



# MINNESOTA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended June 30, 2022





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# Annual Comprehensive Financial Report

For the Year Ended JUNE 30, 2022

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

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

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2022  
Annual  
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## 2022 Annual Comprehensive Financial Report

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State of Minnesota

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# Introduction

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**2022 Annual Comprehensive Financial Report****Transmittal Letter from the Commissioner of Minnesota Management and Budget**

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December 16, 2022

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 Annual Comprehensive Financial Report (ACFR) for the state of Minnesota for the fiscal year ended June 30, 2022. 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, 2022. The independent auditor’s report is located at the front of the financial section of this report.

In addition, the Office of the State 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 the state's internal controls and legal requirements involving the administration of federal awards for the year ended June 30, 2022. The supplementary report, "Financial and Compliance Report on Federally Assisted Programs," will be available in March 2023.

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**

With the U.S. economic outlook now incorporating a three-quarter recession, the economic outlook for Minnesota in November 2022 has weakened since the Budget and Economic Forecast was last prepared in February 2022. Nevertheless, Minnesota's labor market remains one of the tightest in the nation, with the lowest unemployment rate and the fifth highest labor force participation rate in the U.S. As of October 2022, Minnesota employers have added jobs for 13 consecutive months, growing employment 3.4 percent over fiscal year 2022 and adding an average of 9,000 additional jobs per month in 2022. October posted the strongest month of 2022 to date, with an addition of 17,400 jobs in the state.

In the November 2022 forecast, a weakened U.S. outlook for consumer spending, wage and salary growth, total employment, and personal income drives our expectation that Minnesota's employment and wage growth will decelerate in fiscal years 2023 and 2024. An aging labor force constrains Minnesota's employment growth through the forecast horizon. Minnesota's economic outlook is informed by the IHS forecasts for both the U.S. and for Minnesota, data from the Minnesota Department of Economic and Employment Development (DEED), Quarterly Census of Employment and Wages (QCEW), Minnesota tax revenues, and our own forecast modelling.

Minnesota's seasonally adjusted October unemployment rate of 2.1 percent is the lowest among U.S. states and 1.6 percentage points below the U.S. unemployment rate of 3.7 percent. The unemployment rate does not capture Minnesotans that have left the labor force, including retirements or those staying home to care for children. Since the onset of the pandemic in February 2020, Minnesota's labor force has fallen by 92,000, and the state's labor force participation rate has declined by 2.8 percentage points. Nevertheless, at 68.0 percent, Minnesota's labor force participation rate remains 5.8 percentage points above the U.S. rate of 62.2 percent and is the fifth highest among U.S. states. This means there is little slack in Minnesota's labor market compared to other parts of the country.

After growing 3.4 percent in fiscal year 2022, Minnesota employment is forecasted to grow 2.4 percent in fiscal year 2023 and then decline 0.8 percent in fiscal year 2024. From fiscal years 2025 to 2027, employment growth is expected to average 0.6 percent per year. Minnesota's employment growth is constrained throughout the forecast horizon by lower levels of immigration into Minnesota and an aging labor force moving into retirement. Total Minnesota wage income, the sum of all wages distributed in the state, grew 8.4 percent in fiscal year 2022. Wage growth is expected to decelerate to 4.9 percent in fiscal year 2023 and an average of 5.1 percent for fiscal years 2025 to 2027. Strong total wage growth along with slowing employment growth means that we expect increases in wage and salary income per worker.

The U.S. real estate market is cooling as higher mortgage interest rates and rising consumer prices put pressure on homebuyer budgets. As a result of tightening monetary policy, home mortgage interest rates surpassed 7 percent for the first time in two decades in late October and early November 2022. In Minnesota, home prices continue to rise, and inventory remains limited.

The median sales prices for both the Twin Cities metropolitan area (metro-area) homes and homes in greater Minnesota have continued to increase despite rising interest rates, declines in new listings, and declines in pending sales. In October 2022, the median price for metro-area homes was \$359,900, 5.5 percent higher than the median price of \$341,000 in October of last year. Homes in the metro area were being sold after an average of more than 36 days on the market compared to an average of 27 days one year ago. On average, metro-area sellers received 98.3 percent of the original list price at closing. The median sales price in Minnesota was \$320,000 in October 2022, up 3.8 percent from a year ago.

The combination of higher interest rates and rising home prices is challenging affordability. The housing affordability index--the ratio of median household income to the income needed to purchase a home--has dropped to 98 percent, down from 144 percent one year ago. A lower affordability index means homes are less affordable.

According to data through September 2022 from the U.S. Census Bureau, the total year-to-date number of authorized residential building permits (not seasonally adjusted) in Minnesota is lagging last year by 6.5 percent. The change is due to a decline in single-family housing permits and is partially offset by an increase in multi-family permits in Minnesota. Last year, Minnesota saw the highest number of housing permits since 2005, with over 37,000 permits. In this forecast, total housing permits are expected to fall just shy of 31,000 in 2022 before a dramatic deceleration to 22,100 in 2023. We expect total housing permits to average 25,000 permits per year in years 2024 to 2027.

### **Budget Condition and Outlook**

When the Minnesota Legislature concluded the 2022 legislative session, the 2022-23 biennium was expected to end with a projected balance of \$7.049 billion. Since then, actual collections have exceeded the previously forecasted amounts and estimated spending has been reduced. With the release of the November 2022 Budget and Economic Forecast, the current biennium is expected to end with a budgetary surplus of \$11.605 billion.

The surplus from the current biennium is currently projected to carryforward into the 2024-25 biennium. That balance, plus positive net revenue in the next biennium, results in a projected \$17.616 billion available General Fund balance for the next budget. Revenue in the 2024-25 biennium budget period is expected to grow to \$60.281 billion, an increase of \$353 million (0.6 percent) compared to the current biennium. Base level expenditures in the 2024-25 biennium are expected to reach \$53.953 billion, an increase of \$2.175 billion (4.2 percent) compared to the current budget. The expected budget reserve and cash flow account balance of \$3.202 billion in the 2024-25 biennium is unchanged from the current biennium. The stadium reserve balance is expected to grow \$316 million during the 2024-25 biennium to \$684 million.

### **General Fund Condition**

On a budgetary basis, the General Fund ended fiscal year 2022 with an unassigned fund balance of \$9.459 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 \$14.525 billion for fiscal year 2022, a difference of \$5.066 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 \$2.483 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 \$2.583 billion. For details of the budget to GAAP differences, see Note 17 – Budgetary Basis vs. GAAP in the Notes to the Financial Statements.

## **State of Minnesota Receives Top Credit Rating**

In July 2022, Moody's Investors Service Inc. ("Moody's") upgraded Minnesota's credit rating to Aaa, its highest rating. This affirmation of Minnesota's excellent financial health follows sustained AAA ratings from Fitch Ratings and S&P Global Ratings. In its determination, Moody's noted the state's strong economic fundamentals and that the state "ranks among the strongest US states in high per capita income compared to cost of living, robust financial reserves, and low leverage and fixed costs." Further, Moody's noted that the state "has demonstrated improvements in fiscal governance including implementing relatively conservative and timely budgets, building up very high reserves [and liquidity], contributing to pensions at healthy levels that prevent growth in liabilities and refilling its unemployment trust fund after depleting it during the pandemic."

## **Budget Reserve**

Minnesota's budget reserves at the close of fiscal year 2022 totaled nearly \$3.252 billion, which includes the \$2.672 billion budget reserve, \$350 million cash flow account, and \$229 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the thirty-sixth 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 Annual Comprehensive 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 Annual Comprehensive 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", written in a cursive style.

