets.....	15,034	3,147	18,181	40,175	
Total Current Assets.....	\$ 22,638,053	\$ 3,614,231	\$ 26,252,284	\$ 4,202,421	
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted.....	\$ —	\$ 69,638	\$ 69,638	\$ 1,116,432	
Investments-Restricted.....	—	304	304	3,515,827	
Accounts Receivable-Restricted.....	—	—	—	44,316	
Due from Primary Government-Restricted.....	—	—	—	425	
Due from Primary Government.....	—	—	—	2,902	
Due from Component Units.....	92,707	—	92,707	—	
Investments.....	—	—	—	5,214,634	
Accounts Receivable.....	747,499	3,323	750,822	551,338	
Loans and Notes Receivable.....	210,911	15,323	226,234	3,035,644	
Depreciable Capital Assets (Net).....	2,761,426	1,963,285	4,724,711	7,228,151	
Nondepreciable Capital Assets.....	4,144,496	209,568	4,354,064	1,913,344	
Infrastructure (Not depreciated).....	11,725,576	—	11,725,576	—	
Other Assets.....	3,140	—	3,140	10,281	
Total Noncurrent Assets.....	\$ 19,685,755	\$ 2,261,441	\$ 21,947,196	\$ 22,633,294	
Total Assets.....	\$ 42,323,808	\$ 5,875,672	\$ 48,199,480	\$ 26,835,715	
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivative Instruments.....	\$ —	\$ —	\$ —	\$ 23,605	
Bond Refunding.....	13,968	2,043	16,011	7,596	
Deferred Pension Outflows.....	2,525,487	422,627	2,948,114	564,982	
Deferred Other Postemployment Benefits Outflows.....	31,917	10,709	42,626	61,708	
Deferred Derivative Instrument Outflows.....	—	—	—	726	
Total Deferred Outflows of Resources.....	\$ 2,571,372	\$ 435,379	\$ 3,006,751	\$ 658,617	
LIABILITIES					
Current Liabilities:					
Accounts Payable.....	\$ 5,603,486	\$ 744,381	\$ 6,347,867	\$ 463,137	
Due to Component Units.....	203,344	11	203,355	—	
Due to Primary Government.....	—	—	—	33,068	
Unearned Revenue.....	2,078,454	1,216,002	3,294,456	136,637	
Accrued Interest Payable.....	115,255	42	115,297	60,839	
Bonds and Notes Payable.....	616,291	51,983	668,274	628,838	
Capital Leases Payable.....	10,655	1,754	12,409	5,615	
Certificates of Participation Payable.....	2,290	—	2,290	—	
Claims Payable.....	164,137	27,085	191,222	273,259	
Compensated Absences Payable.....	48,992	20,278	69,270	252,516	
Other Liabilities.....	—	10,984	10,984	4,699	
Total Current Liabilities.....	\$ 8,842,904	\$ 2,072,520	\$ 10,915,424	\$ 1,858,608	

STATE OF MINNESOTA

STATEMENT OF NET POSITION

JUNE 30, 2020

(IN THOUSANDS)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Noncurrent Liabilities:				
Accounts Payable-Restricted.....	\$ —	\$ —	\$ —	\$ 110,540
Unearned Revenue-Restricted.....	—	—	—	160,147
Accrued Interest Payable-Restricted.....	—	—	—	12,774
Due to Primary Government.....	—	—	—	92,707
Unearned Revenue.....	111,114	367	111,481	6,608
Interest Rate Swap Agreements.....	—	—	—	23,605
Bonds and Notes Payable.....	7,437,122	442,840	7,879,962	7,359,602
Due to Component Units.....	2,902	—	2,902	—
Capital Leases Payable.....	41,047	3,597	44,644	26,828
Certificates of Participation Payable.....	76,748	—	76,748	—
Claims Payable.....	680,175	1,596	681,771	619,402
Compensated Absences Payable.....	314,336	143,870	458,206	38,096
Other Postemployment Benefits.....	549,263	81,704	630,967	385,042
Net Pension Liability.....	2,742,318	365,345	3,107,663	362,581
Funds Held in Trust.....	—	—	—	391,066
Other Liabilities.....	—	17,556	17,556	54,749
Total Noncurrent Liabilities.....	\$ 11,955,025	\$ 1,056,875	\$ 13,011,900	\$ 9,643,747
Total Liabilities.....	\$ 20,797,929	\$ 3,129,395	\$ 23,927,324	\$ 11,502,355
DEFERRED INFLOWS OF RESOURCES				
Bond Refunding.....	\$ 29,957	\$ 3,605	\$ 33,562	\$ 5,693
Capital Lease Restructuring.....	9,697	—	9,697	—
Deferred Revenue.....	470,620	—	470,620	33,303
Deferred Pension Inflows.....	4,662,994	816,914	5,479,908	1,226,960
Deferred Other Postemployment Benefits Inflows.....	60,502	9,780	70,282	19,176
Total Deferred Inflows of Resources.....	\$ 5,233,770	\$ 830,299	\$ 6,064,069	\$ 1,285,132
NET POSITION				
Net Investment in Capital Assets.....	\$ 14,765,807	\$ 1,694,373	\$ 16,460,180	\$ 6,103,826
Restricted to:				
Improve Agricultural, Environmental and Energy Resources.....	\$ 3,005,629	\$ —	\$ 3,005,629	\$ —
Enhance Arts and Culture.....	30,486	—	30,486	—
Acquire, Maintain, and Improve Land and Buildings.....	—	336	336	—
Retire Indebtedness.....	462,152	119,561	581,713	—
Develop Economy and Workforce.....	184,429	3,031	187,460	—
Enhance E-12 Education.....	28,267	—	28,267	—
Enhance State Government.....	22,282	—	22,282	—
Enhance Health and Human Services.....	78,065	—	78,065	—
Enhance Higher Education.....	368	22,125	22,493	—
Enhance 911 Services and Increase Safety.....	7,509	71,316	78,825	—
School Aid-Expendable.....	9,585	—	9,585	—
School Aid-Nonexpendable.....	1,636,505	—	1,636,505	—
Construct Highways and Improve Infrastructure.....	1,722,626	—	1,722,626	—
Unemployment Benefits.....	—	460,997	460,997	—
Other Purposes.....	—	83,648	83,648	—
Component Units.....	—	—	—	8,155,311
Total Restricted.....	\$ 7,187,903	\$ 761,014	\$ 7,948,917	\$ 8,155,311
Unrestricted.....	\$ (3,090,229)	\$ (104,030)	\$ (3,194,259)	\$ 447,708
Total Net Position.....	\$ 18,863,481	\$ 2,351,357	\$ 21,214,838	\$ 14,706,845

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(IN THOUSANDS)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
Agricultural, Environmental and Energy Resources.....	\$ 1,254,084	\$ 476,082	\$ 567,194	\$ 23,422
Economic and Workforce Development.....	787,975	68,912	223,678	—
General Education.....	10,900,070	14,146	1,034,432	—
General Government.....	1,443,784	374,497	121,319	—
Health and Human Services.....	18,485,278	435,071	10,308,028	—
Higher Education.....	1,009,104	73	470	—
Intergovernmental Aid.....	1,780,630	—	—	—
Public Safety and Corrections.....	1,191,908	186,460	198,097	—
Transportation.....	3,441,636	87,393	722,530	215,201
Interest.....	239,792	—	—	—
Total Governmental Activities.....	<u>\$ 40,534,261</u>	<u>\$ 1,642,634</u>	<u>\$ 13,175,748</u>	<u>\$ 238,623</u>
Business-type Activities:				
State Colleges and Universities.....	\$ 2,088,956	\$ 794,020	\$ 477,792	\$ 14
Unemployment Insurance.....	6,298,163	975,380	3,959,067	—
Lottery.....	513,558	668,547	—	—
Other.....	569,862	567,379	—	—
Total Business-type Activities.....	<u>\$ 9,470,539</u>	<u>\$ 3,005,326</u>	<u>\$ 4,436,859</u>	<u>\$ 14</u>
Total Primary Government.....	<u>\$ 50,004,800</u>	<u>\$ 4,647,960</u>	<u>\$ 17,612,607</u>	<u>\$ 238,637</u>
Component Units:				
Housing Finance.....	\$ 436,542	\$ 283,707	\$ 202,839	\$ —
Metropolitan Council.....	1,213,358	404,338	571,861	401,721
University of Minnesota.....	4,295,102	1,408,667	1,797,566	119,820
Other.....	716,042	136,800	249,350	28,765
Total Component Units.....	<u>\$ 6,661,044</u>	<u>\$ 2,233,512</u>	<u>\$ 2,821,616</u>	<u>\$ 550,306</u>
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.....				
Prior Period Adjustments.....				
Net Position, Beginning, as Restated.....				
Net Position, Ending.....				

The notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
\$ (187,386)		\$ (187,386)	
(495,385)		(495,385)	
(9,851,492)		(9,851,492)	
(947,968)		(947,968)	
(7,742,179)		(7,742,179)	
(1,008,561)		(1,008,561)	
(1,780,630)		(1,780,630)	
(807,351)		(807,351)	
(2,416,512)		(2,416,512)	
(239,792)		(239,792)	
<u>\$ (25,477,256)</u>		<u>\$ (25,477,256)</u>	
	\$ (817,130)	\$ (817,130)	
	(1,363,716)	(1,363,716)	
	154,989	154,989	
	(2,483)	(2,483)	
	<u>\$ (2,028,340)</u>	<u>\$ (2,028,340)</u>	
<u>\$ (25,477,256)</u>	<u>\$ (2,028,340)</u>	<u>\$ (27,505,596)</u>	
		\$ 50,004	
		164,562	
		(969,049)	
		(301,127)	
		<u>\$ (1,055,610)</u>	
\$ 12,754,820	\$ —	\$ 12,754,820	\$ —
1,638,366	—	1,638,366	—
6,408,680	—	6,408,680	—
781,471	—	781,471	—
1,622,413	—	1,622,413	—
882,917	—	882,917	—
3,019,463	—	3,019,463	88,064
150,729	—	150,729	—
127,253	53,677	180,930	246,725
51,292	30	51,322	278,999
—	—	—	1,098,510
(696,757)	696,757	—	—
<u>\$ 26,740,647</u>	<u>\$ 750,464</u>	<u>\$ 27,491,111</u>	<u>\$ 1,712,298</u>
<u>\$ 1,263,391</u>	<u>\$ (1,277,876)</u>	<u>\$ (14,485)</u>	<u>\$ 656,688</u>
<u>\$ 17,506,090</u>	<u>\$ 3,629,233</u>	<u>\$ 21,135,323</u>	<u>\$ 14,050,157</u>
94,000	—	94,000	—
<u>\$ 17,600,090</u>	<u>\$ 3,629,233</u>	<u>\$ 21,229,323</u>	<u>\$ 14,050,157</u>
<u><u>\$ 18,863,481</u></u>	<u><u>\$ 2,351,357</u></u>	<u><u>\$ 21,214,838</u></u>	<u><u>\$ 14,706,845</u></u>





State of Minnesota

Fund Financial Statements

2020
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State of Minnesota

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.

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STATE OF MINNESOTA

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2020

(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
ASSETS				
Cash and Cash Equivalents.....	\$ 5,192,602	\$ 1,938,333	\$ 5,359,376	\$ 12,490,311
Investments.....	1,276,168	—	1,966,461	3,242,629
Accounts Receivable.....	4,528,271	417,321	302,566	5,248,158
Interfund Receivables.....	90,446	58	51,946	142,450
Due from Component Units.....	190	20	101,173	101,383
Accrued Investment/Interest Income.....	21,957	—	6,273	28,230
Federal Aid Receivable.....	—	1,665,104	87,758	1,752,862
Inventories.....	—	5,763	41,399	47,162
Loans and Notes Receivable.....	99,272	4,767	125,751	229,790
Investment in Land.....	—	—	15,957	15,957
Total Assets.....	<u>\$ 11,208,906</u>	<u>\$ 4,031,366</u>	<u>\$ 8,058,660</u>	<u>\$ 23,298,932</u>
LIABILITIES				
Accounts Payable.....	\$ 3,152,478	\$ 1,863,018	\$ 643,362	\$ 5,658,858
Interfund Payables.....	14,594	—	57,932	72,526
Due to Component Units.....	103,289	93,870	5,517	202,676
Unearned Revenue.....	118,332	2,056,515	—	2,174,847
Total Liabilities.....	<u>\$ 3,388,693</u>	<u>\$ 4,013,403</u>	<u>\$ 706,811</u>	<u>\$ 8,108,907</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue.....	\$ 2,265,512	\$ —	\$ 108,608	\$ 2,374,120
Total Deferred Inflows of Resources.....	<u>\$ 2,265,512</u>	<u>\$ —</u>	<u>\$ 108,608</u>	<u>\$ 2,374,120</u>
FUND BALANCES				
Nonspendable.....	\$ 1,306,394	\$ 5,763	\$ 1,677,904	\$ 2,990,061
Restricted.....	98,995	12,200	4,725,631	4,836,826
Committed.....	55,698	—	804,708	860,406
Assigned.....	2,121,691	—	38,483	2,160,174
Unassigned.....	1,971,923	—	(3,485)	1,968,438
Total Fund Balances.....	<u>\$ 5,554,701</u>	<u>\$ 17,963</u>	<u>\$ 7,243,241</u>	<u>\$ 12,815,905</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances.....	<u>\$ 11,208,906</u>	<u>\$ 4,031,366</u>	<u>\$ 8,058,660</u>	<u>\$ 23,298,932</u>

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, 2020

(IN THOUSANDS)

Total Fund Balance for Governmental Funds	\$	12,815,905
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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	\$	11,725,576	
Nondepreciable Capital Assets		4,128,278	
Depreciable Capital Assets		5,060,637	
Accumulated Depreciation		<u>(2,372,864)</u>	
			18,541,627

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.	1,903,500
---	-----------

Net Deferred Outflows (Inflows) resulting from the refunding of debt and restructuring of capital leases included in the Statement of Net Position.	(25,686)
---	----------

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.	344,111
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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	\$	2,503,983	
Total Deferred Pension and Other Postemployment Benefits Inflows		<u>(4,611,738)</u>	
			(2,107,755)

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	\$	(115,250)	
General Obligation Bonds Payable		(6,140,544)	
State Appropriation Bonds Payable		(852,780)	
Revenue Bonds Payable		(31,410)	
Loans and Notes Payable		(721)	
Bond Premium Payable		(976,854)	
Due to Component Units		(3,570)	
Capital Leases Payable		(51,702)	
Certificate of Participation Payable		(69,965)	
Certificate of Participation Premium Payable		(9,073)	
Claims Payable		(755,146)	
Compensated Absences Payable		(349,733)	
Other Postemployment Benefits		(541,973)	
Net Pension Liability		<u>(2,709,500)</u>	
			(12,608,221)

Net Position of Governmental Activities	\$	<u><u>18,863,481</u></u>
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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, 2020

(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
Net Revenues:				
Individual Income Taxes.....	\$ 12,329,724	\$ —	\$ —	\$ 12,329,724
Corporate Income Taxes.....	1,620,684	—	—	1,620,684
Sales Taxes.....	5,797,172	—	590,717	6,387,889
Property Taxes.....	772,876	—	—	772,876
Motor Vehicle Taxes.....	324,150	—	1,297,956	1,622,106
Fuel Taxes.....	—	—	884,788	884,788
Other Taxes.....	2,765,354	—	234,756	3,000,110
Tobacco Settlement.....	152,282	—	—	152,282
Federal Revenues.....	52,753	12,230,966	626,353	12,910,072
Licenses and Fees.....	245,113	5,403	419,910	670,426
Departmental Services.....	185,483	4,412	202,997	392,892
Investment/Interest Income.....	206,495	8,500	226,530	441,525
Other Revenues.....	414,783	46,257	283,496	744,536
Net Revenues.....	\$ 24,866,869	\$ 12,295,538	\$ 4,767,503	\$ 41,929,910
Expenditures:				
Agricultural, Environmental and Energy Resources.....	\$ 357,436	\$ 253,207	\$ 693,298	\$ 1,303,941
Economic and Workforce Development.....	261,482	221,145	338,454	821,081
General Education.....	9,895,517	909,004	92,438	10,896,959
General Government.....	885,550	35,793	88,070	1,009,413
Health and Human Services.....	8,134,332	10,302,661	100,698	18,537,691
Higher Education.....	976,077	—	32,999	1,009,076
Intergovernmental Aid.....	1,780,498	—	132	1,780,630
Public Safety and Corrections.....	774,862	167,822	246,267	1,188,951
Transportation.....	500,078	294,707	2,616,867	3,411,652
Total Current Expenditures.....	\$ 23,565,832	\$ 12,184,339	\$ 4,209,223	\$ 39,959,394
Capital Outlay.....	88,158	84,502	708,867	881,527
Debt Service.....	42,722	225	927,757	970,704
Total Expenditures.....	\$ 23,696,712	\$ 12,269,066	\$ 5,845,847	\$ 41,811,625
Excess of Revenues Over (Under) Expenditures.....	\$ 1,170,157	\$ 26,472	\$ (1,078,344)	\$ 118,285
Other Financing Sources (Uses):				
Bond Issuance.....	\$ 7,594	\$ —	\$ 613,753	\$ 621,347
Issuance of Refunding Bonds.....	—	—	27,570	27,570
Payment to Refunded Bonds Escrow Agent.....	—	—	(27,570)	(27,570)
Bond Issue Premium.....	1,906	—	128,543	130,449
Transfers-In.....	206,109	1,673	922,644	1,130,426
Transfers-Out.....	(1,516,631)	(30,735)	(327,127)	(1,874,493)
Net Other Financing Sources (Uses).....	\$ (1,301,022)	\$ (29,062)	\$ 1,337,813	\$ 7,729
Net Change in Fund Balances.....	\$ (130,865)	\$ (2,590)	\$ 259,469	\$ 126,014
Fund Balances, Beginning, as Reported.....	\$ 5,591,566	\$ 20,553	\$ 6,983,772	\$ 12,595,891
Prior Period Adjustments.....	94,000	—	—	94,000
Fund Balances, Beginning, as Restated.....	\$ 5,685,566	\$ 20,553	\$ 6,983,772	\$ 12,689,891
Fund Balances, Ending.....	\$ 5,554,701	\$ 17,963	\$ 7,243,241	\$ 12,815,905

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, 2020****(IN THOUSANDS)**

Net Change in Fund Balances for Governmental Funds	\$	126,014
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	\$	881,527
Depreciation		(221,016)
		660,511
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.		
		(37,372)
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.		
		328,688
Net changes in revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.		
		479,397
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.		
		(779,366)
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.		
		13,275
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.		
		(306,608)
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.		
		(19,376)
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.		
		750,317
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.		
		47,911
Change in Net Position of Governmental Activities	\$	1,263,391

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, 2020 (IN THOUSANDS)

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Net Revenues:			
Individual Income Taxes.....	\$ 12,351,890	\$ 12,277,400	\$ 12,094,130
Corporate Income Taxes.....	1,649,609	1,554,822	1,580,275
Sales Taxes.....	5,799,445	5,649,515	5,718,127
Property Taxes.....	793,343	726,660	753,318
Other Taxes.....	2,763,622	2,747,665	2,709,542
Tobacco Settlement.....	157,113	154,254	152,282
Licenses and Fees.....	225,679	235,946	240,259
Departmental Services.....	124,181	115,573	115,748
Investment/Interest Income.....	87,242	84,224	90,271
Other Revenues.....	309,840	332,553	369,400
Net Revenues.....	\$ 24,261,964	\$ 23,878,612	\$ 23,823,352
Expenditures:			
Agricultural, Environmental and Energy Resources.....	\$ 233,407	\$ 245,813	\$ 221,591
Economic and Workforce Development.....	211,955	211,913	204,328
General Education.....	9,894,525	9,867,286	9,851,222
General Government.....	555,374	991,875	945,702
Health and Human Services.....	7,921,945	8,227,517	7,576,098
Higher Education.....	935,830	935,830	929,821
Intergovernmental Aid.....	1,793,489	1,804,489	1,804,433
Public Safety and Corrections.....	805,992	808,248	784,755
Transportation.....	138,020	138,020	135,897
Total Expenditures.....	\$ 22,490,537	\$ 23,230,991	\$ 22,453,847
Excess of Revenues Over (Under) Expenditures.....	\$ 1,771,427	\$ 647,621	\$ 1,369,505
Other Financing Sources (Uses):			
Transfers-In.....	\$ 46,779	\$ 33,859	\$ 33,567
Transfers-Out.....	(2,329,577)	(1,979,577)	(1,979,577)
Net Other Financing Sources (Uses).....	\$ (2,282,798)	\$ (1,945,718)	\$ (1,946,010)
Net Change in Fund Balances.....	\$ (511,371)	\$ (1,298,097)	\$ (576,505)
Fund Balances, Beginning, as Reported.....	\$ 4,693,595	\$ 4,693,595	\$ 4,693,595
Prior Period Adjustments.....	—	—	110,376
Fund Balances, Beginning, as Restated.....	\$ 4,693,595	\$ 4,693,595	\$ 4,803,971
Budgetary Fund Balances, Ending.....	\$ 4,182,224	\$ 3,395,498	\$ 4,227,466
Less: Appropriation Carryover.....	—	—	385,792
Less: Reserved for Long-Term Receivables.....	—	—	46,198
Less: Budgetary Reserve.....	—	—	2,764,398
Unassigned Fund Balance, Ending.....	\$ 4,182,224	\$ 3,395,498	\$ 1,031,078

The notes are an integral part of the financial statements.



State of Minnesota

2020
Comprehensive
Annual
Financial Report

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.

STATE OF MINNESOTA

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2020

(IN THOUSANDS)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,049,039	\$ 1,517,351	\$ 300,364	\$ 2,866,754	\$ 509,856
Investments	22,925	—	—	22,925	—
Accounts Receivable	60,099	517,999	30,809	608,907	91,764
Interfund Receivables	27,961	—	10,658	38,619	325
Federal Aid Receivable	31,177	70,719	—	101,896	—
Inventories	15,342	—	9,052	24,394	465
Loans and Notes Receivable	3,881	—	—	3,881	—
Prepaid Expenses	2,767	—	380	3,147	15,034
Total Current Assets	\$ 1,213,191	\$ 2,106,069	\$ 351,263	\$ 3,670,523	\$ 617,444
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	\$ 69,638	\$ —	\$ —	\$ 69,638	\$ —
Investments-Restricted	304	—	—	304	—
Accounts Receivable	—	—	3,323	3,323	—
Loans and Notes Receivable	15,323	—	—	15,323	—
Depreciable Capital Assets (Net)	1,813,668	—	149,617	1,963,285	73,653
Nondepreciable Capital Assets	189,973	—	19,595	209,568	261
Prepaid Expenses	—	—	—	—	3,140
Total Noncurrent Assets	\$ 2,088,906	\$ —	\$ 172,535	\$ 2,261,441	\$ 77,054
Total Assets	\$ 3,302,097	\$ 2,106,069	\$ 523,798	\$ 5,931,964	\$ 694,498
DEFERRED OUTFLOWS OF RESOURCES					
Bond Refunding	\$ 2,043	\$ —	\$ —	\$ 2,043	\$ —
Deferred Pension Outflows	369,407	—	53,220	422,627	52,998
Deferred Other Postemployment Benefits Outflows	9,828	—	881	10,709	423
Total Deferred Outflows of Resources	\$ 381,278	\$ —	\$ 54,101	\$ 435,379	\$ 53,421
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 208,610	\$ 474,026	\$ 61,745	\$ 744,381	\$ 31,086
Interfund Payables	—	21,995	34,297	56,292	52,265
Due to Component Units	—	—	11	11	—
Unearned Revenue	51,877	1,149,051	15,074	1,216,002	14,721
Accrued Interest Payable	—	—	42	42	5
Bonds and Notes Payable	41,838	—	10,145	51,983	18,648
Capital Leases Payable	1,754	—	—	1,754	—
Claims Payable	2,205	—	24,880	27,085	89,166
Compensated Absences Payable	18,141	—	2,137	20,278	1,551
Other Liabilities	10,981	—	3	10,984	—
Total Current Liabilities	\$ 335,406	\$ 1,645,072	\$ 148,334	\$ 2,128,812	\$ 207,442

STATE OF MINNESOTA

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2020

(IN THOUSANDS)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	
Noncurrent Liabilities:					
Unearned Revenue.....	\$ —	\$ —	\$ 367	\$ 367	\$ —
Bonds and Notes Payable.....	441,149	—	1,691	442,840	32,456
Capital Leases Payable.....	3,597	—	—	3,597	—
Claims Payable.....	1,596	—	—	1,596	—
Compensated Absences Payable.....	132,759	—	11,111	143,870	12,044
Other Postemployment Benefits.....	68,182	—	13,522	81,704	7,290
Net Pension Liability.....	325,889	—	39,456	365,345	32,818
Other Liabilities.....	17,556	—	—	17,556	—
Total Noncurrent Liabilities.....	\$ 990,728	\$ —	\$ 66,147	\$ 1,056,875	\$ 84,608
Total Liabilities.....	\$ 1,326,134	\$ 1,645,072	\$ 214,481	\$ 3,185,687	\$ 292,050
DEFERRED INFLOWS OF RESOURCES					
Bond Refunding.....	\$ 3,605	\$ —	\$ —	\$ 3,605	\$ —
Deferred Pension Inflows.....	703,368	—	113,546	816,914	110,953
Deferred Other Postemployment Benefits Inflows.....	8,285	—	1,495	9,780	805
Total Deferred Inflows of Resources.....	\$ 715,258	\$ —	\$ 115,041	\$ 830,299	\$ 111,758
NET POSITION					
Net Investment in Capital Assets.....	\$ 1,536,997	\$ —	\$ 157,376	\$ 1,694,373	\$ 25,764
Restricted for:					
Acquire, Maintain, and Improve Land and Buildings.....	\$ 336	\$ —	\$ —	\$ 336	\$ —
Retire Indebtedness.....	119,561	—	—	119,561	—
Develop Economy and Workforce.....	—	—	3,031	3,031	—
Enhance Higher Education.....	22,125	—	—	22,125	—
Enhance 911 Services and Increase Safety.....	—	—	71,316	71,316	—
Unemployment Benefits.....	—	460,997	—	460,997	—
Other Purposes.....	—	—	83,648	83,648	—
Total Restricted.....	\$ 142,022	\$ 460,997	\$ 157,995	\$ 761,014	\$ —
Unrestricted.....	\$ (37,036)	\$ —	\$ (66,994)	\$ (104,030)	\$ 318,347
Total Net Position.....	\$ 1,641,983	\$ 460,997	\$ 248,377	\$ 2,351,357	\$ 344,111

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, 2020

(IN THOUSANDS)

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL		
Operating Revenues:						
Tuition and Fees	\$ 684,104	\$ —	\$ —	\$ 684,104	\$ —	
Restricted Student Payments, Net	90,398	—	—	90,398	—	
Net Sales	—	—	935,500	935,500	333,595	
Insurance Premiums	—	962,052	266,753	1,228,805	1,068,140	
Other Income	19,518	13,328	33,673	66,519	11,672	
Total Operating Revenues	\$ 794,020	\$ 975,380	\$ 1,235,926	\$ 3,005,326	\$ 1,413,407	
Less: Cost of Goods Sold	—	—	510,524	510,524	—	
Gross Margin	\$ 794,020	\$ 975,380	\$ 725,402	\$ 2,494,802	\$ 1,413,407	
Operating Expenses:						
Purchased Services	\$ 229,216	\$ —	\$ 88,354	\$ 317,570	\$ 198,238	
Salaries and Fringe Benefits	1,420,716	—	178,732	1,599,448	(74,408)	
Student Financial Aid	95,218	—	—	95,218	—	
Unemployment Benefits	—	6,294,342	—	6,294,342	—	
Claims	—	—	246,367	246,367	866,341	
Depreciation and Amortization	135,954	—	17,962	153,916	21,191	
Supplies and Materials	118,157	—	5,515	123,672	20,105	
Repairs and Maintenance	23,005	—	990	23,995	15,439	
Indirect Costs	—	—	2,725	2,725	2,842	
Other Expenses	36,440	—	899	37,339	1,169	
Total Operating Expenses	\$ 2,058,706	\$ 6,294,342	\$ 541,544	\$ 8,894,592	\$ 1,050,917	
Operating Income (Loss)	\$ (1,264,686)	\$ (5,318,962)	\$ 183,858	\$ (6,399,790)	\$ 362,490	
Nonoperating Revenues (Expenses):						
Investment Income	\$ 15,230	\$ 35,628	\$ 2,819	\$ 53,677	\$ 6,407	
Federal Grants	343,436	—	—	343,436	—	
Private Grants	33,397	—	—	33,397	—	
Grants and Subsidies	100,973	3,959,067	—	4,060,040	—	
Other Nonoperating Revenues	—	—	2	2	—	
Interest and Financing Costs	(19,504)	—	203	(19,301)	(1,547)	
Grants, Aids and Subsidies	(10,746)	(3,821)	(17,603)	(32,170)	—	
Other Nonoperating Expenses	—	—	(13,952)	(13,952)	(3,387)	
Gain (Loss) on Disposal of Capital Assets	73	—	(45)	28	233	
Total Nonoperating Revenues (Expenses)	\$ 462,859	\$ 3,990,874	\$ (28,576)	\$ 4,425,157	\$ 1,706	
Income (Loss) Before Transfers and Contributions	\$ (801,827)	\$ (1,328,088)	\$ 155,282	\$ (1,974,633)	\$ 364,196	
Transfers-In	827,595	—	33,520	861,115	—	
Transfers-Out	—	(8,377)	(155,981)	(164,358)	(35,508)	
Change in Net Position	\$ 25,768	\$ (1,336,465)	\$ 32,821	\$ (1,277,876)	\$ 328,688	
Net Position, Beginning, as Reported	\$ 1,616,215	\$ 1,797,462	\$ 215,556	\$ 3,629,233	\$ 15,423	
Net Position, Ending	\$ 1,641,983	\$ 460,997	\$ 248,377	\$ 2,351,357	\$ 344,111	

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

(IN THOUSANDS)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	
Cash Flows from Operating Activities:					
Receipts from Customers.....	\$ 778,107	\$ 779,192	\$ 1,207,018	\$ 2,764,317	\$ 1,379,938
Receipts from Other Revenues.....	—	—	32,669	32,669	11,672
Receipts from Repayment of Program Loans.....	4,198	—	—	4,198	—
Financial Aid Disbursements.....	(100,631)	—	—	(100,631)	—
Payments to Claimants.....	—	(5,855,770)	(659,602)	(6,515,372)	(866,313)
Payments to Suppliers.....	(404,883)	—	(138,525)	(543,408)	(255,872)
Payments to Employees.....	(1,384,486)	—	(176,925)	(1,561,411)	(123,809)
Payments to Others.....	—	—	(58,793)	(58,793)	(3,387)
Net Cash Flows from Operating Activities.....	\$ (1,107,695)	\$ (5,076,578)	\$ 205,842	\$ (5,978,431)	\$ 142,229
Cash Flows from Noncapital Financing Activities:					
Grant Receipts.....	\$ 471,514	\$ 5,005,879	\$ —	\$ 5,477,393	\$ —
Grant Disbursements.....	(7,799)	(3,830)	(17,603)	(29,232)	—
Transfers-In.....	762,135	—	33,520	795,655	—
Transfers-Out.....	—	(6,402)	(150,470)	(156,872)	(32,621)
Advances from Other Funds.....	—	—	—	—	(50,000)
Net Cash Flows from Noncapital Financing Activities.....	\$ 1,225,850	\$ 4,995,647	\$ (134,553)	\$ 6,086,944	\$ (82,621)
Cash Flows from Capital and Related Financing Activities:					
Transfers-In.....	\$ 46,463	\$ —	\$ —	\$ 46,463	\$ —
Investment in Capital Assets.....	(134,640)	—	(7,675)	(142,315)	(22,342)
Proceeds from Disposal of Capital Assets.....	457	—	91	548	2,809
Proceeds from Capital Bonds.....	32,049	—	—	32,049	—
Proceeds from Loans.....	3,629	—	—	3,629	22,860
Capital Lease Payments.....	(4,143)	—	—	(4,143)	—
Repayment of Loan Principal.....	(589)	—	—	(589)	(17,968)
Repayment of Bond Principal.....	(56,240)	—	(21,420)	(77,660)	—
Interest Paid.....	(18,922)	—	(1,578)	(20,500)	(1,621)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (131,936)	\$ —	\$ (30,582)	\$ (162,518)	\$ (16,262)
Cash Flows from Investing Activities:					
Proceeds from Sales and Maturities of Investments.....	\$ 4,046	\$ —	\$ —	\$ 4,046	\$ —
Purchase of Investments.....	(2,708)	—	—	(2,708)	—
Investment Earnings.....	10,744	35,628	2,819	49,191	6,407
Net Cash Flows from Investing Activities.....	\$ 12,082	\$ 35,628	\$ 2,819	\$ 50,529	\$ 6,407
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (1,699)	\$ (45,303)	\$ 43,526	\$ (3,476)	\$ 49,753
Cash and Cash Equivalents, Beginning, as Reported.....	\$ 1,120,376	\$ 1,562,654	\$ 256,838	\$ 2,939,868	\$ 460,103
Cash and Cash Equivalents, Ending.....	\$ 1,118,677	\$ 1,517,351	\$ 300,364	\$ 2,936,392	\$ 509,856

STATE OF MINNESOTA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

(IN THOUSANDS)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Operating Income (Loss).....	\$ (1,264,686)	\$ (5,318,962)	\$ 183,858	\$ (6,399,790)	\$ 362,490
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation and Amortization.....	\$ 135,954	\$ —	\$ 17,962	\$ 153,916	\$ 21,191
Miscellaneous Nonoperating Revenues.....	—	—	2	2	—
Miscellaneous Nonoperating Expenses.....	—	—	(13,952)	(13,952)	(3,387)
Loan Principal Repayments.....	4,198	—	—	4,198	—
Provision for Loan Defaults.....	(302)	—	—	(302)	—
Loans Forgiven.....	607	—	—	607	—
Change in Assets, Liabilities, Deferred Outflows and Inflows:					
Accounts Receivable.....	(2,153)	(219,288)	(1,103)	(222,544)	(14,948)
Inventories.....	309	—	(743)	(434)	(92)
Other Assets.....	—	—	108	108	2,507
Deferred Outflows.....	240,544	—	43,407	283,951	271,138
Accounts Payable.....	(8,481)	458,895	6,059	456,473	(20,494)
Salaries Payable.....	15,011	—	—	15,011	—
Claims Payable.....	—	—	7,259	7,259	28
Compensated Absences Payable.....	3,981	—	586	4,567	2,948
Unearned Revenues.....	(8,055)	2,654	4,792	(609)	(6,849)
Other Postemployment Benefits.....	(1,872)	—	(1,270)	(3,142)	989
Net Pension Liability.....	3,183	—	1,741	4,924	(73,684)
Other Liabilities.....	(1,271)	123	—	(1,148)	—
Deferred Inflows.....	(224,662)	—	(42,864)	(267,526)	(399,608)
Net Reconciling Items to be Added to (Deducted from) Operating Income.....	\$ 156,991	\$ 242,384	\$ 21,984	\$ 421,359	\$ (220,261)
Net Cash Flows from Operating Activities.....	<u>\$ (1,107,695)</u>	<u>\$ (5,076,578)</u>	<u>\$ 205,842</u>	<u>\$ (5,978,431)</u>	<u>\$ 142,229</u>
Noncash Investing, Capital and Financing Activities:					
Loan Liability Transfer.....	\$ —	\$ —	\$ —	\$ —	\$ 2,887
Bond Premium Amortization.....	\$ 4,266	\$ —	\$ 1,691	\$ 5,957	\$ —

The notes are an integral part of the financial statements.



State of Minnesota

2020
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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, 2020****(IN THOUSANDS)**

	PENSION TRUST	INVESTMENT TRUST	AGENCY
ASSETS			
Cash and Cash Equivalent Investments.....	\$ 30,993	\$ —	\$ 192,582
Investment Pools, at fair value:			
Cash Equivalent Investments.....	\$ 4,582,695	\$ 38,728	\$ —
Investments.....	78,882,942	1,106,931	—
Accrued Interest and Dividends.....	120,206	2,113	—
Securities Trades Receivables (Payables).....	(582,578)	(10,195)	—
Total Investment Pool Participation.....	\$ 83,003,265	\$ 1,137,577	\$ —
Receivables:			
Accounts Receivable.....	\$ —	\$ —	\$ 52,692
Interfund Receivables.....	11,658	—	—
Other Receivables.....	128,671	—	—
Total Receivables.....	\$ 140,329	\$ —	\$ 52,692
Securities Lending Collateral.....	\$ 4,992,478	\$ —	\$ —
Depreciable Capital Assets (Net).....	37,404	—	—
Nondepreciable Capital Assets.....	429	—	—
Total Assets.....	\$ 88,204,898	\$ 1,137,577	\$ 245,274
LIABILITIES			
Accounts Payable.....	\$ 24,676	\$ —	\$ 245,274
Interfund Payables.....	11,969	—	—
Accrued Expense.....	54	—	—
Revenue Bonds Payable.....	8,921	—	—
Bond Interest.....	4	—	—
Compensated Absences Payable.....	3,157	—	—
Securities Lending Liabilities.....	4,992,478	—	—
Other Liabilities.....	2,092	—	—
Total Liabilities.....	\$ 5,043,351	\$ —	\$ 245,274
NET POSITION			
Net Position Restricted for Pensions and Pooled Investments.....	\$ 83,161,547	\$ 1,137,577	\$ —

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, 2020
(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST
Additions:		
Contributions:		
Employer.....	\$ 1,486,414	\$ —
Member.....	1,733,470	—
Contributions From Other Sources.....	10,294	—
Participating Plans.....	—	12,850
Total Contributions.....	\$ 3,230,178	\$ 12,850
Net Investment Income (Loss):		
Investment Income (Loss).....	\$ 3,472,378	\$ 69,109
Less: Investment Expenses.....	(69,308)	(572)
Net Investment Income (Loss).....	\$ 3,403,070	\$ 68,537
Securities Lending Revenues (Expenses):		
Securities Lending Income.....	\$ 88,756	\$ —
Securities Lending Rebates and Fees.....	(64,787)	—
Net Securities Lending Revenue.....	\$ 23,969	\$ —
Total Investment Income (Loss).....	\$ 3,427,039	\$ 68,537
Transfers-In.....	\$ 101,985	\$ —
Other Additions.....	14,291	—
Total Additions.....	\$ 6,773,493	\$ 81,387
Deductions:		
Benefits.....	\$ 5,425,884	\$ —
Refunds and Withdrawals.....	449,079	41,525
Administrative Expenses.....	66,605	79
Transfers-Out.....	22,054	—
Total Deductions.....	\$ 5,963,622	\$ 41,604
Net Increase (Decrease).....	\$ 809,871	\$ 39,783
Net Position Restricted for Pensions and Pooled Investments, Beginning, as Reported.....	\$ 82,347,689	\$ 1,097,510
Change in Reporting Entity.....	3,440	831
Change in Fund Structure.....	547	(547)
Net Position Restricted for Pensions and Pooled Investments, Beginning, as Restated.....	\$ 82,351,676	\$ 1,097,794
Net Position Restricted for Pensions and Pooled Investments, Ending.....	<u>\$ 83,161,547</u>	<u>\$ 1,137,577</u>

The notes are an integral part of the financial statements.





State of Minnesota

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.