Jim Schowalter  
Commissioner



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**State of Minnesota**

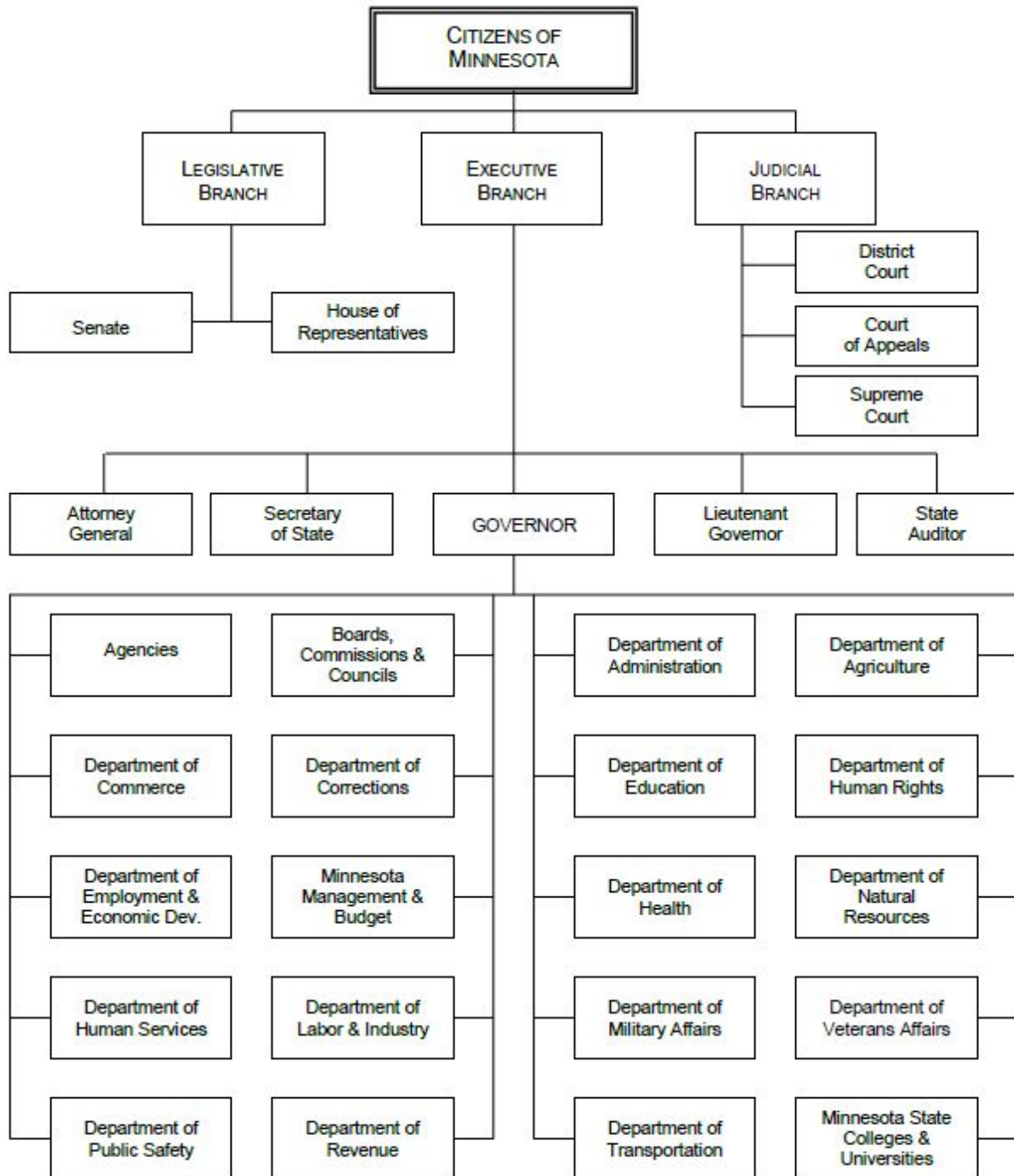
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**2022 Annual Comprehensive Financial Report**  
**State Organization Chart**



**2022 Annual Comprehensive Financial Report**  
**State Principal Officials**

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**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	David J. Osmek

**Judicial Branch**

Chief Justice of the Supreme Court	Lorie Skjerven Gildea
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State of Minnesota

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# Financial Section

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2022  
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# Office of the Legislative Auditor

STATE OF MINNESOTA • Judy Randall, Legislative Auditor

## 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 Audit of the Financial Statements

### *Opinions*

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, 2022, which collectively comprise the state's basic financial statements as listed in the Table of Contents.

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, 2022, 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.

We did not audit the financial statements of the Minnesota State Colleges and Universities, which is a major proprietary fund, and the Minnesota State Lottery, which is a nonmajor proprietary fund, and which cumulatively represent 56 percent, 50 percent, and 52 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, Minnesota Sports Facilities Authority, Office of Higher Education, Public 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 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.

***Emphasis of Matter***

As discussed in Note 20 to the basic financial statements, effective July 1, 2021, the State of Minnesota adopted new accounting guidance *GASB Statement No. 87, Leases*. The guidance requires lessees to recognize lease liabilities and intangible right-to-use lease assets, and lessors to recognize leases receivable and deferred inflows of resources. Our opinions are not modified with respect to this matter.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minnesota Management and Budget and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the State of Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities of the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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*.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The Combining and Individual Fund Statements – Nonmajor Funds and the General Obligation Debt Schedule 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introduction and the Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **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 and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the State of Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Minnesota's internal control over financial reporting and compliance.



Lori Leysen, CPA  
Deputy Legislative Auditor



Scott Tjomsland, CPA  
Audit Director

December 16, 2022



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## **2022 Annual Comprehensive Financial Report**

### **Management's Discussion and Analysis**

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#### **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, 2022 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 are located immediately following this discussion and analysis and 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 full 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 Statement of Net Position presents all of the state's financial resources along with capital and leased assets and long-term obligations. The statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the state. Net position is the difference between assets plus

deferred outflows of resources and liabilities plus deferred inflows of resources 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 worsening.
- 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 Balance 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 full 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 Financial 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 Custodial 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 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 and Individual Fund Financial Statements included in this report.

## Notes to the Financial Statements

The notes provide additional narrative and financial information that are 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