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STATE OF MINNESOTA

COMPONENT UNIT FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2019 and JUNE 30, 2020

(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 107,071	\$ 213,753	\$ 827,832	\$ 714,476	\$ 1,863,132
Investments	1,180	101,740	603,815	297,881	1,004,616
Accounts Receivable	807	27,717	468,222	55,155	551,901
Due from Primary Government	201	99,154	14,700	150,445	264,500
Accrued Investment/Interest Income	13,774	2,237	914	12,143	29,068
Federal Aid Receivable	3,207	16,466	—	1,332	21,005
Inventories	—	39,719	21,936	48	61,703
Loans and Notes Receivable	105,816	—	10,718	249,787	366,321
Prepaid Expenses	—	1,375	—	4,701	6,076
Other Assets	1,296	—	32,669	134	34,099
Total Current Assets	\$ 233,352	\$ 502,161	\$ 1,980,806	\$ 1,486,102	\$ 4,202,421
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	\$ 460,974	\$ 303,645	\$ 15,397	\$ 336,416	\$ 1,116,432
Investments-Restricted	3,362,388	—	131,159	22,280	3,515,827
Accounts Receivable-Restricted	—	44,316	—	—	44,316
Due from Primary Government-Restricted	—	425	—	—	425
Due from Primary Government	—	—	—	2,902	2,902
Investments	—	700,857	4,505,545	8,232	5,214,634
Accounts Receivable	—	—	155,486	395,852	551,338
Loans and Notes Receivable	827,841	44,835	62,859	2,100,109	3,035,644
Depreciable Capital Assets (Net)	4,280	3,474,656	2,818,912	930,303	7,228,151
Nondepreciable Capital Assets	—	1,359,168	517,678	36,498	1,913,344
Prepaid Expenses	—	—	—	1,345	1,345
Other Assets	—	—	8,936	—	8,936
Total Noncurrent Assets	\$ 4,655,483	\$ 5,927,902	\$ 8,215,972	\$ 3,833,937	\$ 22,633,294
Total Assets	\$ 4,888,835	\$ 6,430,063	\$ 10,196,778	\$ 5,320,039	\$ 26,835,715
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivative Instruments	\$ 23,605	\$ —	\$ —	\$ —	\$ 23,605
Bond Refunding	15	—	570	7,011	7,596
Deferred Pension Outflows	14,114	213,650	332,242	4,976	564,982
Deferred Other Postemployment Benefits Outflows	97	54,827	6,761	23	61,708
Deferred Derivative Instrument Outflows	—	726	—	—	726
Total Deferred Outflows of Resources	\$ 37,831	\$ 269,203	\$ 339,573	\$ 12,010	\$ 658,617

STATE OF MINNESOTA
COMPONENT UNIT FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2019 and JUNE 30, 2020
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
LIABILITIES					
Current Liabilities:					
Accounts Payable.....	\$ 48,977	\$ 90,930	\$ 300,814	\$ 22,416	\$ 463,137
Due to Primary Government.....	—	39	1,722	31,307	33,068
Unearned Revenue.....	—	25,735	64,602	46,300	136,637
Accrued Interest Payable.....	29,204	4,622	16,150	10,863	60,839
Bonds and Notes Payable.....	61,790	161,028	318,445	87,575	628,838
Capital Leases Payable.....	—	900	4,661	54	5,615
Claims Payable.....	—	12,278	49,030	211,951	273,259
Compensated Absences Payable.....	329	27,221	224,770	196	252,516
Other Liabilities.....	—	—	4,393	306	4,699
Total Current Liabilities.....	\$ 140,300	\$ 322,753	\$ 984,587	\$ 410,968	\$ 1,858,608
Noncurrent Liabilities:					
Accounts Payable-Restricted.....	\$ —	\$ 61,208	\$ 49,332	\$ —	\$ 110,540
Unearned Revenue-Restricted.....	—	160,147	—	—	160,147
Accrued Interest Payable-Restricted.....	—	12,774	—	—	12,774
Due to Primary Government.....	—	—	2,325	90,382	92,707
Unearned Revenue.....	—	—	75	6,533	6,608
Interest Rate Swap Agreements.....	23,605	—	—	—	23,605
Bonds and Notes Payable.....	3,571,859	1,481,101	1,246,933	1,059,709	7,359,602
Capital Leases Payable.....	—	3,635	23,120	73	26,828
Claims Payable.....	—	17,729	6,804	594,869	619,402
Compensated Absences Payable.....	2,551	7,433	27,055	1,057	38,096
Other Postemployment Benefits.....	1,672	336,289	46,686	395	385,042
Net Pension Liability.....	8,740	144,118	206,712	3,011	362,581
Funds Held in Trust.....	100,735	—	290,209	122	391,066
Other Liabilities.....	—	—	54,499	250	54,749
Total Noncurrent Liabilities.....	\$ 3,709,162	\$ 2,224,434	\$ 1,953,750	\$ 1,756,401	\$ 9,643,747
Total Liabilities.....	\$ 3,849,462	\$ 2,547,187	\$ 2,938,337	\$ 2,167,369	\$ 11,502,355
DEFERRED INFLOWS OF RESOURCES					
Bond Refunding.....	\$ —	\$ —	\$ 5,693	\$ —	\$ 5,693
Deferred Revenue.....	20,888	—	—	12,415	33,303
Deferred Pension Inflows.....	29,550	462,501	724,450	10,459	1,226,960
Deferred Other Postemployment Benefits Inflows.....	184	18,581	368	43	19,176
Total Deferred Inflows of Resources.....	\$ 50,622	\$ 481,082	\$ 730,511	\$ 22,917	\$ 1,285,132
NET POSITION					
Net Investment in Capital Assets.....	\$ 4,280	\$ 3,390,848	\$ 1,742,905	\$ 965,793	\$ 6,103,826
Restricted-Expendable.....	1,202,147	564,657	2,692,555	2,081,752	6,541,111
Restricted-Nonexpendable.....	—	—	1,614,200	—	1,614,200
Unrestricted.....	(179,845)	(284,508)	817,843	94,218	447,708
Total Net Position.....	\$ 1,026,582	\$ 3,670,997	\$ 6,867,503	\$ 3,141,763	\$ 14,706,845

The notes are an integral part of the financial statements.

STATE OF MINNESOTA**COMPONENT UNIT FUNDS****STATEMENT OF ACTIVITIES****YEARS ENDED DECEMBER 31, 2019 and JUNE 30, 2020****(IN THOUSANDS)**

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
Net Expenses:					
Total Expenses.....	\$ 436,542	\$ 1,213,358	\$ 4,295,102	\$ 716,042	\$ 6,661,044
Program Revenues:					
Charges for Services.....	\$ 283,707	\$ 404,338	\$ 1,408,667	\$ 136,800	\$ 2,233,512
Operating Grants and Contributions.....	202,839	571,861	1,797,566	249,350	2,821,616
Capital Grants and Contributions.....	—	401,721	119,820	28,765	550,306
Net (Expense) Revenue.....	\$ 50,004	\$ 164,562	\$ (969,049)	\$ (301,127)	\$ (1,055,610)
General Revenues:					
Taxes.....	\$ —	\$ 86,228	\$ —	\$ 1,836	\$ 88,064
Investment Income (Loss).....	—	76,068	143,612	27,045	246,725
Other Revenues.....	612	1,222	271,697	5,468	278,999
Total General Revenues before Grants...	\$ 612	\$ 163,518	\$ 415,309	\$ 34,349	\$ 613,788
State Grants Not Restricted.....	64,705	—	694,910	338,895	1,098,510
Total General Revenues.....	\$ 65,317	\$ 163,518	\$ 1,110,219	\$ 373,244	\$ 1,712,298
Change in Net Position.....	\$ 115,321	\$ 328,080	\$ 141,170	\$ 72,117	\$ 656,688
Net Position, Beginning, as Reported	\$ 911,261	\$ 3,342,917	\$ 6,726,333	\$ 3,069,646	\$ 14,050,157
Net Position, Ending	\$ 1,026,582	\$ 3,670,997	\$ 6,867,503	\$ 3,141,763	\$ 14,706,845

The notes are an integral part of the financial statements.

2020 Comprehensive Annual Financial Report
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2020 Comprehensive Annual Financial Report
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, 2020:

- GASB Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance" was issued May 2020. This statement provides temporary relief to governments in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods after June 15, 2018, and later. During the current year, the state delayed the implementation of GASB Statements No. 84 "Fiduciary Activities" and No. 90 "Majority Equity Interests".

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 its 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 derivative instruments 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 outflow 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 and Balances with Component Units 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), 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 derivative instruments are exchange traded. The purpose of the SBI derivative instrument 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 derivative instruments are reported as investment income. The June 30, 2020 fair value of investment derivative instruments 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, 2020, the SGIC had a portfolio of well diversified high quality investment grade fixed income securities with a fair value of \$1,690,832,000 that is \$70,991,000 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 \$39,945,000.

The following table summarizes, by derivative instrument type, the investment derivative instrument activity, and June 30 positions for fiscal year 2020.

**Primary Government
Derivative Instrument Activity for the Year Ended June 30, 2020
By Derivative Instrument Type
(In Thousands)**

Derivative Instrument Type	Change in Fair Value	Year End Fair Value	Year End Notional Amount
Governmental Activities:			
Futures	\$ (3,230)	\$ —	\$ 57,372
Warrants / Stocks Rights	(6)	5	29
Total Governmental Activities	\$ (3,236)	\$ 5	\$ 57,401
Fiduciary Activities:			
Futures	\$ 140,012	\$ —	\$ 253,272
Futures Options Bought	(4,884)	737	1,257
Futures Options Written	7,020	(239)	(4,614)
FX Forwards	(7,680)	341	262,208
Warrants/Stock Rights	(466)	1,659	4,567
Credit Default Swaps Written	(1,598)	608	52,837
Pay Fixed Interest Rate Swaps	(17,986)	(13,637)	225,569
Receive Fixed Interest Rate Swaps	230	187	14,937
Total Fiduciary Activities	\$ 114,648	\$ (10,344)	\$ 810,033

Credit Risk: Minnesota is exposed to credit risk through ten counterparties in foreign currency forward (FX Forward) contracts used to offset the currency risk of a security. The state's FX Forward counterparties combined exposes the state to a maximum loss of \$2,722,000 should these counterparties fail to perform. These counterparties have Standard & Poor's (S&P) credit ratings of BBB+ or better. The primary government, excluding pension and investment trust funds, had no exposure to counterparty 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 Instrument Activity: Derivative instrument 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, 2020
(In Thousands)**

Quality Rating	Fair Value
AAA	\$ 1,037,518
AA	4,276,878
A	1,332,407
BBB	4,954,300
BB	112,566
B	2,775
Unrated	5,230,198
Agencies	3,543
Total Debt Securities	<u>\$ 16,950,185</u>

**Primary Government
Pension and Investment Trust Funds
Investments and Cash Equivalent Investments
Credit Risk Exposure
As of June 30, 2020
(In Thousands)**

Quality Rating	Fair Value
AAA	\$ 424,022
AA	10,862,969
A	415,963
BBB	2,003,415
BB	875,083
B	102,514
CCC	24,457
CC	12,142
C	2,497
D	680
Unrated	4,162,290
Total Debt Securities	<u>\$ 18,886,032</u>

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, 2020
(In Thousands)**

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
U.S. Treasury	\$ 350,472	8.30
U.S. Agencies	3,395,902	1.22
Mortgage-backed Securities	439,662	6.66
State or Local Government Bonds	89,340	9.97
Corporate Bonds	4,085,465	2.04
Yankee Bonds	460,267	1.82
Foreign Country Bonds	387	0.75
Short Term Notes	8,128,690	0.02
Total Debt Securities	<u>\$ 16,950,185</u>	
Equity Investments:		
Corporate Stock	\$ 1,945,645	
Other Investments:		
Escheat Property	\$ 22,326	
Money Market Accounts	9,701	
Total Other Investments	<u>\$ 32,027</u>	
Total Investments	<u><u>\$ 18,927,857</u></u>	⁽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, 2020
(In Thousands)**

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
U.S. Treasury	\$ 7,880,894	15.78
U.S. Agencies	787,832	8.04
Mortgage-backed Securities	2,724,646	4.29
State or Local Government Bonds	89,643	17.00
Corporate Bonds	2,466,481	10.58
Yankee Bonds	643,639	7.66
Foreign Country Bonds	20,240	10.75
Asset-backed Securities	470,998	5.44
Short Term Notes	3,801,659	0.00
Total Debt Securities	<u>\$ 18,886,032</u>	
Equity Investments:		
Corporate Stock	\$ 42,595,671	
Alternative Equities	11,104,199	
Stock Rights/Warrants	1,659	
Total Equity Investments	<u>\$ 53,701,529</u>	
Other Investments:		
Guaranteed Investment Account:		
Synthetic Guaranteed Investment Contract (SGIC)	\$ 1,619,841	
Short Term Investment Pool	39,945	
Total Guaranteed Investment Account	<u>\$ 1,659,786</u>	
Mutual Funds	10,123,414	
Total Other Investments	<u>\$ 11,783,200</u>	
Total Investments	<u><u>\$ 84,370,761</u></u>	(1)

(1) Total Investments do not include \$271.53 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 instrument investments that are not hedging derivative instruments, 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, 2020 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 68 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 \$10,047,507,000 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 real assets investments is to establish and maintain a portfolio of real assets investment vehicles that provide an inflation hedge and additional diversification. Real assets 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 private credit 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 private credit investments.

**Primary Government
Governmental, Proprietary, and Agency Funds
Fair Value of Investments
As of June 30, 2020
(In Thousands)**

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	\$ 1,891,058	\$ 1,888,971	\$ 2,087	\$ —
Real Estate Investment Trust	54,232	54,232	—	—
Equity Total	<u>\$ 1,945,290</u>	<u>\$ 1,943,203</u>	<u>\$ 2,087</u>	<u>\$ —</u>
Fixed Income:				
Asset-backed Securities	\$ 1,823,986	\$ —	\$ 584,271	\$ 1,239,715
Mortgage-backed Securities	439,256	—	433,335	5,921
Corporate Bonds	2,631,153	—	2,631,153	—
Government Issues	6,358,800	3,866	6,354,934	—
Fixed Income Total	<u>\$ 11,253,195</u>	<u>\$ 3,866</u>	<u>\$ 10,003,693</u>	<u>\$ 1,245,636</u>
Total Investments by Fair Value	<u><u>\$ 13,198,485</u></u>	<u><u>\$ 1,947,069</u></u>	<u><u>\$ 10,005,780</u></u>	<u><u>\$ 1,245,636</u></u>

⁽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, 2020
(In Thousands)**

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	\$ 40,401,451	\$ 40,384,916	\$ 16,345	\$ 190
Real Estate Investment Trust	1,141,520	1,141,520	—	—
Other Equity	1,401,590	877,719	12,223	511,648
Equity Total	\$ 42,944,561	\$ 42,404,155	\$ 28,568	\$ 511,838
Fixed Income:				
Asset-backed Securities	\$ 771,834	\$ —	\$ 723,674	\$ 48,160
Mortgage-backed Securities	3,079,895	—	3,058,820	21,075
Corporate Bonds	3,641,163	—	3,641,116	47
Government Issues	10,646,405	—	10,622,179	24,226
Other Debt Instruments	604,428	—	604,428	—
Fixed Income Total	\$ 18,743,725	\$ —	\$ 18,650,217	\$ 93,508
Investment Derivative Instrument - Options	\$ 498	\$ 501	\$ —	\$ (3)
Total Investments by Fair Value	\$ 61,688,784	\$ 42,404,656	\$ 18,678,785	\$ 605,343
Investments Measured at Net Asset Value (NAV):	NAV	Number of Investments	Percent of NAV Value	Unfunded Commitments
Private Equity	\$ 7,156,974	159	65 %	\$ 6,770,646
Real Estate	1,036,972	28	9	1,208,761
Real Assets	1,701,536	36	15	776,144
Private Credit	1,178,837	41	11	1,291,956
Total Investments at NAV	\$ 11,074,319	264	100 %	\$ 10,047,507
Total Investments by Fair Value and NAV	<u>\$ 72,763,103</u>			

⁽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 two single issuers that equaled or exceeded five percent of the overall portfolio as of June 30, 2020. Federal Farm Credit Banks Fund and Wells Fargo Govt MM Sweep both had an aggregate fair value of 7.3 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, 2020. 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, 2020
(In Thousands)

Currency	Cash	Debt	Equity
Australian Dollar	\$ 572	\$ —	\$ 610,383
Brazilian Real	252	—	143,929
Canadian Dollar	1,630	24,620	886,259
Danish Krone	17	—	268,814
Euro Currency	3,446	17,703	4,167,159
Hong Kong Dollar	1,668	—	1,042,964
Japanese Yen	11,571	—	2,369,843
New Taiwan Dollar	1,383	—	385,693
Pound Sterling	2,741	2,021	1,321,921
Singapore Dollar	570	—	108,849
South African Rand	182	—	92,813
South Korean Won	91	—	397,092
Swedish Krona	499	—	278,773
Swiss Franc	(8,851)	—	974,517
Yuan Renminbi	354	—	124,643
Other	2,337	—	447,329
Total	<u>\$ 18,462</u>	<u>\$ 44,344</u>	<u>\$ 13,620,981</u>

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, 2020, the investment pool had an average duration of 1 day and an average weighted maturity of 77.04 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, 2020, 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, 2020, were \$6,995,039,000 and \$6,813,663,000, 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 \$4,992,478,000 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, 2020
(In Thousands)**

Investment Type	Fair Value
Domestic Equities	\$ 5,294,745
U.S. Government Bonds	680,351
International Equities	243,887
Domestic Corporate Bonds	594,680
Total	<u>\$ 6,813,663</u>

Component Units

Housing Finance Agency

As of June 30, 2020, the Housing Finance Agency (HFA) had \$568,045,000 of cash and cash equivalents and \$3,363,568,000 of investments. As of June 30, 2020, \$567,635,000 of deposits and \$3,139,726,000 of investment securities were subject to custodial credit risk. HFA investments have weighted average maturities ranging from under one month (certificates of deposit) to 7.7 – 27.5 years.

HFA cash equivalents included \$410,000 of investment agreements, which are generally uncollateralized, interest-bearing contracts.

HFA investments had an estimated fair value of \$3,363,568,000 as of June 30, 2020. Included in these investments were \$5,125,000 in U.S. Treasuries (not rated), and \$3,101,256,000 in U.S. Agencies having an S&P rating of AA+ and Moody's Investors Services rating of Aaa. An additional \$32,935,000 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 \$6,886,000 and \$3,132,430,000 using Level 1 and Level 2 inputs, respectively. The remaining investments of \$224,252,000 related to premiums/discounts and unrealized appreciation/depreciation.

HFA had investments in single issuers as of June 30, 2020, excluding investments issued or explicitly guaranteed by the U.S. Government that exceeded five percent or more of total investments. These investments of \$1,113,726,000 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, 2020, as a liability called "Interest Rate Swap Agreements." The inception-to-date change in fair value as of June 30, 2020, was reported in "Accumulated Decrease in Fair Value of Hedging Derivative Instruments" deferred outflows of resources.

As of June 30, 2020, HFA had interest rate swap agreements with the following counterparties: the Bank of New York Mellon (two agreements), Royal Bank of Canada (five agreements) and Wells Fargo (two agreements) for total notional amounts of \$78,985,000, \$183,225,000, and \$80,000,000, and fair values of (\$5,753,000), (\$14,492,000), and (\$5,273,000), respectively. For these counterparties, the fair values for the fiscal year ended June 30, 2020, decreased \$4,023,000, decreased \$7,186,000, and decreased \$2,830,000, 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, 2019, the Metropolitan Council (MC) had \$517,398,000 in cash and cash equivalents and \$802,597,000 in investments. Of this amount, \$1,313,496,000 was subject to rating. Using the Moody's Investors Services rating scale, \$1,021,468,000 of these investments were rated Aaa, while \$292,028,000 were not rated. The net outstanding checks of \$6,499,000 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. MC has a custodial credit risk exposure of \$1,948,000 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 \$440,389,000 and \$475,799,000 using Level 1 and Level 2 inputs, respectively. MC measured another \$172,250,000 of investments at the net asset value, while the remaining \$6,499,000 was cash and cash equivalents. MC also held \$207,950,000 in the Internal Equity Pool and \$17,108,000 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, 2019. The investment portfolio excluding the cash and escrow accounts and the OPEB trust portfolio has an average yield of 1.67 percent, weighted average maturity of 1.36 years, effective duration of 0.78 years, and convexity of -0.49.

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, 2019
(In Thousands)**

Fair Value of Portfolio	Estimated Fair Value
Before Basis Point Increase	\$ 1,326,392
After Basis Point Increase of:	
50 Points	\$ 1,323,056
100 Points	1,318,380
150 Points	1,312,218
200 Points	1,306,046

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 2019, MC performed a statistical analysis and determined that the liquidated hedges were essentially effective.

As of December 31, 2019, MC had 288 New York Mercantile Exchange (NYMEX) heating oil futures contracts (12.10 million gallons) acquired from April 03, 2018, through December 19, 2019, to terminate on dates from January 31, 2020, through October 29, 2021. As of December 31, 2019, the heating oil futures contracts had a fair value of \$23,413,000.

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, 2020, the University of Minnesota (U of M), including its discretely presented component units, had \$843,229,000 of cash and cash equivalents and \$5,240,519,000 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 \$674,772,000 and investments of \$2,154,301,000.

As of June 30, 2020, U of M's bank balance of \$124,005,000 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, 2020, \$1,143,836,000 of investment in securities was subject to quality rating and interest rate risk. This amount was rated as follows:

- \$848,323,000 was rated AA or better
- \$48,220,000 was rated BBB to A
- \$14,676,000 was rated BB or lower
- \$232,617,000 was not rated

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

- \$355,218,000 in government agencies with weighted average maturities of 0.9 to 1.5 years
- \$66,161,000 in mortgage-backed securities with a weighted average maturity of 15.9 years
- \$240,293,000 in cash and cash equivalents with a weighted average maturity of 0.0 years
- \$209,651,000 in mutual funds with a weighted average maturity of 5.2 years
- 39,896,000 in corporate bonds with a weighted average maturity of 2.5 years

As of June 30, 2020, U of M had \$51,613,000 of equity investments subject to foreign currency risk. The two components of this amount are \$36,017,000 in Euro Currency and \$15,596,000 in British Pound Sterling.

As of June 30, 2020, several U of M investment holdings are subject to custodial credit risk. The fair value of investments the U of M held in the custodial accounts was \$714,494,000 in Temporary Investment Pool (TIP); \$77,332,000 in Consolidated Endowment Fund (CEF); and \$26,519,000 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 \$213,689,000, \$517,076,000, and \$8,560,000 using Level 1, 2 and 3 inputs, respectively. U of M measured another \$1,414,976,000 of investments at the net asset value.

Nonmajor Component Units

Nonmajor Component Units Cash, Cash Equivalents, and Investments As of December 31, 2019, or June 30, 2020, as applicable (In Thousands)

Component Unit	Cash and Cash Equivalents	Investments
Agricultural and Economic Development Board	\$ 1,775	\$ 22,280
Minnesota Comprehensive Health Association	440	—
Minnesota Sports Facilities Authority	56,368	4,999
National Sports Center Foundation	2,329	—
Office of Higher Education	590,847	—
Public Facilities Authority	366,874	9,004
Rural Finance Authority	22,003	—
Workers' Compensation Assigned Risk Plan	10,256	292,110
Total	<u>\$ 1,050,892</u>	<u>\$ 328,393</u>

Note 3 – Disaggregation of Receivables

**Primary Government
Components of Net Receivables
Government-wide
As of June 30, 2020
(In Thousands)**

Description	Governmental Activities			Total
	General Fund ⁽²⁾	Federal Fund	Nonmajor Governmental Funds ⁽¹⁾	
Taxes:				
Corporate and Individual	\$ 2,708,037	\$ —	\$ —	\$ 2,708,037
Sales and Use	471,388	—	27,248	498,636
Property	437,463	—	—	437,463
Health Care Provider	439,451	—	—	439,451
Motor Vehicle/Fuel	—	—	92,716	92,716
Other	64,759	—	31,562	96,321
Child Support	29,317	27,791	140	57,248
Workers' Compensation	—	—	72,026	72,026
Other	378,167	389,530	84,180	851,877
Net Receivables	<u>\$ 4,528,582</u>	<u>\$ 417,321</u>	<u>\$ 307,872</u>	<u>\$ 5,253,775</u>
Description	Business-type Activities			Total
	State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	
Insurance Premiums	\$ —	\$ 517,999	\$ —	\$ 517,999
Tuition and Fees ⁽³⁾	60,099	—	—	60,099
Other	—	—	34,132	34,132
Net Receivables	<u>\$ 60,099</u>	<u>\$ 517,999</u>	<u>\$ 34,132</u>	<u>\$ 612,230</u>
Total Government-wide Net Receivables				<u><u>\$ 5,866,005</u></u>

⁽¹⁾ Includes \$91.764 million for Internal Service Funds, less Internal Service Fund eliminations of \$86.458 million among Governmental Activities.

⁽²⁾ Includes \$311 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 \$294.370 million.

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

- Corporate and Individual Taxes \$185,013,000
- Sales and Use Taxes \$42,845,000
- Child Support \$127,425,000

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

- Corporate and Individual Taxes \$256,673,000
- Sales and Use Taxes \$95,824,000
- Child Support \$54,966,000
- Health Care Provider \$106,286,000
- Other Receivables \$237,073,000

Note 4 – Loans and Notes Receivable

**Primary Government
Loans and Notes Receivable, Net of Allowance
As of June 30, 2020
(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	\$ —	\$ —	\$ —	\$ 17,588	\$ 17,588
Economic Development	92,722	4,767	39,314	—	136,803
Agricultural, Environmental and Energy Resources	—	—	83,256	—	83,256
Transportation	—	—	2,681	—	2,681
Other	6,550	—	500	1,616	8,666
Total	<u>\$ 99,272</u>	<u>\$ 4,767</u>	<u>\$ 125,751</u>	<u>\$ 19,204</u>	<u>\$ 248,994</u>

**Component Units
Loans and Notes Receivable
As of December 31, 2019, or June 30, 2020, as applicable
(In Thousands)**

Component Unit	Loans and Notes Receivable
Housing Finance Agency	\$ 933,657
Metropolitan Council	44,835
University of Minnesota	73,577
Agricultural and Economic Development Board	118
National Sports Center Foundation	634
Office of Higher Education	469,552
Public Facilities Authority	1,782,098
Rural Finance Authority	97,494
Total	<u>\$ 3,401,965</u>

Note 5 – Interfund Transactions and Balances with Component Units

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, 2020
(In Thousands)**

Description	Amount
Due to the General Fund From:	
Nonmajor Governmental Funds	\$ 7,024
Nonmajor Enterprise Funds	31,171
Internal Service Funds	51,940
Fiduciary Funds	311
Total Due to General Fund From Other Funds	<u>\$ 90,446</u>
Due to the Federal Fund From:	
Unemployment Insurance Fund	\$ 58
Total Due to Federal Fund From Other Funds	<u>\$ 58</u>
Due to the State Colleges and Universities Fund From:	
Nonmajor Governmental Funds	\$ 27,961
Total Due to State Colleges and Universities Fund From Other Funds	<u>\$ 27,961</u>
Due to Nonmajor Enterprise Funds From:	
General Fund	\$ 10,658
Total Due to Nonmajor Enterprise Funds From Other Funds	<u>\$ 10,658</u>
Due to the Internal Service Funds From:	
Internal Service Funds	\$ 325
Total Due to Internal Service	<u>\$ 325</u>
Due to Fiduciary Funds From:	
Fiduciary Funds	\$ 11,658
Total Due to Fiduciary Funds From Other Funds	<u>\$ 11,658</u>
Due to Nonmajor Governmental Funds From:	
General Fund	\$ 3,936
Unemployment Insurance Fund	21,937
Nonmajor Governmental Funds	22,947
Nonmajor Enterprise Funds	3,126
Total Due to Nonmajor Governmental Funds From Other Funds	<u>\$ 51,946</u>

**Primary Government
Interfund Transfers
Year Ended June 30, 2020
(In Thousands)**

Description	Amount
Transfers to the General Fund From:	
Federal Fund	\$ 30,735
Nonmajor Governmental Funds	25,338
Nonmajor Enterprise Funds	124,508
Internal Service Funds	25,528
Total Transfers to General Fund From Other Funds	<u>\$ 206,109</u>
Transfers to the Federal Fund From:	
Unemployment Insurance Fund	\$ 60
Nonmajor Governmental Funds	1,613
Total Transfers to Federal Fund From Other Funds	<u>\$ 1,673</u>
Transfers to the State Colleges and Universities Fund From:	
General Fund	\$ 758,929
Nonmajor Governmental Funds	68,666
Total Transfers to State Colleges and Universities Fund From Other Funds	<u>\$ 827,595</u>
Transfers to Fiduciary Funds From:	
General Fund	\$ 79,931
Fiduciary Funds	22,054
Total Transfers to Fiduciary Funds From Other Funds	<u>\$ 101,985</u>
Transfers to Nonmajor Governmental Funds ⁽¹⁾ From:	
General Fund	\$ 645,751
Unemployment Insurance Fund	8,317
Nonmajor Governmental Funds	230,010
Nonmajor Enterprise Funds	31,473
Internal Service Funds	9,980
Total Transfers to Nonmajor Governmental Funds From Other Funds	<u>\$ 925,531</u>
Transfers to Nonmajor Enterprise Funds From:	
General Fund	\$ 32,020
Nonmajor Governmental Funds	1,500
Total Transfers to Nonmajor Enterprise Funds From Other Funds	<u>\$ 33,520</u>

⁽¹⁾ Includes a transfer of a \$2.887 million loan from Plant Management (Internal Service Fund) to Governmental Activities.

Component Units

**Primary Government and Component Units
Receivables and Payables
As of December 31, 2019, or June 30, 2020, as applicable
(In Thousands)**

Component Units	Due from Primary Government	Due to Primary Government
Major Component Units:		
Housing Finance Agency	\$ 201	\$ —
Metropolitan Council	99,579	39
University of Minnesota	14,700	4,047
Total Major Component Units	\$ 114,480	\$ 4,086
Nonmajor Component Units	153,347	121,689
Total Component Units	<u>\$ 267,827</u>	<u>\$ 125,775</u>

Primary Government	Due from Component Units	Due to Component Units
Major Governmental Funds:		
General Fund	\$ 190	\$ 103,289
Federal Fund	20	93,870
Total Major Governmental Funds	\$ 210	\$ 197,159
Nonmajor Governmental Funds	101,173	5,517
Nonmajor Enterprise Funds	—	11
Total Primary Government	<u>\$ 101,383</u>	<u>\$ 202,687</u> ⁽¹⁾

⁽¹⁾ Due to Component Units on the Government-wide Statement of Net Position totals \$206.257 million and includes \$3.570 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 \$24,392,000 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 \$65,140,000 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 \$3,570,000 loans payable disclosed above.

Note 6 – Capital Assets

Primary Government

**Primary Government
Capital Asset Activity
Government-wide Governmental Activities
Year Ended June 30, 2020
(In Thousands)**

Asset Category	Beginning	Additions	Deductions	Ending
Governmental Activities:				
Capital Assets not Depreciated:				
Land	\$ 2,727,599	\$ 71,279	\$ (10,224)	\$ 2,788,654
Buildings, Structures, Improvements	333,834	—	—	333,834
Construction in Progress	283,114	171,870	(138,955)	316,029
Development in Progress	187,427	79,501	(35,180)	231,748
Infrastructure	11,264,466	477,446	(16,336)	11,725,576
Easements	440,931	26,012	(436)	466,507
Art and Historical Treasures	7,724	—	—	7,724
Total Capital Assets not Depreciated	<u>\$ 15,245,095</u>	<u>\$ 826,108</u>	<u>\$ (201,131)</u>	<u>\$ 15,870,072</u>
Capital Assets Depreciated:				
Buildings, Structures, Improvements	\$ 3,384,856	\$ 99,449	\$ (2,886)	\$ 3,481,419
Infrastructure	405,871	18,410	(1,056)	423,225
Internally Generated Computer Software	401,329	32,817	—	434,146
Easements	4,127	—	(230)	3,897
Equipment, Furniture, Fixtures	872,792	98,186	(42,334)	928,644
Total Capital Assets Depreciated	<u>\$ 5,068,975</u>	<u>\$ 248,862</u>	<u>\$ (46,506)</u>	<u>\$ 5,271,331</u>
Accumulated Depreciation for:				
Buildings, Structures, Improvements	\$ (1,503,791)	\$ (90,760)	\$ 1,512	\$ (1,593,039)
Infrastructure	(124,916)	(13,378)	511	(137,783)
Internally Generated Computer Software	(164,918)	(70,274)	—	(235,192)
Easements	(1,365)	(114)	230	(1,249)
Equipment, Furniture, Fixtures	(509,291)	(67,681)	34,330	(542,642)
Total Accumulated Depreciation	<u>\$ (2,304,281)</u>	<u>\$ (242,207)</u>	<u>\$ 36,583</u>	<u>\$ (2,509,905)</u>
Total Capital Assets Depreciated, Net	<u>\$ 2,764,694</u>	<u>\$ 6,655</u>	<u>\$ (9,923)</u>	<u>\$ 2,761,426</u>
Governmental Act. Capital Assets, Net	<u>\$ 18,009,789</u>	<u>\$ 832,763</u>	<u>\$ (211,054)</u>	<u>\$ 18,631,498</u>

Capital outlay expenditures in the governmental funds totaled \$881,527,000 for fiscal year 2020. Donations of general capital assets received were valued at \$23,736,000. Transfers of \$147,365,000 were primarily from construction in progress for completed projects. Internal service funds had additions of \$22,342,000.

General capital assets purchased with resources provided by outstanding capital lease agreements in governmental activities as of June 30, 2020, 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, 2020
(In Thousands)**

Asset Category	Beginning	Additions	Deductions	Ending
Business-type Activities:				
Capital Assets not Depreciated:				
Land	\$ 93,226	\$ 1,810	\$ (40)	\$ 94,996
Construction in Progress	124,721	119,853	(130,002)	114,572
Total Capital Assets not Depreciated	<u>\$ 217,947</u>	<u>\$ 121,663</u>	<u>\$ (130,042)</u>	<u>\$ 209,568</u>
Capital Assets Depreciated:				
Buildings, Structures, Improvements	\$ 3,765,459	\$ 132,193	\$ (2,087)	\$ 3,895,565
Infrastructure	28,153	—	—	28,153
Library Collections	37,230	4,490	(5,936)	35,784
Internally Generated Computer Software	64,607	900	(460)	65,047
Equipment, Furniture, Fixtures	341,996	13,031	(7,856)	347,171
Total Capital Assets Depreciated	<u>\$ 4,237,445</u>	<u>\$ 150,614</u>	<u>\$ (16,339)</u>	<u>\$ 4,371,720</u>
Accumulated Depreciation for:				
Buildings, Structures, Improvements	\$ (1,949,627)	\$ (121,004)	\$ 2,085	\$ (2,068,546)
Infrastructure	(16,607)	(1,436)	—	(18,043)
Library Collections	(22,304)	(5,112)	5,936	(21,480)
Internally Generated Computer Software	(22,912)	(6,785)	460	(29,237)
Equipment, Furniture, Fixtures	(259,346)	(19,579)	7,796	(271,129)
Total Accumulated Depreciation	<u>\$ (2,270,796)</u>	<u>\$ (153,916)</u>	<u>\$ 16,277</u>	<u>\$ (2,408,435)</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,966,649</u>	<u>\$ (3,302)</u>	<u>\$ (62)</u>	<u>\$ 1,963,285</u>
Business-type Act. Capital Assets, Net	<u><u>\$ 2,184,596</u></u>	<u><u>\$ 118,361</u></u>	<u><u>\$ (130,104)</u></u>	<u><u>\$ 2,172,853</u></u>
Fiduciary Funds:				
Capital Assets not Depreciated:				
Land	\$ 429	\$ —	\$ —	\$ 429
Total Capital Assets not Depreciated	<u>\$ 429</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 429</u>
Capital Assets Depreciated:				
Buildings	\$ 29,763	\$ —	\$ —	\$ 29,763
Internally Generated Computer Software	36,020	—	—	36,020
Equipment, Furniture, Fixtures	6,867	1,128	(409)	7,586
Total Capital Assets Depreciated	<u>\$ 72,650</u>	<u>\$ 1,128</u>	<u>\$ (409)</u>	<u>\$ 73,369</u>
Accumulated Depreciation for:				
Buildings	\$ (13,433)	\$ (739)	\$ —	\$ (14,172)
Internally Generated Computer Software	(12,711)	(3,069)	—	(15,780)
Equipment, Furniture, Fixtures	(5,715)	(609)	311	(6,013)
Total Accumulated Depreciation	<u>\$ (31,859)</u>	<u>\$ (4,417)</u>	<u>\$ 311</u>	<u>\$ (35,965)</u>
Total Capital Assets Depreciated, Net	<u>\$ 40,791</u>	<u>\$ (3,289)</u>	<u>\$ (98)</u>	<u>\$ 37,404</u>
Fiduciary Funds, Capital Assets, Net	<u><u>\$ 41,220</u></u>	<u><u>\$ (3,289)</u></u>	<u><u>\$ (98)</u></u>	<u><u>\$ 37,833</u></u>

Transfers-in for Business-type Activities totaling \$129,962,000 primarily related to construction in progress for completed projects.

**Primary Government
Depreciation Expense
Government-wide
Year Ended June 30, 2020
(In Thousands)**

Function	Depreciation Expense
Governmental Activities:	
Agricultural, Environmental & Energy Resources	\$ 16,144
Economic and Workforce Development	2,573
General Education	5,343
General Government	64,489
Health and Human Services	40,264
Public Safety and Corrections	46,975
Transportation	45,228
Internal Service Funds	21,191
Total Governmental Activities	<u>\$ 242,207</u>
Business-type Activities:	
State Colleges and Universities	\$ 135,954
Lottery	574
Other	17,388
Total Business-type Activities	<u>\$ 153,916</u>

**Primary Government
Significant Project Authorizations and Commitments
As of June 30, 2020
(In Thousands)**

Description	Administration	Transportation
Authorization	\$ 767,451	\$ 2,019,785
Less: Expended (through June 30)	(650,119)	(1,598,721)
Less: Unexpended Commitment	(53,157)	(331,524)
Remaining Available Authorization	<u>\$ 64,175</u>	<u>\$ 89,540</u>

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, 2020, were 2,512,957.

Component Units

Component Units
Capital Assets
As of December 31, 2019, or June 30, 2020, as applicable
(In Thousands)

Asset Category	Major Component Units				Total
	Housing Finance Agency	Metropolitan Council	University of Minnesota	Nonmajor Component Units	
Capital Assets not Depreciated:					
Land	\$ —	\$ 263,466	\$ 229,801	\$ 35,643	\$ 528,910
Construction in Progress	—	1,095,702	37,878	855	1,134,435
Leased Buildings	—	—	152,281	—	152,281
Museums and Collections	—	—	97,713	—	97,713
Easements	—	—	5	—	5
Total Capital Assets not Depreciated	\$ —	\$ 1,359,168	\$ 517,678	\$ 36,498	\$ 1,913,344
Capital Assets Depreciated:					
Buildings, Structures, Improvements	\$ —	\$ 4,982,588	\$ 4,752,008	\$ 870,451	\$10,605,047
Infrastructure	—	—	471,328	32,917	504,245
Library	—	—	174,941	—	174,941
Internally Generated Computer Software	11,940	—	198,962	—	210,902
Equipment, Furniture, Fixtures	3,318	1,352,979	856,548	236,341	2,449,186
Other Intangibles	—	—	6,903	—	6,903
Total Capital Assets Depreciated	\$ 15,258	\$ 6,335,567	\$ 6,460,690	\$ 1,139,709	\$13,951,224
Total Accumulated Depreciation	\$ (10,978)	\$ (2,860,911)	\$ (3,730,612)	\$ (209,406)	\$ (6,811,907)
Total Capital Assets Depreciated, Net ⁽¹⁾	\$ 4,280	\$ 3,474,656	\$ 2,730,078	\$ 930,303	\$ 7,139,317
Component Units Capital Assets, Net	\$ 4,280	\$ 4,833,824	\$ 3,247,756	\$ 966,801	\$ 9,052,661

⁽¹⁾ In addition to this amount, the component units of the University of Minnesota had combined capital assets with a net value of \$88.834 million as of June 30, 2020.

Note 7 – Disaggregation of Payables

**Primary Government
Components of Accounts Payable
Government-wide
As of June 30, 2020
(In Thousands)**

Governmental Activities				
Description	General Fund	Federal Fund	Nonmajor Governmental Funds ⁽¹⁾	Total
School Aid Programs	\$ 1,054,309	\$ 254,283	\$ 3,444	\$ 1,312,036
Tax Refunds	684,006	—	—	684,006
Medical Care Programs	693,582	1,258,338	11,777	1,963,697
Grants	373,987	213,276	288,788	876,051
Salaries and Benefits	132,504	26,271	66,158	224,933
Vendors/Service Providers	214,090	110,850	217,823	542,763
Net Payables	\$ 3,152,478	\$ 1,863,018	\$ 587,990	\$ 5,603,486

Business-type Activities				
Description	State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	Total
Salaries and Benefits	\$ 146,253	\$ —	\$ 11,241	\$ 157,494
Vendors/Service Providers	62,357	474,026	50,504	586,887
Net Payables	\$ 208,610	\$ 474,026	\$ 61,745	\$ 744,381

Total Government-wide Net Payables				<u>\$ 6,347,867</u>
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⁽¹⁾ Includes \$31.086 million for Internal Service Funds, less Internal Service Fund eliminations of \$86.458 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, 2020, 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 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.

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 offender program. Three 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 1.5 percent fixed rate.

The General Employees Retirement Fund (GERF) covers employees of various governmental units and subdivisions, including counties, cities, school districts, and related organizations. Approximately 2,100 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	50 percent of the Social Security Administration increase, but not less than 1.0 percent or more than 1.5 percent. 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.

The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental units and subdivisions. Approximately 440 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	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 benefit increase of 2.0 percent is projected for all years.

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

Description	SERF	CERF ⁽¹⁾	GERF	P&FF	TRF ⁽²⁾
Minnesota Statutory Authority	352.04	352.92	353.27 353.505	353.65	354.42 354.435,436
Required Contribution Rate:					
Active Members	6.0%	9.6%	6.5-9.75%	11.8%	7.5-11.0%
Employer(s)	6.25%	15.85%	7.5-11.78%	17.7%	7.92-11.92%
Non-Employer Contributing Entity	\$ —	\$ —	\$ 16,000	\$ 4,500	\$ 31,087
Primary Government Contributions – Reporting Period	\$ 152,523	\$ 43,594	\$ 17,949	\$ 5,043	\$ 47,202

⁽¹⁾ Additional supplemental employer contributions increase from 1.45 percent to 2.95 and 4.45 percent of salary annually in fiscal years 2021 and 2022 respectively. The 4.45 percent will remain in effect until the plan is 100 percent funded.

⁽²⁾ An additional contribution of 3.64 percent of salary from Special School District No.1 brings the top of the Employer contribution range to 15.56 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2024. Employer contribution rate increases by 0.83 percent over the next four years.

Primary Government Administered Multiple-Employer Cost Sharing Plans
Summary of Pension Amounts
As of June 30, 2020
(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	\$ 1,054,276	\$ 394,861	\$ 22,829	\$ 2,687	\$ 226,558	\$ 1,701,211
Non-Employer Contributing Entity	—	—	166,659	54,801	452,696	674,156
Total	<u>\$ 1,054,276</u>	<u>\$ 394,861</u>	<u>\$ 189,488</u>	<u>\$ 57,488</u>	<u>\$ 679,254</u>	<u>\$ 2,375,367</u>
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:						
Current Year Measurement Date	74.94%	99.87%	3.43%	5.40%	10.65%	
Prior Year Measurement Date	74.45%	99.89%	3.64%	5.27%	11.02%	
Deferred Outflows of Resources	\$ 1,702,575	\$ 188,934	\$ 83,965	\$ 121,533	\$ 639,084	\$ 2,736,091
Deferred Inflows of Resources	\$ 3,564,391	\$ 486,437	\$ 47,679	\$ 85,265	\$ 1,085,365	\$ 5,269,137
Net Pension Expense	\$ 230,975	\$ (2,696)	\$ 16,451	\$ 27,613	\$ 111,387	\$ 383,730

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

**Primary Government Administered Multiple-Employer Cost Sharing Plans
Actuarial Assumptions**

Description	SERF ⁽¹⁾⁽³⁾	CERF ⁽¹⁾	GERF ⁽¹⁾	P&FF ⁽¹⁾	TRF ⁽¹⁾
Actuarial Valuation/ Measurement Date	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019
Long-Term Expected Rate	7.50%	7.50%	7.50%	7.50%	7.50%
20 Year Municipal Bond Rate ⁽²⁾	3.13%	3.13%	3.13%	3.13%	3.50%
Experience Study Dates	2008-2018	2011-2018	2014-2018	2011-2018	2014-2018
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-2018 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.

⁽³⁾ For SERF, the Pub-2010 General Mortality table for males and females will be used for fiscal year 2021 and will be adjusted for mortality improvements based on Scale MP-2018.

**Primary Government Administered Multiple-Employer Cost Sharing Plans
Deferred Outflows of Resources
As of June 30, 2020
(In Thousands)**

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	\$ 31,960	\$ 10,342	\$ 5,251	\$ 2,441	\$ 97	\$ 50,091
Changes in Assumption	1,485,483	134,869	—	47,706	571,620	2,239,678
Change in Proportionate Difference Between Actual Contributions and Proportionate Share of Contributions	32,609	129	60,765	66,343	20,165	180,011
Contributions Subsequent to the Measurement Date	152,523	43,594	17,949	5,043	47,202	266,311
Total	<u>\$1,702,575</u>	<u>\$ 188,934</u>	<u>\$ 83,965</u>	<u>\$ 121,533</u>	<u>\$ 639,084</u>	<u>\$2,736,091</u>

Primary Government Administered Multiple-Employer Cost Sharing Plans
Deferred Inflows of Resources
As of June 30, 2020
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	\$ 3,657	\$ 2,248	\$ —	\$ 8,750	\$ 16,494	\$ 31,149
Changes in Assumption	3,303,245	455,370	14,894	64,542	901,119	4,739,170
Net Difference Between Projected and Actual Earnings on Investment	257,489	28,577	19,207	11,973	56,289	373,535
Change in Proportionate Share of Contributions	—	242	13,578	—	111,463	125,283
Total	<u>\$ 3,564,391</u>	<u>\$ 486,437</u>	<u>\$ 47,679</u>	<u>\$ 85,265</u>	<u>\$ 1,085,365</u>	<u>\$ 5,269,137</u>

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, 2020
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
2021	\$ 137,649	\$ (32,459)	\$ 15,969	\$ 12,719	\$ 20,824	\$ 154,702
2022	(1,487,113)	(182,806)	12,129	8,546	(42,025)	(1,691,269)
2023	(677,122)	(127,873)	(9,998)	(6,256)	(274,377)	(1,095,626)
2024	12,247	2,041	237	16,193	(190,941)	(160,223)
2025	—	—	—	23	(6,964)	(6,941)
Net Pension Expense	<u>\$ (2,014,339)</u>	<u>\$ (341,097)</u>	<u>\$ 18,337</u>	<u>\$ 31,225</u>	<u>\$ (493,483)</u>	<u>\$ (2,799,357)</u>
Deferred Outflow of Resources as a Reduction to Net Pension Liability	152,523	43,594	17,949	5,043	47,202	266,311
Net Deferred Outflows (Inflows) of Resources	<u>\$ (1,861,816)</u>	<u>\$ (297,503)</u>	<u>\$ 36,286</u>	<u>\$ 36,268</u>	<u>\$ (446,281)</u>	<u>\$ (2,533,046)</u>

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.
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Benefit Formula	<p>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.</p> <p>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.</p> <p>Basic members receive 2.0 percent of the high-five average salary for all years of allowable service.</p> <p>The Tier 1 formula also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater).</p> <p>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.</p> <p>Basic members receive 2.5 percent of the high-five average salary for all years of allowable service.</p> <p>The Tier 2 formula provides full benefits at normal retirement age. Not eligible for benefits under the Rule of 90.</p>
Annual Benefit Increase	<p>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.</p>

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)	8.17-11.67%
Primary Government as Non-Employer Contributing Entity - Statutory Requirement	\$ 15,663
Primary Government Contributions - Reporting Period	\$ 15,701

⁽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 15.31 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2023 and Employer contribution rates increase by 0.83 percent over the next four years.

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Summary of Pension Amounts
As of June 30, 2020
(In Thousands)

Description	SPTRF ⁽¹⁾
Primary Government's Proportionate Share of the Net Pension Liability as an:	
Employer	\$ 617
Non-Employer Contributing Entity	205,790
Total	<u>\$ 206,407</u>
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:	
Current Measurement Date	33.77%
Prior Measurement Date	27.58%
Deferred Outflows of Resources	\$ 59,065
Deferred Inflows of Resources	\$ 10,371
Net Pension Expense	\$ 29,863

⁽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, 2019
Long-Term Expected Rate	7.50%
20 Year Municipal Bond Rate ⁽²⁾	3.13%
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-2018. 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, 2020
(In Thousands)

Description	SPTRF
Difference Between Expected and Actual Experience	\$ 599
Changes in Assumption	20,020
Change in Proportionate Share of Contributions	22,745
Contributions Subsequent to the Measurement Date	15,701
Total	<u>\$ 59,065</u>

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Deferred Inflows of Resources
As of June 30, 2020
(In Thousands)

Description	SPTRF
Difference Between Expected and Actual Experience	\$ 4,484
Changes in Assumption	2,595
Net Difference Between Projected and Actual Earnings on Investment	335
Change in Proportionate Share of Contributions	2,957
Total	<u>\$ 10,371</u>

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, 2020
(In Thousands)

Description	SPTRF
2021	\$ 16,720
2022	14,763
2023	11
2024	1,499
Net Pension Expense	<u>\$ 32,993</u>
Deferred Outflow of Resources as a Reduction to Net Pension Liability	15,701
Net Deferred Outflows (Inflows) of Resources	<u>\$ 48,694</u>

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 175 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 2039, 2.0 percent through 2056, and 2.5 percent thereafter.

For the prior measurement period the benefit increase of 1.75 percent was projected through 2037, 2.0 percent through 2051, 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 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.

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.

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⁾	23.1% ⁽²⁾
Primary Government Contributions – Reporting Period	\$ 17,766	\$ 8,764	\$ 21,975

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

⁽²⁾ Member contribution rate increases by 0.5 percent in fiscal year 2021. Additional supplemental employer contributions of 3.0 percent bring the top of the Employer contribution range to 26.1 percent. Additional supplemental employer contributions increase to 5.0 and 7.0 percent of salary annually effective for fiscal years 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	383	370	1,078
Members Entitled To, But Not Receiving Benefits	19	32	56
Active Members	315	17	943

Primary Government Administered Single-Employer Plans
Summary of Pension Amounts
As of June 30, 2020
(In Thousands)

Description	JRF	LRF	SPRF	Total
Net Pension Liability	\$ 178,884	\$ 140,185	\$ 206,820	\$ 525,889
Deferred Outflows of Resources	25,352	8,806	118,800	152,958
Deferred Inflows of Resources	24,297	—	176,103	200,400
Net Pension Expense	8,656	9,692	28,189	46,537

Primary Government Administered Single-Employer Plans
Actuarial Assumptions

Description	JRF ⁽¹⁾	LRF ⁽¹⁾	SPRF ⁽¹⁾
Actuarial Valuation / Measurement Date	June 30, 2019	June 30, 2019	June 30, 2019
Long-Term Expected Rate	7.50%	7.50%	7.50%
20 Year Municipal Bond Rate ⁽²⁾	3.13%	3.13%	3.13%
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, 2020
(In Thousands)

Description	JRF	LRF	SPRF	Total
Total Pension Liability (TPL):				
Service Cost	\$ 9,881	\$ 496	\$ 19,375	\$ 29,752
Interest on the Total Pension Liability	27,769	4,894	68,227	100,890
Difference Between Expected and Actual Experience of the Total Pension Liability	804	(2,441)	2,757	1,120
Changes in Assumptions	—	6,722	—	6,722
Benefit Payments, Including Refunds of Member Contributions	(25,233)	(8,853)	(60,803)	(94,889)
Net Change in Total Pension Liability	\$ 13,221	\$ 818	\$ 29,556	\$ 43,595
Total Pension Liability, Beginning	\$ 377,925	\$ 139,367	\$ 930,408	\$ 1,447,700
Total Pension Liability, Ending	<u>\$ 391,146</u>	<u>\$ 140,185</u>	<u>\$ 959,964</u>	<u>\$ 1,491,295</u>
Fiduciary Net Position (FNP):				
Contributions – Employer	\$ 17,287	\$ 8,798	\$ 20,479	\$ 46,564
Contributions – Member	4,049	91	12,038	16,178
Net Investment Income	14,491	—	51,823	66,314
Benefit Payments, Including Refunds of Member Contributions	(25,233)	(8,853)	(60,803)	(94,889)
Pension Plan Administrative Expenses	(87)	(36)	(191)	(314)
Other Changes	—	—	(1)	(1)
Net Change in Plan Fiduciary Net Position	\$ 10,507	\$ —	\$ 23,345	\$ 33,852
Plan Fiduciary Net Position, Beginning	\$ 201,755	\$ —	\$ 729,799	\$ 931,554
Plan Fiduciary Net Position, Ending	<u>\$ 212,262</u>	<u>\$ —</u>	<u>\$ 753,144</u>	<u>\$ 965,406</u>
Net Pension Liability (NPL)	<u>\$ 178,884</u>	<u>\$ 140,185</u>	<u>\$ 206,820</u>	<u>\$ 525,889</u>

Primary Government Administered Single-Employer Plans
Deferred Outflows of Resources
As of June 30, 2020
(In Thousands)

Description	JRF	LRF	SPRF	Total
Difference Between Expected and Actual Experience	\$ 2,924	\$ —	\$ 2,297	\$ 5,221
Changes in Assumption	4,662	—	94,528	99,190
Net Difference Between Projected and Actual Earnings on Investment	—	42	—	42
Contributions Subsequent to the Measurement Date	17,766	8,764	21,975	48,505
Total	<u>\$ 25,352</u>	<u>\$ 8,806</u>	<u>\$ 118,800</u>	<u>\$ 152,958</u>

Primary Government Administered Single-Employer Plans
Deferred Inflows of Resources
As of June 30, 2020
(In Thousands)

Description	JRF	SPRF	Total
Difference Between Expected and Actual Experience	\$ 1,982	\$ 16,334	\$ 18,316
Changes in Assumption	17,152	140,940	158,092
Net Difference Between Projected and Actual Earnings on Investment	5,163	18,829	23,992
Total	<u>\$ 24,297</u>	<u>\$ 176,103</u>	<u>\$ 200,400</u>

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, 2020
(In Thousands)

Description	JRF	LRF	SPRF	Total
2021	\$ (14,707)	\$ 42	\$ (2,460)	\$ (17,125)
2022	(1,710)	—	(10,701)	(12,411)
2023	(553)	—	(44,860)	(45,413)
2024	259	—	(21,716)	(21,457)
2025	—	—	459	459
Net Pension Expense	<u>\$ (16,711)</u>	<u>\$ 42</u>	<u>\$ (79,278)</u>	<u>\$ (95,947)</u>
Deferred Outflow of Resources as a Reduction to Net Pension Liability	17,766	8,764	21,975	48,505
Net Deferred Outflows (Inflows) of Resources	<u>\$ 1,055</u>	<u>\$ 8,806</u>	<u>\$ (57,303)</u>	<u>\$ (47,442)</u>

Summary of Defined Benefit Plans

Summary of Defined Benefit Plans As of June 30, 2020 (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	\$ 2,375,367	\$ 206,407	\$ 525,889	\$ 3,107,663
Deferred Outflows of Resources	2,736,091	59,065	152,958	2,948,114
Deferred Inflows of Resources	5,269,137	10,371	200,400	5,479,908
Net Pension Expense	383,730	29,863	46,537	460,130

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, 2020

Asset Class	Target Allocation	Long-Term Expected Rate of Return (Geometric Mean)
Domestic Stocks	35.50 %	5.10 %
International Stocks	17.50 %	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, 2020
(In Thousands)**

Plan	With a 1% Decrease		Current Discount Rate		With a 1% Increase	
	Rate	NPL ⁽¹⁾	Rate	NPL ⁽¹⁾	Rate	NPL ⁽¹⁾
SERF	6.50 %	\$ 2,455,502	7.50 %	\$ 1,054,276	8.50 %	\$ (108,894)
CERF	6.50 %	617,868	7.50 %	394,861	8.50 %	212,941
GERF	6.50 %	311,506	7.50 %	189,488	8.50 %	88,736
P&FF	6.50 %	125,658	7.50 %	57,488	8.50 %	1,112
TRF	6.50 %	1,082,897	7.50 %	679,254	8.50 %	346,456
SPTRF	6.50 %	274,315	7.50 %	206,407	8.50 %	150,158
JRF	6.50 %	218,593	7.50 %	178,884	8.50 %	144,878
LRF ⁽³⁾⁽⁴⁾	2.13 %	155,860	3.13 % ⁽²⁾	140,185	4.13 %	127,040
SPRF	6.50 %	323,003	7.50 %	206,820	8.50 %	110,562

⁽¹⁾ Net Pension Liability (Asset).

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

⁽³⁾ The discount rate changed from 3.62 percent for LRF.

⁽⁴⁾ The discount rate for fiscal year 2021 will change to 2.45 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.46 to 383B.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 \$155,367,000 for the fiscal year ended June 30, 2020.

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 6.0 percent of employee's salary for employee and 6.25 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.

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 \$313,601,000 for the fiscal year ended June 30, 2020.

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 5.15 percent, respectively. Member contribution rates increase by 2.6 percent over the next four 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, 2020
(In Thousands)**

Description	HCSRF	UERF	DCF	CURF
Member Contributions	\$ 88	\$ 7,438	\$ 2,002	\$ 45,178
Employer Contributions:				
Primary Government Contributions	\$ —	\$ 7,289	\$ —	\$ 45,555
Other Employer Contributions	88	543	2,160	—
Total Employer Contributions	\$ 88	\$ 7,832	\$ 2,160	\$ 45,555

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, 2019 or June 30, 2020, as applicable
(In Thousands)

Description	Major Component Units			Non-Major Component Units			Total
	HFA	MC	U of M	MSFA	OHE	PFA	
Proportionate Share of the Net Pension Liability	\$ 8,740	\$ 131,471	\$ 199,773	\$ 225	\$ 1,896	\$ 890	\$ 342,995
Deferred Outflows of Resources	14,114	200,708	316,030	477	3,061	1,438	535,828
Deferred Inflows of Resources	29,550	445,863	705,997	1,042	6,409	3,008	1,191,869
Net Pension Expense (Income)	1,914	29,673	26,669	(107)	416	195	58,760

Major Component Units
Summary of Pension Amounts
Police and Fire Fund
As of December 31, 2019 or June 30, 2020, as applicable
(In Thousands)

Description	MC	U of M	Total
Proportionate Share of the Net Pension Liability	\$ 12,647	\$ 6,939	\$ 19,586
Deferred Outflows of Resources	12,942	16,212	29,154
Deferred Inflows of Resources	16,638	18,453	35,091
Net Pension Expense	2,683	1,415	4,098

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 70 former faculty members and staff currently receive this benefit. The cost of the benefits was \$1,876,000 during fiscal year ended June 30, 2020, with a remaining liability as of June 30, 2020, of \$2,238,000.

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. Coverage and rate subsidies end 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 2020 was \$37,634,000.

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, 2020
(In Thousands)

Description	Amount ⁽¹⁾
Total OPEB Liability	\$ 630,967
Deferred Outflows of Resources	42,626
Deferred Inflows of Resources	70,282
Total OPEB Expense	59,456

⁽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, 2019
Discount Rate: 20 Year Municipal Bond Rate ⁽²⁾	3.50%
Healthcare Cost Trend Rate	6.6% reduced to 3.8% by 2068
Experience Study Dates	2014 - 2018
Inflation	2.25%
Salary Increases	3.00%

⁽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, 2020
(In Thousands)**

Description	Primary Government's Share ⁽¹⁾	Component Unit's Share ⁽¹⁾	Plan Total
Total OPEB Liability:			
Service Cost	\$ 47,430	\$ 43	\$ 47,473
Interest	24,881	82	24,963
Differences Between Expected and Actual Experience	(16,791)	(55)	(16,846)
Changes in Assumptions or Other Inputs	(2,436)	(8)	(2,444)
Benefit Payments	(34,916)	(114)	(35,030)
Net Changes in Total OPEB Liability	\$ 18,168	\$ (52)	\$ 18,116
Total OPEB Liability, Beginning	612,799	2,119	614,918
Total OPEB Liability, Ending	<u>\$ 630,967</u>	<u>\$ 2,067</u>	<u>\$ 633,034</u>

⁽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, 2020
(In Thousands)**

Description	Deferred Outflows of Resources ⁽¹⁾	Deferred Inflows of Resources ⁽¹⁾
Difference between Expected and Actual Experience	\$ —	\$ 45,094
Changes of Assumption	4,992	25,188
Transactions Subsequent to the Measurement Date	37,634	NA
Total	<u>\$ 42,626</u>	<u>\$ 70,282</u>

⁽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, 2020
(In Thousands)

Description	Amount ⁽¹⁾
2021	\$ (12,766)
2022	(12,766)
2023	(12,766)
2024	(13,147)
2025	(9,991)
Thereafter	(3,854)
Net OPEB Expense	\$ (65,290)
Deferred Outflow of Resources as a Reduction of the Total OPEB Liability	37,634
Net Deferred Outflows (Inflows) of Resources	<u>\$ (27,656)</u>

⁽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, 2020
(In Thousands)

With a 1% Decrease		Current Discount Rate		With a 1% Increase	
Rate	TOPEBL	Rate ⁽¹⁾	TOPEBL	Rate	TOPEBL
2.5%	\$ 675,499	3.5%	\$ 630,967	4.5%	\$ 588,888

⁽¹⁾ The discount rate changed from 3.87 percent.

Sensitivity of the Total OPEB liability to Changes in the Healthcare Trend Rates
As of June 30, 2020
(In Thousands)

With a 1% Decrease		Current Healthcare Trend Rate		With a 1% Increase	
Rate	TOPEBL	Rate	TOPEBL	Rate	TOPEBL
2.8%	\$ 567,574	3.8%	\$ 630,967	4.8%	\$ 705,268

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 \$292 million as of December 31, 2019 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, 2020 (In Thousands)

Description	Major Component Unit HFA	Non-Major Component Unit OHE	Total
Proportionate Share Total OPEB Liability	\$ 1,672	\$ 395	\$ 2,067
Deferred Outflows of Resources	97	23	120
Deferred Inflows of Resources	184	43	227
Total OPEB Expense	137	31	168

Major Component Units Summary of OPEB Amounts Other Plans As of December 31, 2019 or June 30, 2020, as applicable (In Thousands)

Description	MC	U of M	Total
Proportionate Share Total OPEB Liability	\$ 336,289	\$ 46,686	\$ 382,975
Deferred Outflows of Resources	54,827	6,761	61,588
Deferred Inflows of Resources	18,581	368	18,949
Total OPEB Expense	22,655	7,417	30,072

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, 2020, were as follows:

Primary Government Encumbrances As of June 30, 2020 (In Thousands)	
Description	Amount
General Fund	\$ 486,239
Non-Major Governmental Funds	1,995,040
Total Encumbrances	<u>\$ 2,481,279</u>

Enterprise Fund - Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities had commitments of \$93,485,000 for construction and renovation of college and university facilities as of June 30, 2020.

Component Units

As of June 30, 2020, the Housing Finance Agency had committed approximately \$678,077,000 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, 2019, unpaid commitments for Metro Transit Bus services were approximately \$387,227,000. Future commitments for Metro Transit Light Rail were approximately \$375,960,000, while future commitments for Metro Transit Commuter Rail were approximately \$7,144,000. Future commitments for Regional Transit and Environmental Services were approximately \$19,510,000 and \$61,123,000, respectively. Finally, amounts authorized and initiated in the calendar year 2019 budget but not completely expended in calendar year 2019 were \$3,701,000.

The University of Minnesota had construction projects in progress with an estimated completion cost of \$160,399,000 as of June 30, 2020. These costs will be funded from plant account assets and state appropriations.

As of June 30, 2020, the Public Facilities Authority (PFA) had committed approximately \$153,100,000 for the origination or disbursement of future loans under the Clean Water, Drinking Water, and Transportation Revolving Loan programs. PFA also committed \$62,800,000 for grants.

As of June 30, 2020, the Minnesota Sports Facilities Authority had committed approximately \$8,175,000 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, 2020, totaled approximately \$90,350,000 and \$27,342,000 for the primary government and component units, respectively. Lease expenses for the year ended December 31, 2019, totaled approximately \$2,313,000 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
2021	\$ 85,585	2021	\$ 17,469	2020	\$ 1,552
2022	72,264	2022	16,453	2021	1,361
2023	57,327	2023	8,091	2022	1,060
2024	46,290	2024	6,773	2023	1,026
2025	42,651	2025	5,768	2024	335
2026-2030	87,603	2026-2030	22,461	2025-2029	327
2031-2035	3,117	2031-2035	13,084	2030-2034	266
2036-2040	335	2036-2040	1,718	2035-2039	90
2041-2045	284	2041-2045	1,713	2040-2044	48
2046-2050	302	2046-2050	188	2045-2049	15
2051-2055	288	2051-2055	—	2050-2054	—
Total	<u>\$ 396,046</u>	Total	<u>\$ 93,718</u>	Total	<u>\$ 6,080</u>

Note 12 – Long-Term Liabilities - Primary Government

**Primary Government
Long-Term Liabilities
Year Ended June 30, 2020
(In Thousands)**

Liability Type	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 6,924,502	\$ 779,366	\$ 678,457	\$ 7,025,411	\$ 549,231
Revenue Bonds	34,150	—	2,740	31,410	2,830
State Appropriation Bonds	997,488	—	52,721	944,767	45,555
Loans	46,958	25,747	20,880	51,825	18,675
Due to Component Units	4,224	—	654	3,570	668
Capital Leases	61,864	—	10,162	51,702	10,655
Certificates of Participation	81,709	—	2,671	79,038	2,290
Claims	921,626	939,719	1,017,033	844,312	164,137
Compensated Absences	332,911	340,825	310,408	363,328	48,992
Other Postemployment Benefits	527,953	51,098	29,788	549,263	—
Net Pension Liability	2,680,123	392,822	330,627	2,742,318	—
Total	\$ 12,613,508	\$ 2,529,577	\$ 2,456,141	\$ 12,686,944	\$ 843,033
Business-type Activities:					
General Obligation Bonds	\$ 223,190	\$ 15,747	\$ 24,031	\$ 214,906	\$ 20,919
Revenue Bonds	309,803	16,302	59,586	266,519	30,425
Loans	10,358	3,629	589	13,398	639
Capital Leases	9,494	—	4,143	5,351	1,754
Claims	22,420	248,041	241,780	28,681	27,085
Compensated Absences	159,581	35,770	31,203	164,148	20,278
Other Postemployment Benefits	84,846	8,263	11,405	81,704	—
Net Pension Liability	360,421	38,972	34,048	365,345	—
Total	\$ 1,180,113	\$ 366,724	\$ 406,785	\$ 1,140,052	\$ 101,100

Primary Government
Resources for Repayment of Long-Term Liabilities
Year Ended June 30, 2020
(In Thousands)

Liability Type	Governmental Activities				Total
	General Fund	Special Revenue Funds	Internal Service Funds	Business-type Activities	
General Obligation Bonds	\$ 4,973,286	\$ 2,052,125	\$ —	\$ 214,906	\$ 7,240,317
Revenue Bonds	10,872	20,538	—	266,519	297,929
State Appropriation Bonds	944,767	—	—	—	944,767
Loans	—	721	51,104	13,398	65,223
Due to Component Units	—	3,570	—	—	3,570
Capital Leases	51,702	—	—	5,351	57,053
Certificates of Participation	79,038	—	—	—	79,038
Claims	180,104	575,042	89,166	28,681	872,993
Compensated Absences	206,089	143,644	13,595	164,148	527,476
Other Postemployment Benefits	541,973	—	7,290	81,704	630,967
Net Pension Liability	2,709,500	—	32,818	365,345	3,107,663
Total	<u>\$ 9,697,331</u>	<u>\$ 2,795,640</u>	<u>\$ 193,973</u>	<u>\$ 1,140,052</u>	<u>\$ 13,826,996</u>

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		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 549,231	\$ 264,034	\$ 20,919	\$ 9,088	\$ 570,150	\$ 273,122
2022	542,912	237,866	20,343	7,783	563,255	245,649
2023	538,093	211,966	18,837	6,821	556,930	218,787
2024	486,652	187,421	17,648	5,925	504,300	193,346
2025	466,629	164,654	16,431	5,112	483,060	169,766
2026-2030	1,953,710	540,575	62,035	15,853	2,015,745	556,428
2031-2035	1,200,606	201,732	32,034	5,805	1,232,640	207,537
2036-2040	402,711	33,005	9,959	923	412,670	33,928
Total	\$ 6,140,544	\$ 1,841,253	\$ 198,206	\$ 57,310	\$ 6,338,750	\$ 1,898,563
Bond Premium	884,867	—	16,700	—	901,567	—
Total	<u>\$ 7,025,411</u>	<u>\$ 1,841,253</u>	<u>\$ 214,906</u>	<u>\$ 57,310</u>	<u>\$ 7,240,317</u>	<u>\$ 1,898,563</u>

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

Year Ended June 30	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,830	\$ 1,109	\$ 30,425	\$ 9,797	\$ 33,255	\$ 10,906
2022	2,935	1,014	21,050	8,544	23,985	9,558
2023	1,760	944	19,685	7,744	21,445	8,688
2024	1,815	891	18,035	6,991	19,850	7,882
2025	1,870	834	18,295	6,252	20,165	7,086
2026-2030	10,345	3,124	89,515	19,428	99,860	22,552
2031-2035	9,855	865	50,775	4,339	60,630	5,204
2036-2040	—	—	4,855	155	4,855	155
Total	\$ 31,410	\$ 8,781	\$ 252,635	\$ 63,250	\$ 284,045	\$ 72,031
Bond Premium	—	—	13,884	—	13,884	—
Total	<u>\$ 31,410</u>	<u>\$ 8,781</u>	<u>\$ 266,519</u>	<u>\$ 63,250</u>	<u>\$ 297,929</u>	<u>\$ 72,031</u>

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

Year Ended June 30	Governmental Activities	
	Principal	Interest
2021	\$ 45,555	\$ 40,560
2022	47,710	38,334
2023	49,235	36,012
2024	51,795	33,598
2025	54,640	31,057
2026-2030	313,225	113,836
2031-2035	94,080	62,943
2036-2040	114,440	38,102
2041-2045	82,100	8,363
Total	\$ 852,780	\$ 402,805
Bond Premium	91,987	—
Total	<u>\$ 944,767</u>	<u>\$ 402,805</u>

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

Year Ended June 30	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 19,343	\$ 1,059	\$ 639	\$ 379	\$ 19,982	\$ 1,438
2022	15,508	693	771	329	16,279	1,022
2023	10,357	406	757	303	11,114	709
2024	4,783	223	722	280	5,505	503
2025	1,011	156	770	258	1,781	414
2026-2030	2,229	543	4,019	967	6,248	1,510
2031-2035	1,271	274	4,251	474	5,522	748
2036-2040	893	52	1,469	57	2,362	109
Total	<u>\$ 55,395</u>	<u>\$ 3,406</u>	<u>\$ 13,398</u>	<u>\$ 3,047</u>	<u>\$ 68,793</u>	<u>\$ 6,453</u>

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

Year Ended June 30	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 10,655	\$ 2,570	\$ 1,754	\$ 435	\$ 12,409	\$ 3,005
2022	11,171	2,037	1,316	174	12,487	2,211
2023	11,717	1,477	308	93	12,025	1,570
2024	12,291	892	308	93	12,599	985
2025	5,599	276	308	92	5,907	368
2026-2030	269	7	1,039	136	1,308	143
2031-2035	—	—	318	7	318	7
Total	<u>\$ 51,702</u>	<u>\$ 7,259</u>	<u>\$ 5,351</u>	<u>\$ 1,030</u>	<u>\$ 57,053</u>	<u>\$ 8,289</u>

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

Year Ended June 30	Governmental Activities	
	Principal	Interest
2021	\$ 2,290	\$ 3,498
2022	2,405	3,384
2023	2,525	3,264
2024	2,650	3,137
2025	2,785	3,004
2026-2030	16,160	12,792
2031-2035	20,620	8,326
2036-2040	20,530	2,628
Total	\$ 69,965	\$ 40,033
Premium on Certificates of Participation	9,073	—
Total	<u>\$ 79,038</u>	<u>\$ 40,033</u>

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 2020, 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, 2020
(In Thousands)**

Fund Type	Amount
General Fund	\$ 628,841
Special Revenue Funds:	
Trunk Highway Fund	209,821
Miscellaneous Special Revenue Fund	1,199
Total Special Revenue Funds	\$ 211,020
Capital Project Funds:	
Building Fund	\$ 329
Transportation Fund	56
Total Capital Project Funds	\$ 385
Internal Service Fund – Plant Management Fund	5,787
Total Transfers to Debt Service Fund	<u>\$ 846,033</u>

General Obligation Bond Issues

In August 2019, the state issued \$661,505,000 general obligation bonds, Series 2019A through Series 2019D:

- Series 2019A for \$406,900,000 in state various purpose bonds were issued at a true interest rate of 2.21 percent.
- Series 2019B for \$190,690,000 in state trunk highway bonds were issued at a true interest rate of 2.06 percent.
- Series 2019C for \$36,345,000 in taxable state bonds were issued at a true interest rate of 2.08 percent.
- Series 2019D for \$27,570,000 in state various purpose refunding bonds were issued at a true interest rate of 1.17 percent. The aggregate debt service payments decreased by \$5,062,000 and the economic gain (the present value of the debt service savings) for the state was \$5,206,000.

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, 2020 Outstanding Amount	Refunded Bond Call/Maturity Date
August 21, 2014	\$ 5,449	\$ 5,705	\$ 3,815	October 1, 2021
August 21, 2014	9,727	10,185	7,360	August 1, 2022
October 11, 2017	292,569	315,250	315,250	August 1, 2020
March 14, 2018	NA	1,860	930	August 1, 2021
March 14, 2018	NA	3,815	2,725	August 1, 2020
March 14, 2018	NA	480	480	October 1, 2023
Total	<u>\$ 307,745</u>	<u>\$ 337,295</u>	<u>\$ 330,560</u>	

The following table is a schedule of general obligation bonds authorized, but unissued, and bonds outstanding as of June 30, 2020. 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, 2020 (In Thousands)			
Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates for Outstanding
Maximum Effort School Loan	\$ —	\$ 11,276	5.00%
Rural Finance Authority	—	82,559	1.40-5.00%
State Transportation	136,337	253,839	2.50-5.00%
Trunk Highway	1,193,642	1,821,990	2.00-5.00%
Trunk Highway Refunding Bonds	—	230,135	2.00-5.00%
Various Purpose	802,273	2,503,161	1.95-5.00%
Various Purpose Refunding Bonds	—	1,435,790	2.08-5.00%
Total	<u>\$ 2,132,252</u>	<u>\$ 6,338,750</u>	

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 authorizes 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.

Minnesota Statutes 469.53 authorizes projects eligible for state appropriation support payments, upon approval by the city of Duluth. Eligible project include: (1) two levels of expansion to an existing medical district parking ramp and a skywalk replacement; (2) a ramp with up to 1,400 new parking stalls to serve the medical entity west; (3) extension of 6th Avenue East; (4) demolition of existing hospital structure; (5) roadway, utility, and site improvements and capacity upgrades to support medical entity west; (6) district energy connections; and (7) a ramp for up to 400 new parking stalls to serve the medical entity east. Minnesota Statutes 469.54 authorizes the city of Duluth, in lieu of directly receiving the appropriation support payments, to have the state issue state General Fund appropriation bonds. Minnesota Statutes 16A.968, as amended by Laws of Minnesota Regular Session 2020, Chapter 83, Article 1, Section 3, authorizes the state to issue state General Fund appropriation bonds not to exceed \$97,720,000 for the purpose of financing public infrastructure projects authorized and approved by the city of Duluth. In the event the state issues state General Fund appropriation bonds for these purposes, the amount of appropriation support payments in any year is reduced by an amount equal to the amount needed from the General Fund. Up to \$8,100,000 is appropriated from the General Fund each year beginning in fiscal year 2022 through fiscal year 2055 to pay debt service on the bonds, subject to Minnesota Statutes 469.54, subdivision 3 which allows a maximum appropriation support payment of \$3.7 million in fiscal year 2022. Debt service on these bonds is paid from a statutory General Fund appropriation that may be repealed, canceled, or unallotted. In October 2020, the state issued \$66.3 million Duluth Regional Exchange District state General Fund appropriation bonds. See Note 22 – Subsequent Events for more information.

The following table is a schedule of state appropriation bonds authorized, but unissued, and bonds outstanding as of June 30, 2020.

Primary Government
State Appropriation Bonds Authorized, but Unissued, and Bonds Outstanding
As of June 30, 2020
(In Thousands)

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates
Professional Football Stadium	\$ —	\$ 408,740	2.97-5.08%
Pay-for-Performance	10,000	—	N/A
Refund Tobacco Securitization Authority	—	428,025	3.00-5.00%
Lewis and Clark Regional Water System	3,140	16,015	1.50-3.50%
Duluth Regional Exchange District Appropriation Bonds	97,720	—	N/A
Total	<u>\$ 110,860</u>	<u>\$ 852,780</u>	

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, 2020, the state has an unused line of credit of \$20,205,000 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, 2020, 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, 2020, there is \$5,245,000 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 affect 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 two 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 2020, 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 2020, principal and interest paid by Iron Range Resources and Rehabilitation on the bonds was \$3,946,000. The total principal and interest remaining to be paid as of June 30, 2020, is \$40,191,000 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 31 percent of the total 911 fee revenues. The total principal and interest remaining to be paid on the bonds as of June 30, 2020, is \$10,652,000 payable through June 2021. Principal

and interest paid during fiscal year 2020 and total 911 fee revenues were \$22,998,000 and \$75,032,000, 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 1.90 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 30 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$304,027,000. Principal and interest paid for the current year and total customer net revenues were \$27,577,000 and \$98,172,000, 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 47 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,206,000. Principal and interest paid and total customer net revenues during fiscal year 2020 were \$172,000 and \$380,000, respectively. These revenue bonds have a variable interest rate of 2.55 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 \$309,241,000 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 \$133,615,000; 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, 2020, were \$168,579,000. Of this total, \$131,885,000 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 2020, the Petroleum Tank Cleanup Fund has approved \$459,000,000 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 \$73,326,000 and \$3,801,000, respectively, are based on claims filed for injuries to state employees occurring prior to June 30, 2020 and is an undiscounted estimate of future payments. The liability will be liquidated using future resources at unspecified times.

Claims of \$27,400,000 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 \$176,600,000 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 \$9,985,000 in the Risk Management Fund (internal service fund), \$79,181,000 in the Employee Insurance Fund (internal service fund), and \$24,880,000 in the Public Employees Insurance Fund (enterprise fund).

Compensated Absences

The compensated absences liability for governmental activities and business-type activities of \$363,328,000 and \$164,148,000 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 2020, 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 2020, principal and interest paid by the State Employees Retirement Fund (SERF), Teachers Retirement Fund (TRF), and General Employees Retirement Fund (GERF) was \$2,085,000. The total principal and interest remaining to be paid as of June 30, 2020, is \$9,307,000, 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
2021	\$ 1,835	\$ 265
2022	1,875	228
2023	1,915	190
2024	1,845	114
2025	1,000	40
Total	\$ 8,470	\$ 837
Bond Premium	451	—
Total	<u>\$ 8,921</u>	<u>\$ 837</u>

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 \$1,638,329,000 in general obligation bonds and general obligation grant anticipation notes outstanding on December 31, 2019, including unamortized discounts/premiums. During calendar year 2019, MC issued general obligation transit bonds of \$117,000,000.

The University of Minnesota (U of M) issued general obligation bonds and revenue bonds for capital projects. On June 30, 2020, the principal amount of general obligation bonds and revenue bonds outstanding, including unamortized discounts/premiums, was \$998,309,000 and \$299,474,000, respectively.

Component Units General Obligation Bonds Major Component Units (In Thousands)					
Year Ended December 31	MC		Year Ended June 30	U of M	
	Principal	Interest ⁽¹⁾		Principal	Interest
2020	\$ 158,633	\$ 48,819	2021	\$ 42,595	\$ 40,120
2021	150,718	42,644	2022	45,015	34,744
2022	145,538	37,628	2023	35,935	36,280
2023	135,311	32,715	2024	37,500	34,589
2024	128,325	28,002	2025	39,340	32,797
2025-2029	480,126	84,016	2026-2030	219,685	133,831
2030-2034	255,439	31,648	2031-2035	196,420	83,788
2035-2039	96,370	4,949	2036-2040	164,970	42,237
2040-2044	—	—	2041-2045	91,490	9,160
Total	\$ 1,550,460	\$ 310,421	Total	\$ 872,950	\$ 447,546
Unamortized Discounts / Premiums and Issuance Costs	87,869	—	Unamortized Discounts / Premiums and Issuance Costs	125,359	—
Total	<u>\$ 1,638,329</u>	<u>\$ 310,421</u>	Total	<u>\$ 998,309</u>	<u>\$ 447,546</u>

⁽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, 2020, including unamortized discounts/premiums, was \$3,453,804,000.

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, 2020, the outstanding principal of revenue bonds was \$501,085,000, 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, 2020, including unamortized discounts/premiums, was \$641,825,000.

Component Units Revenue Bonds Major Component Units (In Thousands)				
Year Ended June 30	HFA		U of M	
	Principal	Interest	Principal	Interest ⁽¹⁾
2021	\$ 54,425	\$ 95,546	\$ 12,755	\$ 11,283
2022	67,550	95,619	13,375	10,666
2023	49,015	94,324	14,045	9,989
2024	50,025	93,074	14,755	9,278
2025	50,645	91,746	15,500	8,532
2026-2030	287,565	434,775	98,780	30,860
2031-2035	336,195	390,979	72,805	13,381
2036-2040	347,975	351,687	23,490	1,459
2041-2045	573,059	315,841	10,500	—
2046-2050	1,607,077	143,426	—	—
2051-2055	5,120	90	—	—
Total	\$ 3,428,651	\$ 2,107,107	\$ 276,005	\$ 95,448
Unamortized Discount / Premiums and Issuance Costs	25,153	—	23,469	—
Total	<u>\$ 3,453,804</u>	<u>\$ 2,107,107</u>	<u>\$ 299,474</u>	<u>\$ 95,448</u>

⁽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		PFA	
	Principal	Interest	Principal	Interest
2021	\$ —	\$ 9,085	\$ 86,605	\$ 27,776
2022	—	9,085	74,510	23,904
2023	1,335	9,074	55,975	20,341
2024	2,790	8,979	54,375	17,858
2025	4,240	8,820	23,650	15,516
2026-2030	34,325	40,286	187,790	54,700
2031-2035	32,085	34,188	90,200	17,815
2036-2040	130,850	26,916	18,910	946
2041-2045	101,300	16,361	—	—
2046-2050	191,700	5,139	—	—
Total	\$ 498,625	\$ 167,933	\$ 592,015	\$ 178,856
Unamortized Discount / Premiums and Issuance Costs	2,460	—	49,810	—
Total	<u>\$ 501,085</u>	<u>\$ 167,933</u>	<u>\$ 641,825</u>	<u>\$ 178,856</u>

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 Statutes 462A.36 and 462.37. On June 30, 2020, \$179,845,000 in bonds were outstanding.

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

Year Ended June 30	HFA	
	Principal	Interest
2021	\$ 7,365	\$ 7,312
2022	7,645	7,038
2023	7,935	6,738
2024	8,225	6,450
2025	8,515	6,158
2026-2030	48,265	25,110
2031-2035	52,060	14,160
2036-2040	36,130	3,603
2041-2045	3,705	103
Total	<u>\$ 179,845</u>	<u>\$ 76,672</u>

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, 2019. 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 \$2,395,000 on December 31, 2019.

University of Minnesota

The University of Minnesota issued taxable commercial paper notes of \$51,620,000 in fiscal years 2015 and \$64,000,000 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, 2020, the outstanding taxable commercial paper notes were \$95,820,000 and tax-exempt notes were \$167,275,000. Commercial paper is short-term in nature and is classified as current liabilities on the financial statements.