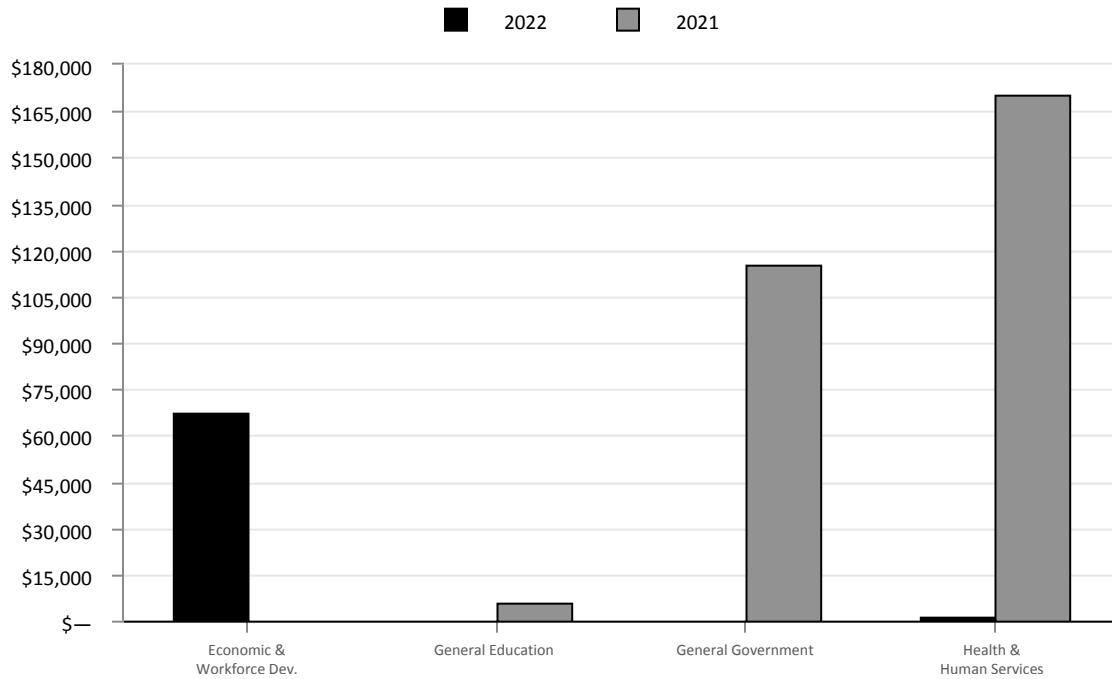
Other supplementary information includes Combining and Individual Fund Financial Statements for nonmajor governmental, proprietary, and fiduciary funds and nonmajor discretely presented component units. These funds are added together by fund type and presented in single columns in the basic financial 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 Peacetime Emergency ended July 1, 2021 but the COVID-19 pandemic continues to significantly disrupt economic activity and increase public and private health emergency response costs, including those within the state.

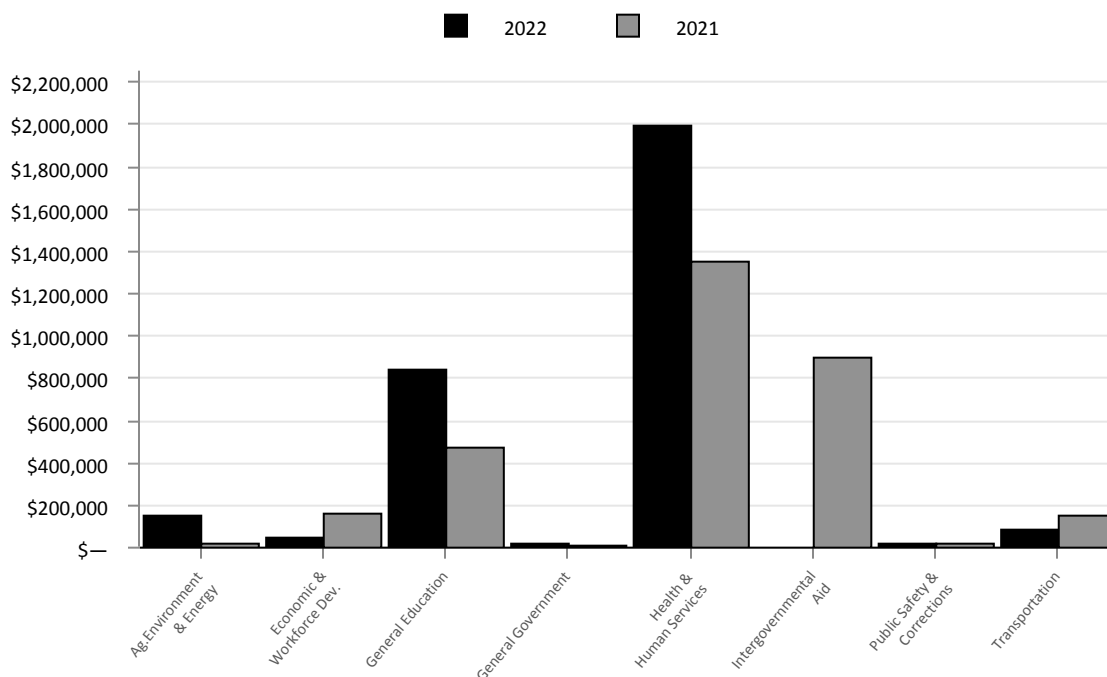
The following graph shows the majority of the functional expenditures in governmental funds related to the impacts of COVID-19. The Federal Fund expenditures are reimbursed by the federal government and are recorded as Federal Revenue in the governmental funds statement of revenues, expenditures and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

**Functional Expenditures by Fund Related to COVID-19**  
**Governmental Funds - General Fund**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**(In Thousands)**



General Fund expenditures related to COVID-19 were almost completely eliminated during the current year with the exception of economic and workforce development which related to grants issued to Minnesota owned and operated businesses that demonstrated a financial hardship as a result of COVID-19. Prior year expenditures related to general government grants to counties for support to small businesses and health and human services grants to cities and counties to respond to the pandemic as well as costs associated with laboratories, testing, supplies, and vaccinations.

**Functional Expenditures by Fund Related to COVID-19**  
**Governmental Funds - Federal Fund**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**(In Thousands)**



The Federal Fund expenditures related to COVID-19 changed significantly in many functions. The largest increase related to health and human services which resulted for several reasons. Under the American Rescue Plan (ARP), the federal participation rate increased by an additional ten percent for the Home and Community Based Services program. This program provides home healthcare for targeted individuals with disabilities and/or mental illnesses. Childcare stabilization grants to help stabilize the childcare industry continue to increase. Grants were also received to help build the public infrastructure to prepare for future pandemics. In addition, the impact of the increase in the federal participation rate grew as the case load continued to increase for healthcare facilities treating non-emergency healthcare patients. These increases were offset by decreases in costs associated with immunizations, laboratory fees, testing and related supplies, emergency childcare, housing support, and other services related to the impacts of COVID-19. General education grants for aid to school districts as well as agricultural, environmental and energy resources grants for aid to families to reduce energy costs under the Low Income Energy Assistance Program continued to grow, while transportation aid to airports and economic and development aid to small businesses and family housing were reduced. During the prior year, the state issued approximately \$900 million in intergovernmental grants to local units of governments for the local share of the state fiscal stabilization funds.

The COVID-19 impacts on business-type activities are explained in 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 \$35.3 billion at the end of fiscal year 2022, compared to \$24.6 billion at the beginning of the year.

### Net Position June 30, 2022 and 2021 (In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current Assets <sup>(1)</sup>	\$ 33,393,600	\$ 27,129,446	\$ 3,942,104	\$ 2,618,243	\$ 37,335,704	\$ 29,747,689
Noncurrent Assets:						
Capital and Leased Assets <sup>(1)</sup>	20,206,510	19,630,474	2,065,931	2,142,742	22,272,441	21,773,216
Other Assets <sup>(1)</sup>	971,426	1,059,696	71,366	81,333	1,042,792	1,141,029
Total Assets <sup>(1)</sup>	<u>\$ 54,571,536</u>	<u>\$ 47,819,616</u>	<u>\$ 6,079,401</u>	<u>\$ 4,842,318</u>	<u>\$ 60,650,937</u>	<u>\$ 52,661,934</u>
Deferred Outflows of Resources	<u>\$ 2,192,101</u>	<u>\$ 1,017,004</u>	<u>\$ 282,827</u>	<u>\$ 175,507</u>	<u>\$ 2,474,928</u>	<u>\$ 1,192,511</u>
Current Liabilities <sup>(1)</sup>	\$ 9,599,892	\$ 9,476,310	\$ 1,101,536	\$ 1,122,749	\$ 10,701,428	\$ 10,599,059
Noncurrent Liabilities <sup>(1)</sup>	11,407,282	12,381,292	809,275	2,159,358	12,216,557	14,540,650
Total Liabilities <sup>(1)</sup>	<u>\$ 21,007,174</u>	<u>\$ 21,857,602</u>	<u>\$ 1,910,811</u>	<u>\$ 3,282,107</u>	<u>\$ 22,917,985</u>	<u>\$ 25,139,709</u>
Deferred Inflows of Resources <sup>(1)</sup>	<u>\$ 4,237,675</u>	<u>\$ 3,547,776</u>	<u>\$ 654,252</u>	<u>\$ 580,071</u>	<u>\$ 4,891,927</u>	<u>\$ 4,127,847</u>
Net Position:						
Net Investment in Capital Assets <sup>(1)</sup>	\$ 16,298,410	\$ 15,712,819	\$ 1,637,005	\$ 1,671,095	\$ 17,935,415	\$ 17,383,914
Restricted	8,007,582	8,015,585	1,902,788	329,437	9,910,370	8,345,022
Unrestricted	7,212,796	(297,162)	257,372	(844,885)	7,470,168	(1,142,047)
Total Net Position <sup>(1)</sup>	<u>\$ 31,518,788</u>	<u>\$ 23,431,242</u>	<u>\$ 3,797,165</u>	<u>\$ 1,155,647</u>	<u>\$ 35,315,953</u>	<u>\$ 24,586,889</u>