In fiscal year 2020, the University of Minnesota executed a long-term promissory note payable to Otto Bremer Trust in the amount of \$4,500,000, the proceeds were used to partially fund property acquisition.

National Sports Center Foundation

On December 31, 2019, the National Sports Center Foundation's total outstanding loans and notes payable was \$4,374,000.

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, 2019, the present value of the minimum lease payments was \$4,535,000.

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, 2020, the net present value of the minimum lease payments was \$27,781,000.

National Sports Center Foundation

In calendar year 2016, the National Sports Center Foundation entered into a capital lease agreement. On December 31, 2019, the total minimum lease payment was \$127,000.

Variable Rate Debt

Housing Finance Agency

As of June 30, 2020, 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, 2020, was reported in "Accumulated Decrease in Fair Value of Hedging Derivative Instruments" 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 \$215,930,000 outstanding as of June 30, 2020. 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, 2020.

Office of Higher Education

In March 2020, OHE issued \$57,690,000 of revenue bonds to refund \$60,000,000 of outstanding series 2012B revenue bonds. The net proceeds, including issuance premium, were used to prepay the outstanding debt. In prior years, OHE defeased certain revenue bonds by placing existing funds in an irrevocable trust to provide for all future debt service payments on the old bonds. On June 30, 2020, \$7,810,000 of bonds outstanding were considered defeased.

Note 14 – Segment Information

**Primary Government
Segment Information Financial Data
Year Ended June 30, 2020
(In Thousands)**

Description	State Colleges and Universities (MnSCU)		
	Revenue Fund	Itasca Residence Halls	911 Services
Condensed Statement of Net Position			
Assets:			
Current Assets	\$ 95,665	\$ 716	\$ 81,044
Noncurrent Assets			
Restricted Assets	57,996	304	—
Capital Assets	383,693	2,360	95,560
Total Assets	<u>\$ 537,354</u>	<u>\$ 3,380</u>	<u>\$ 176,604</u>
Deferred Outflows of Resources	\$ 8,877	\$ 47	\$ 2,974
Liabilities:			
Current Liabilities	\$ 41,302	\$ 162	\$ 13,822
Noncurrent Liabilities	244,737	1,002	4,500
Total Liabilities	<u>\$ 286,039</u>	<u>\$ 1,164</u>	<u>\$ 18,322</u>
Deferred Inflows of Resources	\$ 13,277	\$ 87	\$ 6,216
Net Position:			
Net Investment in Capital Assets	\$ 153,658	\$ 1,285	\$ 83,724
Restricted	93,257	304	71,316
Unrestricted	—	587	—
Total Net Position	<u><u>\$ 246,915</u></u>	<u><u>\$ 2,176</u></u>	<u><u>\$ 155,040</u></u>
Condensed Statement of Revenues, Expenses, and Changes in Net Position			
Operating Revenues - Customer Charges	\$ 98,172	\$ 380	\$ 75,032
Depreciation Expense	(24,177)	(119)	(7,541)
Other Operating Expenses	(76,121)	(233)	(23,542)
Operating Income (Loss)	<u>\$ (2,126)</u>	<u>\$ 28</u>	<u>\$ 43,949</u>
Nonoperating Revenues (Expenses):			
Federal Grants	\$ 6,666	\$ 90	\$ —
Interest Income	2,571	6	12
Interest Expense	(8,798)	(37)	203
Other	—	—	(17,299)
Change in Net Position	<u>\$ (1,687)</u>	<u>\$ 87</u>	<u>\$ 26,865</u>
Beginning Net Position	<u>\$ 248,602</u>	<u>\$ 2,089</u>	<u>\$ 128,175</u>
Ending Net Position	<u><u>\$ 246,915</u></u>	<u><u>\$ 2,176</u></u>	<u><u>\$ 155,040</u></u>
Condensed Statement of Cash Flows			
Net Cash Provided (Used) by:			
Operating Activities	\$ 17,884	\$ 161	\$ 55,069
Noncapital Financing Activities	6,666	90	(17,180)
Capital and Related Financing Activities	(34,477)	(172)	(24,041)
Investing Activities	2,614	5	12
Net Increase (Decrease)	<u>\$ (7,313)</u>	<u>\$ 84</u>	<u>\$ 13,860</u>
Beginning Cash and Cash Equivalents	<u>\$ 154,952</u>	<u>\$ 577</u>	<u>\$ 66,723</u>
Ending Cash and Cash Equivalents	<u><u>\$ 147,639</u></u>	<u><u>\$ 661</u></u>	<u><u>\$ 80,583</u></u>

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 October 2020, there was \$64,990,000 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 October 2020, \$153,390,000 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 October 2020, there was \$20,550,000 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. In calendar year 2020, 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 October 2020, \$260,210,000 was outstanding on these bonds. HFA issued state-secured appropriation bonds of \$108,280,000 in September 2020. 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 September 2020, was \$17.3 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 September 2020, the total general obligation bonds guaranteed by the state through 2049, was \$577 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, 2020 (In Thousands)				
Purpose of Restriction	Restricted by Constitution	Restricted by Enabling Legislation	Restricted by Other	Total
Improve Agricultural, Environmental, and Energy Resources	\$ 1,972,281	\$ 302,516	\$ 730,832	\$ 3,005,629
Enhance Arts and Culture	30,486	—	—	30,486
Acquire, Maintain, and Improve Land and Buildings	—	—	336	336
Retire Indebtedness	462,129	—	119,584	581,713
Develop Economy and Workforce	—	183,761	3,699	187,460
Enhance E-12 Education	—	23,242	5,025	28,267
Enhance State Government	—	12,482	9,800	22,282
Enhance Health and Human Services	—	62,968	15,097	78,065
Enhance Higher Education	—	361	22,132	22,493
Enhance 911 Services and Increase Safety	—	7,106	71,719	78,825
School Aid - Expendable	9,585	—	—	9,585
School Aid - Nonexpendable	1,635,505	—	1,000	1,636,505
Construct Highways and Improve Infrastructure	1,656,639	64,360	1,627	1,722,626
Unemployment Benefits	—	—	460,997	460,997
Other Purposes	—	—	83,648	83,648
Total Restricted Net Position	<u>\$ 5,766,625</u>	<u>\$ 656,796</u>	<u>\$ 1,525,496</u>	<u>\$ 7,948,917</u>

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, 2020 (In Thousands)				
		Major Special Revenue Fund		
Fund Balances	General Fund	Federal Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventory	\$ —	\$ 5,763	\$ 41,399	\$ 47,162
Trust or Permanent Fund Principal	1,306,394	—	1,636,505	2,942,899
Total Nonspendable Fund Balances	\$ 1,306,394	\$ 5,763	\$ 1,677,904	\$ 2,990,061
Purpose of Restriction:				
Improve Agricultural, Environmental, and Energy Resources	\$ —	\$ —	\$ 1,707,080	\$ 1,707,080
Enhance Arts and Culture	—	—	30,486	30,486
Acquire, Maintain, and Improve Land and Buildings	—	—	68,540	68,540
Retire Indebtedness	—	—	937,836	937,836
Develop Economy and Workforce	83,729	—	150,214	233,943
Enhance E-12 Education	15,266	—	21,998	37,264
Enhance State Government	—	6,195	15,712	21,907
Enhance Health and Human Services	—	6,005	63,984	69,989
Enhance Higher Education	—	—	356	356
Enhance 911 Services and Increase Safety	—	—	7,296	7,296
Construct Highways and Improve Infrastructure	—	—	1,722,129	1,722,129
Total Restricted Fund Balances	\$ 98,995	\$ 12,200	\$ 4,725,631	\$ 4,836,826
Continued				

Governmental Funds
Fund Balances (continued)
As of June 30, 2020
(In Thousands)

		Major Special Revenue Fund		Nonmajor Governmental Funds	
Fund Balances	General Fund	Federal Fund			Total
Purpose of Commitment:					
Improve Agricultural, Environmental and Energy Resources	\$ —	\$ —		\$ 175,648	\$ 175,648
Develop Economy and Workforce	—	—		355,834	355,834
Enhance E-12 Education	—	—		4,899	4,899
Enhance State Government	—	—		93,329	93,329
Enhance Health and Human Services	—	—		12,457	12,457
Enhance Higher Education	—	—		3,134	3,134
Enhance 911 Services and Increase Safety	—	—		91,625	91,625
Construct Highways and Improve Infrastructure	55,698	—		67,782	123,480
Total Committed Fund Balances	\$ 55,698	\$ —		\$ 804,708	\$ 860,406
Purpose of Assignment:					
Improve Agricultural, Environmental, and Energy Resources	\$ 783,058	\$ —		\$ —	\$ 783,058
Acquire, Maintain, and Improve Land and Buildings	—	—		38,483	38,483
Develop Economy and Workforce	139,923	—		—	139,923
Enhance E-12 Education	60,794	—		—	60,794
Enhance State Government	74,556	—		—	74,556
Enhance Health and Human Services	944,744	—		—	944,744
Enhance Higher Education	15,878	—		—	15,878
Enhance 911 Services and Increase Safety	92,766	—		—	92,766
Construct Highways and Improve Infrastructure	9,972	—		—	9,972
Total Assigned Fund Balances	\$ 2,121,691	\$ —		\$ 38,483	\$ 2,160,174
Unassigned	\$ 1,971,923	\$ —		\$ (3,485)	\$ 1,968,438
Total Fund Balances	\$ 5,554,701	\$ 17,963		\$ 7,243,241	\$ 12,815,905

Net Position Deficits

The following funds have net position deficits for the fiscal year ended June 30, 2020:

Net Position Deficits As of June 30, 2020 (In Thousands)	
Fund Type	Net Position
Capital Project Funds:	
Building	\$ (3,485)
Nonmajor Enterprise Funds:	
Behavioral Services	\$ (4,483)
State Lottery	\$ (13,030)
State Operated Community Services	\$ (38,334)
Internal Service Funds:	
Central Services	\$ (864)
MN.IT Services	\$ (29,245)

A \$3,485,000 deficit total fund balance in the Building Fund (capital projects fund) is a result of a delayed bond sale. The bond sale occurred after the end of the fiscal year.

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 2020 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 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 \$530,678 greater than coverage during the fiscal year ended June 30, 2020.

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, 2020, was 25,646 members and their dependents. The members of the pool include 181 school districts, 151 cities/townships, 22 counties, and 82 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 Claims Liability
(In Thousands)**

Description	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
Risk Management Fund:				
Fiscal Year Ended 6/30/2019	\$ 8,689	\$ 4,839	\$ 1,637	\$ 11,891
Fiscal Year Ended 6/30/2020	\$ 11,891	\$ 3,242	\$ 5,148	\$ 9,985
Tort Claims:				
Fiscal Year Ended 6/30/2019	\$ —	\$ 600	\$ 600	\$ —
Fiscal Year Ended 6/30/2020	\$ —	\$ 273	\$ 273	\$ —
Workers' Compensation:				
Fiscal Year Ended 6/30/2019	\$ 75,476	\$ 17,098	\$ 17,343	\$ 75,231
Fiscal Year Ended 6/30/2020	\$ 75,231	\$ 22,826	\$ 20,930	\$ 77,127
State Employee Group Insurance:				
Fiscal Year Ended 6/30/2019	\$ 77,104	\$ 910,069	\$ 909,926	\$ 77,247
Fiscal Year Ended 6/30/2020	\$ 77,247	\$ 863,099	\$ 861,165	\$ 79,181

**Primary Government
Public Employees Insurance Program
Medical Claims
(In Thousands)**

Description	Year Ended June 30	
	2020	2019
Unpaid Claims and Claim Adjustment Expenses, Beginning	\$ 17,621	\$ 14,017
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of Current Year	\$ 247,273	\$ 196,311
Increases (Decreases) in Provision for Insured Events of Prior Years	(906)	121
Total Incurred Claims and Claim Adjustment Expenses	\$ 246,367	\$ 196,432
Payments:		
Claims and Claims Adjustment Expenses Attributable to Insured Events of Current Year	\$ 223,215	\$ 180,716
Claims and Claims Adjustment Expenses Attributable to Insured Events of Prior Years	15,893	12,112
Total Payments	\$ 239,108	\$ 192,828
Total Unpaid Claims and Claim Adjustment Expenses, Ending	\$ 24,880	\$ 17,621

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 2.31 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 \$43,000 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 0.18 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 Liability (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 12/31/2018	\$ 19,092	\$ 8,721	\$ 7,486	\$ 20,327	
Fiscal Year Ended 12/31/2019	\$ 20,327	\$ 18,543	\$ 8,906	\$ 29,964	
University of Minnesota - RUMINCO, Ltd:					
Fiscal Year Ended 6/30/2019	\$ 9,374	\$ 814	\$ 2,942	\$ 7,246	
Fiscal Year Ended 6/30/2020	\$ 7,246	\$ 1,465	\$ 1,097	\$ 7,614	
University of Minnesota - Workers' Compensation:					
Fiscal Year Ended 6/30/2019	\$ 12,349	\$ 2,325	\$ 2,624	\$ 12,050	
Fiscal Year Ended 6/30/2020	\$ 12,050	\$ 3,493	\$ 3,384	\$ 12,159	
University of Minnesota - Medical/Dental:					
Fiscal Year Ended 6/30/2019	\$ 33,613	\$ 303,906	\$ 297,258	\$ 40,261	
Fiscal Year Ended 6/30/2020	\$ 40,261	\$ 305,308	\$ 309,508	\$ 36,061	

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 bases 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, 2020
(In Thousands)**

Description	Amount
GAAP Basis Fund Balance	\$ 5,554,701
Less: Encumbrances ⁽¹⁾	336,744
Unassigned Fund Balance	\$ 5,217,957
Basis of Accounting Differences:	
Revenue Accruals/Adjustments:	
Taxes Receivable	\$ (682,403)
Tax Refunds Payable	449,888
Human Services Receivable	(212,007)
Unearned Revenue	111,114
Escheat Asset	(22,326)
Other Receivables	(13,321)
Permanent School Fund Reimbursement	(1,826)
Investments at Market	8,620
Expenditure Accruals/Adjustments:	
Medical Care Programs	693,582
Human Services Grants Payable	56,457
Education Aids	985,880
Police and Fire Aid	116,714
Other Payables	48,763
Other Financial Sources (Uses):	
Transfers-In	(17,900)
Perspective Differences:	
Account with no Legally Adopted Budget	(2,511,726)
Appropriation Carryover	(385,792)
Long-Term Receivables	(46,198)
Budgetary Reserve	(2,764,398)
Budgetary Basis:	
Unassigned Fund Balance	\$ 1,031,078

⁽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, 2019 and 2020 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).
- *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 for mining purposes by Itasca County to Magnetation LLC ("Magnetation"), which 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)*. The plaintiffs receive Medicaid Home and Community Based Waiver Services (HCBS) programs and raised 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 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 denied the Defendant's motions for summary judgment and for class decertification. The Court has stated the trial will occur in spring 2021 absent a settlement.

- *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. The United States Supreme Court heard oral argument on November 10. 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.

Note 20 – Tax Abatements

The state of Minnesota provides tax abatement agreements through four programs operated by the Minnesota Department of Employment and Economic Development, Minnesota Department of Administration, and Minnesota Department of Revenue: Greater MN Job Expansion Program, 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, except for 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 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 Minnesota 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 a qualified investor does not meet the three years holding requirement, the investor must repay the income tax credit. A qualified small business must satisfy all 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 currently sunset at the end of the calendar year 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, 2020
(In Thousands)

Description	Amount
Border City Enterprise Zones:	
Corporate Taxes	\$ 795
Income Taxes	118
Property Taxes	65
Total Border City Enterprise Zones	\$ 978
Angel Tax Credit: Income Taxes	\$ 2,907
Total	\$ 3,885

Note 21 – Prior Period Adjustment, Change in Reporting Entity and Change in Fund Structure

Primary Government

Prior Period Adjustment

During fiscal year 2020, the Department of Human Services recognized unrecorded drug rebate receipts and an amount owed back to the federal government for their share. This resulted in a \$94,000,000 prior period adjustment in the General Fund for the state share. The federal share of \$217,000,000 did not result in a prior period adjustment as the receipts received were also recognized as amounts owed to the federal government; thus, not impacting the fund balance of the Federal Fund.

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 2020, eleven firefighter groups joined the Volunteer Firefighter Retirement Fund managed by the Public Employees Retirement Association. Investment balances of \$3,440,000 were reported as a change in reporting entity in the Volunteer Firefighter Retirement Fund.

Minnesota Statutes 424A, allows volunteer firefighter relief associations to be covered by the Supplemental Retirement Fund (investment trust fund). During fiscal year 2020, three volunteer firefighter relief associations became part of the Supplemental Retirement Fund managed by the board of trustees of each relief association. Investment balances of \$831,000 were reported as a change in reporting entity in the Supplemental 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 2020, three 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 \$547,000 in the Supplemental Retirement Fund and the Volunteer Firefighter Retirement Fund.

Note 22 – Subsequent Events

The nation, including the state continues to be in a pandemic due to COVID-19. The state and the state's component units continue to experience significant financial impact due to this pandemic. The extent and duration of the financial impact cannot be fully estimated. As of November 2020, the Governor of the State of Minnesota extended the Peacetime Emergency Orders to protect the health of Minnesotans and prevent the spread of COVID-19. For further discussion of the pandemic, see the Management's Discussion and Analysis.

Primary Government

In August 2020, the state issued \$330.4 million of general obligation state various purpose bonds Series 2020A at a true interest rate of 1.60 percent, \$152.0 million of general obligation state trunk highway bonds Series 2020B at a true interest rate of 1.26 percent, \$20.5 million general obligation taxable state various purpose bonds Series 2020C at a true interest rate of 1.26 percent, \$128.1 million of general obligation state various purpose refunding bonds Series 2020D at a true interest rate of .16 percent, \$163.4 million of general obligation state trunk highway refunding bonds Series 2020E at a true interest rate of .45 percent, \$224.0 million of general obligation taxable state various purpose refunding bonds Series 2020F at a true interest rate of .98 percent, and \$180.2 million of general obligation taxable state trunk highway refunding bonds Series 2020G at a true interest rate of .95 percent. These bonds are backed by the full faith and credit and taxing powers of the state.

In October 2020, the state issued \$66.3 million of state General Fund appropriation bonds taxable Series 2020A at a true interest rate of 2.50 percent. The bonds are issued for the purpose of financing public infrastructure projects with the Duluth Regional Exchange District authorized and approved by the city of Duluth, including paying interest and financing the payment of issue costs. For more information, see Note 12 – Long-Term Liabilities - Primary Government.

In October 2020, the Laws of Minnesota 5th Special Session 2020, Chapter 3 authorizes the issuance of: (1) \$1.4 billion in general obligation bonds for various infrastructure improvement projects involving roads, bridges, wastewater facilities, and higher education asset preservation, (2) \$300 million trunk highway general obligation bonds for rail grade separation projects, state highway construction, flood mitigation efforts, and other purposes, and (3) state appropriation bonds for the purpose of financing up to \$2.0 million for the Department of Administration to acquire and install electric vehicle charging infrastructure on state-owned property, up to \$15.0 million of capital equipment costs for the public television stations in the state, and up to \$30.4 million for the Department of Pollution Control Agency's costs for implementing removal or remedial actions at four contaminated sites. As of November 2020, none of these bonds are outstanding.

Component Units

Housing Finance Agency

In September 2020, the Housing Finance Agency (HFA) issued \$18.6 million state appropriation bonds (Housing Infrastructure) Series 2020A, \$38.9 million Series 2020B, \$7.1 million Series 2020C, and \$43.7 million Series 2020D. 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. HFA made, or committed to make, draws from index bank notes subsequent to June 30, 2020 totaling \$41.2 million. In August 2020, HFA issued \$4.6 million rental housing bonds Series 2020A and \$100.0 million homeownership finance taxable bonds Series 2020D. HFA called for the redemption or repayment of bonds for homeownership finance, residential housing, and rental housing programs totaling \$52.1 million subsequent to June 30, 2020.

Metropolitan Council

In May 2020, the Metropolitan Council (MC) issued \$8.8 million general obligation parks bonds Series 2020A and \$80.0 million general obligation wastewater bonds Series 2020B.

University of Minnesota

In July 2020, the University of Minnesota (U of M) entered into a 364-day credit agreement with a major bank providing a \$150 million line of credit for general operating purposes and as liquidity support for U of M indebtedness. No funds have been drawn as of the date of U of M's annual financial report. In September 2020, U of M completed the acquisition of the 1015 Essex Street Southwest, Minneapolis, MN property for \$25.0 million. Funding for the purchase will be U of M-issued long-term debt. In October 2020, U of M issued \$31.3 million of general obligation bonds Series 2020A and \$84.7 million of general obligation taxable bonds Series 2020B. The proceeds will be used to finance various capital projects, purchase of land and buildings, and to pay off outstanding commercial paper.

National Sports Center Foundation

In April 2020, the National Sports Center Foundation (NSCF) obtained a \$1.2 million loan under the provisions of the Paycheck Protection Program and \$500,000 loan under the provisions of the Economic Injury Disaster Loan Program. In May 2020, NSCF entered into a \$3.8 million loan agreement for the acquisition, construction, and equipping a sports dome and related facilities and improvements.





State of Minnesota

Required Supplementary Information

2020
Comprehensive
Annual
Financial Report

2020 Comprehensive Annual Financial Report
Required Supplementary Information

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	2019	2018	2017
Principal Arterial Average PQI	3.5	3.5	3.6
Non-Principal Arterial Average PQI	3.3	3.3	3.5

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	2019	2018	2017
Principal Arterial: Fair to Good	94.4%	94.6%	94.3%
All Other Systems: Fair to Good	94.0%	94.1%	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			Total Construction Program
		Bridges	Pavement	Total Costs	Bridges	Pavement	Total Costs	
Budget	2020	\$ 76,000	\$ 364,000	\$ 440,000	\$ 84,800	\$ 712,200	\$ 797,000	\$ 1,237,000
	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
Actual	2020	\$ 71,650	\$ 405,796	\$ 477,446	\$ 78,244	\$ 736,188	\$ 814,432	\$ 1,291,878
	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

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." This statement requires the presentation of supplementary information for each of the ten most recent years. However, until a full 10-year trend is available, the state will present information for the years which the information is available. 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)

Description	State Employee Retirement fund						
	2014	2015 ⁽²⁾	2016	2017	2018	2019 ⁽³⁾	2020 ⁽⁴⁾
Statutorily Required Contribution as an Employer ⁽¹⁾	\$ 93,957	\$ 107,313	\$ 110,804	\$ 116,552	\$ 121,322	\$ 136,157	\$ 152,523
Covered-Member Payroll	\$ 1,923,040	\$ 2,006,862	\$ 2,066,651	\$ 2,179,626	\$ 2,256,825	\$ 2,374,710	\$ 2,427,791
Required Employer Contributions as a Percentage of Covered-Member Payroll	4.9%	5.3%	5.4%	5.3%	5.4%	5.7%	6.3%

⁽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.

⁽⁴⁾ 2020: The required contribution rate for employers increased to 6.25 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⁾	2020 ⁽⁴⁾
Statutorily Required Contribution as an Employer ⁽¹⁾	\$ 26,421	\$ 29,378	\$ 30,624	\$ 31,663	\$ 32,840	\$ 38,141	\$ 43,594
Covered-Member Payroll	\$ 218,860	\$ 231,126	\$ 241,020	\$ 248,653	\$ 257,055	\$ 267,212	\$ 273,409
Required Employer Contributions as a Percentage of Covered-Member Payroll	12.1%	12.7%	12.7%	12.7%	12.8%	14.3%	15.9%

⁽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.

⁽⁴⁾ 2020: The required contribution rate for employers increased to 15.85 percent.

General Employees Retirement Fund							
Description	2014	2015 ⁽²⁾	2016	2017	2018	2019	2020
Statutorily Required Contribution as an:							
Employer ⁽¹⁾	\$ 2,782	\$ 2,655	\$ 2,540	\$ 3,155	\$ 2,283	\$ 2,138	\$ 1,949
Non-Employer Contributing Entity ⁽¹⁾	—	—	6,000	6,000	16,000	16,000	16,000
Total Statutorily Required Contribution	<u>\$ 2,782</u>	<u>\$ 2,655</u>	<u>\$ 8,540</u>	<u>\$ 9,155</u>	<u>\$ 18,283</u>	<u>\$ 18,138</u>	<u>\$ 17,949</u>
Covered-Member Payroll	\$ 37,715	\$ 34,289	\$ 41,328	\$ 31,105	\$ 28,849	\$ 26,936	\$ 25,953
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.4%	7.7%	6.1%	10.1%	7.9%	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	2020 ⁽³⁾
Statutorily Required Contribution as an:		
Employer ⁽¹⁾	\$ —	\$ 543
Non-Employer Contributing Entity ⁽¹⁾	4,500	4,500
Total Statutorily Required Contribution	<u>\$ 4,500</u>	<u>\$ 5,043</u>
Covered-Member Payroll	N/A	\$ 2,003
Required Employer Contributions as a Percentage of Covered-Member Payroll	N/A	27.1%

⁽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.

⁽³⁾ 2020: The required contribution rate for employers increased from 16.95 percent to 17.7 percent.

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⁾	2020 ⁽⁴⁾
Statutorily Required Contribution as an:							
Employer ⁽¹⁾	\$ 13,206	\$ 14,542	\$ 14,514	\$ 14,885	\$ 14,678	\$ 15,447	\$ 16,115
Non-Employer Contributing Entity ⁽¹⁾	16,501	29,831	31,088	31,087	30,886	31,087	31,087
Total Statutorily Required Contribution	<u>\$ 29,707</u>	<u>\$ 44,373</u>	<u>\$ 45,602</u>	<u>\$ 45,972</u>	<u>\$ 45,564</u>	<u>\$ 46,534</u>	<u>\$ 47,202</u>
Covered-Member Payroll	\$ 167,667	\$ 166,870	\$ 168,264	\$ 174,018	\$ 170,196	\$ 177,753	\$ 183,401
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.9%	8.7%	8.6%	8.6%	8.6%	8.7%	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.

⁽⁴⁾ 2020: The required contribution rate for employers increased to 7.92-11.92 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⁾	2020 ⁽⁷⁾
Statutorily Required Contribution as an:							
Employer ⁽¹⁾	\$ 109	\$ 86	\$ 64	\$ 66	\$ 41	\$ 47	\$ 38
Non-Employer Contributing Entity ⁽¹⁾	10,665	9,827	10,665	10,665	10,665	15,666	15,663
Total Statutorily Required Contribution	<u>\$ 10,774</u>	<u>\$ 9,913</u>	<u>\$ 10,729</u>	<u>\$ 10,731</u>	<u>\$ 10,706</u>	<u>\$ 15,713</u>	<u>\$ 15,701</u>
Covered-Member Payroll	\$ 1,749	\$ 628	\$ 443	\$ 465	\$ 274	\$ 271	\$ 265
Required Employer Contributions as a Percentage of Covered-Member Payroll	6.2%	13.7%	14.4%	14.2%	15.0%	17.3%	14.3%

⁽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.

⁽⁷⁾ 2020: The required contribution rate for employers increased to 8.17-11.67 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	<u>\$ 6,610</u>	<u>\$ 6,402</u>
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⁾	2020
Primary Government's Proportion of the Net Pension Liability as an Employer	73.38 %	73.93 %	73.88 %	74.15 %	74.45 %	74.94 %
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	\$ 1,054,276
Primary Government's Covered-Member Payroll – Measurement Period	\$ 1,923,040	\$ 2,006,862	\$ 2,066,651	\$ 2,179,626	\$ 2,256,825	\$ 2,374,710
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 %	44.4 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.6 %	88.3 %	47.5 %	62.7 %	90.6 %	90.7 %

⁽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⁾	2020
Primary Government's Proportion of the Net Pension Liability as an Employer	99.80 %	99.86 %	99.91 %	99.91 %	99.89 %	99.87 %
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	\$ 394,861
Primary Government's Covered-Member Payroll – Measurement Period	\$ 218,860	\$ 231,126	\$ 241,020	\$ 248,653	\$ 257,055	\$ 267,212
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 %	147.8 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.8 %	58.1 %	40.3 %	47.6 %	74.8 %	75.0 %

⁽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)

Description	General Employees Retirement Fund					
	2015	2016 ⁽¹⁾	2017 ⁽²⁾	2018 ⁽³⁾	2019 ⁽⁴⁾	2020
Primary Government's Proportion of the Net Pension Liability as an:						
Employer	0.70 %	0.62 %	0.72 %	0.51 %	0.46 %	0.41 %
Non-Employer Contributing Entity	— %	3.56 %	1.29 %	1.24 %	3.18 %	3.02 %
Total Primary Government's Proportion of the Net Pension Liability	<u>0.70 %</u>	<u>4.18 %</u>	<u>2.01 %</u>	<u>1.75 %</u>	<u>3.64 %</u>	<u>3.43 %</u>
Primary Government's Proportionate Share of the Net Pension Liability as an:						
Employer	\$ 33,103	\$ 32,022	\$ 58,119	\$ 32,252	\$ 25,408	\$ 22,829
Non-Employer Contributing Entity	—	184,478	104,677	79,275	176,191	166,659
Total Primary Government's Proportionate Share of the Net Pension Liability	<u>\$ 33,103</u>	<u>\$ 216,500</u>	<u>\$ 162,796</u>	<u>\$ 111,527</u>	<u>\$ 201,599</u>	<u>\$ 189,488</u>
Primary Government's Covered-Member Payroll – Measurement Period	\$ 37,715	\$ 34,289	\$ 41,328	\$ 31,105	\$ 28,849	\$ 26,936
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 %	84.8 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.7 %	78.2 %	68.9 %	75.9 %	79.5 %	80.2 %

(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.

Description	Police and Fire Fund ⁽¹⁾	
	2019	2020
Primary Government's Proportion of the Net Pension Liability as an:		
Employer	— %	0.25 %
Non-Employer Contributing Entity	5.27 %	5.15 %
Total Primary Government's Proportion of the Net Pension Liability	<u>5.27 %</u>	<u>5.40 %</u>
Primary Government's Proportionate Share of the Net Pension Liability as an:		
Employer	\$ —	\$ 2,687
Non-Employer Contributing Entity	56,187	54,801
Total Primary Government's Proportionate Share of the Net Pension Liability	<u>\$ 56,187</u>	<u>\$ 57,488</u>
Primary Government's Covered-Member Payroll – Measurement Period	N/A	\$ 2,553
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	N/A	105.2 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.8 %	89.3 %

(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⁾	2020
Primary Government's Proportion of the Net Pension Liability as an:						
Employer	4.13 %	3.88 %	3.72 %	3.71 %	3.52 %	3.55 %
Non-Employer Contributing Entity	5.17 %	9.74 %	7.97 %	7.70 %	7.50 %	7.10 %
Total Primary Government's Proportion of the Net Pension Liability	<u>9.30 %</u>	<u>13.62 %</u>	<u>11.69 %</u>	<u>11.41 %</u>	<u>11.02 %</u>	<u>10.65 %</u>
Primary Government's Proportionate Share of the Net Pension Liability as an:						
Employer	\$ 190,460	\$ 239,701	\$ 888,788	\$ 740,843	\$ 221,190	\$ 226,558
Non-Employer Contributing Entity	237,958	602,738	1,900,653	1,537,059	471,220	452,696
Total Primary Government's Proportionate Share of the Net Pension Liability	<u>\$ 428,418</u>	<u>\$ 842,439</u>	<u>\$ 2,789,441</u>	<u>\$ 2,277,902</u>	<u>\$ 692,410</u>	<u>\$ 679,254</u>
Primary Government's Covered-Member Payroll – Measurement Period	\$ 167,667	\$ 166,870	\$ 168,264	\$ 174,018	\$ 170,196	\$ 177,753
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 %	127.5 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.5 %	76.8 %	44.9 %	51.6 %	78.1 %	78.2 %

⁽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⁾	2020
Primary Government's Proportion of the Net Pension Liability as an:						
Employer	0.31 %	0.24 %	0.17 %	0.18 %	0.10 %	0.10 %
Non-Employer Contributing Entity	30.34 %	29.52 %	28.79 %	27.97 %	27.48 %	33.67 %
Total Primary Government's Proportion of the Net Pension Liability	<u>30.65 %</u>	<u>29.76 %</u>	<u>28.96 %</u>	<u>28.15 %</u>	<u>27.58 %</u>	<u>33.77 %</u>
Primary Government's Proportionate Share of the Net Pension Liability as an:						
Employer	\$ 1,666	\$ 1,385	\$ 1,082	\$ 1,019	\$ 630	\$ 617
Non-Employer Contributing Entity	162,576	171,776	182,226	161,970	166,431	205,790
Total Primary Government's Proportionate Share of the Net Pension Liability	<u>\$ 164,242</u>	<u>\$ 173,161</u>	<u>\$ 183,308</u>	<u>\$ 162,989</u>	<u>\$ 167,061</u>	<u>\$ 206,407</u>
Primary Government's Covered-Member Payroll – Measurement Period	\$ 1,749	\$ 628	\$ 443	\$ 465	\$ 274	\$ 271
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 %	227.7 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.1 %	63.6 %	60.3 %	64.1 %	63.9 %	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.

		Minneapolis Employee Retirement Fund⁽¹⁾	Duluth Teachers Retirement Fund⁽²⁾
Description	2015	2015	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	<u>43.35%</u>	<u>65.53%</u>	
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	<u>\$ 95,900</u>	<u>\$ 168,349</u>	
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	2011	2012	2013	2014 ⁽²⁾	2015	2016	2017 ⁽³⁾	2018 ⁽⁴⁾	2019	2020
Statutorily Required Contribution ⁽¹⁾	\$ 8,297	\$ 7,922	\$ 8,177	\$ 9,426	\$ 9,776	\$ 10,219	\$ 13,758	\$ 17,027	\$ 17,287	\$ 17,766
Covered-Member Payroll	\$ 40,473	\$ 38,644	\$ 39,888	\$ 41,893	\$ 43,449	\$ 45,418	\$ 47,813	\$ 49,009	\$ 50,164	\$ 50,776
Contributions as a Percentage of Covered-Member Payroll	20.5%	20.5%	20.5%	22.5%	22.5%	22.5%	28.8%	34.7%	34.5%	35.0%

⁽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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Statutorily Required Contribution ⁽¹⁾	\$ 2,805	\$ 3,935	\$ 3,399	\$ 3,436	\$ 3,216	\$ 5,087	\$ 8,716	\$ 8,856	\$ 8,798	\$ 8,764
Covered-Member Payroll	\$ 1,774	\$ 1,378	\$ 1,233	\$ 1,122	\$ 1,700	\$ 989	\$ 889	\$ 1,033	\$ 1,011	\$ 958
Contributions as a Percentage of Covered-Member Payroll	158.1%	285.6%	275.7%	306.2%	189.2%	514.4%	980.4%	857.3%	870.2%	914.8%

⁽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	2011	2012 ⁽²⁾	2013	2014	2015 ⁽³⁾	2016	2017 ⁽⁴⁾	2018	2019 ⁽⁵⁾	2020 ⁽⁶⁾
Statutorily Required Contribution ⁽¹⁾	\$ 9,873	\$ 11,620	\$ 11,482	\$ 12,894	\$ 13,763	\$ 13,938	\$ 15,783	\$ 15,952	\$ 19,479	\$ 21,975
Covered-Member Payroll	\$ 63,250	\$ 62,524	\$ 62,121	\$ 63,952	\$ 68,463	\$ 69,343	\$ 73,056	\$ 74,007	\$ 80,792	\$ 83,591
Contributions as a Percentage of Covered-Member Payroll	15.6%	18.6%	18.5%	20.2%	20.1%	20.1%	21.6%	21.6%	24.1%	26.3%

⁽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.

⁽⁶⁾ 2020: The required employer contribution rate changed to 23.1 percent, plus an additional supplemental employer contribution of 3.0 percent.

Required Supplementary Information
Primary Government Administered Single-Employer Plans
Schedule of Changes in the Net Pension Liability
and Related Ratios
(In Thousands)

Description	Judges Retirement Fund					
	2015	2016 ⁽¹⁾	2017 ⁽²⁾	2018 ⁽³⁾	2019 ⁽⁴⁾	2020
Total Pension Liability						
Service Cost	\$ 12,075	\$ 12,251	\$ 13,711	\$ 9,483	\$ 9,857	\$ 9,881
Interest on the Total Pension Liability	20,535	21,773	21,349	25,366	26,747	27,769
Difference Between Expected and Actual Experience of the Total Pension Liability	5,080	(4,366)	7,135	(4,958)	1,424	804
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)	(25,233)
Net Change in Total Pension Liability	\$ 8,472	\$ 29,461	\$ (65,939)	\$ 18,449	\$ 14,443	\$ 13,221
Total Pension Liability, Beginning	\$ 373,039	\$ 381,511	\$ 410,972	\$ 345,033	\$ 363,482	\$ 377,925
Total Pension Liability, Ending	<u>\$ 381,511</u>	<u>\$ 410,972</u>	<u>\$ 345,033</u>	<u>\$ 363,482</u>	<u>\$ 377,925</u>	<u>\$ 391,146</u>
Fiduciary Net Position						
Contributions – Employer	\$ 9,426	\$ 9,776	\$ 10,219	\$ 13,758	\$ 17,027	\$ 17,287
Contributions – Member	3,578	3,629	3,763	3,932	3,973	4,049
Net Investment Income	28,011	7,572	(186)	24,729	19,265	14,491
Benefit Payments, Including Refunds of Member Contributions	(20,802)	(21,893)	(22,378)	(23,094)	(23,585)	(25,233)
Pension Plan Administrative Expenses	(55)	(60)	(94)	(89)	(65)	(87)
Net Change in Plan Fiduciary Net Position	\$ 20,158	\$ (976)	\$ (8,676)	\$ 19,236	\$ 16,615	\$ 10,507
Plan Fiduciary Net Position, Beginning	\$ 155,398	\$ 175,556	\$ 174,580	\$ 165,904	\$ 185,140	\$ 201,755
Plan Fiduciary Net Position, Ending	<u>\$ 175,556</u>	<u>\$ 174,580</u>	<u>\$ 165,904</u>	<u>\$ 185,140</u>	<u>\$ 201,755</u>	<u>\$ 212,262</u>
Net Pension Liability	<u>\$ 205,955</u>	<u>\$ 236,392</u>	<u>\$ 179,129</u>	<u>\$ 178,342</u>	<u>\$ 176,170</u>	<u>\$ 178,884</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.0 %	42.5 %	48.1 %	50.9 %	53.4 %	54.3 %
Covered-Member Payroll – Measurement Period	\$ 41,893	\$ 43,449	\$ 45,418	\$ 47,813	\$ 49,009	\$ 50,164
Net Pension Liability as a Percentage of Covered-Member Payroll	491.6%	544.1%	394.4%	373.0%	359.5%	356.6%

⁽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)

Description	Legislators Retirement Fund					
	2015	2016 ⁽¹⁾	2017 ⁽²⁾	2018 ⁽³⁾	2019 ⁽⁴⁾	2020 ⁽⁵⁾
Total Pension Liability						
Service Cost	\$ 398	\$ 428	\$ 495	\$ 546	\$ 437	\$ 496
Interest on the Total Pension Liability	6,177	6,113	5,332	4,293	5,094	4,894
Benefit Changes	—	—	—	—	(9,839)	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(237)	(7,303)	(1,597)	1,518	6,119	(2,441)
Changes in Assumptions	11,201	7,057	14,653	(5,017)	(856)	6,722
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)	(8,536)	(8,716)	(8,912)	(8,853)
Net Change in Total Pension Liability	\$ 9,053	\$ (2,146)	\$ 10,347	\$ (7,376)	\$ (7,957)	\$ 818
Total Pension Liability, Beginning	\$ 137,446	\$ 146,499	\$ 144,353	\$ 154,700	\$ 147,324	\$ 139,367
Total Pension Liability, Ending	<u>\$ 146,499</u>	<u>\$ 144,353</u>	<u>\$ 154,700</u>	<u>\$ 147,324</u>	<u>\$ 139,367</u>	<u>\$ 140,185</u>
Fiduciary Net Position						
Contributions – Employer	\$ 3,436	\$ 3,216	\$ 5,087	\$ 8,716	\$ 8,856	\$ 8,798
Contributions – Member	101	153	89	80	93	91
Net Investment Income	1,750	281	(69)	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)	(8,536)	(8,716)	(8,912)	(8,853)
Pension Plan Administrative Expenses	(36)	(37)	(42)	(39)	(37)	(36)
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	<u>\$ 8,258</u>	<u>\$ 3,430</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Net Pension Liability	<u>\$ 138,241</u>	<u>\$ 140,923</u>	<u>\$ 154,700</u>	<u>\$ 147,324</u>	<u>\$ 139,367</u>	<u>\$ 140,185</u>
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	\$ 1,011
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%	13,866.0%

⁽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.

⁽⁵⁾ 2020: The discount rate changed to 3.13 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	State Patrol Retirement Fund					
	2015	2016 ⁽¹⁾	2017 ⁽²⁾	2018 ⁽³⁾	2019 ⁽⁴⁾	2020
Total Pension Liability						
Service Cost	\$ 14,514	\$ 16,144	\$ 16,555	\$ 29,758	\$ 24,935	\$ 19,375
Interest on the Total Pension Liability	60,183	63,753	64,592	58,865	65,110	68,227
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)	2,757
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)	(60,803)
Net Change in Total Pension Liability	\$ 45,262	\$ 11,562	\$ 284,735	\$ (85,054)	\$ (107,508)	\$ 29,556
Total Pension Liability, Beginning	\$ 781,411	\$ 826,673	\$ 838,235	\$ 1,122,970	\$ 1,037,916	\$ 930,408
Total Pension Liability, Ending	<u>\$ 826,673</u>	<u>\$ 838,235</u>	<u>\$ 1,122,970</u>	<u>\$ 1,037,916</u>	<u>\$ 930,408</u>	<u>\$ 959,964</u>
Fiduciary Net Position						
Contributions – Employer	\$ 12,894	\$ 14,763	\$ 14,938	\$ 16,783	\$ 16,952	\$ 20,479
Contributions – Member	7,930	9,174	9,292	10,520	10,657	12,038
Net Investment Income	107,187	28,903	(774)	93,077	70,474	51,823
Benefit Payments, Including Refunds of Member Contributions	(53,722)	(55,480)	(57,774)	(58,565)	(59,692)	(60,803)
Pension Plan Administrative Expenses	(150)	(170)	(220)	(208)	(184)	(191)
Other Changes	—	—	—	—	(7)	(1)
Net Change in Plan Fiduciary Net Position	\$ 74,139	\$ (2,810)	\$ (34,538)	\$ 61,607	\$ 38,200	\$ 23,345
Plan Fiduciary Net Position, Beginning	\$ 593,201	\$ 667,340	\$ 664,530	\$ 629,992	\$ 691,599	\$ 729,799
Plan Fiduciary Net Position, Ending	<u>\$ 667,340</u>	<u>\$ 664,530</u>	<u>\$ 629,992</u>	<u>\$ 691,599</u>	<u>\$ 729,799</u>	<u>\$ 753,144</u>
Net Pension Liability	<u>\$ 159,333</u>	<u>\$ 173,705</u>	<u>\$ 492,978</u>	<u>\$ 346,317</u>	<u>\$ 200,609</u>	<u>\$ 206,820</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.7 %	79.3 %	56.1 %	66.6 %	78.4 %	78.5 %
Covered-Member Payroll – Measurement Period	\$ 63,952	\$ 68,463	\$ 69,343	\$ 73,056	\$ 74,007	\$ 80,792
Net Pension Liability as a Percentage of Covered-Member Payroll	249.1%	253.7%	710.9%	474.0%	271.1%	256.0%

- ⁽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. This statement requires the presentation of supplementary information for each of the ten most recent years. However, until a full 10-year trend is available, the state will present information for the years which the information is available.

Required Supplementary Information Single Employer Defined Benefit OPEB Plan Schedule of Changes in Total OPEB Liability (In Thousands)

Description	2018	2019 ⁽²⁾	2020 ⁽³⁾
Total OPEB Liability ⁽¹⁾ :			
Service Cost	\$ 51,415	\$ 48,056	\$ 47,473
Interest	18,612	23,378	24,963
Differences Between Expected and Actual Experience	—	(42,541)	(16,846)
Changes in Assumptions or Other Inputs	(32,277)	(596)	(2,444)
Benefit Payments	(32,627)	(36,358)	(35,030)
Net Changes in Total OPEB Liability	\$ 5,123	\$ (8,061)	\$ 18,116
Total OPEB Liability, Beginning	617,856	622,979	614,918
Total OPEB Liability, Ending	<u>\$ 622,979</u>	<u>\$ 614,918</u>	<u>\$ 633,034</u>
Covered-Employee Payroll	\$ 3,545,697	\$ 3,603,462	\$ 3,664,566
Total OPEB Liability as a Percentage of Covered-Employee Payroll	17.6 %	17.1 %	17.3 %

⁽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.

⁽³⁾ 2020: The discount rate changed to 3.50 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).

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. Required Contribution and Investment Revenue:										
Earned	\$ 34,161	\$ 45,413	\$ 49,244	\$ 90,110	\$ 96,008	\$ 109,484	\$ 120,780	\$ 169,172	\$ 208,391	\$ 268,602
Ceded	(2,660)	(3,502)	(4,582)	(8,372)	(4,607)	—	—	—	—	—
Net Earned	\$ 31,501	\$ 41,911	\$ 44,662	\$ 81,738	\$ 91,401	\$ 109,484	\$ 120,780	\$ 169,172	\$ 208,391	\$ 268,602
2. Unallocated Expenses:										
	\$ 2,411	\$ 3,018	\$ 3,612	\$ 6,390	\$ 7,435	\$ 7,846	\$ 8,518	\$ 10,891	\$ 13,213	\$ 15,822
3. Estimated Claims and Expenses End of Policy Year:										
Incurred	\$ 24,134	\$ 38,173	\$ 41,959	\$ 73,795	\$ 86,276	\$ 97,089	\$ 99,399	\$ 148,773	\$ 196,311	\$ 247,273
Ceded	(1,491)	(2,149)	(4,909)	(5,767)	(7,571)	—	—	—	—	—
Net Incurred	\$ 22,643	\$ 36,024	\$ 37,050	\$ 68,028	\$ 78,705	\$ 97,089	\$ 99,399	\$ 148,773	\$ 196,311	\$ 247,273
4. Net Paid (Cumulative) as of:										
End of Policy Year	\$ 20,720	\$ 32,176	\$ 33,836	\$ 60,813	\$ 70,741	\$ 87,378	\$ 90,091	\$ 135,199	\$ 180,716	\$ 223,215
One Year Later	23,219	35,718	37,353	68,176	79,461	96,681	98,880	147,318	195,547	
Two Years Later	23,200	35,946	37,608	68,256	79,762	96,506	98,873	148,026		
Three Years Later	23,303	35,986	37,629	68,391	79,906	96,506	99,131			
Four Years Later	23,303	35,986	37,629	68,617	79,906	96,602				
Five Years Later	23,303	35,986	37,713	68,617	79,906					
Six Years Later	23,303	35,986	37,713	68,617						
Seven Years Later	23,303	35,986	37,713							
Eight Years Later	23,303	35,986								
Nine Years Later	23,303									
5. Reestimated Ceded Claims and Expenses:										
	\$ 1,491	\$ 2,149	\$ 4,825	\$ 5,542	\$ 7,374	\$ 0	\$ —	\$ —	\$ —	\$ —
6. Reestimated Net Incurred Claims and Expenses:										
End of Policy Year	\$ 22,643	\$ 36,024	\$ 37,050	\$ 68,028	\$ 78,705	\$ 97,089	\$ 99,399	\$ 148,773	\$ 196,311	\$ 247,273
One Year Later	23,249	36,006	37,673	68,588	80,027	97,415	99,323	148,678	196,227	
Two Years Later	23,304	35,946	37,608	68,408	79,981	96,506	99,443	148,167		
Three Years Later	23,303	35,986	37,629	68,391	79,906	96,601	99,131			
Four Years Later	23,303	35,986	37,629	68,617	79,906	96,602				
Five Years Later	23,303	35,986	37,713	68,617	79,906					
Six Years Later	23,303	35,986	37,713	68,617						
Seven Years Later	23,303	35,986	37,713							
Eight Years Later	23,303	35,986								
Nine Years Later	23,303									
7. Increase (Decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year:										
	\$ 660	\$ (38)	\$ 663	\$ 589	\$ 1,201	\$ (487)	\$ (268)	\$ (606)	\$ (84)	\$ —

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.





State of Minnesota

Combining and Individual Fund Statements – Nonmajor Funds

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State of Minnesota

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.

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STATE OF MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING BALANCE SHEET

JUNE 30, 2020

(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
ASSETS					
Cash and Cash Equivalents.....	\$ 4,299,338	\$ 779,665	\$ 60,075	\$ 220,298	\$ 5,359,376
Investments.....	315,181	82,769	1,568,511	—	1,966,461
Accounts Receivable.....	298,379	4	4,164	19	302,566
Interfund Receivables.....	50,921	—	1,025	—	51,946
Due from Component Units.....	—	101,173	—	—	101,173
Accrued Investment/Interest Income.....	761	562	4,950	—	6,273
Federal Aid Receivable.....	87,758	—	—	—	87,758
Inventories.....	41,399	—	—	—	41,399
Loans and Notes Receivable.....	125,751	—	—	—	125,751
Investment In Land.....	—	—	15,957	—	15,957
Total Assets.....	<u>\$ 5,219,488</u>	<u>\$ 964,173</u>	<u>\$ 1,654,682</u>	<u>\$ 220,317</u>	<u>\$ 8,058,660</u>
LIABILITIES					
Accounts Payable.....	\$ 534,803	\$ 2	\$ 72	\$ 108,485	\$ 643,362
Interfund Payables.....	16,080	26,335	9,520	5,997	57,932
Due to Component Units.....	3,220	—	—	2,297	5,517
Total Liabilities.....	<u>\$ 554,103</u>	<u>\$ 26,337</u>	<u>\$ 9,592</u>	<u>\$ 116,779</u>	<u>\$ 706,811</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue.....	\$ 108,260	\$ —	\$ 348	\$ —	\$ 108,608
Total Deferred Inflows of Resources.....	<u>\$ 108,260</u>	<u>\$ —</u>	<u>\$ 348</u>	<u>\$ —</u>	<u>\$ 108,608</u>
FUND BALANCES					
Nonspendable.....	\$ 42,399	\$ —	\$ 1,635,505	\$ —	\$ 1,677,904
Restricted.....	3,710,018	937,836	9,237	68,540	4,725,631
Committed.....	804,708	—	—	—	804,708
Assigned.....	—	—	—	38,483	38,483
Unassigned.....	—	—	—	(3,485)	(3,485)
Total Fund Balances.....	<u>\$ 4,557,125</u>	<u>\$ 937,836</u>	<u>\$ 1,644,742</u>	<u>\$ 103,538</u>	<u>\$ 7,243,241</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances.....	<u>\$ 5,219,488</u>	<u>\$ 964,173</u>	<u>\$ 1,654,682</u>	<u>\$ 220,317</u>	<u>\$ 8,058,660</u>

STATE OF MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
Net Revenues:					
Sales Taxes.....	\$ 579,529	\$ —	\$ —	\$ 11,188	\$ 590,717
Motor Vehicle Taxes.....	1,297,956	—	—	—	1,297,956
Fuel Taxes.....	884,788	—	—	—	884,788
Other Taxes.....	234,756	—	—	—	234,756
Federal Revenues.....	626,353	—	—	—	626,353
Licenses and Fees.....	419,788	—	122	—	419,910
Departmental Services.....	173,740	—	29,257	—	202,997
Investment/Interest Income.....	86,157	22,342	118,031	—	226,530
Other Revenues.....	280,375	2,891	230	—	283,496
Net Revenues.....	\$ 4,583,442	\$ 25,233	\$ 147,640	\$ 11,188	\$ 4,767,503
Expenditures:					
Agricultural, Environmental and Energy Resources.....	\$ 626,966	\$ —	\$ 9,829	\$ 56,503	\$ 693,298
Economic and Workforce Development.....	200,758	—	—	137,696	338,454
General Education.....	35,885	—	39,091	17,462	92,438
General Government.....	87,654	53	109	254	88,070
Health and Human Services.....	84,242	—	—	16,456	100,698
Higher Education.....	24,136	—	—	8,863	32,999
Intergovernmental Aid.....	132	—	—	—	132
Public Safety and Corrections.....	242,446	—	—	3,821	246,267
Transportation.....	2,360,826	—	—	256,041	2,616,867
Total Current Expenditures.....	\$ 3,663,045	\$ 53	\$ 49,029	\$ 497,096	\$ 4,209,223
Capital Outlay.....	495,984	—	40	212,843	708,867
Debt Service.....	2,808	924,949	—	—	927,757
Total Expenditures.....	\$ 4,161,837	\$ 925,002	\$ 49,069	\$ 709,939	\$ 5,845,847
Excess of Revenues Over (Under) Expenditures.....	\$ 421,605	\$ (899,769)	\$ 98,571	\$ (698,751)	\$ (1,078,344)
Other Financing Sources (Uses):					
Bond Issuance.....	\$ —	\$ 18,437	\$ —	\$ 595,316	\$ 613,753
Issuance of Refunding Bonds.....	—	27,570	—	—	27,570
Payment to Refunded Bonds Escrow Agent.....	—	(27,570)	—	—	(27,570)
Bond Issue Premium.....	—	32,179	—	96,364	128,543
Transfers-In.....	74,235	846,033	2,376	—	922,644
Transfers-Out.....	(258,076)	—	—	(69,051)	(327,127)
Net Other Financing Sources (Uses)....	\$ (183,841)	\$ 896,649	\$ 2,376	\$ 622,629	\$ 1,337,813
Net Change in Fund Balances.....	\$ 237,764	\$ (3,120)	\$ 100,947	\$ (76,122)	\$ 259,469
Fund Balances, Beginning, as Reported....	\$ 4,319,361	\$ 940,956	\$ 1,543,795	\$ 179,660	\$ 6,983,772
Fund Balances, Ending.....	\$ 4,557,125	\$ 937,836	\$ 1,644,742	\$ 103,538	\$ 7,243,241

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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, 2020
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
ASSETS			
Cash and Cash Equivalents.....	\$ 998,165	\$ 11,662	\$ 34,049
Investments.....	—	—	—
Accounts Receivable.....	58,490	816	428
Interfund Receivables.....	5,285	—	—
Accrued Investment/Interest Income.....	—	—	—
Federal Aid Receivable.....	84,129	—	—
Inventories.....	41,384	—	—
Loans and Notes Receivable.....	—	—	1,724
Total Assets.....	<u>\$ 1,187,453</u>	<u>\$ 12,478</u>	<u>\$ 36,201</u>
LIABILITIES			
Accounts Payable.....	\$ 188,852	\$ 1,006	\$ 1,946
Interfund Payables.....	—	11,472	—
Due to Component Units.....	673	—	—
Total Liabilities.....	<u>\$ 189,525</u>	<u>\$ 12,478</u>	<u>\$ 1,946</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue.....	\$ 3,111	\$ —	\$ 7
Total Deferred Inflows of Resources.....	<u>\$ 3,111</u>	<u>\$ —</u>	<u>\$ 7</u>
FUND BALANCES			
Nonspendable.....	\$ 41,384	\$ —	\$ —
Restricted.....	953,433	—	34,248
Committed.....	—	—	—
Total Fund Balances.....	<u>\$ 994,817</u>	<u>\$ —</u>	<u>\$ 34,248</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances.....	<u>\$ 1,187,453</u>	<u>\$ 12,478</u>	<u>\$ 36,201</u>

MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDATION
\$ 161,050	\$ 709,914	\$ 21,718	\$ 86,592	\$ 63,566	\$ 799,495
—	—	—	—	33,837	112,853
7,866	29,973	117	2,413	1,822	18,583
196	745	—	19,831	1,563	—
—	—	—	—	72	253
32	72	—	177	3,348	—
—	—	—	—	—	—
—	—	—	—	—	477
<u>\$ 169,144</u>	<u>\$ 740,704</u>	<u>\$ 21,835</u>	<u>\$ 109,013</u>	<u>\$ 104,208</u>	<u>\$ 931,661</u>
\$ 41,002	\$ 163,283	\$ 2,131	\$ 9,029	\$ 7,461	\$ 15,437
—	—	—	1,462	372	—
30	97	—	—	173	679
<u>\$ 41,032</u>	<u>\$ 163,380</u>	<u>\$ 2,131</u>	<u>\$ 10,491</u>	<u>\$ 8,006</u>	<u>\$ 16,116</u>
\$ 66	\$ 251	\$ 114	\$ 253	\$ 73	\$ 2,971
<u>\$ 66</u>	<u>\$ 251</u>	<u>\$ 114</u>	<u>\$ 253</u>	<u>\$ 73</u>	<u>\$ 2,971</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
128,046	577,073	19,590	—	96,129	912,574
—	—	—	98,269	—	—
<u>\$ 128,046</u>	<u>\$ 577,073</u>	<u>\$ 19,590</u>	<u>\$ 98,269</u>	<u>\$ 96,129</u>	<u>\$ 912,574</u>
<u>\$ 169,144</u>	<u>\$ 740,704</u>	<u>\$ 21,835</u>	<u>\$ 109,013</u>	<u>\$ 104,208</u>	<u>\$ 931,661</u>

CONTINUED

STATE OF MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

COMBINING BALANCE SHEET

JUNE 30, 2020

(IN THOUSANDS)

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
ASSETS			
Cash and Cash Equivalents.....	\$ 71,842	\$ 563,863	\$ 52,606
Investments.....	166,829	—	1,662
Accounts Receivable.....	2,797	27,281	72
Interfund Receivables.....	—	—	—
Accrued Investment/Interest Income.....	431	—	5
Federal Aid Receivable.....	—	—	—
Inventories.....	—	—	—
Loans and Notes Receivable.....	36,634	—	—
Total Assets.....	<u>\$ 278,533</u>	<u>\$ 591,144</u>	<u>\$ 54,345</u>
LIABILITIES			
Accounts Payable.....	\$ 1,454	\$ 28,868	\$ 1,525
Interfund Payables.....	—	—	—
Due to Component Units.....	—	593	41
Total Liabilities.....	<u>\$ 1,454</u>	<u>\$ 29,461</u>	<u>\$ 1,566</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue.....	\$ 2,769	\$ —	\$ 12
Total Deferred Inflows of Resources.....	<u>\$ 2,769</u>	<u>\$ —</u>	<u>\$ 12</u>
FUND BALANCES			
Nonspendable.....	\$ —	\$ —	\$ 1,000
Restricted.....	—	561,683	51,767
Committed.....	274,310	—	—
Total Fund Balances.....	<u>\$ 274,310</u>	<u>\$ 561,683</u>	<u>\$ 52,767</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances.....	<u>\$ 278,533</u>	<u>\$ 591,144</u>	<u>\$ 54,345</u>

SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
\$ 48,714	\$ 71,773	\$ 604,329	\$ 4,299,338
—	—	—	315,181
72,026	18,923	56,772	298,379
927	175	22,199	50,921
—	—	—	761
—	—	—	87,758
—	—	15	41,399
—	—	86,916	125,751
<u>\$ 121,667</u>	<u>\$ 90,871</u>	<u>\$ 770,231</u>	<u>\$ 5,219,488</u>
\$ 12,067	\$ 7,069	\$ 53,673	\$ 534,803
—	—	2,774	16,080
—	34	900	3,220
<u>\$ 12,067</u>	<u>\$ 7,103</u>	<u>\$ 57,347</u>	<u>\$ 554,103</u>
\$ 77,477	\$ 2,819	\$ 18,337	\$ 108,260
<u>\$ 77,477</u>	<u>\$ 2,819</u>	<u>\$ 18,337</u>	<u>\$ 108,260</u>
\$ —	\$ —	\$ 15	\$ 42,399
32,123	80,949	262,403	3,710,018
—	—	432,129	804,708
<u>\$ 32,123</u>	<u>\$ 80,949</u>	<u>\$ 694,547</u>	<u>\$ 4,557,125</u>
<u>\$ 121,667</u>	<u>\$ 90,871</u>	<u>\$ 770,231</u>	<u>\$ 5,219,488</u>

STATE OF MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
Net Revenues:			
Sales Taxes.....	\$ 116,441	\$ —	\$ 9,906
Motor Vehicle Taxes.....	759,529	8,451	—
Fuel Taxes.....	504,938	1,250	4,516
Other Taxes.....	—	—	10,601
Federal Revenues.....	569,585	—	—
Licenses and Fees.....	7,609	892	757
Departmental Services.....	6,900	600	3
Investment/Interest Income.....	15,873	12	465
Other Revenues.....	37,821	—	—
Net Revenues.....	\$ 2,018,696	\$ 11,205	\$ 26,248
Expenditures:			
Agricultural, Environmental and Energy Resources.....	\$ —	\$ —	\$ —
Economic and Workforce Development.....	—	—	—
General Education.....	—	—	—
General Government.....	—	2,197	—
Health and Human Services.....	—	—	—
Higher Education.....	—	—	—
Intergovernmental Aid.....	—	—	—
Public Safety and Corrections.....	113,394	9,183	—
Transportation.....	1,223,983	115	21,755
Total Current Expenditures.....	\$ 1,337,377	\$ 11,495	\$ 21,755
Capital Outlay.....	451,566	—	427
Debt Service.....	403	76	—
Total Expenditures.....	\$ 1,789,346	\$ 11,571	\$ 22,182
Excess of Revenues Over (Under) Expenditures.....	\$ 229,350	\$ (366)	\$ 4,066
Other Financing Sources (Uses):			
Transfers-In.....	\$ 5,255	\$ —	\$ —
Transfers-Out.....	(209,822)	—	—
Net Other Financing Sources (Uses).....	\$ (204,567)	\$ —	\$ —
Net Change in Fund Balances.....	\$ 24,783	\$ (366)	\$ 4,066
Fund Balances, Beginning, as Reported.....	\$ 970,034	\$ 366	\$ 30,182
Fund Balances, Ending.....	\$ 994,817	\$ —	\$ 34,248

MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION
\$ 16,903	\$ 97,053	\$ —	\$ —	\$ —	\$ —
110,249	419,727	—	—	—	—
73,298	279,045	—	20,664	—	—
—	—	—	—	—	68,136
204	347	—	4,178	35,913	—
—	—	29,731	31,142	71,469	39,578
—	—	—	31,271	1,122	1,456
2,981	11,779	351	451	3,474	21,944
—	—	59	3,941	227	14,927
<u>\$ 203,635</u>	<u>\$ 807,951</u>	<u>\$ 30,141</u>	<u>\$ 91,647</u>	<u>\$ 112,205</u>	<u>\$ 146,041</u>
\$ —	\$ —	\$ 4,980	\$ 90,981	\$ 110,397	\$ 142,247
—	—	5,934	—	—	—
—	—	—	190	—	—
—	—	—	—	—	325
—	—	—	—	—	793
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	5	—	68
225,490	772,206	—	6,600	—	—
<u>\$ 225,490</u>	<u>\$ 772,206</u>	<u>\$ 10,914</u>	<u>\$ 97,776</u>	<u>\$ 110,397</u>	<u>\$ 143,433</u>
—	350	—	2,406	1,988	38
—	—	—	449	—	—
<u>\$ 225,490</u>	<u>\$ 772,556</u>	<u>\$ 10,914</u>	<u>\$ 100,631</u>	<u>\$ 112,385</u>	<u>\$ 143,471</u>
\$ (21,855)	\$ 35,395	\$ 19,227	\$ (8,984)	\$ (180)	\$ 2,570
\$ —	\$ —	\$ 737	\$ 20,049	\$ 16,772	\$ 9,313
(19)	(61)	(9,310)	(4,360)	(1,691)	(754)
<u>\$ (19)</u>	<u>\$ (61)</u>	<u>\$ (8,573)</u>	<u>\$ 15,689</u>	<u>\$ 15,081</u>	<u>\$ 8,559</u>
<u>\$ (21,874)</u>	<u>\$ 35,334</u>	<u>\$ 10,654</u>	<u>\$ 6,705</u>	<u>\$ 14,901</u>	<u>\$ 11,129</u>
<u>\$ 149,920</u>	<u>\$ 541,739</u>	<u>\$ 8,936</u>	<u>\$ 91,564</u>	<u>\$ 81,228</u>	<u>\$ 901,445</u>
<u><u>\$ 128,046</u></u>	<u><u>\$ 577,073</u></u>	<u><u>\$ 19,590</u></u>	<u><u>\$ 98,269</u></u>	<u><u>\$ 96,129</u></u>	<u><u>\$ 912,574</u></u>

CONTINUED

STATE OF MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020
(IN THOUSANDS)

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
Net Revenue:			
Sales Taxes.....	\$ —	\$ 339,116	\$ —
Motor Vehicle Taxes.....	—	—	—
Fuel Taxes.....	—	—	—
Other Taxes.....	3,790	—	—
Federal Revenues.....	—	—	—
Licenses and Fees.....	—	—	—
Departmental Services.....	90	—	6,620
Investment/Interest Income.....	14,129	8,768	892
Other Revenues.....	—	173	14,820
Net Revenues.....	\$ 18,009	\$ 348,057	\$ 22,332
Expenditures:			
Agricultural, Environmental and Energy Resources.....	\$ —	\$ 180,379	\$ 6,623
Economic and Workforce Development.....	8,311	6,765	281
General Education.....	—	18,972	2,242
General Government.....	—	44,955	1,295
Health and Human Services.....	—	4,473	638
Higher Education.....	—	1,050	—
Intergovernmental Aid.....	—	—	—
Public Safety and Corrections.....	—	—	374
Transportation.....	—	21,194	—
Total Current Expenditures.....	\$ 8,311	\$ 277,788	\$ 11,453
Capital Outlay.....	—	31,765	2,470
Debt Service.....	1,522	—	—
Total Expenditures.....	\$ 9,833	\$ 309,553	\$ 13,923
Excess of Revenues Over (Under) Expenditures.....	\$ 8,176	\$ 38,504	\$ 8,409
Other Financing Sources (Uses):			
Transfers-In.....	\$ 3,722	\$ —	\$ 1,121
Transfers-Out.....	(1,500)	(659)	—
Net Other Financing Sources (Uses).....	\$ 2,222	\$ (659)	\$ 1,121
Net Change in Fund Balances.....	\$ 10,398	\$ 37,845	\$ 9,530
Fund Balances, Beginning, as Reported.....	\$ 263,912	\$ 523,838	\$ 43,237
Fund Balances, Ending.....	\$ 274,310	\$ 561,683	\$ 52,767

SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
\$ —	\$ —	\$ 110	\$ 579,529
—	—	—	1,297,956
—	—	1,077	884,788
64,324	63,551	24,354	234,756
—	—	16,126	626,353
2,184	—	236,426	419,788
3,353	—	122,325	173,740
1,099	1,135	2,804	86,157
—	—	208,407	280,375
\$ 70,960	\$ 64,686	\$ 611,629	\$ 4,583,442
\$ 755	\$ —	\$ 90,604	\$ 626,966
69,703	57,451	52,313	200,758
—	—	14,481	35,885
7,018	—	31,864	87,654
—	—	78,338	84,242
—	—	23,086	24,136
—	—	132	132
—	—	119,422	242,446
—	—	89,483	2,360,826
\$ 77,476	\$ 57,451	\$ 499,723	\$ 3,663,045
—	—	4,974	495,984
—	—	358	2,808
\$ 77,476	\$ 57,451	\$ 505,055	\$ 4,161,837
\$ (6,516)	\$ 7,235	\$ 106,574	\$ 421,605
\$ —	\$ —	\$ 17,266	\$ 74,235
(65)	(1,613)	(28,222)	(258,076)
\$ (65)	\$ (1,613)	\$ (10,956)	\$ (183,841)
\$ (6,581)	\$ 5,622	\$ 95,618	\$ 237,764
\$ 38,704	\$ 75,327	\$ 598,929	\$ 4,319,361
\$ 32,123	\$ 80,949	\$ 694,547	\$ 4,557,125

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, 2020 (IN THOUSANDS)

	TRUNK HIGHWAY		HIGHWAY USER TAX DISTRIBUTION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	\$ —	\$ —	\$ 204,834	\$ 197,692
Motor Vehicle Taxes	—	—	1,298,636	1,298,636
Fuel Taxes	—	—	869,444	879,237
Other Taxes	—	—	—	—
Federal Revenues	540,995	547,643	—	—
Licenses and Fees	7,800	7,470	1,335	892
Departmental Services	12,750	11,099	800	558
Investment/Interest Income	15,883	14,112	3,416	3,002
Other Revenues	31,550	46,783	—	—
Net Revenues	\$ 608,978	\$ 627,107	\$ 2,378,465	\$ 2,380,017
Expenditures:				
Agricultural, Environmental and Energy Resources	\$ —	\$ —	\$ —	\$ —
Economic and Workforce Development	—	—	—	—
General Education	—	—	—	—
General Government	—	—	2,195	2,194
Health and Human Services	—	—	—	—
Higher Education	—	—	—	—
Intergovernmental Aid	—	—	20	20
Public Safety and Corrections	116,805	113,634	9,313	9,277
Transportation	1,769,910	1,652,140	115	115
Total Expenditures	\$ 1,886,715	\$ 1,765,774	\$ 11,643	\$ 11,606
Excess of Revenues Over (Under) Expenditures	\$ (1,277,737)	\$ (1,138,667)	\$ 2,366,822	\$ 2,368,411
Other Financing Sources (Uses):				
Transfers-In	\$ 1,348,398	\$ 1,387,450	\$ —	\$ —
Transfers-Out	(209,823)	(209,823)	(2,369,756)	(2,369,756)
Net Other Financing Sources (Uses)	\$ 1,138,575	\$ 1,177,627	\$ (2,369,756)	\$ (2,369,756)
Net Change in Fund Balances	\$ (139,162)	\$ 38,960	\$ (2,934)	\$ (1,345)
Fund Balances, Beginning, as Reported	\$ 424,525	\$ 424,525	\$ 11,934	\$ 11,934
Prior Period Adjustments	—	27,842	—	87
Fund Balances, Beginning, as Restated	\$ 424,525	\$ 452,367	\$ 11,934	\$ 12,021
Budgetary Fund Balances, Ending	\$ 285,363	\$ 491,327	\$ 9,000	\$ 10,676
Less: Appropriation Carryover	—	188,140	—	36
Less: Reserved for Long-Term Receivables	—	—	—	—
Unassigned Fund Balance, Ending	\$ 285,363	\$ 303,187	\$ 9,000	\$ 10,640

STATE AIRPORTS		PETROLEUM TANK CLEANUP		NATURAL RESOURCES	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
\$ 9,900	\$ 9,906	\$ —	\$ —	\$ 14,202	\$ 15,316
—	—	—	—	—	—
5,700	4,467	—	—	—	—
9,340	10,598	—	—	—	—
—	—	—	—	1,400	4,178
1,017	757	32,006	29,731	31,059	31,453
3	3	—	—	29,680	33,184
509	465	250	351	494	451
30	28	50	86	2,435	4,219
\$ 26,499	\$ 26,224	\$ 32,306	\$ 30,168	\$ 79,270	\$ 88,801
\$ —	\$ —	\$ 5,152	\$ 5,054	\$ 117,224	\$ 105,262
—	—	4,411	4,411	—	—
—	—	—	—	190	190
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	6	6
25,289	23,929	—	—	6,600	6,600
\$ 25,289	\$ 23,929	\$ 9,563	\$ 9,465	\$ 124,020	\$ 112,058
\$ 1,210	\$ 2,295	\$ 22,743	\$ 20,703	\$ (44,750)	\$ (23,257)
\$ —	\$ —	\$ 737	\$ 737	\$ 34,898	\$ 33,749
—	—	(9,310)	(9,310)	(4,395)	(4,395)
\$ —	\$ —	\$ (8,573)	\$ (8,573)	\$ 30,503	\$ 29,354
\$ 1,210	\$ 2,295	\$ 14,170	\$ 12,130	\$ (14,247)	\$ 6,097
\$ 16,325	\$ 16,325	\$ 1,394	\$ 1,394	\$ 59,549	\$ 59,549
—	2,872	—	544	—	1,444
\$ 16,325	\$ 19,197	\$ 1,394	\$ 1,938	\$ 59,549	\$ 60,993
\$ 17,535	\$ 21,492	\$ 15,564	\$ 14,068	\$ 45,302	\$ 67,090
—	13,341	—	6,239	—	29,796
—	1,724	—	—	—	—
\$ 17,535	\$ 6,427	\$ 15,564	\$ 7,829	\$ 45,302	\$ 37,294

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, 2020 (IN THOUSANDS)

	GAME AND FISH		ENVIRONMENTAL & REMEDIATION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	\$ 14,203	\$ 15,316	\$ —	\$ —
Motor Vehicle Taxes	—	—	—	—
Fuel Taxes	—	—	—	—
Other Taxes	—	—	67,005	67,768
Federal Revenues	34,270	35,913	—	—
Licenses and Fees	64,984	72,240	36,240	39,576
Departmental Services	1,311	1,196	1,691	1,456
Investment/Interest Income	801	765	11,639	13,603
Other Revenues	542	581	11,332	14,945
Net Revenues	\$ 116,111	\$ 126,011	\$ 127,907	\$ 137,348
Expenditures:				
Agricultural, Environmental and Energy Resources	\$ 120,103	\$ 110,976	\$ 147,974	\$ 141,895
Economic and Workforce Development	—	—	1,468	1,468
General Education	—	—	—	—
General Government	—	—	800	325
Health and Human Services	—	—	1,324	868
Higher Education	—	—	—	—
Intergovernmental Aid	—	—	—	—
Public Safety and Corrections	—	—	73	68
Transportation	—	—	—	—
Total Expenditures	\$ 120,103	\$ 110,976	\$ 151,639	\$ 144,624
Excess of Revenues Over (Under) Expenditures	\$ (3,992)	\$ 15,035	\$ (23,732)	\$ (7,276)
Other Financing Sources (Uses):				
Transfers-In	\$ 1,035	\$ 1,035	\$ 11,168	\$ 9,313
Transfers-Out	(1,705)	(1,705)	(755)	(755)
Net Other Financing Sources (Uses)	\$ (670)	\$ (670)	\$ 10,413	\$ 8,558
Net Change in Fund Balances	\$ (4,662)	\$ 14,365	\$ (13,319)	\$ 1,282
Fund Balances, Beginning, as Reported	\$ 55,195	\$ 55,195	\$ 785,019	\$ 785,019
Prior Period Adjustments	—	863	—	4,183
Fund Balances, Beginning, as Restated	\$ 55,195	\$ 56,058	\$ 785,019	\$ 789,202
Budgetary Fund Balances, Ending	\$ 50,533	\$ 70,423	\$ 771,700	\$ 790,484
Less: Appropriation Carryover	—	18,433	—	765,212
Less: Reserved for Long-Term Receivables	—	—	—	477
Unassigned Fund Balance, Ending	\$ 50,533	\$ 51,990	\$ 771,700	\$ 24,795

HERITAGE		SPECIAL COMPENSATION		WORKFORCE DEVELOPMENT	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
\$ 336,588	\$ 342,214	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	68,600	67,604	63,132	63,069
—	—	—	—	—	—
—	—	1,967	1,736	—	—
—	—	3,095	3,220	—	—
10,487	8,768	1,310	1,093	1,400	1,135
—	217	—	—	—	—
\$ 347,075	\$ 351,199	\$ 74,972	\$ 73,653	\$ 64,532	\$ 64,204
\$ 290,324	\$ 289,381	\$ 758	\$ 754	\$ —	\$ —
6,910	6,910	69,841	68,741	59,255	58,461
19,908	19,801	—	—	—	—
47,689	47,640	7,831	6,751	—	—
5,832	5,664	—	—	—	—
1,050	1,050	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
21,194	21,194	—	—	—	—
\$ 392,907	\$ 391,640	\$ 78,430	\$ 76,246	\$ 59,255	\$ 58,461
\$ (45,832)	\$ (40,441)	\$ (3,458)	\$ (2,593)	\$ 5,277	\$ 5,743
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
(1,006)	(1,006)	(65)	(65)	—	—
\$ (1,006)	\$ (1,006)	\$ (65)	\$ (65)	\$ —	\$ —
\$ (46,838)	\$ (41,447)	\$ (3,523)	\$ (2,658)	\$ 5,277	\$ 5,743
\$ 245,860	\$ 245,860	\$ 42,511	\$ 42,511	\$ 27,152	\$ 27,152
—	27,469	—	1,150	—	3,811
\$ 245,860	\$ 273,329	\$ 42,511	\$ 43,661	\$ 27,152	\$ 30,963
\$ 199,022	\$ 231,882	\$ 38,988	\$ 41,003	\$ 32,429	\$ 36,706
—	186,811	—	16,273	—	1,981
—	—	—	—	—	—
\$ 199,022	\$ 45,071	\$ 38,988	\$ 24,730	\$ 32,429	\$ 34,725

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, 2020 (IN THOUSANDS)

	MISCELLANEOUS SPECIAL REVENUE RENEWABLE DEVELOPMENT ACCOUNT		COMBINED TOTALS	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	\$ —	\$ —	\$ 579,727	\$ 580,444
Motor Vehicle Taxes	—	—	1,298,636	1,298,636
Fuel Taxes	—	—	875,144	883,704
Other Taxes	—	—	208,077	209,039
Federal Revenues	—	—	576,665	587,734
Licenses and Fees	—	—	176,408	183,855
Departmental Services	—	—	49,330	50,716
Investment/Interest Income	1,432	1,487	47,621	45,232
Other Revenues	14,852	14,852	60,791	81,711
Net Revenues	\$ 16,284	\$ 16,339	\$ 3,872,399	\$ 3,921,071
Expenditures:				
Agricultural, Environmental and Energy Resources	\$ 3,664	\$ 3,620	\$ 685,199	\$ 656,942
Economic and Workforce Development	—	—	141,885	139,991
General Education	—	—	20,098	19,991
General Government	—	—	58,515	56,910
Health and Human Services	—	—	7,156	6,532
Higher Education	—	—	1,050	1,050
Intergovernmental Aid	—	—	20	20
Public Safety and Corrections	—	—	126,197	122,985
Transportation	—	—	1,823,108	1,703,978
Total Expenditures	\$ 3,664	\$ 3,620	\$ 2,863,228	\$ 2,708,399
Excess of Revenues Over (Under) Expenditures	\$ 12,620	\$ 12,719	\$ 1,009,171	\$ 1,212,672
Other Financing Sources (Uses):				
Transfers-In	\$ —	\$ —	\$ 1,396,236	\$ 1,432,284
Transfers-Out	—	—	(2,596,815)	(2,596,815)
Net Other Financing Sources (Uses)	\$ —	\$ —	\$ (1,200,579)	\$ (1,164,531)
Net Change in Fund Balances	\$ 12,620	\$ 12,719	\$ (191,408)	\$ 48,141
Fund Balances, Beginning, as Reported	\$ 58,780	\$ 58,780	\$ 1,728,244	\$ 1,728,244
Prior Period Adjustments	—	1	—	70,266
Fund Balances, Beginning, as Restated	\$ 58,780	\$ 58,781	\$ 1,728,244	\$ 1,798,510
Budgetary Fund Balances, Ending	\$ 71,400	\$ 71,500	\$ 1,536,836	\$ 1,846,651
Less: Appropriation Carryover	—	43	—	1,226,305
Less: Reserved for Long-Term Receivables	—	—	—	2,201
Unassigned Fund Balance, Ending	\$ 71,400	\$ 71,457	\$ 1,536,836	\$ 618,145



STATE OF MINNESOTA

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, 2020

(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:	\$ 994,817	\$ —	\$ 34,248	\$ 19,590
Less: Nonspendable Inventory	41,384	—	—	—
Less: Encumbrances	884,337	97	11,896	5,522
Unassigned Fund Balance	\$ 69,096	\$ (97)	\$ 22,352	\$ 14,068
Basis of Accounting Differences:				
Revenue Accruals/Adjustments:				
Taxes Receivable	\$ (40,805)	\$ —	\$ (236)	\$ —
Other Receivables	—	(270)	(624)	—
Investments at Market	—	—	—	—
Expenditure Accruals/Adjustments:				
Other Payables	312	11,043	—	—
Other Financing Sources (Uses):				
Transfers-In	—	—	—	—
Transfers-Out	—	—	—	—
Perspective Differences:				
Accounts with no Legally Adopted Budget	—	—	—	—
Appropriation Carryover	(188,140)	(36)	(13,341)	(6,239)
Long-Term Receivables	—	—	(1,724)	—
Long-Term Commitments	462,724	—	—	—
Budgetary Basis:				
Unassigned Fund Balance	\$ 303,187	\$ 10,640	\$ 6,427	\$ 7,829

NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDATION	HERITAGE	SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE
\$ 98,269	\$ 96,129	\$ 912,574	\$ 561,683	\$ 32,123	\$ 80,949	\$ 694,547
—	—	—	—	—	—	—
12,619	4,575	8,061	303,031	266	27,865	18
\$ 85,650	\$ 91,554	\$ 904,513	\$ 258,652	\$ 31,857	\$ 53,084	\$ 694,529
\$ —	\$ —	\$ (7,872)	\$ (27,248)	\$ —	\$ (16,203)	\$ —
(17,943)	(207)			(3,444)	(175)	—
—	(19,678)	(3,686)	—	—	—	—
—	—	444	478	12,590	—	—
(2,079)	(1,563)	—	—	—	—	—
1,462	317	—	—	—	—	—
—	—	(102,915)	—	—	—	(623,029)
(29,796)	(18,433)	(765,212)	(186,811)	(16,273)	(1,981)	(43)
—	—	(477)	—	—	—	—
—	—	—	—	—	—	—
\$ 37,294	\$ 51,990	\$ 24,795	\$ 45,071	\$ 24,730	\$ 34,725	\$ 71,457





State of Minnesota

Nonmajor Capital Projects Funds

2020
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, 2020

(IN THOUSANDS)

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
ASSETS				
Cash and Cash Equivalents.....	\$ 64,831	\$ 43,338	\$ 112,129	\$ 220,298
Accounts Receivable.....	—	—	19	19
Total Assets.....	<u>\$ 64,831</u>	<u>\$ 43,338</u>	<u>\$ 112,148</u>	<u>\$ 220,317</u>
LIABILITIES				
Accounts Payable.....	\$ 60,022	\$ 4,855	\$ 43,608	\$ 108,485
Interfund Payables.....	5,997	—	—	5,997
Due to Component Units.....	2,297	—	—	2,297
Total Liabilities.....	<u>\$ 68,316</u>	<u>\$ 4,855</u>	<u>\$ 43,608</u>	<u>\$ 116,779</u>
FUND BALANCES				
Restricted.....	\$ —	\$ —	\$ 68,540	\$ 68,540
Assigned.....	—	38,483	—	38,483
Unassigned.....	(3,485)	—	—	(3,485)
Total Fund Balances.....	<u>\$ (3,485)</u>	<u>\$ 38,483</u>	<u>\$ 68,540</u>	<u>\$ 103,538</u>
Total Liabilities and Fund Balances....	<u>\$ 64,831</u>	<u>\$ 43,338</u>	<u>\$ 112,148</u>	<u>\$ 220,317</u>

STATE OF MINNESOTA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2020

(IN THOUSANDS)

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
Net Revenues:				
Sales Taxes.....	\$ —	\$ —	\$ 11,188	\$ 11,188
Net Revenues.....	\$ —	\$ —	\$ 11,188	\$ 11,188
Expenditures:				
Agricultural, Environmental and Energy Resources.....	\$ 54,622	\$ 1,881	\$ —	\$ 56,503
Economic and Workforce Development.....	134,640	3,056	—	137,696
General Education.....	9,770	7,692	—	17,462
General Government.....	—	114	140	254
Health and Human Services.....	15,799	657	—	16,456
Higher Education.....	8,863	—	—	8,863
Public Safety and Corrections.....	3,821	—	—	3,821
Transportation.....	66,343	1,618	188,080	256,041
Total Current Expenditures.....	\$ 293,858	\$ 15,018	\$ 188,220	\$ 497,096
Capital Outlay.....	97,954	12	114,877	212,843
Total Expenditures.....	\$ 391,812	\$ 15,030	\$ 303,097	\$ 709,939
Excess of Revenues Over (Under) Expenditures.....	\$ (391,812)	\$ (15,030)	\$ (291,909)	\$ (698,751)
Other Financing Sources (Uses):				
Bond Issuance.....	\$ 347,068	\$ —	\$ 248,248	\$ 595,316
Bond Issue Premium.....	81,922	—	14,442	96,364
Transfers-Out.....	(68,995)	—	(56)	(69,051)
Net Other Financing Sources (Uses).....	\$ 359,995	\$ —	\$ 262,634	\$ 622,629
Net Change in Fund Balances.....	\$ (31,817)	\$ (15,030)	\$ (29,275)	\$ (76,122)
Fund Balances, Beginning, as Reported.....	\$ 28,332	\$ 53,513	\$ 97,815	\$ 179,660
Fund Balances, Ending.....	\$ (3,485)	\$ 38,483	\$ 68,540	\$ 103,538

2020
Comprehensive
Annual
Financial Report

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.