<sup>(1)</sup> 2021 has been restated to be consistent with the 2022 presentation.

The largest portion, \$17.9 billion of \$35.3 billion, of the state's net position reflects investment in capital and leased assets such as land, buildings, equipment, and infrastructure (pavement, bridges, and other immovable assets) less any related outstanding debt or lease obligations used to acquire those assets. The state uses these capital and leased assets to provide services to Minnesotans. These 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 or lease obligations related to these assets. Therefore, the resources needed to repay this debt related to capital and leased assets must be provided from other sources.

Approximately \$9.9 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 15 – Equity in the notes to the financial statements.

The remaining net position balance represents unrestricted net position of \$7.5 billion.

The state's combined net position for governmental and business-type activities increased \$10.7 billion (43.6 percent) over the course of this fiscal year. This resulted from a \$8.1 billion (34.5 percent) increase in net position of governmental activities, and a \$2.6 billion (228.6 percent) increase in net position of business-type activities.

**Changes in Net Position  
For Fiscal Years Ended June 30, 2022 and 2021  
(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services	\$ 1,717,172	\$ 1,687,307	\$ 2,887,108	\$ 2,872,605	\$ 4,604,280	\$ 4,559,912
Operating Grants and Contributions	19,263,067	18,039,863	3,749,566	6,518,820	23,012,633	24,558,683
Capital Grants	197,138	222,208	1,320	—	198,458	222,208
General Revenues:						
Individual Income Taxes <sup>(1)</sup>	16,861,833	14,326,962	—	—	16,861,833	14,326,962
Corporate Income Taxes <sup>(1)</sup>	2,866,222	2,275,049	—	—	2,866,222	2,275,049
Sales Taxes	7,428,258	6,736,757	—	—	7,428,258	6,736,757
Property Taxes	743,116	788,623	—	—	743,116	788,623
Motor Vehicle Taxes	1,810,109	1,836,728	—	—	1,810,109	1,836,728
Fuel Taxes	899,424	855,981	—	—	899,424	855,981
Other Taxes	3,550,530	3,315,179	—	—	3,550,530	3,315,179
Tobacco Settlement	195,055	259,124	—	—	195,055	259,124
Investment/Interest Income	(189,612)	97,485	6,184	7,923	(183,428)	105,408
Other Revenues	121,981	155,267	360	918	122,341	156,185
Total Revenues	\$ 55,464,293	\$ 50,596,533	\$ 6,644,538	\$ 9,400,266	\$ 62,108,831	\$ 59,996,799
Expenses						
Agricultural, Environmental and Energy Resources	\$ 1,374,916	\$ 1,363,384	\$ —	\$ —	\$ 1,374,916	\$ 1,363,384
Economic and Workforce Development	801,833	942,801	—	—	801,833	942,801
General Education	12,289,924	11,785,920	—	—	12,289,924	11,785,920
General Government	824,252	1,461,124	—	—	824,252	1,461,124
Health and Human Services	23,208,505	21,194,790	—	—	23,208,505	21,194,790
Higher Education	1,125,695	1,038,674	—	—	1,125,695	1,038,674
Intergovernmental Aid	2,011,220	2,860,441	—	—	2,011,220	2,860,441
Public Safety and Corrections	1,072,825	1,359,127	—	—	1,072,825	1,359,127
Transportation	3,324,527	3,462,174	—	—	3,324,527	3,462,174
Interest	255,709	41,328	—	—	255,709	41,328
State Colleges and Universities	—	—	2,036,082	2,076,496	2,036,082	2,076,496
Unemployment Insurance	—	—	1,865,743	7,884,357	1,865,743	7,884,357
Lottery	—	—	560,581	615,118	560,581	615,118
Other Expenses	—	—	627,955	640,261	627,955	640,261
Total Expenses	\$ 46,289,406	\$ 45,509,763	\$ 5,090,361	\$ 11,216,232	\$ 51,379,767	\$ 56,725,995
Excess (Deficiency) Before Transfers	\$ 9,174,887	\$ 5,086,770	\$ 1,554,177	\$ (1,815,966)	\$ 10,729,064	\$ 3,270,804
Transfers	(1,087,341)	(620,256)	1,087,341	620,256	—	—
Changes in Net Position	\$ 8,087,546	\$ 4,466,514	\$ 2,641,518	\$ (1,195,710)	\$ 10,729,064	\$ 3,270,804
Net Position, Beginning <sup>(1)</sup>	\$ 23,431,242	\$ 18,964,728	\$ 1,155,647	\$ 2,351,357	\$ 24,586,889	\$ 21,316,085
Net Position, Ending <sup>(1)</sup>	\$ 31,518,788	\$ 23,431,242	\$ 3,797,165	\$ 1,155,647	\$ 35,315,953	\$ 24,586,889

<sup>(1)</sup> 2021 has been restated to be consistent with the 2022 presentation.

Approximately 55 percent of the state’s total revenue (governmental and business-type activities) came from taxes, while 37 percent resulted from grants and contributions, including federal aid. Charges for various goods and services provided 7 percent of the total revenues. The remaining 1 percent came from other general revenues.

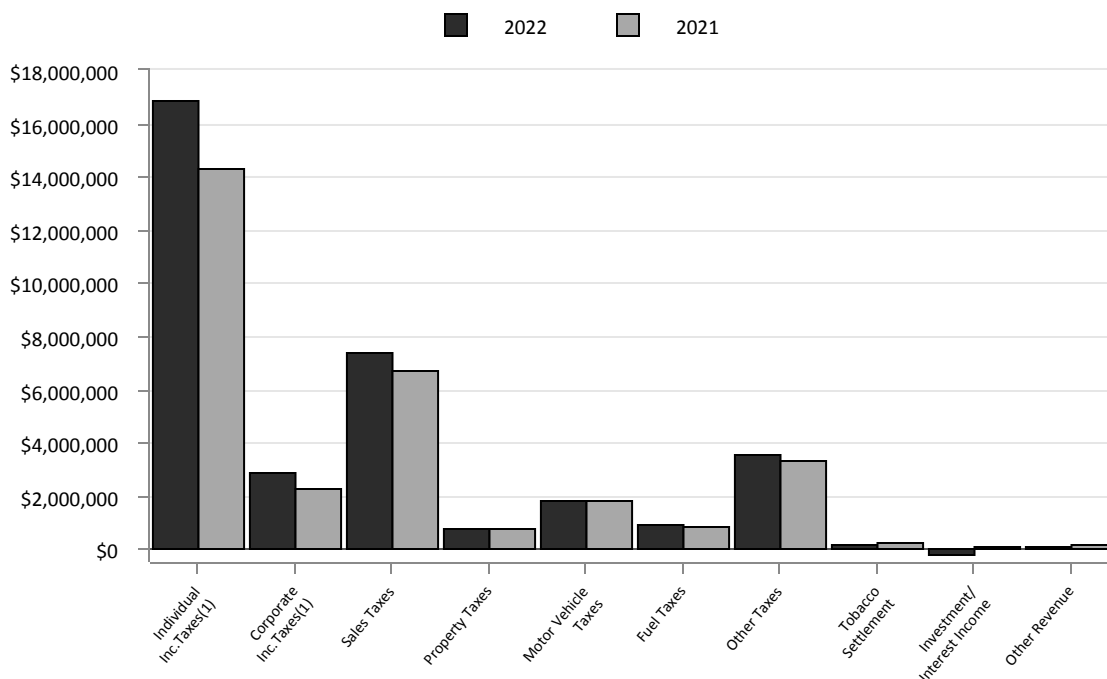
The state’s expenses cover a range of services. The largest expenses were for general education and health and human services.

## Governmental Activities

Governmental activities increased the state’s net position by \$8.1 billion in the current year compared to an increase of \$4.5 billion in the prior year.

Revenues increased \$4.9 billion (9.6 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.

**General Revenues - Governmental Activities**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**(In Thousands)**



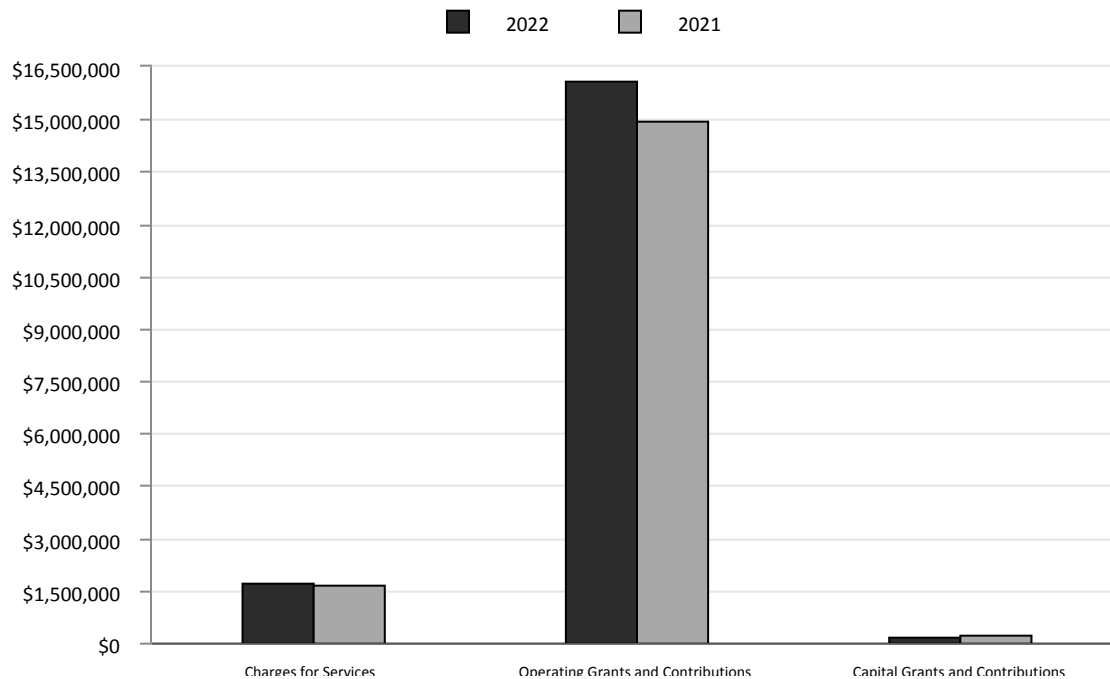
<sup>(1)</sup> 2021 has been restated to be consistent with the 2022 presentation.

The state's largest general revenues, sales and income taxes, continue to show strong economic growth as the state recovers from the depressed economy during the pandemic. Most of the higher wage earners continued to remain employed and taxable capital gains increased significantly over the prior year contributing to the increase in income taxes. This increase was slightly offset by a decrease in individual income taxes due to a change in tax law related to the treatment of pass-through entities. Corporate profits were also higher compared to the prior year. This contributed to increased sales taxes during the current year. The increase in other taxes resulted from an increase in taxes on homes and automobile insurance premiums, lawful gambling, and deed transfer taxes as well as an increase in hospital surcharge taxes as a result of continued increases in patients receiving healthcare services after the slowdown in the prior year.



due to the pandemic. During the prior year, the state received a court settlement from J.J. Reynolds Tobacco Company and ITG Brands, LLC to pay the unpaid tobacco settlement.

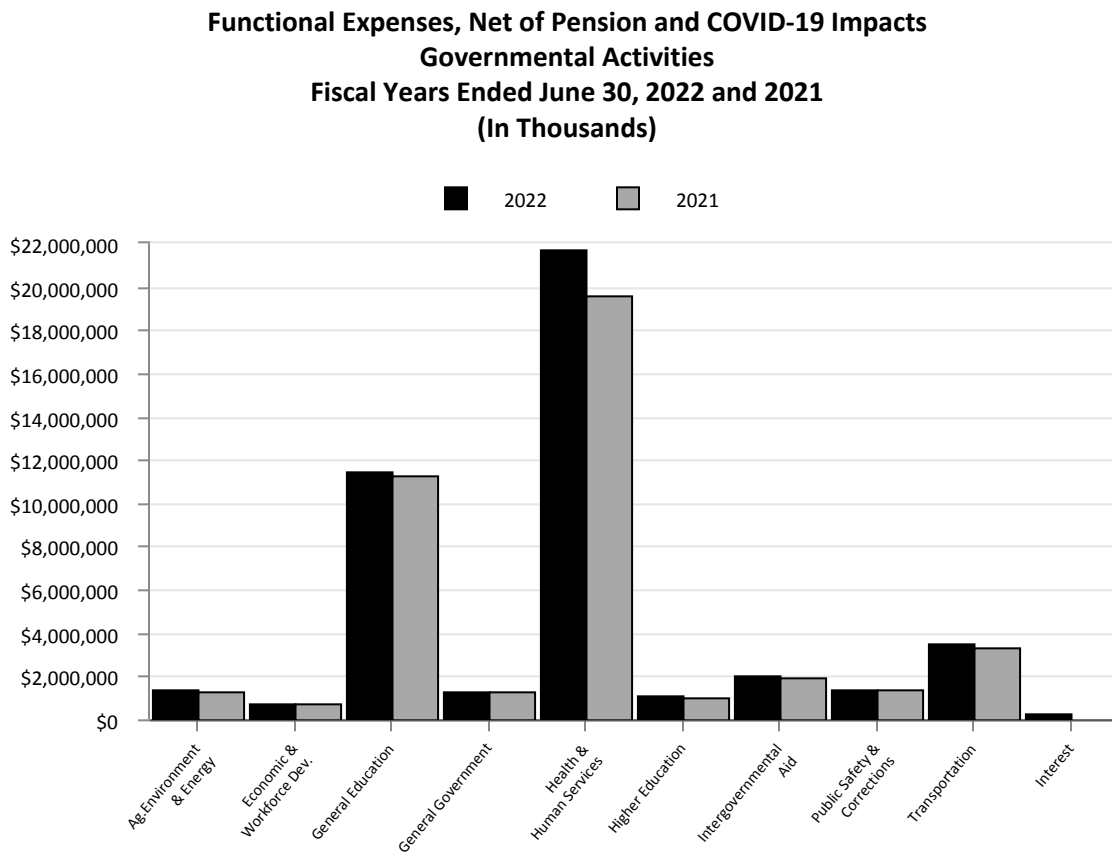
**Program Revenues, Net of COVID-19 - Governmental Activities**  
**Fiscal Years Ended June 30, 2022 and 2021<sup>(1)</sup>**  
**(In Thousands)**



The operating grants and contributions, net of the COVID-19 revenue, increased over the prior year. This was primarily due to an increase in the federal government's share of medical assistance resulting from the continued increase in caseloads as the state recovers from the backlog of noncritical services coming out of the pandemic. In addition, the federal government increased grants to school districts for nutrition and childcare and local units of government for transportation. These increases were partially offset by decreases in investment income that were restricted for program purposes.