STATE OF MINNESOTA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 3,096	\$ 52,430	\$ 3,728	\$ 10,525
Accounts Receivable	566	5,945	68	5,854
Interfund Receivables	—	—	—	—
Inventories	—	355	178	6,472
Prepaid Expenses	—	—	—	—
Total Current Assets	\$ 3,662	\$ 58,730	\$ 3,974	\$ 22,851
Noncurrent Assets:				
Accounts Receivable	\$ 1,330	\$ —	\$ —	\$ —
Depreciable Capital Assets (Net)	211	254	23,938	5,985
Nondepreciable Capital Assets	—	3	2,944	938
Total Noncurrent Assets	\$ 1,541	\$ 257	\$ 26,882	\$ 6,923
Total Assets	\$ 5,203	\$ 58,987	\$ 30,856	\$ 29,774
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	\$ 4,009	\$ 4,538	\$ 126	\$ 6,531
Deferred Other Postemployment Benefits Outflows	69	36	1	106
Total Deferred Outflows of Resources	\$ 4,078	\$ 4,574	\$ 127	\$ 6,637
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 724	\$ 27,974	\$ 690	\$ 3,439
Interfund Payables	—	—	—	—
Due to Component Units	—	—	—	—
Unearned Revenue	—	6	—	—
Accrued Interest Payable	—	—	—	—
Bonds and Notes Payable	—	—	—	—
Claims Payable	—	—	—	—
Compensated Absences Payable	160	96	3	177
Other Liabilities	—	3	—	—
Total Current Liabilities	\$ 884	\$ 28,079	\$ 693	\$ 3,616
Noncurrent Liabilities:				
Unearned Revenues	\$ —	\$ —	\$ —	\$ —
Bonds and Notes Payable	—	—	—	—
Compensated Absences Payable	796	852	12	1,190
Other Postemployment Benefits	1,085	627	18	1,076
Net Pension Liability	2,483	2,810	79	10,545
Total Noncurrent Liabilities	\$ 4,364	\$ 4,289	\$ 109	\$ 12,811
Total Liabilities	\$ 5,248	\$ 32,368	\$ 802	\$ 16,427
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	\$ 8,396	\$ 9,501	\$ 266	\$ 15,800
Deferred Other Postemployment Benefits Inflows	120	70	2	119
Total Deferred Inflows of Resources	\$ 8,516	\$ 9,571	\$ 268	\$ 15,919
NET POSITION				
Net Investment in Capital Assets	\$ 211	\$ 257	\$ 26,882	\$ 6,923
Restricted for:				
Develop Economy and Workforce	\$ —	\$ —	\$ 3,031	\$ —
Enhance 911 Services and Increase Safety	—	—	—	—
Other Purposes	—	21,365	—	—
Total Restricted	\$ —	\$ 21,365	\$ 3,031	\$ —
Unrestricted	\$ (4,694)	\$ —	\$ —	\$ (2,858)
Total Net Position	\$ (4,483)	\$ 21,622	\$ 29,913	\$ 4,065

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ 6,825	\$ 80,583	\$ 98,777	\$ 31,084	\$ 13,316	\$ 300,364
1,789	461	7,956	7,680	490	30,809
10,658	—	—	—	—	10,658
—	—	—	2,047	—	9,052
—	—	—	380	—	380
\$ 19,272	\$ 81,044	\$ 106,733	\$ 41,191	\$ 13,806	\$ 351,263
\$ —	\$ —	\$ —	\$ —	\$ 1,993	\$ 3,323
33,095	83,529	—	1,168	1,437	149,617
2,893	12,031	—	—	786	19,595
\$ 35,988	\$ 95,560	\$ —	\$ 1,168	\$ 4,216	\$ 172,535
\$ 55,260	\$ 176,604	\$ 106,733	\$ 42,359	\$ 18,022	\$ 523,798
\$ 6,370	\$ 2,947	\$ 97	\$ 7,115	\$ 21,487	\$ 53,220
55	27	1	58	528	881
\$ 6,425	\$ 2,974	\$ 98	\$ 7,173	\$ 22,015	\$ 54,101
\$ 1,949	\$ 3,495	\$ 4,839	\$ 14,564	\$ 4,071	\$ 61,745
9,309	—	—	24,988	—	34,297
—	11	—	—	—	11
—	—	14,488	580	—	15,074
—	42	—	—	—	42
—	10,145	—	—	—	10,145
—	—	24,880	—	—	24,880
120	129	10	202	1,240	2,137
—	—	—	—	—	3
\$ 11,378	\$ 13,822	\$ 44,217	\$ 40,334	\$ 5,311	\$ 148,334
\$ —	\$ —	\$ —	\$ 367	\$ —	\$ 367
—	1,691	—	—	—	1,691
673	561	59	1,456	5,512	11,111
949	423	11	994	8,339	13,522
3,944	1,825	59	4,406	13,305	39,456
\$ 5,566	\$ 4,500	\$ 129	\$ 7,223	\$ 27,156	\$ 66,147
\$ 16,944	\$ 18,322	\$ 44,346	\$ 47,557	\$ 32,467	\$ 214,481
\$ 13,335	\$ 6,169	\$ 200	\$ 14,895	\$ 44,984	\$ 113,546
105	47	2	110	920	1,495
\$ 13,440	\$ 6,216	\$ 202	\$ 15,005	\$ 45,904	\$ 115,041
\$ 35,988	\$ 83,724	\$ —	\$ 1,168	\$ 2,223	\$ 157,376
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,031
—	71,316	—	—	—	71,316
—	—	62,283	—	—	83,648
\$ —	\$ 71,316	\$ 62,283	\$ —	\$ —	\$ 157,995
\$ (4,687)	\$ —	\$ —	\$ (14,198)	\$ (40,557)	\$ (66,994)
\$ 31,301	\$ 155,040	\$ 62,283	\$ (13,030)	\$ (38,334)	\$ 248,377

STATE OF MINNESOTA

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
Operating Revenues:				
Net Sales	\$ 10,133	\$ 31,931	\$ 4,734	\$ 42,435
Insurance Premiums	—	—	—	—
Other Income	1	158	—	2,610
Total Operating Revenues	\$ 10,134	\$ 32,089	\$ 4,734	\$ 45,045
Less: Cost of Goods Sold	—	123	632	24,697
Gross Margin	\$ 10,134	\$ 31,966	\$ 4,102	\$ 20,348
Operating Expenses:				
Purchased Services	\$ 2,446	\$ 5,353	\$ 7,727	\$ 4,873
Salaries and Fringe Benefits	13,999	11,821	135	15,099
Claims	—	—	—	—
Depreciation and Amortization	51	53	2,189	1,158
Supplies and Materials	820	374	—	935
Repairs and Maintenance	61	10	5	451
Indirect Costs	156	206	—	1,455
Other Expenses	8	78	92	53
Total Operating Expenses	\$ 17,541	\$ 17,895	\$ 10,148	\$ 24,024
Operating Income (Loss)	\$ (7,407)	\$ 14,071	\$ (6,046)	\$ (3,676)
Nonoperating Revenues (Expenses):				
Investment Income	\$ 127	\$ 41	\$ —	\$ 222
Other Nonoperating Revenues	—	—	—	—
Interest and Financing Costs	—	—	—	—
Grants, Aids and Subsidies	(1)	—	—	—
Other Nonoperating Expenses	—	(13,922)	—	—
Gain (Loss) on Disposal of Capital Assets	—	—	—	(17)
Total Nonoperating Revenues (Expenses)	\$ 126	\$ (13,881)	\$ —	\$ 205
Income (Loss) Before Transfers and Contributions	\$ (7,281)	\$ 190	\$ (6,046)	\$ (3,471)
Transfers-In	6,438	1,619	5,766	—
Transfers-Out	—	(3)	—	—
Total Income (Loss)	\$ (843)	\$ 1,806	\$ (280)	\$ (3,471)
Net Position, Beginning, as Reported	\$ (3,640)	\$ 19,816	\$ 30,193	\$ 7,536
Net Position, Ending	\$ (4,483)	\$ 21,622	\$ 29,913	\$ 4,065

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ —	\$ 75,032	\$ —	\$ 668,547	\$ 102,688	\$ 935,500
—	—	266,753	—	—	266,753
29,782	—	938	—	184	33,673
\$ 29,782	\$ 75,032	\$ 267,691	\$ 668,547	\$ 102,872	\$ 1,235,926
—	—	—	485,072	—	510,524
\$ 29,782	\$ 75,032	\$ 267,691	\$ 183,475	\$ 102,872	\$ 725,402
\$ 17,487	\$ 15,943	\$ 15,860	\$ 11,600	\$ 7,065	\$ 88,354
13,906	6,434	224	14,964	102,150	178,732
—	—	246,367	—	—	246,367
5,915	7,541	—	574	481	17,962
55	837	—	1,008	1,486	5,515
12	226	—	—	225	990
67	91	10	—	740	2,725
18	11	171	340	128	899
\$ 37,460	\$ 31,083	\$ 262,632	\$ 28,486	\$ 112,275	\$ 541,544
\$ (7,678)	\$ 43,949	\$ 5,059	\$ 154,989	\$ (9,403)	\$ 183,858
\$ 159	\$ 12	\$ 1,355	\$ 670	\$ 233	\$ 2,819
2	—	—	—	—	2
—	203	—	—	—	203
—	(17,180)	—	—	(422)	(17,603)
(30)	—	—	—	—	(13,952)
—	(119)	—	26	65	(45)
\$ 131	\$ (17,084)	\$ 1,355	\$ 696	\$ (124)	\$ (28,576)
\$ (7,547)	\$ 26,865	\$ 6,414	\$ 155,685	\$ (9,527)	\$ 155,282
8,000	—	—	—	11,697	33,520
—	—	—	(155,978)	—	(155,981)
\$ 453	\$ 26,865	\$ 6,414	\$ (293)	\$ 2,170	\$ 32,821
\$ 30,848	\$ 128,175	\$ 55,869	\$ (12,737)	\$ (40,504)	\$ 215,556
\$ 31,301	\$ 155,040	\$ 62,283	\$ (13,030)	\$ (38,334)	\$ 248,377

STATE OF MINNESOTA

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
Cash Flows from Operating Activities:				
Receipts from Customers.....	\$ 10,661	\$ 31,737	\$ 4,766	\$ 41,712
Receipts from Other Revenues.....	1	158	—	2,610
Payments to Claimants.....	—	—	—	—
Payments to Suppliers.....	(3,759)	(5,248)	(7,885)	(30,538)
Payments to Employees.....	(14,160)	(11,221)	(200)	(14,929)
Payments to Others.....	—	(13,922)	—	—
Net Cash Flows from Operating Activities.....	\$ (7,257)	\$ 1,504	\$ (3,319)	\$ (1,145)
Cash Flows from Noncapital Financing Activities:				
Grant Disbursements.....	\$ (1)	\$ —	\$ —	\$ —
Transfers-In.....	6,438	1,619	5,766	—
Transfers-Out.....	—	(3)	—	—
Net Cash Flows from Noncapital Financing Activities.....	\$ 6,437	\$ 1,616	\$ 5,766	\$ —
Cash Flows from Capital and Related Financing Activities:				
Investment in Capital Assets.....	\$ —	\$ —	\$ (1,323)	\$ (1,473)
Proceeds from Disposal of Capital Assets.....	—	—	—	—
Repayment of Bond Principal.....	—	—	—	—
Interest Paid.....	—	—	—	—
Net Cash Flows from Capital and Related Financing Activities.....	\$ —	\$ —	\$ (1,323)	\$ (1,473)
Cash Flows from Investing Activities:				
Investment Earnings.....	\$ 127	\$ 41	\$ —	\$ 222
Net Cash Flows from Investing Activities.....	\$ 127	\$ 41	\$ —	\$ 222
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (693)	\$ 3,161	\$ 1,124	\$ (2,396)
Cash and Cash Equivalents, Beginning, as Reported.....	\$ 3,789	\$ 49,269	\$ 2,604	\$ 12,921
Cash and Cash Equivalents, Ending.....	\$ 3,096	\$ 52,430	\$ 3,728	\$ 10,525
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Operating Income (Loss).....	\$ (7,407)	\$ 14,071	\$ (6,046)	\$ (3,676)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation and Amortization.....	\$ 51	\$ 53	\$ 2,189	\$ 1,158
Miscellaneous Nonoperating Revenues.....	—	—	—	—
Miscellaneous Nonoperating Expenses.....	—	(13,922)	—	—
Change in Assets, Liabilities, Deferred Outflows and Inflows:				
Accounts Receivable.....	528	(191)	32	(723)
Inventories.....	—	(4)	23	41
Other Assets.....	—	—	—	—
Deferred Outflows.....	3,716	3,611	180	3,982
Accounts Payable.....	(268)	900	548	1,885
Claims Payable.....	—	—	—	—
Compensated Absences Payable.....	(15)	159	1	35
Unearned Revenues.....	—	(3)	—	—
Other Postemployment Benefits.....	(18)	33	(9)	(161)
Net Pension Liability.....	(57)	133	(21)	1,121
Deferred Inflows.....	(3,787)	(3,336)	(216)	(4,807)
Net Reconciling Items to be Added to (Deducted from) Operating Income.....	\$ 150	\$ (12,567)	\$ 2,727	\$ 2,531
Net Cash Flows from Operating Activities.....	\$ (7,257)	\$ 1,504	\$ (3,319)	\$ (1,145)
Noncash Investing, Capital and Financing Activities:				
Bond Premium Amortization.....	\$ —	\$ —	\$ —	\$ —

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ —	\$ 78,294	\$ 270,083	\$ 667,246	\$ 102,519	\$ 1,207,018
28,773	—	938	5	184	32,669
—	—	(239,108)	(420,494)	—	(659,602)
(16,107)	(16,859)	(14,838)	(31,691)	(11,600)	(138,525)
(13,913)	(6,366)	(210)	(14,362)	(101,564)	(176,925)
(30)	—	—	(44,841)	—	(58,793)
<u>\$ (1,277)</u>	<u>\$ 55,069</u>	<u>\$ 16,865</u>	<u>\$ 155,863</u>	<u>\$ (10,461)</u>	<u>\$ 205,842</u>
\$ —	\$ (17,180)	\$ —	\$ —	\$ (422)	\$ (17,603)
8,000	—	—	—	11,697	33,520
—	—	—	(150,467)	—	(150,470)
<u>\$ 8,000</u>	<u>\$ (17,180)</u>	<u>\$ —</u>	<u>\$ (150,467)</u>	<u>\$ 11,275</u>	<u>\$ (134,553)</u>
\$ (2,893)	\$ (1,043)	\$ —	\$ (486)	\$ (457)	\$ (7,675)
—	—	—	26	65	91
—	(21,420)	—	—	—	(21,420)
—	(1,578)	—	—	—	(1,578)
<u>\$ (2,893)</u>	<u>\$ (24,041)</u>	<u>\$ —</u>	<u>\$ (460)</u>	<u>\$ (392)</u>	<u>\$ (30,582)</u>
\$ 159	\$ 12	\$ 1,355	\$ 670	\$ 233	\$ 2,819
<u>\$ 159</u>	<u>\$ 12</u>	<u>\$ 1,355</u>	<u>\$ 670</u>	<u>\$ 233</u>	<u>\$ 2,819</u>
\$ 3,989	\$ 13,860	\$ 18,220	\$ 5,606	\$ 655	\$ 43,526
<u>\$ 2,836</u>	<u>\$ 66,723</u>	<u>\$ 80,557</u>	<u>\$ 25,478</u>	<u>\$ 12,661</u>	<u>\$ 256,838</u>
<u>\$ 6,825</u>	<u>\$ 80,583</u>	<u>\$ 98,777</u>	<u>\$ 31,084</u>	<u>\$ 13,316</u>	<u>\$ 300,364</u>
\$ (7,678)	\$ 43,949	\$ 5,059	\$ 154,989	\$ (9,403)	\$ 183,858
\$ 5,915	\$ 7,541	\$ —	\$ 574	\$ 481	\$ 17,962
2	—	—	—	—	2
(30)	—	—	—	—	(13,952)
(1,011)	3,262	(1,408)	(1,423)	(169)	(1,103)
—	—	—	(803)	—	(743)
—	—	—	108	—	108
5,828	2,605	79	6,005	17,401	43,407
1,532	249	1,203	1,966	(1,956)	6,059
—	—	7,259	—	—	7,259
131	82	10	99	84	586
—	—	4,738	57	—	4,792
(21)	(33)	(1)	(30)	(1,030)	(1,270)
(63)	—	1	96	531	1,741
<u>(5,882)</u>	<u>(2,586)</u>	<u>(75)</u>	<u>(5,775)</u>	<u>(16,400)</u>	<u>(42,864)</u>
\$ 6,401	\$ 11,120	\$ 11,806	\$ 874	\$ (1,058)	\$ 21,984
<u>\$ (1,277)</u>	<u>\$ 55,069</u>	<u>\$ 16,865</u>	<u>\$ 155,863</u>	<u>\$ (10,461)</u>	<u>\$ 205,842</u>
\$ —	\$ 1,691	\$ —	\$ —	\$ —	\$ 1,691



2020
Comprehensive
Annual
Financial Report

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, 2020
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,314	\$ 2,787	\$ 407,689
Accounts Receivable	1,302	5,080	36,730
Interfund Receivables	—	—	—
Inventories	—	3	—
Prepaid Expenses	—	249	—
Total Current Assets	\$ 2,616	\$ 8,119	\$ 444,419
Noncurrent Assets:			
Depreciable Capital Assets (Net)	\$ 39,654	\$ 354	\$ —
Nondepreciable Capital Assets	—	—	—
Prepaid Expenses	—	—	—
Total Noncurrent Assets	\$ 39,654	\$ 354	\$ —
Total Assets	\$ 42,270	\$ 8,473	\$ 444,419
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	\$ 394	\$ 2,964	\$ 2,254
Deferred Other Postemployment Benefits Outflows	3	21	14
Total Deferred Outflows of Resources	\$ 397	\$ 2,985	\$ 2,268
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 1,129	\$ 995	\$ 11,936
Interfund Payables	—	2,263	—
Unearned Revenue	—	—	5,968
Accrued Interest Payable	—	—	—
Bonds and Notes Payable	10,625	—	—
Claims Payable	—	—	79,181
Compensated Absences Payable	9	61	54
Total Current Liabilities	\$ 11,763	\$ 3,319	\$ 97,139
Noncurrent Liabilities:			
Bonds and Notes Payable	\$ 17,280	\$ —	\$ —
Compensated Absences Payable	80	551	454
Other Postemployment Benefits	54	367	264
Net Pension Liability	244	1,836	1,396
Total Noncurrent Liabilities	\$ 17,658	\$ 2,754	\$ 2,114
Total Liabilities	\$ 29,421	\$ 6,073	\$ 99,253
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	\$ 825	\$ 6,207	\$ 4,719
Deferred Other Postemployment Benefits Inflows	6	42	29
Total Deferred Inflows of Resources	\$ 831	\$ 6,249	\$ 4,748
NET POSITION			
Net Investment in Capital Assets	\$ 11,749	\$ 354	\$ —
Unrestricted	\$ 666	\$ (1,218)	\$ 342,686
Total Net Position	\$ 12,415	\$ (864)	\$ 342,686

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
\$ 55,004	\$ 20,137	\$ 22,925	\$ 509,856
44,539	2,655	1,458	91,764
—	325	—	325
—	462	—	465
14,594	—	191	15,034
\$ 114,137	\$ 23,579	\$ 24,574	\$ 617,444
\$ 25,767	\$ 7,730	\$ 148	\$ 73,653
—	261	—	261
3,140	—	—	3,140
\$ 28,907	\$ 7,991	\$ 148	\$ 77,054
\$ 143,044	\$ 31,570	\$ 24,722	\$ 694,498
\$ 38,315	\$ 8,491	\$ 580	\$ 52,998
298	83	4	423
\$ 38,613	\$ 8,574	\$ 584	\$ 53,421
\$ 12,192	\$ 4,631	\$ 203	\$ 31,086
50,000	—	2	52,265
8,481	—	272	14,721
—	5	—	5
7,857	166	—	18,648
—	—	9,985	89,166
1,187	217	23	1,551
\$ 79,717	\$ 5,019	\$ 10,485	\$ 207,442
\$ 12,019	\$ 3,157	\$ —	\$ 32,456
9,555	1,256	148	12,044
5,109	1,431	65	7,290
23,726	5,257	359	32,818
\$ 50,409	\$ 11,101	\$ 572	\$ 84,608
\$ 130,126	\$ 16,120	\$ 11,057	\$ 292,050
\$ 80,214	\$ 17,774	\$ 1,214	\$ 110,953
562	158	8	805
\$ 80,776	\$ 17,932	\$ 1,222	\$ 111,758
\$ 5,891	\$ 7,622	\$ 148	\$ 25,764
\$ (35,136)	\$ (1,530)	\$ 12,879	\$ 318,347
\$ (29,245)	\$ 6,092	\$ 13,027	\$ 344,111

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
Operating Revenues:			
Net Sales	\$ 14,047	\$ 20,791	\$ —
Insurance Premiums	—	—	1,055,454
Other Income	305	1,534	8,821
Total Operating Revenues	\$ 14,352	\$ 22,325	\$ 1,064,275
Operating Expenses:			
Purchased Services	\$ 1,531	\$ 16,139	\$ 82,287
Salaries and Fringe Benefits	773	6,783	4,496
Claims	—	—	863,099
Depreciation and Amortization	7,769	62	—
Supplies and Materials	2,493	442	11
Repairs and Maintenance	1,184	137	2
Indirect Costs	384	165	250
Other Expenses	489	1	574
Total Operating Expenses	\$ 14,623	\$ 23,729	\$ 950,719
Operating Income (Loss)	\$ (271)	\$ (1,404)	\$ 113,556
Nonoperating Revenues (Expenses):			
Investment Income	\$ 504	\$ —	\$ 5,150
Interest and Financing Costs	(634)	—	—
Other Nonoperating Expenses	—	—	—
Gain (Loss) on Disposal of Capital Assets	219	—	—
Total Nonoperating Revenues (Expenses)	\$ 89	\$ —	\$ 5,150
Income (Loss) Before Transfers and Contributions	\$ (182)	\$ (1,404)	\$ 118,706
Transfers-Out	(3)	—	(28)
Change in Net Position	\$ (185)	\$ (1,404)	\$ 118,678
Net Position, Beginning, as Reported	\$ 12,600	\$ 540	\$ 224,008
Net Position, Ending	\$ 12,415	\$ (864)	\$ 342,686

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
\$ 222,031	\$ 76,690	\$ 36	\$ 333,595
—	—	12,686	1,068,140
—	1,012	—	11,672
\$ 222,031	\$ 77,702	\$ 12,722	\$ 1,413,407
\$ 79,903	\$ 13,361	\$ 5,017	\$ 198,238
(104,570)	17,102	1,008	(74,408)
—	—	3,242	866,341
12,647	676	37	21,191
14,714	2,439	6	20,105
6,329	7,787	—	15,439
1,095	779	169	2,842
24	78	3	1,169
\$ 10,142	\$ 42,222	\$ 9,482	\$ 1,050,917
\$ 211,889	\$ 35,480	\$ 3,240	\$ 362,490
\$ 318	\$ 6	\$ 429	\$ 6,407
(661)	(252)	—	(1,547)
—	(45)	(3,342)	(3,387)
—	14	—	233
\$ (343)	\$ (277)	\$ (2,913)	\$ 1,706
\$ 211,546	\$ 35,203	\$ 327	\$ 364,196
(110)	(35,367)	—	(35,508)
\$ 211,436	\$ (164)	\$ 327	\$ 328,688
\$ (240,681)	\$ 6,256	\$ 12,700	\$ 15,423
\$ (29,245)	\$ 6,092	\$ 13,027	\$ 344,111

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
Cash Flows from Operating Activities:			
Receipts from Customers.....	\$ 14,808	\$ 20,238	\$ 1,050,870
Receipts from Other Revenues.....	305	1,534	8,821
Payments to Claimants.....	—	—	(861,165)
Payments to Suppliers.....	(8,087)	(16,710)	(89,919)
Payments to Employees.....	(787)	(6,578)	(4,602)
Payments to Others.....	—	—	—
Net Cash Flow from Operating Activities.....	\$ 6,239	\$ (1,516)	\$ 104,005
Cash Flows from Noncapital Financing Activities:			
Transfers-Out.....	\$ (3)	\$ —	\$ (28)
Advances from Other Funds.....	—	—	—
Net Cash Flows from Noncapital Financing Activities.....	\$ (3)	\$ —	\$ (28)
Cash Flows from Capital and Related Financing Activities:			
Investment in Capital Assets.....	\$ (12,433)	\$ —	\$ —
Proceeds from Disposal of Capital Assets.....	2,795	—	—
Proceeds from Loans.....	14,279	—	—
Repayment of Loan Principal.....	(10,491)	—	—
Interest Paid.....	(678)	—	—
Net Cash Flows from Capital and Related Financing Activities.....	\$ (6,528)	\$ —	\$ —
Cash Flows from Investing Activities:			
Investment Earnings.....	\$ 504	\$ —	\$ 5,150
Net Cash Flows from Investing Activities.....	\$ 504	\$ —	\$ 5,150
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 212	\$ (1,516)	\$ 109,127
Cash and Cash Equivalents, Beginning, as Reported.....	\$ 1,102	\$ 4,303	\$ 298,562
Cash and Cash Equivalents, Ending.....	\$ 1,314	\$ 2,787	\$ 407,689
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss).....	\$ (271)	\$ (1,404)	\$ 113,556
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Depreciation and Amortization.....	\$ 7,769	\$ 62	\$ —
Miscellaneous Nonoperating Expenses.....	—	—	—
Change in Assets, Liabilities, Deferred Outflows and Inflows:			
Accounts Receivable.....	761	(553)	(5,007)
Inventories.....	—	(2)	—
Other Assets.....	113	308	—
Deferred Outflows.....	378	2,440	2,149
Accounts Payable.....	(2,119)	(132)	(6,795)
Claims Payable.....	—	—	1,934
Compensated Absences Payable.....	13	31	43
Unearned Revenues.....	—	—	423
Other Postemployment Benefits.....	(2)	(19)	(32)
Net Pension Liability.....	(10)	60	(49)
Deferred Inflows.....	(393)	(2,307)	(2,217)
Net Reconciling Items to be Added to (Deducted from) Operating Income.....	\$ 6,510	\$ (112)	\$ (9,551)
Net Cash Flows from Operating Activities.....	\$ 6,239	\$ (1,516)	\$ 104,005
Noncash Investing, Capital and Financing Activities:			
Loan Liability Transfer.....	\$ —	\$ —	\$ —

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
\$ 206,081	\$ 74,732	\$ 13,209	\$ 1,379,938
—	1,012	—	11,672
—	—	(5,148)	(866,313)
(111,233)	(24,757)	(5,166)	(255,872)
(93,187)	(17,533)	(1,122)	(123,809)
—	(45)	(3,342)	(3,387)
\$ 1,661	\$ 33,409	\$ (1,569)	\$ 142,229
\$ (110)	\$ (32,480)	\$ —	\$ (32,621)
(50,000)	—	—	(50,000)
\$ (50,110)	\$ (32,480)	\$ —	\$ (82,621)
\$ (9,539)	\$ (370)	\$ —	\$ (22,342)
—	14	—	2,809
8,428	153	—	22,860
(7,468)	(9)	—	(17,968)
(695)	(248)	—	(1,621)
\$ (9,274)	\$ (460)	\$ —	\$ (16,262)
\$ 318	\$ 6	\$ 429	\$ 6,407
\$ 318	\$ 6	\$ 429	\$ 6,407
\$ (57,405)	\$ 475	\$ (1,140)	\$ 49,753
\$ 112,409	\$ 19,662	\$ 24,065	\$ 460,103
\$ 55,004	\$ 20,137	\$ 22,925	\$ 509,856
\$ 211,889	\$ 35,480	\$ 3,240	\$ 362,490
\$ 12,647	\$ 676	\$ 37	\$ 21,191
—	(45)	(3,342)	(3,387)
(8,644)	(1,955)	450	(14,948)
—	(90)	—	(92)
2,106	—	(20)	2,507
257,598	7,921	652	271,138
(11,274)	(223)	49	(20,494)
—	—	(1,906)	28
2,884	(30)	7	2,948
(7,306)	(3)	37	(6,849)
1,148	(105)	(1)	989
(73,506)	(133)	(46)	(73,684)
(385,881)	(8,084)	(726)	(399,608)
\$ (210,228)	\$ (2,071)	\$ (4,809)	\$ (220,261)
\$ 1,661	\$ 33,409	\$ (1,569)	\$ 142,229
\$ —	\$ 2,887	\$ —	\$ 2,887



State of Minnesota

2020 Comprehensive Annual Financial Report

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, 2020
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
ASSETS			
Cash and Cash Equivalent Investments.....	\$ 3,968	\$ 285	\$ 69
Investment Pools, at fair value:			
Cash Equivalent Investments.....	\$ 764,355	\$ 70,172	\$ 12,737
Investments.....	13,134,901	1,158,540	204,984
Accrued Interest and Dividends.....	23,193	2,046	362
Securities Trades Receivables (Payables).....	(112,270)	(9,902)	(1,753)
Total Investment Pool Participation.....	\$ 13,810,179	\$ 1,220,856	\$ 216,330
Receivables:			
Interfund Receivables.....	\$ 10,034	\$ 1	\$ —
Other Receivables.....	24,972	4,139	501
Total Receivables.....	\$ 35,006	\$ 4,140	\$ 501
Securities Lending Collateral.....	\$ 971,730	\$ 85,710	\$ 15,165
Depreciable Capital Assets (Net).....	14,630	—	—
Nondepreciable Capital Assets.....	88	—	—
Total Assets.....	\$ 14,835,601	\$ 1,310,991	\$ 232,065
LIABILITIES			
Accounts Payable.....	\$ 3,670	\$ 235	\$ 42
Interfund Payables.....	1	913	110
Accrued Expense.....	—	—	—
Revenue Bonds Payable.....	2,454	—	—
Bond Interest.....	—	—	—
Compensated Absences Payable.....	1,217	—	—
Securities Lending Liabilities.....	971,730	85,710	15,165
Other Liabilities.....	837	596	10
Total Liabilities.....	\$ 979,909	\$ 87,454	\$ 15,327
NET POSITION			
Net Position Restricted for Pensions.....	\$ 13,855,692	\$ 1,223,537	\$ 216,738

MINNESOTA STATE RETIREMENT SYSTEM					
LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION
\$ 363	\$ 113	\$ 35	\$ 1,455	\$ 106	\$ 7,925
\$ —	\$ 44,034	\$ 14,634	\$ 381,333	\$ 31,407	\$ 113,808
—	716,635	145,140	917,677	299,192	7,603,505
—	1,266	5	131	11	39
—	(6,127)	—	—	—	—
\$ —	\$ 755,808	\$ 159,779	\$ 1,299,141	\$ 330,610	\$ 7,717,352
\$ —	\$ —	\$ —	\$ 36	\$ —	\$ —
2	2,035	6	7,899	886	13,010
\$ 2	\$ 2,035	\$ 6	\$ 7,935	\$ 886	\$ 13,010
\$ —	\$ 53,017	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
\$ 365	\$ 810,973	\$ 159,820	\$ 1,308,531	\$ 331,602	\$ 7,738,287
\$ 3	\$ 141	\$ 39	\$ 976	\$ 38	\$ 1,001
348	219	17	6,197	843	1,734
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	53,017	—	—	—	—
14	6	—	117	—	512
\$ 365	\$ 53,383	\$ 56	\$ 7,290	\$ 881	\$ 3,247
\$ —	\$ 757,590	\$ 159,764	\$ 1,301,241	\$ 330,721	\$ 7,735,040

CONTINUED

STATE OF MINNESOTA
PENSION TRUST FUNDS (CONTINUED)
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
ASSETS			
Cash and Cash Equivalent Investments.....	\$ 2,320	\$ 2,204	\$ 255
Investment Pools, at fair value:			
Cash Equivalent Investments.....	\$ 1,249,786	\$ 500,104	\$ 43,704
Investments.....	21,489,375	8,521,654	748,069
Accrued Interest and Dividends.....	37,945	15,048	1,321
Securities Trades Receivables (Payables).....	(183,682)	(72,840)	(6,394)
Total Investment Pool Participation.....	\$ 22,593,424	\$ 8,963,966	\$ 786,700
Receivables:			
Interfund Receivables.....	\$ 1,515	\$ 64	\$ 8
Other Receivables.....	38,144	13,084	904
Total Receivables.....	\$ 39,659	\$ 13,148	\$ 912
Securities Lending Collateral.....	\$ 1,589,801	\$ 630,439	\$ 55,343
Depreciable Capital Assets (Net).....	5,827	—	—
Nondepreciable Capital Assets.....	170	—	—
Total Assets.....	\$ 24,231,201	\$ 9,609,757	\$ 843,210
LIABILITIES			
Accounts Payable.....	\$ 5,595	\$ 4,927	\$ 195
Interfund Payables.....	72	931	350
Accrued Expense.....	—	—	—
Revenue Bonds Payable.....	3,258	—	—
Bond Interest.....	—	—	—
Compensated Absences Payable.....	1,016	—	—
Securities Lending Liabilities.....	1,589,801	630,439	55,343
Other Liabilities.....	—	—	—
Total Liabilities.....	\$ 1,599,742	\$ 636,297	\$ 55,888
NET POSITION			
Net Position Restricted for Pensions.....	\$ 22,631,459	\$ 8,973,460	\$ 787,322

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
\$ —	\$ 559	\$ 11,336	\$ —	\$ 30,993
\$ 9,629	\$ 5,306	\$ 1,341,686	\$ —	\$ 4,582,695
112,470	73,990	21,509,275	2,247,535	78,882,942
372	147	38,320	—	120,206
(4,447)	(1,478)	(183,685)	—	(582,578)
\$ 118,024	\$ 77,965	\$ 22,705,596	\$ 2,247,535	\$ 83,003,265
\$ —	\$ —	\$ —	\$ —	\$ 11,658
145	122	22,822	—	128,671
\$ 145	\$ 122	\$ 22,822	\$ —	\$ 140,329
\$ —	\$ —	\$ 1,591,273	\$ —	\$ 4,992,478
—	—	16,947	—	37,404
—	—	171	—	429
\$ 118,169	\$ 78,646	\$ 24,348,145	\$ 2,247,535	\$ 88,204,898
\$ 42	\$ 87	\$ 7,685	\$ —	\$ 24,676
—	234	—	—	11,969
—	—	54	—	54
—	—	3,209	—	8,921
—	—	4	—	4
—	—	924	—	3,157
—	—	1,591,273	—	4,992,478
—	—	—	—	2,092
\$ 42	\$ 321	\$ 1,603,149	\$ —	\$ 5,043,351
\$ 118,127	\$ 78,325	\$ 22,744,996	\$ 2,247,535	\$ 83,161,547

STATE OF MINNESOTA
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES
IN NET POSITION
YEAR ENDED JUNE 30, 2020
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
Additions:			
Contributions:			
Employer.....	\$ 204,006	\$ 43,658	\$ 11,766
Member.....	197,897	26,734	4,168
Contributions From Other Sources.....	—	—	—
Total Contributions.....	\$ 401,903	\$ 70,392	\$ 15,934
Net Investment Income (Loss):			
Investment Income (Loss).....	\$ 577,735	\$ 50,307	\$ 9,083
Less: Investment Expenses.....	(12,731)	(1,111)	(200)
Net Investment Income (Loss).....	\$ 565,004	\$ 49,196	\$ 8,883
Securities Lending Revenues (Expenses):			
Securities Lending Income.....	\$ 17,275	\$ 1,524	\$ 270
Securities Lending Rebates and Fees.....	(12,610)	(1,112)	(197)
Net Securities Lending Revenue.....	\$ 4,665	\$ 412	\$ 73
Total Investment Income (Loss).....	\$ 569,669	\$ 49,608	\$ 8,956
Transfers-In.....	\$ 21,606	\$ —	\$ 6,000
Other Additions.....	197	—	—
Total Additions.....	\$ 993,375	\$ 120,000	\$ 30,890
Deductions:			
Benefits.....	\$ 885,518	\$ 77,045	\$ 26,272
Refunds and Withdrawals.....	13,725	2,488	30
Administrative Expenses.....	10,283	924	112
Transfers-Out.....	448	—	—
Total Deductions.....	\$ 909,974	\$ 80,457	\$ 26,414
Net Increase (Decrease).....	\$ 83,401	\$ 39,543	\$ 4,476
Net Position Restricted for Pensions, Beginning, as Reported.....	\$ 13,772,291	\$ 1,183,994	\$ 212,262
Change in Reporting Entity.....	—	—	—
Change in Fund Structure.....	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated.....	\$ 13,772,291	\$ 1,183,994	\$ 212,262
Net Position Restricted for Pensions, Ending.....	\$ 13,855,692	\$ 1,223,537	\$ 216,738

MINNESOTA STATE RETIREMENT SYSTEM						
LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION	
\$ —	\$ 21,975	\$ 88	\$ —	\$ 7,832	\$ —	
87	12,595	88	155,367	7,438	313,601	
—	—	—	—	—	—	
\$ 87	\$ 34,570	\$ 176	\$ 155,367	\$ 15,270	\$ 313,601	
\$ —	\$ 31,514	\$ 10,173	\$ 49,104	\$ 19,358	\$ 302,268	
—	(696)	(61)	(493)	(125)	(2,929)	
\$ —	\$ 30,818	\$ 10,112	\$ 48,611	\$ 19,233	\$ 299,339	
\$ —	\$ 943	\$ —	\$ —	\$ —	\$ —	
—	(688)	—	—	—	—	
\$ —	\$ 255	\$ —	\$ —	\$ —	\$ —	
\$ —	\$ 31,073	\$ 10,112	\$ 48,611	\$ 19,233	\$ 299,339	
\$ 8,764	\$ —	\$ —	\$ —	\$ 448	\$ —	
—	1,000	90	5,795	207	4,560	
\$ 8,851	\$ 66,643	\$ 10,378	\$ 209,773	\$ 35,158	\$ 617,500	
\$ 8,812	\$ 61,859	\$ 7,211	\$ 87,488	\$ —	\$ 61,618	
—	112	3,871	—	4,836	313,524	
39	226	187	12,726	671	10,373	
—	—	—	—	21,606	—	
\$ 8,851	\$ 62,197	\$ 11,269	\$ 100,214	\$ 27,113	\$ 385,515	
\$ —	\$ 4,446	\$ (891)	\$ 109,559	\$ 8,045	\$ 231,985	
\$ —	\$ 753,144	\$ 160,655	\$ 1,191,682	\$ 322,676	\$ 7,503,055	
—	—	—	—	—	—	
—	—	—	—	—	—	
\$ —	\$ 753,144	\$ 160,655	\$ 1,191,682	\$ 322,676	\$ 7,503,055	
\$ —	\$ 757,590	\$ 159,764	\$ 1,301,241	\$ 330,721	\$ 7,735,040	