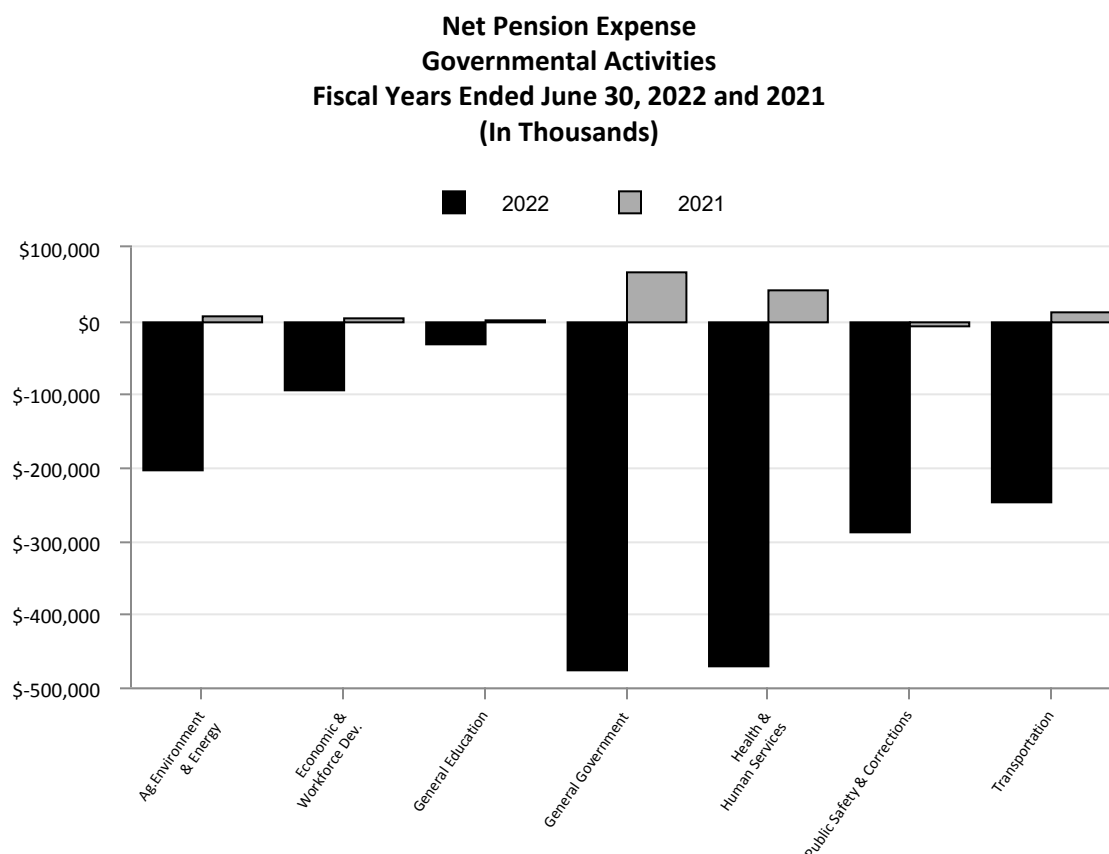
There was a \$779.6 million (1.7 percent) increase in governmental activities expenses compared to the prior year. This included an increase in expenses of \$1.9 billion related to the impacts of pension reporting and an increase in expenses of \$163.2 million related to COVID-19 offset by an increase in non-pension related expenses of \$2.9 billion. Pension reporting impacted all functional expenses except higher education and intergovernmental aid. See the chart on the Changes in Net Pension Liability and Related Deferred Inflows and Outflows for the impact by functional expenses. COVID-19 impacted primarily health and human services and general education expenses.

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



Several functional expenses, net of the impacts of pension and COVID-19 expenses, increased during the current fiscal year. The general education expense increase resulted from additional support to school districts for nutrition and childcare as well as a 2.45 percent per pupil formula increase offset by a decrease in the number of pupils. The primary reason for the significant increase in health and human services expenses relates to the continued increase in medical assistance caseloads. Higher education grants to the University of Minnesota and Office of Higher Education (component units) also increased during the current fiscal year. The public safety expenses remained relatively consistent during the year with a decrease resulting from expenses in the prior year for the planning and response to the potential civil unrest from a high profile trial that was nationally televised and related protests, which was substantially offset by purchases of body-worn cameras and state trooper salary increases. The transportation expense increase is the result of increases in grants to Metropolitan Council (component unit) and local units of governments for transportation projects.

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



## Business-type Activities

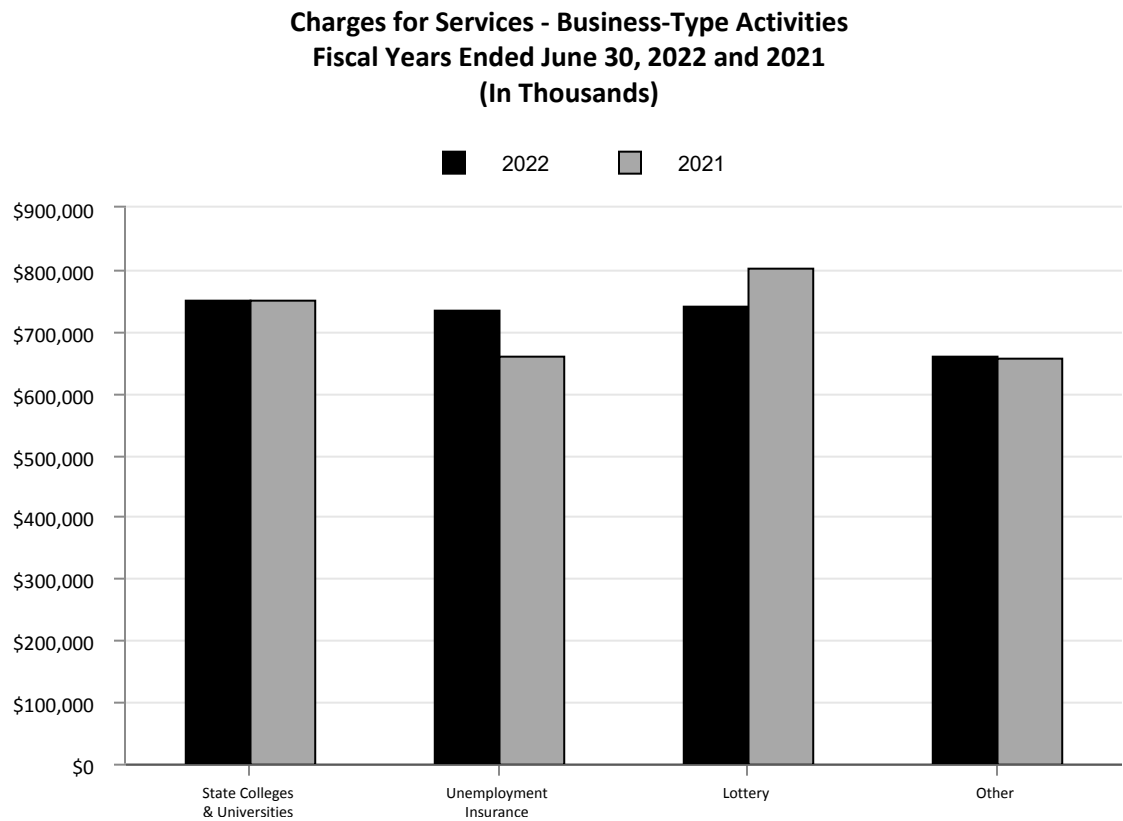
Net position for the state's business-type activities increased by \$2.6 billion during the current year compared to a decrease of \$1.2 billion in the prior year. The impacts of pension related reporting on business-type activities resulted in a decrease in expenses of \$263.9 million during the current year. See chart on expenses net of pension impact - business-type activities for changes in expenses net of these pension reporting impacts.