CONTINUED

STATE OF MINNESOTA

PENSION TRUST FUNDS (CONTINUED)
COMBINING STATEMENT OF CHANGES
IN NET POSITION
YEAR ENDED JUNE 30, 2020
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
Additions:			
Contributions:			
Employer.....	\$ 509,821	\$ 193,819	\$ 19,043
Member.....	435,419	123,525	12,692
Contributions From Other Sources.....	—	—	—
Total Contributions.....	\$ 945,240	\$ 317,344	\$ 31,735
Net Investment Income (Loss):			
Investment Income (Loss).....	\$ 944,204	\$ 374,156	\$ 32,218
Less: Investment Expenses.....	(20,795)	(8,234)	(710)
Net Investment Income (Loss).....	\$ 923,409	\$ 365,922	\$ 31,508
Securities Lending Revenues (Expenses):			
Securities Lending Income.....	\$ 28,263	\$ 11,208	\$ 984
Securities Lending Rebates and Fees.....	(20,631)	(8,181)	(718)
Net Securities Lending Revenue.....	\$ 7,632	\$ 3,027	\$ 266
Total Investment Income (Loss).....	\$ 931,041	\$ 368,949	\$ 31,774
Transfers-In.....	\$ 16,000	\$ 13,500	\$ —
Other Additions.....	267	260	—
Total Additions.....	\$ 1,892,548	\$ 700,053	\$ 63,509
Deductions:			
Benefits.....	\$ 1,604,842	\$ 567,040	\$ 17,569
Refunds and Withdrawals.....	84,947	3,181	2,709
Administrative Expenses.....	12,268	924	332
Transfers-Out.....	—	—	—
Total Deductions.....	\$ 1,702,057	\$ 571,145	\$ 20,610
Net Increase (Decrease).....	\$ 190,491	\$ 128,908	\$ 42,899
Net Position Restricted for Pensions, Beginning, as Reported.....	\$ 22,440,968	\$ 8,844,552	\$ 744,423
Change in Reporting Entity.....	—	—	—
Change in Fund Structure.....	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated.....	\$ 22,440,968	\$ 8,844,552	\$ 744,423
Net Position Restricted for Pensions, Ending.....	\$ 22,631,459	\$ 8,973,460	\$ 787,322

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
\$ 1,468	\$ 2,160	\$ 425,223	\$ 45,555	\$ 1,486,414
—	2,002	396,679	45,178	1,733,470
—	—	6,342	3,952	10,294
\$ 1,468	\$ 4,162	\$ 828,244	\$ 94,685	\$ 3,230,178
\$ 7,838	\$ 5,291	\$ 953,036	\$ 106,093	\$ 3,472,378
(232)	(64)	(20,927)	—	(69,308)
\$ 7,606	\$ 5,227	\$ 932,109	\$ 106,093	\$ 3,403,070
\$ —	\$ —	\$ 28,289	\$ —	\$ 88,756
—	—	(20,650)	—	(64,787)
\$ —	\$ —	\$ 7,639	\$ —	\$ 23,969
\$ 7,606	\$ 5,227	\$ 939,748	\$ 106,093	\$ 3,427,039
\$ 4,580	\$ —	\$ 31,087	\$ —	\$ 101,985
355	—	1,560	—	14,291
\$ 14,009	\$ 9,389	\$ 1,800,639	\$ 200,778	\$ 6,773,493
\$ 7,057	\$ —	\$ 1,900,650	\$ 112,903	\$ 5,425,884
28	3,971	15,657	—	449,079
298	234	15,391	1,617	66,605
—	—	—	—	22,054
\$ 7,383	\$ 4,205	\$ 1,931,698	\$ 114,520	\$ 5,963,622
\$ 6,626	\$ 5,184	\$ (131,059)	\$ 86,258	\$ 809,871
\$ 107,514	\$ 73,141	\$ 22,876,055	\$ 2,161,277	\$ 82,347,689
3,440	—	—	—	3,440
547	—	—	—	547
\$ 111,501	\$ 73,141	\$ 22,876,055	\$ 2,161,277	\$ 82,351,676
\$ 118,127	\$ 78,325	\$ 22,744,996	\$ 2,247,535	\$ 83,161,547





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, 2020****(IN THOUSANDS)**

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
ASSETS			
Investment Pools, at fair value:			
Cash Equivalent Investments.....	\$ 18,964	\$ 19,764	\$ 38,728
Investments.....	664,105	442,826	1,106,931
Accrued Interest and Dividends.....	1,233	880	2,113
Securities Trades Receivables (Payables).....	(9,929)	(266)	(10,195)
Total Investment Pool Participation.....	\$ 674,373	\$ 463,204	\$ 1,137,577
Total Assets.....	\$ 674,373	\$ 463,204	\$ 1,137,577
NET POSITION			
Net Position Restricted for Pooled Investments.....	\$ 674,373	\$ 463,204	\$ 1,137,577

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES
IN PLAN NET POSITION
YEAR ENDED JUNE 30, 2020
(IN THOUSANDS)

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
Additions:			
Contributions:			
Participating Plans	\$ 9,722	\$ 3,128	\$ 12,850
Total Contributions	\$ 9,722	\$ 3,128	\$ 12,850
Net Investment Income (Loss):			
Investment Income (Loss)	\$ 35,988	\$ 33,121	\$ 69,109
Less: Investment Expenses	(455)	(117)	(572)
Net Investment Income (Loss)	\$ 35,533	\$ 33,004	\$ 68,537
Total Additions	\$ 45,255	\$ 36,132	\$ 81,387
Deductions:			
Refunds and Withdrawals	\$ 31,476	\$ 10,049	\$ 41,525
Administrative Expenses	40	39	79
Total Deductions	\$ 31,516	\$ 10,088	\$ 41,604
Net Increase (Decrease)	\$ 13,739	\$ 26,044	\$ 39,783
Net Position Restricted for Pooled Investments, Beginning, as Reported	\$ 660,350	\$ 437,160	\$ 1,097,510
Change in Reporting Entity	831	—	831
Change in Fund Structure	(547)	—	(547)
Net Position Restricted for Pooled Investments, Beginning, as Restated	\$ 660,634	\$ 437,160	\$ 1,097,794
Net Position Restricted for Pooled Investments, Ending	\$ 674,373	\$ 463,204	\$ 1,137,577





State of Minnesota

Agency Fund

Agency Fund

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

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STATE OF MINNESOTA**AGENCY FUND****STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****YEAR ENDED JUNE 30, 2020****(IN THOUSANDS)**

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
ASSETS				
Cash and Cash Equivalent Investments.....	\$ 126,340	\$ 824,132	\$ 757,890	\$ 192,582
Accounts Receivable.....	55,485	52,692	55,485	52,692
Total Assets.....	<u>\$ 181,825</u>	<u>\$ 876,824</u>	<u>\$ 813,375</u>	<u>\$ 245,274</u>
LIABILITIES				
Accounts Payable.....	\$ 181,825	\$ 876,824	\$ 813,375	\$ 245,274
Total Liabilities.....	<u>\$ 181,825</u>	<u>\$ 876,824</u>	<u>\$ 813,375</u>	<u>\$ 245,274</u>



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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, 2019 and JUNE 30, 2020 (IN THOUSANDS)

ASSETS	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY
Current Assets:			
Cash and Cash Equivalents	\$ 1,775	\$ 440	\$ 34,900
Investments	—	—	4,999
Accounts Receivable	—	—	4,389
Due from Primary Government	—	149,660	—
Accrued Investment/Interest Income	107	—	—
Federal Aid Receivable	—	—	—
Inventories	—	—	—
Loans and Notes Receivable	118	—	—
Prepaid Expenses	—	16	969
Other Assets	—	—	—
Total Current Assets	\$ 2,000	\$ 150,116	\$ 45,257
Noncurrent Assets:			
Cash and Cash Equivalents-Restricted	\$ —	\$ —	\$ 21,468
Investments-Restricted	22,280	—	—
Due from Primary Government	—	—	—
Investments	—	—	—
Accounts Receivable	—	—	—
Loans and Notes Receivable	—	—	—
Depreciable Capital Assets (Net)	—	—	921,827
Nondepreciable Capital Assets	—	—	32,041
Prepaid Expenses	—	—	1,345
Total Noncurrent Assets	\$ 22,280	\$ —	\$ 976,681
Total Assets	\$ 24,280	\$ 150,116	\$ 1,021,938
DEFERRED OUTFLOWS OF RESOURCES			
Bond Refunding	\$ —	\$ —	\$ —
Deferred Pension Outflows	—	—	477
Deferred Other Postemployment Benefits Outflows	—	—	—
Total Deferred Outflows of Resources	\$ —	\$ —	\$ 477
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ —	\$ 42	\$ 3,650
Due to Primary Government	—	—	—
Unearned Revenue	—	414	30,139
Accrued Interest Payable	—	—	—
Bonds and Notes Payable	—	—	—
Capital Leases Payable	—	—	—
Claims Payable	—	149,660	—
Compensated Absences Payable	—	—	83
Other Liabilities	—	—	—
Total Current Liabilities	\$ —	\$ 150,116	\$ 33,872
Noncurrent Liabilities:			
Due to Primary Government	\$ —	\$ —	\$ —
Unearned Revenue	—	—	6,533
Bonds and Notes Payable	—	—	—
Capital Leases Payable	—	—	—
Claims Payable	—	—	—
Compensated Absences Payable	1	—	68
Other Postemployment Benefits	—	—	—
Net Pension Liability	—	—	225
Funds Held in Trust	—	—	122
Other Liabilities	—	—	—
Total Noncurrent Liabilities	\$ 1	\$ —	\$ 6,948
Total Liabilities	\$ 1	\$ 150,116	\$ 40,820
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	\$ —	\$ —	\$ —
Deferred Pension Inflows	—	—	1,042
Deferred Other Postemployment Benefits Inflows	—	—	—
Total Deferred Inflows of Resources	\$ —	\$ —	\$ 1,042
NET POSITION			
Net Investment in Capital Assets	\$ —	\$ —	\$ 953,868
Restricted-Expendable	—	—	21,846
Unrestricted	24,279	—	4,839
Total Net Position	\$ 24,279	\$ —	\$ 980,553

NATIONAL SPORTS CENTER FOUNDATION	OFFICE OF HIGHER EDUCATION	PUBLIC FACILITIES AUTHORITY	RURAL FINANCE AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	TOTAL
\$ 2,329	\$ 275,899	\$ 366,874	\$ 22,003	\$ 10,256	\$ 714,476
—	—	772	—	292,110	297,881
1,021	1,779	—	—	47,966	55,155
40	77	668	—	—	150,445
—	198	10,823	—	1,015	12,143
—	—	1,332	—	—	1,332
48	—	—	—	—	48
67	76,444	163,165	9,993	—	249,787
717	—	—	—	2,999	4,701
—	—	—	—	134	134
<u>\$ 4,222</u>	<u>\$ 354,397</u>	<u>\$ 543,634</u>	<u>\$ 31,996</u>	<u>\$ 354,480</u>	<u>\$ 1,486,102</u>
\$ —	\$ 314,948	\$ —	\$ —	\$ —	\$ 336,416
—	—	—	—	—	22,280
—	—	2,902	—	—	2,902
—	—	8,232	—	—	8,232
—	—	—	—	395,852	395,852
567	393,108	1,618,933	87,501	—	2,100,109
7,272	1,204	—	—	—	930,303
4,457	—	—	—	—	36,498
—	—	—	—	—	1,345
<u>\$ 12,296</u>	<u>\$ 709,260</u>	<u>\$ 1,630,067</u>	<u>\$ 87,501</u>	<u>\$ 395,852</u>	<u>\$ 3,833,937</u>
<u>\$ 16,518</u>	<u>\$ 1,063,657</u>	<u>\$ 2,173,701</u>	<u>\$ 119,497</u>	<u>\$ 750,332</u>	<u>\$ 5,320,039</u>
\$ —	\$ —	\$ 7,011	\$ —	\$ —	\$ 7,011
—	3,061	1,438	—	—	4,976
—	23	—	—	—	23
<u>\$ —</u>	<u>\$ 3,084</u>	<u>\$ 8,449</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,010</u>
\$ 2,106	\$ 4,267	\$ 8,467	\$ —	\$ 3,884	\$ 22,416
—	210	—	6,744	24,353	31,307
812	—	—	—	14,935	46,300
—	1,604	9,259	—	—	10,863
970	—	86,605	—	—	87,575
54	—	—	—	—	54
—	—	—	—	62,291	211,951
—	58	55	—	—	196
—	303	3	—	—	306
<u>\$ 3,942</u>	<u>\$ 6,442</u>	<u>\$ 104,389</u>	<u>\$ 6,744</u>	<u>\$ 105,463</u>	<u>\$ 410,968</u>
\$ —	\$ —	\$ —	\$ 90,382	\$ —	\$ 90,382
—	—	—	—	—	6,533
3,404	501,085	555,220	—	—	1,059,709
73	—	—	—	—	73
—	—	—	—	594,869	594,869
—	593	395	—	—	1,057
—	395	—	—	—	395
—	1,896	890	—	—	3,011
—	—	—	—	—	122
250	—	—	—	—	250
<u>\$ 3,727</u>	<u>\$ 503,969</u>	<u>\$ 556,505</u>	<u>\$ 90,382</u>	<u>\$ 594,869</u>	<u>\$ 1,756,401</u>
<u>\$ 7,669</u>	<u>\$ 510,411</u>	<u>\$ 660,894</u>	<u>\$ 97,126</u>	<u>\$ 700,332</u>	<u>\$ 2,167,369</u>
\$ —	\$ 12,415	\$ —	\$ —	\$ —	\$ 12,415
—	6,409	3,008	—	—	10,459
—	43	—	—	—	43
<u>\$ —</u>	<u>\$ 18,867</u>	<u>\$ 3,008</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 22,917</u>
\$ 10,721	\$ 1,204	\$ —	\$ —	\$ —	\$ 965,793
—	540,117	1,515,117	—	4,672	2,081,752
(1,872)	(3,858)	3,131	22,371	45,328	94,218
<u>\$ 8,849</u>	<u>\$ 537,463</u>	<u>\$ 1,518,248</u>	<u>\$ 22,371</u>	<u>\$ 50,000</u>	<u>\$ 3,141,763</u>

STATE OF MINNESOTA

NONMAJOR COMPONENT UNIT FUNDS

COMBINING STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 and JUNE 30, 2020

(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY
Net Expenses:			
Total Expenses	\$ 64	\$ 150,033	\$ 99,360
Program Revenues:			
Charges for Services	\$ 20	\$ —	\$ 32,074
Operating Grants and Contributions	—	150,031	9,317
Capital Grants and Contributions	—	—	28,765
Net (Expense) Revenue	\$ (44)	\$ (2)	\$ (29,204)
General Revenues:			
Taxes	\$ —	\$ —	\$ 1,836
Investment Income (Loss)	819	—	175
Other Revenues	—	2	—
Total General Revenues before Grants	\$ 819	\$ 2	\$ 2,011
State Grants Not Restricted	—	—	—
Total General Revenues	\$ 819	\$ 2	\$ 2,011
Change in Net Position	\$ 775	\$ —	\$ (27,193)
Net Position, Beginning, as Reported	\$ 23,504	\$ —	\$ 1,007,746
Net Position, Ending	\$ 24,279	\$ —	\$ 980,553

NATIONAL SPORTS CENTER FOUNDATION	OFFICE OF HIGHER EDUCATION	PUBLIC FACILITIES AUTHORITY	RURAL FINANCE AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	TOTAL
\$ 16,648	\$ 278,835	\$ 107,553	\$ 1,350	\$ 62,199	\$ 716,042
\$ 13,946	\$ 19,245	\$ 30,579	\$ 3,561	\$ 37,375	\$ 136,800
—	11,578	78,424	—	—	249,350
—	—	—	—	—	28,765
\$ (2,702)	\$ (248,012)	\$ 1,450	\$ 2,211	\$ (24,824)	\$ (301,127)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,836
—	—	—	—	26,051	27,045
5,466	—	—	—	—	5,468
\$ 5,466	\$ —	\$ —	\$ —	\$ 26,051	\$ 34,349
—	258,073	80,822	—	—	338,895
\$ 5,466	\$ 258,073	\$ 80,822	\$ —	\$ 26,051	\$ 373,244
\$ 2,764	\$ 10,061	\$ 82,272	\$ 2,211	\$ 1,227	\$ 72,117
\$ 6,085	\$ 527,402	\$ 1,435,976	\$ 20,160	\$ 48,773	\$ 3,069,646
\$ 8,849	\$ 537,463	\$ 1,518,248	\$ 22,371	\$ 50,000	\$ 3,141,763

STATE OF MINNESOTA**NONMAJOR COMPONENT UNITS****NOT ISSUING SEPARATELY AUDITED FINANCIAL STATEMENTS****COMBINING STATEMENT OF REVENUES, EXPENSES****AND CHANGES IN NET POSITION****YEAR ENDED JUNE 30, 2020****(IN THOUSANDS)**

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Operating Revenues:			
Loan Interest Income.....	\$ 10	\$ 3,557	\$ 3,567
Rental and Service Fees.....	—	2	2
Other Income.....	10	2	12
Total Operating Revenues.....	\$ 20	\$ 3,561	\$ 3,581
Operating Expenses:			
Economic and Manpower Development.....	\$ 64	\$ 1,350	\$ 1,414
Total Operating Expenses.....	\$ 64	\$ 1,350	\$ 1,414
Operating Income (Loss).....	\$ (44)	\$ 2,211	\$ 2,167
Nonoperating Revenues (Expenses):			
Investment/Interest Income (Loss).....	\$ 819	\$ —	\$ 819
Total Nonoperating Revenues (Expenses).....	\$ 819	\$ —	\$ 819
Change in Net Position.....	\$ 775	\$ 2,211	\$ 2,986
Net Position, Beginning, as Reported.....	\$ 23,504	\$ 20,160	\$ 43,664
Net Position, Ending.....	\$ 24,279	\$ 22,371	\$ 46,650

STATE OF MINNESOTA

NONMAJOR COMPONENT UNITS

NOT ISSUING SEPARATELY AUDITED FINANCIAL STATEMENTS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 36	\$ 14,043	\$ 14,079
Receipts from Other Revenues	2	19,724	19,726
Payments to Customers	—	(18,044)	(18,044)
Payments to Suppliers	(52)	—	(52)
Payments to Employees	(10)	—	(10)
Payments to Others	—	(11,699)	(11,699)
Net Cash Flows from Operating Activities	<u>\$ (24)</u>	<u>\$ 4,024</u>	<u>\$ 4,000</u>
Cash Flows from Investing Activities:			
Proceeds from Sales and Maturities of Investments	\$ 10,005	\$ —	\$ 10,005
Purchase of Investments	(10,707)	—	(10,707)
Investment Interest	481	—	481
Net Cash Flows from Investing Activities	<u>\$ (221)</u>	<u>\$ —</u>	<u>\$ (221)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (245)</u>	<u>\$ 4,024</u>	<u>\$ 3,779</u>
Cash and Cash Equivalents, Beginning, as Reported	<u>\$ 2,020</u>	<u>\$ 17,979</u>	<u>\$ 19,999</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 1,775</u></u>	<u><u>\$ 22,003</u></u>	<u><u>\$ 23,778</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	<u>\$ (44)</u>	<u>\$ 2,211</u>	<u>\$ 2,167</u>
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Loans Receivable	\$ 20	\$ (6,977)	\$ (6,957)
Due to Primary Government	—	8,790	8,790
Net Reconciling Items to be Added to (Deducted from) Operating Income	<u>\$ 20</u>	<u>\$ 1,813</u>	<u>\$ 1,833</u>
Net Cash Flows from Operating Activities	<u><u>\$ (24)</u></u>	<u><u>\$ 4,024</u></u>	<u><u>\$ 4,000</u></u>





State of Minnesota

General Obligation Debt Schedule

2020
Comprehensive
Annual
Financial Report



GENERAL OBLIGATION BONDS AUTHORIZED, ISSUED AND UNISSUED
June 30, 2020
(In Thousands)

Purpose of Issue	Law Authorizing	Total Authorization	Previously Issued as Par Bonds	Previously Issued as Premium⁽¹⁾	Remaining Authorization
Various Purpose ^{5, 19, 23}	X2002, Ch. 1	\$ 15,055	\$ 14,755	\$ —	\$ 300
Various Purpose ^{3, 5, 7, 8, 10, 12, 15, 17, 18, 21}	2005, Ch. 20	913,666	913,241	418	7
Various Purpose ^{3, 7, 8, 10, 12, 17, 18, 21, 22}	2006, Ch. 258	989,879	989,098	781	—
Trunk Highway ^{2, 3, 7, 8, 12, 18}	2008, Ch. 152	1,780,700	1,727,573	—	53,127
Various Purpose ^{2, 3, 7, 8, 10, 12, 15, 18, 20}	2008, Ch. 179	788,261	785,467	2,480	314
Various Purpose ^{2, 3, 7, 8, 10, 13, 18}	2009, Ch. 93	255,265	250,155	3,380	1,730
Various Purpose ^{2, 3, 7, 8, 10, 16}	2010, Ch. 189	707,518	694,368	12,521	629
Various Purpose ^{3, 7, 8, 10, 14}	X2010, Ch. 1	31,090	27,408	2,195	1,487
Various Purpose ^{2, 3, 4, 7}	X2011, Ch. 12	548,417	524,881	22,956	580
Trunk Highway ^{2, 3, 11}	2012, Ch. 287	17,510	17,485	—	25
Various Purpose ^{2, 3, 7}	2012, Ch. 293	562,547	510,973	46,969	4,605
Various Purpose ^{2, 3, 7}	X2012, Ch. 1	52,500	45,871	6,629	—
Trunk Highway ^{2, 3, 12}	2013, Ch. 117	300,080	300,080	—	—
Various Purpose ³	2013, Ch. 136	171,973	149,528	20,072	2,373
Various Purpose ^{2, 3, 4, 5, 9}	2014, Ch. 294	889,143	724,932	141,698	22,513
Various Purpose ²	X2015, Ch. 5	189,781	141,713	30,057	18,011
Trunk Highway	X2015, Ch. 5	140,140	127,198	—	12,942
Trunk Highway ⁶	X2017, Ch. 3	940,940	230,000	—	710,940
Various Purpose	X2017, Ch. 8	1,038,510	636,576	126,624	275,310
Various Purpose	2018, Ch. 214	893,699	340,749	64,651	488,299
Trunk Highway	2018, Ch. 214	416,608	—	—	416,608
Various Purpose	2019, Ch. 2	102,402	23,982	6,018	72,402
Various Purpose	2020, Ch. 67	50,050	—	—	50,050
Totals		\$ 11,795,734	\$ 9,176,033	\$ 487,449	\$ 2,132,252

⁽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, 2020, 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 will cancel effective on July 1, 2020. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2008, Chapter 179 by \$36,992; Laws 2009, Chapter 93 by \$193,587; Laws 2010, Chapter 189 by \$7; Special Session Laws 2011, Chapter 12 by \$80,340; Laws 2012, Chapter 293 by \$623,883; Special Session Laws 2012, Chapter 1 by \$216,234; Laws 2014, Chapter 294 by \$500,073; and Special Session Laws 2015, Chapter 5 by 915,847. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by \$1,070,472; Laws 2012, Chapter 287 by \$685; and Laws 2013, Chapter 117 by \$4,864.

⁽³⁾ 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 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.

- (4) 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.
- (5) Special Session Laws 2017, Chapter 8, Article 1 reduced Various Purpose Bonds authorized in 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 7 below, on May 31, 2017, rather than the statutory cancellation date of July 1, 2017.
- (6) 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.
- (7) 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.
- (8) 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 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.
- (9) Special Session Laws 2015, Chapter 5, Article 1 reduced Various Purpose Bonds authorized in Laws 2014, Chapter 294 by \$50,000.
- (10) Laws 2014, Chapter 294 reduced Various Purpose Bonds authorized in 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.
- (11) Laws 2014, Chapter 312, Article 9 increased Trunk Highway Bonds authorized in Laws 2012, Chapter 287 by \$1,493,000.
- (12) 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 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.
- (13) Laws 2013, Chapter 136 reduced Various Purpose Bonds authorized in Laws 2009, Chapter 93 by \$2,000,000.
- (14) Special Session Laws 2012, Chapter 1 reduced Various Purpose Bonds authorized in Special Session Laws 2010, Chapter 1 by \$2,133,000.
- (15) 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.
- (16) 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.
- (17) 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 2005, Chapter 20 by \$2,697,899; and Laws 2006, Chapter 258 by \$6,481,965.
- (18) 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.

- ⁽¹⁹⁾ 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 Special Session Laws 2002, Chapter 1 by \$178,656.
- ⁽²⁰⁾ Laws 2008, Chapter 365 reduced the Various Purpose Bond authorization in Laws 2008, Chapter 179 by \$223,588,000.
- ⁽²¹⁾ 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.
- ⁽²²⁾ Laws 2007, Chapter 45 reduced the Various Purpose Bond authorization in Laws 2006, Chapter 258 by \$150,000.
- ⁽²³⁾ 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 Special Session Laws 2002, Chapter 1 by \$863,386.



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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.



2020 Comprehensive Annual Financial Report
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Schedule 1 - Net Position by Component
Last Ten Years
Accrual Basis of Accounting
(In Thousands)

	2011	2012	2013	2014
Governmental Activities:				
Net Investment in Capital Assets.....	\$ 9,304,511	\$ 10,010,130	\$ 10,376,465	\$ 11,125,938
Restricted.....	3,396,243	3,546,397	4,050,489	5,508,417
Unrestricted.....	(2,310,765)	(2,762,715)	(1,958,703)	(2,448,395)
Total Governmental Activities Net Position.....	<u>\$ 10,389,989</u>	<u>\$ 10,793,812</u>	<u>\$ 12,468,251</u>	<u>\$ 14,185,960</u>
Business-type Activities:				
Net Investment in Capital Assets.....	\$ 1,352,739	\$ 1,394,303	\$ 1,456,939	\$ 1,489,631
Restricted.....	643,700	1,252,075	1,899,250	2,279,417
Unrestricted.....	(82,907)	(6,409)	(8,257)	(8,450)
Total Business-type Activities Net Position.....	<u>\$ 1,913,532</u>	<u>\$ 2,639,969</u>	<u>\$ 3,347,932</u>	<u>\$ 3,760,598</u>
Primary Government:				
Net Investment in Capital Assets.....	\$ 10,657,250	\$ 11,404,433	\$ 11,833,404	\$ 12,615,569
Restricted.....	4,039,943	4,798,472	5,949,739	7,787,834
Unrestricted.....	(2,393,672)	(2,769,124)	(1,966,960)	(2,456,845)
Total Primary Government Net Position.....	<u>\$ 12,303,521</u>	<u>\$ 13,433,781</u>	<u>\$ 15,816,183</u>	<u>\$ 17,946,558</u>

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.

2015	2016	2017	2018	2019	2020
\$ 11,768,063	\$ 12,421,870	\$ 12,659,739	\$ 13,318,601	\$ 14,068,082	\$ 14,765,807
5,392,483	5,633,354	5,523,662	6,566,430	6,895,583	7,187,903
(5,452,119)	(4,891,314)	(4,947,153)	(5,535,152)	(3,363,575)	(3,090,229)
\$ 11,708,427	\$ 13,163,910	\$ 13,236,248	\$ 14,349,879	\$ 17,600,090	\$ 18,863,481
\$ 1,510,882	\$ 1,620,835	\$ 1,650,940	\$ 1,634,807	\$ 1,659,114	\$ 1,694,373
1,992,311	2,120,972	1,896,802	1,973,820	2,078,645	761,014
(120,013)	(65,830)	(252,631)	(398,341)	(108,526)	(104,030)
\$ 3,383,180	\$ 3,675,977	\$ 3,295,111	\$ 3,210,286	\$ 3,629,233	\$ 2,351,357
\$ 13,278,945	\$ 14,042,705	\$ 14,310,679	\$ 14,953,408	\$ 15,727,196	\$ 16,460,180
7,384,794	7,754,326	7,420,464	8,540,250	8,974,228	7,948,917
(5,572,132)	(4,957,144)	(5,199,784)	(5,933,493)	(3,472,101)	(3,194,259)
\$ 15,091,607	\$ 16,839,887	\$ 16,531,359	\$ 17,560,165	\$ 21,229,323	\$ 21,214,838

Schedule 2 - Changes in Net Position
Accrual Basis of Accounting
Last Ten Years
(In Thousands)

	2011	2012	2013	2014
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Agricultural, Environmental and Energy Resources	\$ 369,400	\$ 384,593	\$ 326,696	\$ 350,950
Economic and Workforce Development	46,764	59,481	40,093	60,754
General Education	19,403	23,418	24,120	22,042
General Government	265,022	249,824	381,788	279,835
Health and Human Services	424,670	399,963	520,216	380,644
Higher Education	3	636	346	337
Public Safety and Corrections	157,201	159,882	157,198	158,690
Transportation	21,782	19,146	30,280	28,386
Operating Grants and Contributions:				
Health and Human Services	6,664,535	6,342,736	6,844,284	7,371,378
All Others	2,706,074	2,040,575	2,318,910	2,407,201
Capital Grants and Contributions	203,750	137,497	172,725	250,709
Total Governmental Activities Program Revenues	<u>\$ 10,878,604</u>	<u>\$ 9,817,751</u>	<u>\$ 10,816,656</u>	<u>\$ 11,310,926</u>
Business-type Activities:				
Charges for Services:				
State Colleges and Universities	\$ 851,754	\$ 848,541	\$ 851,377	\$ 824,190
Unemployment Insurance	1,211,352	1,444,622	1,469,936	1,188,214
Lottery	504,514	520,049	560,448	531,550
All Others	260,247	274,825	272,822	333,425
Operating Grants and Contributions	1,697,323	1,113,581	710,153	551,820
Capital Grants and Contributions	1,515	—	—	—
Total Business-type Activities Program Revenues	<u>\$ 4,526,705</u>	<u>\$ 4,201,618</u>	<u>\$ 3,864,736</u>	<u>\$ 3,429,199</u>
Total Primary Government Program Revenues	<u>\$ 15,405,309</u>	<u>\$ 14,019,369</u>	<u>\$ 14,681,392</u>	<u>\$ 14,740,125</u>
Expenses:				
Governmental Activities:				
Agricultural, Environmental and Energy Resources	\$ 969,947	\$ 916,001	\$ 954,721	\$ 955,339
Economic and Workforce Development	695,050	543,680	571,265	641,424
General Education	7,499,159	7,890,863	8,207,311	9,048,212
General Government	832,859	860,883	971,198	1,013,415
Health and Human Services	12,205,662	12,433,172	13,107,913	13,608,672
Higher Education	892,921	778,389	849,510	912,083
Intergovernmental Aid	1,339,943	1,358,521	1,269,078	1,291,075
Public Safety and Corrections	976,261	952,585	970,095	998,054
Transportation	2,843,127	2,280,481	2,683,545	2,685,688
Interest	322,773	506,909	218,218	177,244
Total Governmental Activities Expenses	<u>\$ 28,577,702</u>	<u>\$ 28,521,484</u>	<u>\$ 29,802,854</u>	<u>\$ 31,331,206</u>
Business-type Activities:				
State Colleges and Universities	\$ 1,903,985	\$ 1,816,268	\$ 1,891,779	\$ 1,936,061
Unemployment Insurance	2,228,405	1,490,943	1,060,431	888,665
Lottery	382,759	396,590	425,541	404,705
Other	269,880	270,276	288,146	350,729
Total Business-type Activities Expenses	<u>\$ 4,785,029</u>	<u>\$ 3,974,077</u>	<u>\$ 3,665,897</u>	<u>\$ 3,580,160</u>
Total Primary Government Expenses	<u>\$ 33,362,731</u>	<u>\$ 32,495,561</u>	<u>\$ 33,468,751</u>	<u>\$ 34,911,366</u>

Source: The state's Comprehensive Annual Financial Report for the relevant year.

2015		2016		2017		2018		2019		2020	
\$	401,687	\$	355,269	\$	430,333	\$	1,314,147	\$	470,015	\$	476,082
	57,819		58,939		58,317		55,573		56,817		68,912
	22,136		22,646		23,477		21,845		19,141		14,146
	305,057		327,487		340,021		347,661		337,288		374,497
	397,520		389,068		410,726		472,831		510,739		435,071
	315		20		—		5		—		73
	161,205		159,549		155,843		152,465		151,911		186,460
	23,811		114,667		73,111		104,674		82,142		87,393
	8,350,067		8,716,931		9,048,622		9,606,414		9,980,653		10,308,028
	2,205,884		2,215,444		2,309,582		2,283,111		2,598,278		2,867,720
	170,102		194,056		142,942		115,974		235,522		238,623
\$	12,095,603	\$	12,554,076	\$	12,992,974	\$	14,474,700	\$	14,442,506	\$	15,057,005
\$	815,508	\$	835,447	\$	833,494	\$	829,982	\$	820,489	\$	794,020
	937,851		820,322		585,523		775,863		767,805		975,380
	546,812		592,806		563,507		596,453		636,806		668,547
	351,662		389,807		425,937		492,551		524,301		567,379
	525,297		481,563		456,997		445,338		437,587		4,436,859
	—		—		—		—		28		14
\$	3,177,130	\$	3,119,945	\$	2,865,458	\$	3,140,187	\$	3,187,016	\$	7,442,199
\$	15,272,733	\$	15,674,021	\$	15,858,432	\$	17,614,887	\$	17,629,522	\$	22,499,204
\$	932,235	\$	1,013,148	\$	1,254,115	\$	1,369,950	\$	1,153,557	\$	1,254,084
	677,044		658,893		806,872		769,021		619,817		787,975
	9,087,613		9,434,928		9,836,193		10,172,185		10,516,190		10,900,070
	1,153,921		1,151,991		1,589,095		1,438,678		756,146		1,443,784
	14,977,278		15,551,493		16,357,755		17,351,698		17,514,760		18,485,278
	912,909		976,351		987,375		1,032,885		1,087,101		1,009,104
	1,583,636		1,626,833		1,644,215		1,699,020		1,867,341		1,780,630
	985,399		1,005,349		1,360,363		1,296,548		974,208		1,191,908
	2,898,216		2,814,456		2,998,902		3,287,843		3,283,888		3,441,636
	291,983		305,017		291,679		224,558		246,462		239,792
\$	33,500,234	\$	34,538,459	\$	37,126,564	\$	38,642,386	\$	38,019,470	\$	40,534,261
\$	1,905,845	\$	1,910,435	\$	2,204,067	\$	2,174,240	\$	1,795,697	\$	2,088,956
	726,529		801,670		785,137		754,269		731,132		6,298,163
	410,237		446,860		429,843		455,374		477,974		513,558
	408,408		383,012		476,331		495,581		467,022		569,862
\$	3,451,019	\$	3,541,977	\$	3,895,378	\$	3,879,464	\$	3,471,825	\$	9,470,539
\$	36,951,253	\$	38,080,436	\$	41,021,942	\$	42,521,850	\$	41,491,295	\$	50,004,800

Schedule 2 - Changes in Net Position (continued)
Accrual Basis of Accounting
Last Ten Years
(In Thousands)

	2011	2012	2013	2014
Net (Expense)/Revenue:				
Governmental Activities	\$ (17,699,098)	\$ (18,703,733)	\$ (18,986,198)	\$ (20,020,280)
Business-type Activities	(258,324)	227,541	198,839	(150,961)
Total Primary Government Net Expense	<u>\$ (17,957,422)</u>	<u>\$ (18,476,192)</u>	<u>\$ (18,787,359)</u>	<u>\$ (20,171,241)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual Income Taxes	\$ 7,883,583	\$ 8,409,530	\$ 9,209,954	\$ 9,915,021
Corporate Income Taxes	1,204,521	953,428	1,242,912	1,308,578
Sales Taxes	4,760,684	4,849,514	5,004,330	5,283,785
Property Taxes	771,020	809,044	831,316	823,949
Motor Vehicle Taxes	1,074,769	1,150,343	1,241,242	1,312,982
Fuel Taxes	851,245	849,955	860,837	883,619
Other Taxes	2,192,739	2,253,625	2,436,828	2,489,475
Tobacco Settlement	172,207	166,154	171,338	175,386
Unallocated Investment/Interest Income	19,836	12,873	23,129	26,728
Other Revenues	139,406	133,285	128,115	27,339
Transfers	(584,171)	(480,195)	(489,364)	(520,134)
Total Government Activities	<u>\$ 18,485,839</u>	<u>\$ 19,107,556</u>	<u>\$ 20,660,637</u>	<u>\$ 21,726,728</u>
Business-type Activities:				
Unallocated Investment/Interest Income	\$ 7,058	\$ 6,567	\$ 17,545	\$ 33,688
Other Revenues	18,765	12,134	2,215	9,107
Transfers	584,171	480,195	489,364	520,134
Total Business-type Activities	<u>\$ 609,994</u>	<u>\$ 498,896</u>	<u>\$ 509,124</u>	<u>\$ 562,929</u>
Total Primary Government General Revenues	<u>\$ 19,095,833</u>	<u>\$ 19,606,452</u>	<u>\$ 21,169,761</u>	<u>\$ 22,289,657</u>
Changes in Net Position:				
Governmental Activities	\$ 786,741	\$ 403,823	\$ 1,674,439	\$ 1,706,448
Change in Accounting Principle	—	—	—	11,959
Change in Fund Structure	(58,916)	—	—	(698)
Business-type Activities	351,670	726,437	707,963	411,968
Changes in Accounting Principle	—	—	—	—
Change in Fund Structure	58,916	—	—	698
Total Primary Government Change in Net Position	<u>\$ 1,138,411</u>	<u>\$ 1,130,260</u>	<u>\$ 2,382,402</u>	<u>\$ 2,130,375</u>

Source: The state's Comprehensive Annual Financial Report for the relevant year.

2015	2016	2017	2018	2019	2020
\$ (21,404,631)	\$ (21,984,383)	\$ (24,133,590)	\$ (24,167,686)	\$ (23,576,964)	\$ (25,477,256)
(273,889)	(422,032)	(1,029,920)	(739,277)	(284,809)	(2,028,340)
<u>\$ (21,678,520)</u>	<u>\$ (22,406,415)</u>	<u>\$ (25,163,510)</u>	<u>\$ (24,906,963)</u>	<u>\$ (23,861,773)</u>	<u>\$ (27,505,596)</u>

\$ 10,607,930	\$ 10,969,019	\$ 11,307,961	\$ 12,125,496	\$ 12,693,113	\$ 12,754,820
1,507,608	1,361,681	1,270,423	1,343,290	1,606,928	1,638,366
5,469,773	5,534,870	5,779,685	5,995,103	6,275,369	6,408,680
839,939	846,216	850,240	823,551	820,829	781,471
1,395,872	1,428,134	1,518,531	1,566,759	1,626,285	1,622,413
908,278	904,424	917,834	936,618	931,329	882,917
2,651,969	2,801,323	2,833,543	2,964,339	3,056,301	3,019,463
170,424	170,179	165,244	165,089	166,137	150,729
25,378	35,289	66,639	94,641	156,000	127,253
63,101	50,574	87,096	75,201	137,949	51,292
(554,346)	(661,843)	(591,268)	(626,435)	(643,065)	(696,757)
<u>\$ 23,085,926</u>	<u>\$ 23,439,866</u>	<u>\$ 24,205,928</u>	<u>\$ 25,463,652</u>	<u>\$ 26,827,175</u>	<u>\$ 26,740,647</u>

\$ 40,583	\$ 44,919	\$ 45,796	\$ 50,457	\$ 59,959	\$ 53,677
7,028	8,067	11,990	4,249	732	30
554,346	661,843	591,268	626,435	643,065	696,757
<u>\$ 601,957</u>	<u>\$ 714,829</u>	<u>\$ 649,054</u>	<u>\$ 681,141</u>	<u>\$ 703,756</u>	<u>\$ 750,464</u>
<u>\$ 23,687,883</u>	<u>\$ 24,154,695</u>	<u>\$ 24,854,982</u>	<u>\$ 26,144,793</u>	<u>\$ 27,530,931</u>	<u>\$ 27,491,111</u>

\$ 1,681,295	\$ 1,455,483	\$ 72,338	\$ 1,295,966	\$ 3,250,211	\$ 1,263,391
(4,158,828)	—	—	(175,330)	—	—
—	—	—	(7,005)	—	—
328,068	292,797	(380,866)	(58,136)	418,947	(1,277,876)
(705,486)	—	—	(33,694)	—	—
—	—	—	7,005	—	—
<u>\$ (2,854,951)</u>	<u>\$ 1,748,280</u>	<u>\$ (308,528)</u>	<u>\$ 1,028,806</u>	<u>\$ 3,669,158</u>	<u>\$ (14,485)</u>

Schedule 3 - Fund Balances - Governmental Funds
Last Ten Years
Modified Accrual Basis of Accounting
(In Thousands)

	2011	2012	2013	2014
General Fund:				
Nonspendable.....	\$ 579,800	\$ 625,689	\$ 750,071	\$ 912,814
Restricted.....	171,033	148,483	105,581	128,025
Committed.....	—	—	—	—
Assigned.....	—	—	219,562	231,559
Unassigned.....	(721,567)	(818,928)	252,474	576,549
Total General Fund.....	<u>\$ 29,266</u>	<u>\$ (44,756)</u>	<u>\$ 1,327,688</u>	<u>\$ 1,848,947</u>
All Other Governmental Funds:				
Nonspendable.....	\$ 833,403	\$ 892,478	\$ 992,738	\$ 1,154,936
Restricted.....	2,450,612	2,300,043	2,754,222	4,011,252
Committed.....	382,939	561,628	714,304	642,573
Assigned.....	2,306	642,158	1,152	199,900
Unassigned.....	(19,905)	(97,404)	—	—
Total All Other Governmental Funds.....	<u>\$ 3,649,355</u>	<u>\$ 4,298,903</u>	<u>\$ 4,462,416</u>	<u>\$ 6,008,661</u>
Total Governmental Funds.....	<u><u>\$ 3,678,621</u></u>	<u><u>\$ 4,254,147</u></u>	<u><u>\$ 5,790,104</u></u>	<u><u>\$ 7,857,608</u></u>

Source: The state's Comprehensive Annual Financial Report for the relevant year.