The increase in the net position of the state's business-type activities primarily resulted from a \$256.6 million increase in net position in the State Colleges and Universities Fund and a \$2.3 billion increase in net position in the Unemployment Insurance Fund.

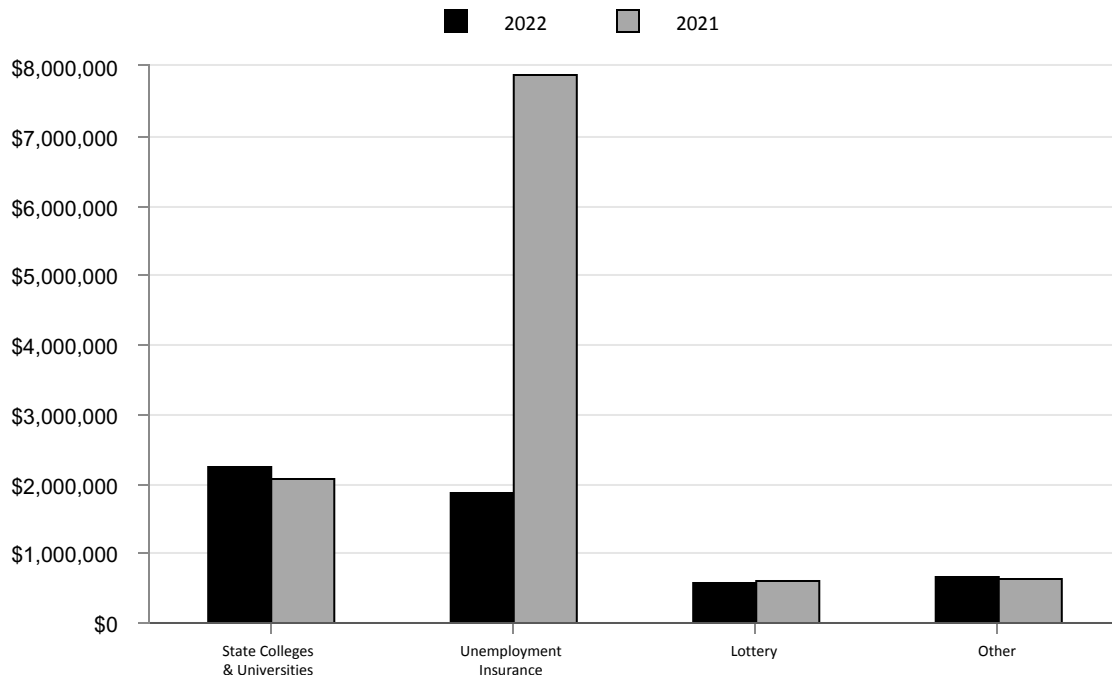
The State Colleges and Universities Fund's net position increased \$256.6 million during the current year compared to an increase of \$10.5 million in the prior year. The operating grants and contributions increase was the result of an increase in federal grants associated with the Higher Education Emergency Relief funds, which was partially offset by a decrease in federal grants for PELL grants. In addition, net pension expense decreased \$210.6 million. The Unemployment Insurance Fund's net position increased \$2.3 billion during the current year compared to a decrease of \$1.2 billion in the prior year.

The impacts of COVID-19 have been significantly reduced as the state recovers from this pandemic during fiscal year 2022. Insurance premiums are recovering as businesses reopen and wages continue to increase. Also, the federal government no longer paid a portion of the employer premiums. Additionally, as businesses reopen, the pandemic extension benefits have ended and the federally paid unemployment benefit that started in March 2020 ended in September 2021, decreasing the unemployment benefits and federal grants significantly. The Unemployment Insurance Fund also received \$2.1 billion in Coronavirus

State and Local Fiscal Recovery funds (part of the federal governments American Rescue Plan) and a General Fund transfer, which were used to pay back the principal and interest on the loan from the federal government.



**Expenses Net of Pension Impact - Business-Type Activities**  
**Fiscal Years Ended June 30, 2022, and 2021**  
**(In Thousands)**



### Long-Term Liabilities

The state's total long-term liabilities decreased by \$2.2 billion (14.6 percent) during the current fiscal year. This decrease is primarily attributable to a decrease in the Net Pension Liability of \$1.5 billion and the Title XII advance from the federal government to cover the Unemployment Insurance Fund (enterprise fund) deficit in the prior year that was repaid in the current year. For additional details, see the Business-type Activities section. In addition, these decreases were offset by the increases associated with the issues of general obligation bonds for trunk highway projects and other various state purposes. 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 \$23.0 billion, an increase of \$6.2 billion over the prior year.

The General Fund is the main operating fund of the state. At the end of the current fiscal year, the fund balance of the General Fund was \$14.5 billion, an increase of \$5.6 billion 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, income taxes were significantly higher over prior year as higher wage earners continue to be employed, taxable capital gains increased

during the current year, and corporate profits were significantly higher. The growth in individual income taxes were offset slightly by a decrease due to a change in tax law related to the treatment of pass-through entities. In addition, disposable cash grew as a result of the increase in wages, resulting in additional consumer spending. This contributed to the increase in sales taxes. The increase in other taxes resulted from an increase in taxes on homes and automobiles insurance premiums, lawful gambling, and deed transfer taxes as well as an increase in hospital surcharge taxes as a result of continued increases in patients receiving healthcare services after the slowdown in previous years due to the pandemic. Tobacco settlement decreased as a result of the court settlement on past unpaid tobacco settlements in the prior year.

The General Fund expenditures, net of expenditures related to COVID-19, increased slightly over the prior year. General education expenditures remained fairly consistent with a 2.45 percent per pupil formula increase offset by a decrease in the number of pupils. Health and human services expenditures increased for both the General Fund and the Federal Fund (special revenue fund) for the federal government's share resulted from an increase in caseloads for medical assistance during the current year. General Fund intergovernmental aid and higher education expenditures increases were the result of an increase in grants to local governments and the University of Minnesota (component unit) respectfully. Public safety expenditures decreased during the current year related to prior year expenditures for the planning and response to the potential civil unrest from a high profile trial and related protests. Transportation grants to Metropolitan Council (component unit) also increased during the current year. In addition, the General Fund's share of the grants to Minnesota Comprehensive Health Association (component unit) for the premium security program decreased during the current year due to an increase in the amount reimbursed by the federal government in the Federal Fund. This program helps keep premiums affordable to individual purchasers within the state. The increase in general education and transportation expenditures in the Federal Fund resulted from additional federal support to school districts for nutrition and childcare and local units of governments for transportation respectively.