2015	2016	2017	2018	2019	2020
\$ 931,595	\$ 929,967	\$ 1,034,219	\$ 1,121,875	\$ 1,229,393	\$ 1,306,394
119,108	180,272	86,942	83,409	93,570	98,995
—	—	—	—	62,221	55,698
322,780	365,054	757,056	1,830,239	2,124,922	2,121,691
840,405	1,641,798	1,610,516	1,759,000	2,175,460	1,971,923
<u>\$ 2,213,888</u>	<u>\$ 3,117,091</u>	<u>\$ 3,488,733</u>	<u>\$ 4,876,523</u>	<u>\$ 5,685,566</u>	<u>\$ 5,554,701</u>
\$ 1,224,853	\$ 1,275,357	\$ 1,369,443	\$ 1,442,020	\$ 1,568,078	\$ 1,683,667
3,708,694	3,482,136	3,629,229	4,618,092	4,719,005	4,737,831
861,685	709,828	952,613	688,673	663,729	804,708
682,373	598,110	548,454	24,072	53,513	38,483
—	—	—	—	—	(3,485)
<u>\$ 6,477,605</u>	<u>\$ 6,065,431</u>	<u>\$ 6,499,739</u>	<u>\$ 6,772,857</u>	<u>\$ 7,004,325</u>	<u>\$ 7,261,204</u>
<u><u>\$ 8,691,493</u></u>	<u><u>\$ 9,182,522</u></u>	<u><u>\$ 9,988,472</u></u>	<u><u>\$ 11,649,380</u></u>	<u><u>\$ 12,689,891</u></u>	<u><u>\$ 12,815,905</u></u>

Schedule 4 - Changes in Fund Balances - Governmental Funds
Last Ten Years
Modified Accrual Basis of Accounting
(In Thousands)

	2011	2012	2013	2014
Revenues:				
Individual Income Taxes.....	\$ 7,828,818	\$ 8,267,608	\$ 9,257,352	\$ 9,859,403
Corporate Income Taxes.....	1,135,193	996,524	1,273,112	1,302,563
Sales Taxes.....	4,681,525	4,871,038	5,028,616	5,281,384
Property Taxes.....	766,926	813,723	817,895	830,759
Motor Vehicle Taxes.....	1,074,769	1,150,343	1,241,242	1,312,837
Fuel Taxes.....	852,765	851,410	861,780	882,649
Federal Revenues.....	9,134,775	8,241,573	8,893,572	9,465,563
Other Taxes and Revenues.....	4,249,437	4,101,994	4,550,709	4,654,510
Total Revenues.....	<u>\$ 29,724,208</u>	<u>\$ 29,294,213</u>	<u>\$ 31,924,278</u>	<u>\$ 33,589,668</u>
Expenditures:				
Agricultural, Environmental and Energy Resources.....	\$ 1,022,523	\$ 904,313	\$ 961,993	\$ 951,403
Economic and Workforce Development.....	720,542	588,847	623,810	647,590
General Education.....	7,494,180	7,885,111	8,201,852	9,042,621
General Government.....	787,042	747,209	825,528	900,517
Health and Human Services.....	12,184,063	12,412,737	13,091,238	13,587,375
Higher Education.....	892,947	777,958	849,506	911,986
Intergovernmental Aid.....	1,317,185	1,358,520	1,269,078	1,291,075
Public Safety and Corrections.....	911,490	893,858	909,426	939,855
Transportation.....	2,673,915	2,300,784	2,610,632	2,630,645
Securities Lending Rebates and Fees.....	89	—	—	—
Capital Outlay.....	699,583	573,631	646,086	939,987
Debt Service:				
Principal.....	347,934	467,870	326,989	410,450
Interest.....	349,326	571,656	295,231	251,606
Total Expenditures.....	<u>\$ 29,400,819</u>	<u>\$ 29,482,494</u>	<u>\$ 30,611,369</u>	<u>\$ 32,505,110</u>
Excess of Revenues Over (Under) Expenditures.....	<u>\$ 323,389</u>	<u>\$ (188,281)</u>	<u>\$ 1,312,909</u>	<u>\$ 1,084,558</u>
Other Financing Sources (Uses):				
Bond Issuance.....	\$ 843,496	\$ 1,517,849	\$ 1,296,087	\$ 1,348,259
Certificates of Participation Issuance.....	—	—	—	—
Loan Proceeds.....	677	—	1,597	—
Issuance of Refunding Bonds.....	907,785	—	—	373,940
Payment to Refunded Bonds Escrow Agent.....	(907,785)	(400,775)	(768,450)	(373,940)
Bond Issue Premium.....	233,570	142,273	200,932	180,783
Net Transfers-In (Out).....	(557,776)	(495,540)	(507,118)	(546,096)
Net Other Financing Sources (Uses).....	<u>\$ 519,967</u>	<u>\$ 763,807</u>	<u>\$ 223,048</u>	<u>\$ 982,946</u>
Change in Inventory.....	1,898	—	—	—
Change in Fund Structure.....	(58,916)	—	—	—
Net Changes in Fund Balances.....	<u><u>\$ 786,338</u></u>	<u><u>\$ 575,526</u></u>	<u><u>\$ 1,535,957</u></u>	<u><u>\$ 2,067,504</u></u>
Debt Service as a Percentage of Non-capital Expenditures.....	2.4 %	3.6 %	2.1 %	2.1 %

Source: The state's Comprehensive Annual Financial report for the relevant year.

2015	2016	2017	2018	2019	2020
\$ 10,640,365	\$ 11,013,385	\$ 11,263,573	\$ 12,082,631	\$ 12,674,858	\$ 12,329,724
1,503,461	1,414,531	1,272,913	1,327,533	1,613,373	1,620,684
5,455,081	5,558,870	5,792,017	5,993,944	6,264,666	6,387,889
836,257	855,032	848,463	819,654	811,117	772,876
1,395,959	1,428,000	1,518,624	1,566,752	1,626,429	1,622,106
908,740	904,475	917,956	936,543	930,988	884,788
10,303,369	10,724,013	11,043,070	11,529,973	12,183,673	12,910,072
4,660,862	4,792,065	5,092,983	6,172,623	5,635,967	5,401,771
<u>\$ 35,704,094</u>	<u>\$ 36,690,371</u>	<u>\$ 37,749,599</u>	<u>\$ 40,429,653</u>	<u>\$ 41,741,071</u>	<u>\$ 41,929,910</u>
\$ 951,901	\$ 1,008,712	\$ 1,035,953	\$ 1,173,902	\$ 1,224,420	\$ 1,303,941
694,016	720,340	756,386	721,636	762,380	821,081
9,088,463	9,438,526	9,801,245	10,142,699	10,545,012	10,896,959
1,066,108	1,022,298	978,292	967,045	978,388	1,009,413
15,018,706	15,556,280	16,039,287	17,087,873	17,881,072	18,537,691
912,947	976,387	987,714	1,032,901	1,087,158	1,009,076
1,583,636	1,626,833	1,644,215	1,699,020	1,867,341	1,780,630
965,508	974,864	1,046,709	1,067,492	1,168,970	1,188,951
2,883,144	2,840,880	2,772,542	3,093,871	3,385,926	3,411,652
—	—	—	—	—	—
1,090,210	1,183,985	870,595	669,165	840,378	881,527
598,590	650,190	647,020	655,751	614,384	618,931
365,231	390,603	392,195	380,418	339,397	351,773
<u>\$ 35,218,460</u>	<u>\$ 36,389,898</u>	<u>\$ 36,972,153</u>	<u>\$ 38,691,773</u>	<u>\$ 40,694,826</u>	<u>\$ 41,811,625</u>
<u>\$ 485,634</u>	<u>\$ 300,473</u>	<u>\$ 777,446</u>	<u>\$ 1,737,880</u>	<u>\$ 1,046,245</u>	<u>\$ 118,285</u>
\$ 720,300	\$ 670,905	\$ 491,129	\$ 449,188	\$ 603,407	\$ 621,347
80,100	—	—	—	—	—
—	—	769	2,887	—	—
153,905	391,555	310,565	404,880	—	27,570
(153,905)	(391,555)	(310,565)	(404,880)	—	(27,570)
123,666	163,418	155,376	137,078	79,169	130,449
(575,815)	(643,767)	(618,770)	(666,622)	(688,310)	(744,067)
<u>\$ 348,251</u>	<u>\$ 190,556</u>	<u>\$ 28,504</u>	<u>\$ (77,469)</u>	<u>\$ (5,734)</u>	<u>\$ 7,729</u>
—	—	—	—	—	—
—	—	—	497	—	—
<u>\$ 833,885</u>	<u>\$ 491,029</u>	<u>\$ 805,950</u>	<u>\$ 1,660,908</u>	<u>\$ 1,040,511</u>	<u>\$ 126,014</u>
2.8 %	3.0 %	2.9 %	2.7 %	2.4 %	2.4 %

Schedule 5 - Revenue Base
Estimated Personal Income by Industry
Last Ten Calendar Years
(In Thousands)

	2010	2011	2012	2013
Farm Earnings.....	\$ 3,287,574	\$ 4,497,149	\$ 6,234,574	\$ 6,055,896
Nonfarm Earnings:				
Private Earnings:				
Forestry, Fishing, Related Activities.....	\$ 321,147	\$ 313,714	\$ 377,581	\$ 375,183
Mining.....	944,822	1,175,135	1,195,976	940,241
Utilities.....	1,548,536	1,696,883	1,598,936	1,753,610
Construction.....	7,919,310	8,610,456	9,695,487	10,307,393
Manufacturing:				
Durable Goods Manufacturing.....	13,983,671	14,945,794	15,477,077	15,769,874
Nondurable Goods Manufacturing.....	6,998,774	7,376,995	7,865,499	7,976,017
Wholesale trade.....	10,849,264	11,521,480	12,015,927	12,457,480
Retail Trade.....	9,414,354	9,838,374	10,267,848	10,568,505
Transportation and Warehousing.....	5,206,575	5,752,355	5,944,742	6,131,364
Information.....	4,367,170	4,554,992	4,501,266	4,506,448
Finance and Insurance.....	12,738,316	13,498,147	16,305,898	15,853,822
Real Estate and Rental and Leasing.....	2,311,487	2,835,593	3,766,233	4,020,944
Professional and Technical Services.....	13,235,346	14,232,902	14,850,286	15,577,864
Management of Companies and Enterprises.....	9,151,495	9,380,832	9,729,235	10,194,587
Administrative and Waste Services.....	5,201,266	5,659,208	5,769,149	5,871,881
Educational Services.....	2,600,327	2,729,144	2,796,682	2,766,270
Health Care and Social Assistance.....	21,994,737	22,453,534	23,162,318	24,004,913
Arts, Entertainment, and Recreation.....	1,396,561	1,427,418	1,446,421	1,576,030
Accommodation and Food Services.....	3,749,606	4,028,151	4,314,959	4,480,084
Other Services, Except Public Administration.....	5,836,609	6,040,975	6,294,864	6,401,623
Total Private Earnings.....	\$ 139,769,373	\$ 148,072,082	\$ 157,376,384	\$ 161,534,133
Government and Government Enterprises:				
Federal, Civilian.....	\$ 2,991,515	\$ 3,024,745	\$ 3,007,494	\$ 2,978,551
Military.....	846,077	784,391	748,232	709,513
State and Local.....	21,178,166	20,989,028	21,119,824	21,944,845
Total Government and Government Enterprises.....	\$ 25,015,758	\$ 24,798,164	\$ 24,875,550	\$ 25,632,909
Total Nonfarm Earnings.....	\$ 164,785,131	\$ 172,870,246	\$ 182,251,934	\$ 187,167,042
Total Earnings By Industry.....	\$ 168,072,705	\$ 177,367,395	\$ 188,486,508	\$ 193,222,938
Derivation of Personal Income:				
Earnings by Place of Work.....	\$ 168,072,705	\$ 177,367,395	\$ 188,486,508	\$ 193,222,938
Other Personal Income ⁽¹⁾	55,627,488	61,270,680	65,534,021	62,816,834
Personal Income.....	\$ 223,700,193	\$ 238,638,075	\$ 254,020,529	\$ 256,039,772

⁽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, 2020 for calendar year 2019.

2014	2015	2016	2017	2018	2019
\$ 3,957,930	\$ 3,436,873	\$ 2,134,638	\$ 492,804	\$ 1,852,217	\$ 2,846,797
\$ 372,518	\$ 405,253	\$ 424,616	\$ 434,528	\$ 481,398	\$ 477,302
836,803	711,097	567,153	598,939	759,190	838,794
1,819,167	1,813,182	1,872,657	1,831,635	1,908,942	1,964,871
11,256,047	12,199,335	12,845,658	13,656,541	13,978,979	14,825,124
16,463,894	17,276,885	17,438,243	17,929,229	18,601,711	19,143,064
8,866,827	9,169,634	9,357,227	9,404,043	9,604,543	10,220,779
12,670,150	13,096,562	12,945,024	14,803,153	14,349,985	14,830,395
10,934,279	11,384,942	11,789,700	11,927,427	12,326,763	12,583,008
6,468,497	6,743,929	7,336,944	8,010,476	8,380,010	8,958,186
4,720,952	4,851,528	4,689,082	4,911,711	4,899,737	5,103,172
15,939,115	16,821,074	16,837,111	18,327,349	19,603,029	20,294,860
4,248,409	4,464,110	3,983,710	3,996,742	3,629,490	3,773,705
16,890,612	17,816,158	19,890,779	20,579,819	21,484,286	22,009,990
10,605,646	10,841,476	10,879,965	11,677,068	12,000,032	13,531,826
6,229,435	6,499,176	6,924,327	7,654,637	7,593,887	7,823,540
2,865,504	2,918,287	3,085,382	3,157,217	3,251,508	3,417,599
24,990,069	26,435,203	28,175,658	29,831,013	31,256,560	32,320,602
1,884,804	2,004,934	2,212,728	2,274,522	2,631,950	2,567,039
4,746,770	5,159,435	5,517,804	5,810,628	6,015,044	6,210,891
6,886,532	7,151,982	7,369,166	7,766,344	7,956,699	8,338,454
\$ 169,696,030	\$ 177,764,182	\$ 184,142,934	\$ 194,583,021	\$ 200,713,743	\$ 209,233,201
\$ 3,039,703	\$ 3,169,588	\$ 3,254,830	\$ 3,341,625	\$ 3,501,023	\$ 3,551,617
665,703	623,320	657,201	653,478	706,250	758,605
22,804,710	23,628,074	24,423,598	25,166,437	26,343,997	26,752,970
\$ 26,510,116	\$ 27,420,982	\$ 28,335,629	\$ 29,161,540	\$ 30,551,270	\$ 31,063,192
\$ 196,206,146	\$ 205,185,164	\$ 212,478,563	\$ 223,744,561	\$ 231,265,013	\$ 240,296,393
\$ 200,164,076	\$ 208,622,037	\$ 214,613,201	\$ 224,237,365	\$ 233,117,230	\$ 243,143,190
\$ 200,164,076	\$ 208,622,037	\$ 214,613,201	\$ 224,237,365	\$ 233,117,230	\$ 243,143,190
68,365,869	71,784,447	72,636,608	78,903,906	89,610,344	88,658,735
\$ 268,529,945	\$ 280,406,484	\$ 287,249,809	\$ 303,141,271	\$ 322,727,574	\$ 331,801,925

Schedule 6 - Revenue Rates
Tax Rates and Taxable Income Brackets for 2011 through 2020

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

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

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 2011 through 2020 (continued)

Tax Year 2016								
	<u>5.35% Up To</u>	<u>7.05%</u>			<u>7.85%</u>			<u>9.85% Over</u>
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								
	<u>5.35% Up To</u>	<u>7.05%</u>			<u>7.85%</u>			<u>9.85% Over</u>
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								
	<u>5.35% Up To</u>	<u>7.05%</u>			<u>7.85%</u>			<u>9.85% Over</u>
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								
	<u>5.35% Up To</u>	<u>6.80%</u>			<u>7.85%</u>			<u>9.85% Over</u>
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

Tax Year 2020								
	<u>5.35% Up To</u>	<u>6.80%</u>			<u>7.85%</u>			<u>9.85% Over</u>
Married Joint.....	\$ 39,410	\$ 39,411	—	\$ 156,570	\$ 156,571	—	\$ 273,470	\$ 273,470
Married Separate.....	19,705	19,706	—	78,285	78,286	—	136,735	136,735
Single.....	26,960	26,961	—	88,550	88,551	—	164,400	164,400
Head of Household.....	33,190	33,191	—	133,360	133,361	—	218,540	218,540



Schedule 7 - Principal Tax Payers
Personal Income Tax Filers and Liability by Income Level
Calendar Years 2009 and 2018

Calendar Year 2009

Federal Adjusted Gross Income	Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability ⁽¹⁾	Percent of Total
\$ — — \$ 4,999	255,921	10.03 %	\$ 2,055,060	0.03 %
5,000 — 9,999	211,172	8.28 %	6,360,809	0.10 %
10,000 — 19,999	343,055	13.45 %	65,284,888	1.02 %
20,000 — 29,999	298,455	11.70 %	162,711,135	2.54 %
30,000 — 39,999	245,313	9.62 %	242,366,207	3.78 %
40,000 — 49,999	205,189	8.05 %	309,989,000	4.84 %
50,000 — 99,999	628,363	24.64 %	1,759,377,575	27.45 %
100,000 — 249,999	309,325	12.13 %	2,102,277,927	32.80 %
250,000 — 499,999	35,110	1.38 %	651,286,597	10.16 %
500,000 & Over	18,522	0.73 %	1,108,403,637	17.30 %
Total	2,550,425	100.01 %	\$ 6,410,112,835	100.00 %

Calendar Year 2018

Federal Adjusted Gross Income	Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability ⁽¹⁾	Percent of Total
\$ — — \$ 4,999	189,377	6.65 %	\$ 11,230,863	0.10 %
5,000 — 9,999	164,787	5.79 %	4,385,317	0.04 %
10,000 — 19,999	295,537	10.38 %	49,799,162	0.43 %
20,000 — 29,999	288,494	10.13 %	145,489,765	1.25 %
30,000 — 39,999	281,160	9.87 %	265,238,332	2.28 %
40,000 — 49,999	233,166	8.19 %	345,481,943	2.97 %
50,000 — 99,999	726,833	25.52 %	2,043,806,143	17.55 %
100,000 — 249,999	543,850	19.09 %	3,838,797,852	32.96 %
250,000 — 499,999	83,450	2.93 %	1,683,042,784	14.45 %
500,000 & Over	41,778	1.48 %	3,258,226,087	27.99 %
Total	2,848,432	100.00 %	\$ 11,645,498,248	100.00 %

⁽¹⁾ Minnesota Income Tax Liability before refundable tax credits.

Source: Minnesota Department of Revenue, Individual Income Tax Sample. Calendar year 2018 is the most recent year available.

Schedule 8 - Ratios of Outstanding and General Bonded Debt

Last Ten Years (In Thousands)

	2011	2012	2013	2014
Governmental Activities:				
General Obligation Bonds ⁽¹⁾	\$ 5,814,900	\$ 5,772,034	\$ 6,157,536	\$ 6,649,907
Revenue Bonds ⁽¹⁾	12,055	794,574	10,260	47,255
State Appropriation Bonds ⁽¹⁾	—	—	774,770	1,230,408
Loans	31,583	28,612	35,982	28,610
Capital Leases	151,156	144,319	115,300	106,821
Certificates of Participation ⁽¹⁾	79,408	70,742	49,440	41,981
Total Governmental Activities	<u>\$ 6,089,102</u>	<u>\$ 6,810,281</u>	<u>\$ 7,143,288</u>	<u>\$ 8,104,982</u>
Business-type Activities:				
General Obligation Bonds ⁽¹⁾	\$ 260,618	\$ 249,636	\$ 250,321	\$ 256,886
Revenue Bonds ⁽¹⁾	375,409	431,952	470,498	444,231
Loans	465,280	5,015	4,414	3,635
Capital Leases	46,168	40,137	35,281	30,519
Total Business-type Activities	<u>\$ 1,147,475</u>	<u>\$ 726,740</u>	<u>\$ 760,514</u>	<u>\$ 735,271</u>
Total Debt to the Primary Government	<u>\$ 7,236,577</u>	<u>\$ 7,537,021</u>	<u>\$ 7,903,802</u>	<u>\$ 8,840,253</u>
Less: Set Aside to Repay General Debt	<u>\$ (463,165)</u>	<u>\$ (301,320)</u>	<u>\$ (383,740)</u>	<u>\$ (604,165)</u>
Net Debt to the Primary Government	<u><u>\$ 6,773,412</u></u>	<u><u>\$ 7,235,701</u></u>	<u><u>\$ 7,520,062</u></u>	<u><u>\$ 8,236,088</u></u>
Total Personal Income	\$ 223,700,193	\$ 238,638,075	\$ 254,020,529	\$ 256,039,772
Ratio of Total Debt to Personal Income	3.23 %	3.16 %	3.11 %	3.45 %
Per Capita Total Outstanding Debt (Actual Dollars)	\$ 1,363	\$ 1,409	\$ 1,469	\$ 1,631
Ratio of Net General Obligation Debt to Personal Income	2.51 %	2.40 %	2.37 %	2.46 %
Per Capita Net General Obligation Debt (Actual Dollars)	\$ 1,057	\$ 1,069	\$ 1,120	\$ 1,163

⁽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 24, 2020 for calendar year 2019.

2015	2016	2017	2018	2019	2020
\$ 6,885,776	\$ 7,043,943	\$ 6,999,510	\$ 6,867,284	\$ 6,924,502	\$ 7,025,411
44,757	42,103	39,365	36,795	34,150	31,410
1,175,677	1,128,706	1,090,895	1,048,439	997,488	944,767
24,966	23,337	23,252	41,770	51,182	55,395
98,512	89,854	80,881	71,576	61,864	51,702
125,875	115,870	104,875	93,425	81,709	79,038
<u>\$ 8,355,563</u>	<u>\$ 8,443,813</u>	<u>\$ 8,338,778</u>	<u>\$ 8,159,289</u>	<u>\$ 8,150,895</u>	<u>\$ 8,187,723</u>
\$ 260,431	\$ 253,671	\$ 238,637	\$ 227,901	\$ 223,190	\$ 214,906
460,484	431,289	392,070	351,871	309,803	266,519
3,794	4,842	2,552	11,030	10,358	13,398
25,968	21,635	26,996	13,741	9,494	5,351
<u>\$ 750,677</u>	<u>\$ 711,437</u>	<u>\$ 660,255</u>	<u>\$ 604,543</u>	<u>\$ 552,845</u>	<u>\$ 500,174</u>
<u>\$ 9,106,240</u>	<u>\$ 9,155,250</u>	<u>\$ 8,999,033</u>	<u>\$ 8,763,832</u>	<u>\$ 8,703,740</u>	<u>\$ 8,687,897</u>
<u>\$ (605,850)</u>	<u>\$ (613,385)</u>	<u>\$ (625,870)</u>	<u>\$ (611,595)</u>	<u>\$ (619,740)</u>	<u>\$ (615,705)</u>
<u><u>\$ 8,500,390</u></u>	<u><u>\$ 8,541,865</u></u>	<u><u>\$ 8,373,163</u></u>	<u><u>\$ 8,152,237</u></u>	<u><u>\$ 8,084,000</u></u>	<u><u>\$ 8,072,192</u></u>
\$ 268,529,945	\$ 280,406,484	\$ 287,249,809	\$ 303,141,271	\$ 322,727,574	\$ 331,801,925
3.39 %	3.26 %	3.13 %	2.89 %	2.70 %	2.62 %
\$ 1,670	\$ 1,670	\$ 1,630	\$ 1,571	\$ 1,551	\$ 1,540
2.44 %	2.38 %	2.30 %	2.14 %	2.02 %	2.00 %
\$ 1,199	\$ 1,219	\$ 1,198	\$ 1,163	\$ 1,163	\$ 1,175

Schedule 9 - Pledged Revenue Coverage
Last Ten Fiscal Years (In Thousands)

	2011	2012	2013	2014
State University Board Revenue				
Segment of College and University Enterprise Fund				
Gross Revenues ⁽¹⁾	\$ 108,102	\$ 111,168	\$ 109,368	\$ 109,857
Less: Operating Expenses ⁽²⁾	(72,391)	(74,432)	(78,410)	(81,624)
Net Available Revenue	<u>\$ 35,711</u>	<u>\$ 36,736</u>	<u>\$ 30,958</u>	<u>\$ 28,233</u>
Debt Service:				
Principal	\$ 7,870	\$ 7,545	\$ 11,575	\$ 12,425
Interest	8,070	11,889	11,129	12,452
Total Debt Service	<u>\$ 15,940</u>	<u>\$ 19,434</u>	<u>\$ 22,704</u>	<u>\$ 24,877</u>
Coverage	2.24	1.89	1.36	1.13
Vermillion Community College⁽³⁾ and Itasca Community College Student Housing				
Segments of College and University Enterprise Fund				
Gross Revenues ⁽¹⁾	\$ 667	\$ 690	\$ 450	\$ 473
Less: Operating Expenses ⁽²⁾	(348)	(334)	(205)	(230)
Net Available Revenue	<u>\$ 319</u>	<u>\$ 356</u>	<u>\$ 245</u>	<u>\$ 243</u>
Debt Service:				
Principal	\$ 155	\$ 165	\$ 95	\$ 130
Interest	134	124	71	49
Total Debt Service	<u>\$ 289</u>	<u>\$ 289</u>	<u>\$ 166</u>	<u>\$ 179</u>
Coverage	1.10	1.23	1.48	1.36
Giants Ridge Enterprise Fund⁽⁴⁾				
Gross Revenues ⁽⁵⁾	\$ 3,835	\$ —	\$ —	\$ —
Less: Operating Expenses ⁽²⁾	(6,005)	—	—	—
Net Available Revenue	<u>\$ (2,170)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Debt Service:				
Principle	\$ 11,310	\$ —	\$ —	\$ —
Interest	630	15	10	—
Total Debt Service	<u>\$ 11,940</u>	<u>\$ 15</u>	<u>\$ 10</u>	<u>\$ —</u>
Coverage	(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.

2015	2016	2017	2018	2019	2020
\$ 112,662	\$ 119,182	\$ 120,261	\$ 116,988	\$ 118,060	\$ 98,172
(78,856)	(80,031)	(85,050)	(84,176)	(76,509)	(76,121)
<u>\$ 33,806</u>	<u>\$ 39,151</u>	<u>\$ 35,211</u>	<u>\$ 32,812</u>	<u>\$ 41,551</u>	<u>\$ 22,051</u>
\$ 14,060	\$ 14,385	\$ 16,315	\$ 17,755	\$ 18,665	\$ 17,560
11,847	12,342	10,503	11,378	10,529	10,017
<u>\$ 25,907</u>	<u>\$ 26,727</u>	<u>\$ 26,818</u>	<u>\$ 29,133</u>	<u>\$ 29,194</u>	<u>\$ 27,577</u>
1.30	1.46	1.31	1.13	1.42	0.80
\$ 478	\$ 495	\$ 493	\$ 481	\$ 487	\$ 380
(203)	(209)	(245)	(260)	(207)	(233)
<u>\$ 275</u>	<u>\$ 286</u>	<u>\$ 248</u>	<u>\$ 221</u>	<u>\$ 280</u>	<u>\$ 147</u>
\$ 120	\$ 120	\$ 130	\$ 130	\$ 130	\$ 135
48	46	44	42	40	37
<u>\$ 168</u>	<u>\$ 166</u>	<u>\$ 174</u>	<u>\$ 172</u>	<u>\$ 170</u>	<u>\$ 172</u>
1.64	1.72	1.43	1.28	1.65	0.85
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	1	—	—	—
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
—	—	—	—	—	—

Schedule 9 - Pledged Revenue Coverage (continued)
Last Ten Fiscal Years (In Thousands)

	2011	2012	2013	2014
D.J. Johnson Economic Protection Trust Fund⁽⁶⁾				
Taconite Production Tax ⁽⁷⁾	\$ 1,547	\$ 1,919	\$ 5,723	\$ 2,074
Net Available Revenue	<u>\$ 1,547</u>	<u>\$ 1,919</u>	<u>\$ 5,723</u>	<u>\$ 2,074</u>
Debt Service:				
Principle ⁽⁴⁾	\$ 422	\$ 440	\$ 572	\$ 477
Interest	273	256	123	417
Total Debt Service	<u>\$ 695</u>	<u>\$ 696</u>	<u>\$ 695</u>	<u>\$ 894</u>
Coverage	2.23	2.76	8.23	2.32
Iron Range Resources and Rehabilitation Agency (IRRR)⁽⁶⁾				
Taconite Production Tax	\$ 704	\$ 704	\$ 706	\$ 2,074
Net Available Revenue	<u>\$ 704</u>	<u>\$ 704</u>	<u>\$ 706</u>	<u>\$ 2,074</u>
Debt Service:				
Principle	\$ 422	\$ 440	\$ 572	\$ 478
Interest	273	256	124	615
Total Debt Service	<u>\$ 695</u>	<u>\$ 696</u>	<u>\$ 696</u>	<u>\$ 1,093</u>
Coverage	1.01	1.01	1.01	1.90
911 Services Fund⁽⁷⁾				
911 Services Fees	\$ 63,373	\$ 68,516	\$ 63,222	\$ 63,684
Less: Operating Expenses ⁽²⁾	(30,996)	(25,815)	(26,019)	(26,191)
Net Available Revenue	<u>\$ 32,377</u>	<u>\$ 42,701</u>	<u>\$ 37,203</u>	<u>\$ 37,493</u>
Debt Service:				
Principal	\$ 12,100	\$ 15,005	\$ 11,380	\$ 11,820
Interest	5,150	7,260	6,918	6,443
Total Debt Service	<u>\$ 17,250</u>	<u>\$ 22,265</u>	<u>\$ 18,298</u>	<u>\$ 18,263</u>
Coverage	1.88	1.92	2.03	2.05

⁽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 is 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.

2015	2016	2017	2018	2019	2020
\$ 1,542	\$ 1,540	\$ 1,540	\$ 1,539	\$ 1,539	\$ 1,257
<u>\$ 1,542</u>	<u>\$ 1,540</u>	<u>\$ 1,540</u>	<u>\$ 1,539</u>	<u>\$ 1,539</u>	<u>\$ 1,257</u>
\$ 973	\$ 974	\$ 1,007	\$ 1,037	\$ 1,063	\$ 1,105
853	547	518	487	458	417
<u>\$ 1,826</u>	<u>\$ 1,521</u>	<u>\$ 1,525</u>	<u>\$ 1,524</u>	<u>\$ 1,521</u>	<u>\$ 1,522</u>
0.84	1.01	1.01	1.01	1.01	0.83
\$ 2,452	\$ 2,450	\$ 2,452	\$ 2,451	\$ 2,451	\$ 2,733
<u>\$ 2,452</u>	<u>\$ 2,450</u>	<u>\$ 2,452</u>	<u>\$ 2,451</u>	<u>\$ 2,451</u>	<u>\$ 2,733</u>
\$ 1,452	\$ 1,431	\$ 1,483	\$ 1,533	\$ 1,582	\$ 1,635
1,343	992	944	896	840	789
<u>\$ 2,795</u>	<u>\$ 2,423</u>	<u>\$ 2,427</u>	<u>\$ 2,429</u>	<u>\$ 2,422</u>	<u>\$ 2,424</u>
0.88	1.01	1.01	1.01	1.01	1.13
\$ 57,381	\$ 68,500	\$ 76,324	\$ 79,130	\$ 81,354	\$ 75,032
(24,741)	(24,695)	(25,244)	(22,430)	(19,561)	(23,542)
<u>\$ 32,640</u>	<u>\$ 43,805</u>	<u>\$ 51,080</u>	<u>\$ 56,700</u>	<u>\$ 61,793</u>	<u>\$ 51,490</u>
\$ 12,310	\$ 12,810	\$ 20,320	\$ 19,430	\$ 20,400	\$ 21,420
5,924	5,403	2,675	3,570	2,598	1,578
<u>\$ 18,234</u>	<u>\$ 18,213</u>	<u>\$ 22,995</u>	<u>\$ 23,000</u>	<u>\$ 22,998</u>	<u>\$ 22,998</u>
1.79	2.41	2.22	2.47	2.69	2.24

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⁾
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%
2019	5,639,632	\$ 331,801,925	\$ 58,834	38.3	3.2%

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 24, 2020 for calendar year 2019.

⁽²⁾ U.S. Census Bureau

⁽³⁾ Minnesota Department of Employment and Economic Development

**Schedule 11 - Principal Employers
Year 2019 and Nine Years Ago**

Employer	2010			2019		
	Employees ⁽¹⁾	Rank	Percent of Total State Employment	Employees ⁽²⁾	Rank	Percent of Total State Employment
State of Minnesota	53,729	1	2.04%	40,906	2	1.38%
Mayo Clinic	37,000	2	1.40%	43,247	1	1.45%
United States Government	33,000	3	1.25%	35,114	3	1.18%
Target Corp.	29,000	4	1.10%	29,000	6	0.98%
Allina Health System	23,818	5	0.90%	29,335	5	0.99%
Fairview Health Services	21,507	6	0.81%	34,000	4	1.14%
Wells Fargo Bank Minnesota	20,613	7	0.78%	18,000	10	0.61%
Wal-Mart Stores Inc.	20,230	8	0.77%	N/A	N/A	N/A
University of Minnesota	19,718	9	0.75%	26,000	7	0.87%
3M Company	15,000	10	0.57%	N/A	N/A	N/A
Health Partners Inc.	N/A	N/A	N/A	25,092	8	0.84%
United Health Group Inc.	N/A	N/A	N/A	18,500	9	0.62%
Total	273,615			299,194		
Total State Employment ⁽³⁾	2,639,716			2,972,914		

Note: N/A indicates the employer is not a principal employer for the year stated.

Source:

⁽¹⁾ 2010 State of Minnesota Comprehensive Annual Report

⁽²⁾ Minneapolis/St. Paul Business Journal Book of Lists published July 12, 2019

⁽³⁾ State of Minnesota Full-Time Employee data 2019 provided by the Minnesota Department of Employment and Economic Development.

Schedule 12
Full-Time Equivalent State Employees by Function
Last Ten Fiscal Years

	2011	2012	2013	2014
Primary Government:				
Agricultural, Environmental and Energy Resources.....	4,416	4,221	4,543	4,532
Economic and Workforce Development.....	2,621	2,368	2,468	2,378
General Education.....	877	851	898	915
General Government.....	7,005	6,867	7,228	7,552
Health and Human Services.....	8,997	8,694	9,143	9,613
Higher Education.....	15,851	15,554	15,584	15,481
Public Safety and Corrections.....	6,569	6,457	6,521	6,519
Transportation.....	4,964	4,514	4,915	4,970
Total.....	51,300	49,526	51,300	51,960

Sources: Minnesota Management & Budget
Minnesota State Colleges and Universities

2015	2016	2017	2018	2019	2020
4,622	4,576	4,459	4,454	4,471	4,453
2,373	2,332	2,242	2,184	2,176	2,188
900	846	859	849	861	860
7,606	8,666	9,347	9,511	9,813	10,204
9,909	9,062	9,452	9,837	10,119	10,288
15,090	14,810	14,576	14,385	14,376	14,341
6,598	6,761	6,728	6,817	6,915	6,936
4,815	4,654	4,793	4,979	5,145	5,210
51,913	51,707	52,456	53,016	53,876	54,480

Schedule 13 - Operating and Capital Asset Indicators by Function
Last Ten Fiscal Years

	2011	2012	2013	2014
Agricultural, Environmental and Energy Resources:				
Recreational Fishing Licenses Issued/License Year	1,317,401	1,394,075	1,340,327	1,364,293
Watercraft Licenses Issued/Calendar Year	928,540	970,091	957,061	958,111
Acres of State Land Managed by Forestry/Fiscal Year	3,915,178	3,914,875	4,008,450	4,014,742
Farms/Calendar Year	79,800	74,500	74,400	74,000
Acres of Farmland/Calendar Year (1,000 Acres)	26,850	26,000	25,900	25,900
Agricultural Production-Crops/Calendar Year (Dollars In Thousands)	\$ 9,948,617	\$ 13,547,827	\$ 12,763,802	\$ 8,981,160
Agricultural Production-Livestock/Calendar Year (Dollars In Thousands)	\$ 7,008,030	\$ 7,434,338	\$ 7,621,957	\$ 9,614,139
Economic and Workforce Development:				
Unemployment Claims Filed ⁽²⁾	353,277	319,473	282,339	268,800
Workplace Injuries Reported	33,889	33,757	34,303	34,963
General Education:⁽¹⁾				
Pre-kindergarten (handicapped only) through Grade 12 Students	823,347	824,922	831,722	837,616
School Districts	337	337	336	332
Charter Schools	149	147	148	150
Special Education Age 0-21 Child Count	127,863	128,430	128,812	129,669
General Government:				
Individual Income Tax Payers/Calendar Year	2,708,203	2,766,477	2,794,748	2,854,888
Corporate Income Tax Returns/Calendar Year	38,072	33,404	36,223	35,857
Sales Tax Permit Holders/Calendar Year	284,000	256,439	284,000	155,000
Health and Human Services:				
Average Monthly Cash Recipients	185,739	183,983	181,900	176,300
Average Monthly Health Care Enrollees	832,903	855,643	864,365	929,455
Health Care Providers	4,442	4,680	4,780	4,931
Higher Education:				
Full Year Student Equivalents	157,903	153,447	149,905	144,524
Number of Students Graduated	38,765	39,617	39,800	39,148
Square Footage of Buildings	27,248,375	27,835,651	27,968,002	27,998,859
Public Safety and Corrections:				
Incarcerated Inmates	9,429	9,345	9,452	9,768
Offenders on Supervision	19,727	19,697	19,968	19,343
Correctional Facilities	10	10	10	10
Reassignment of Minnesota Certificates of Title	1,277,132	1,319,334	1,625,547	1,420,951
Crashes Investigated by State Patrol	25,768	20,527	23,229	25,670
Transportation:				
Miles of Paved Highways	29,347	29,310	29,323	29,288
Number of Trunk Highway Bridges	2,985	2,985	3,017	3,032
Acres of Right-of-Way	254,852	254,958	255,714	255,453

⁽¹⁾ Current year amounts are estimated.

⁽²⁾ Increase in 2020 due to the Covid - 19 pandemic.

Notes: Of the \$20.8 billion in capital assets owned by the state as of June 30, 2020, \$13.7 billion (65.9 percent) of the assets represent infrastructure and right of way under the Transportation function. The remaining \$7.1 billion in capital assets are allocated to other functions.

N/A indicates the information for the current year is not available.

2015	2016	2017	2018	2019	2020
1,363,641	1,375,334	1,398,604	1,345,199	1,316,656	N/A
960,418	976,329	989,301	977,780	981,926	N/A
4,014,641	4,030,652	4,200,338	4,202,557	4,205,684	4,204,167
73,600	73,300	72,845	72,745	67,812	67,294
25,900	25,900	25,775	25,770	25,367	25,379
\$ 9,359,125	\$ 8,720,433	\$ 8,290,126	\$ 8,627,695	\$ 8,963,847	\$ 9,721,016
\$ 7,858,145	\$ 7,560,945	\$ 7,520,072	\$ 7,796,953	\$ 7,548,137	\$ 6,910,187
242,214	240,570	225,711	208,174	202,300	923,535
33,786	33,915	33,006	33,252	32,949	32,461
845,527	852,399	861,191	870,737	876,334	877,523
332	332	332	330	331	331
157	165	165	164	164	162
130,886	133,742	137,601	142,270	147,605	152,016
2,894,528	2,942,829	2,936,859	2,985,941	3,029,630	3,066,503
35,534	35,613	33,872	32,879	34,469	35,057
155,000	160,000	160,000	160,000	315,000	315,000
166,428	163,859	168,518	164,703	156,672	155,874
1,139,325	1,191,630	1,169,864	1,189,240	1,170,116	1,158,037
4,724	4,533	4,582	4,805	5,101	5,787
138,657	135,192	131,640	128,830	126,094	122,483
38,220	37,427	36,846	36,128	35,969	33,893
28,042,641	28,473,676	28,675,891	28,587,383	28,550,290	28,552,287
9,947	10,105	9,869	9,963	9,479	9,381
20,418	20,011	20,168	20,291	20,533	20,444
10	10	10	10	10	10
1,177,543	1,343,989	1,399,009	1,341,378	1,721,593	1,347,515
23,278	25,113	28,200	29,845	29,198	22,976
29,288	29,288	29,290	29,263	29,233	29,216
3,036	3,022	3,017	3,033	3,036	3,045
256,265	256,483	256,958	256,715	256,679	256,679