During the current year, fuel taxes increased in the Trunk Highway, Municipal State-aid Street, and County State-aid Street funds (special revenue funds) as a result of an increase in travel as the economy continues to recover from the pandemic.

The increase in transportation expenditures resulted from additional capital project grants to airports, which was offset slightly by a decrease in capital project grants to local units of governments. The increase in higher education expenditures related to grants to the University of Minnesota (component unit) for capital projects in the Building Fund (capital project fund).

## **Proprietary Funds – Enterprise and Internal Service Funds**

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

### **Enterprise Funds**

The state's enterprise funds are included in the Business-type Activities column of the Statement of Activities. Enterprise funds net position increased by \$2.6 billion during the current year. This primarily resulted from a \$256.6 million increase in net position of the State Colleges and Universities Fund and a \$2.3 billion increase in net position of the Unemployment Insurance Fund. For further discussion, see the Government-wide Financial Analysis – Business-type Activities section.

## Internal Service Funds

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

The implementation of GASB 68, "Accounting and Financial Reporting for Pensions," which required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions, has caused some 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 2022. These are material to understanding changes in General Fund balances that occurred in fiscal year 2022. 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 2022.

### Actions Establishing the Fiscal Year 2022 Budget

The budget for the 2022-23 biennium was adopted in May and June 2021. The February 2021 Budget and Economic Forecast projected a budgetary balance of \$1.672 billion for the 2022-23 biennium. General Fund revenues for the biennium were forecast to be \$50.937 billion, \$3.292 billion (6.9 percent) higher than the previous biennium. General Fund expenditures for the biennium were expected to be \$50.657 billion, \$2.871 billion (6.0 percent) higher than the previous biennium. The 2021 Legislative Sessions concluded in June with a balanced budget for the 2022-23 biennium. The enacted budget decreased net General Fund resources by \$29 million and appropriated an additional \$1.706 billion over the February 2021 Forecast base spending amount. Reserves were reduced by \$100 million and spending and revenue changes made to fiscal year 2021 increased available resources by \$90 million. After accounting for all resource and expenditure changes enacted for the current biennium, the General Fund balance at the end of the 2022-23 biennium was estimated to be \$127 million.

Investments over base spending in the General Fund included \$558 million in new spending in E-12 education, largely due to a 2.45 percent increase for fiscal year 2022 and a 2.0 percent increase for fiscal year 2023 to the basic education formula, \$106 million increase in higher education spending, \$100 million higher spending for the courts and public safety, \$254 million higher appropriations for health and human services spending, a \$227 million increase in transportation General Fund spending, \$163 million in increased appropriations for state government agencies, \$218 million in economic development spending, and \$81 million in other areas of the General Fund budget. Revenue changes included conformity to federal tax law related to unemployment insurance income and federal Paycheck Protection Program loans which resulted in lower projected revenue collections relative to forecast. The net tax income decrease was then partially offset by enactment of a \$633 million transfer from the state fiscal recovery account within the Federal Fund.

After the 2021 legislative sessions, the enacted budget for the 2022-23 biennium included \$3.920 billion in carry forward from fiscal year 2021, \$50.907 billion in General Fund revenues, \$52.363 billion in General

Fund spending, \$2.136 billion in cash flow and budgetary reserves, \$201 million in a stadium reserve account, and a \$127 million ending budgetary balance.

### **Budget and Forecast Actions Impacting Fiscal Year 2022**

The November 2021 Budget and Economic Forecast increased the projected ending balance for the 2022-23 biennium by \$8.6 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 2021 forecast, \$870 million was allocated to the Budget Reserve Account, bringing it to the target level of \$2.656 billion. An additional \$111 million was attributable to projected growth in the stadium reserve account. After these reserve allocations, the estimated available General Fund balance was \$7.746 billion, \$7.619 million higher than estimates after the 2021 legislative sessions. The overall forecast gain was driven by a favorable close to fiscal year 2021 which increased resources carried into fiscal year 2022 by \$3.106 billion and the General Fund revenue forecast was increased \$5.130 billion. Spending estimates for the biennium were reduced \$364 million.

With the February 2022 forecast, an improved revenue forecast and lower spending estimates resulted in a \$1.507 billion increase in the projected balance compared to the November 2021 forecast. Given this, the 2022-23 biennium was projected to conclude with an available budgetary balance of \$9.253 billion and an additional \$3.006 billion in the budget reserve and cash flow account and \$327 million in the stadium reserve account.

The 2022 legislature made significant changes to resources and appropriations for the 2022-23 biennial budget. General Fund resources were reduced \$634 million, largely due to the repeal of a \$633 million transfer from the state fiscal recovery account within the Federal Fund that had been previously enacted. Enacted spending changes totaled \$1.570 billion in supplemental appropriations. Significant spending increases included \$500 million in bonus payments to frontline workers, \$406 million for a General Fund transfer to reimburse the Unemployment Insurance Fund (enterprise fund), \$300 million in General Fund resources for the state reinsurance program, and \$190 million for additional COVID-19 response and recovery. After the accounting for enacted spending and resource changes, the General Fund was projected to end the 2022-23 biennium with a balance of \$7.049 billion.

Fiscal Year 2022 ended with a General Fund balance of \$8.744 billion, \$3.28 billion above prior estimates. Total revenues, transfers-in, and other resources in fiscal year 2022 were \$2.979 billion higher than previously forecast. Tax revenue was \$2.838 billion more than projections and non-tax revenues were \$76 million above previous projections. Prior period adjustments were \$61 million higher than estimated.

Fiscal year 2022 spending was \$1.307 billion below prior estimates. Of that amount, \$973 million is due to unspent appropriations that have spending authority that carries into fiscal year 2023. The most significant appropriation carrying forward was \$500 million for Frontline Worker Payments; these payments have subsequently been made in fiscal year 2023. E-12 education spending was \$117 million lower due to lower than projected pupil counts, while health and human services spending was \$117 million below prior estimates due to grant and administrative underspending that can be spent during fiscal year 2023. Actual cancellations of direct appropriated funding totaled \$34 million. The budget reserve ended with a balance of \$2.672 billion, \$17 million higher than expected due to a statutory allocation from surplus assigned risk insurance plan balances. The cash flow account balance was unchanged at \$350 million. The stadium reserve account closed the fiscal year with a balance of \$229 million, \$17 million higher than previous 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 2022 with a balance of \$9.459 billion. On a GAAP basis, the General Fund reported a balance of \$14.525 billion for fiscal year 2022, a difference of \$5.066 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 \$2.483 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 \$2.583 billion. Additional information on the differences between the budgetary basis and the GAAP basis for the General Fund is included in Note 17 – Budgetary Basis vs. GAAP of the notes to the financial statements.

## **Capital and Leased Assets and Debt Administration**

### **Capital and Leased Assets**

The state's investment in capital and leased assets for governmental and business-type activities as of June 30, 2022, was \$27.8 billion, less accumulated depreciation/amortization of \$5.5 billion, resulting in a net book value of \$22.3 billion. This investment in capital and leased assets includes both capital and leased 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, 2022 and 2021**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
<b>Capital Assets not Depreciated:</b>						
Land	\$ 2,898,734	\$ 2,844,724	\$ 93,421	\$ 93,934	\$ 2,992,155	\$ 2,938,658
Buildings, Structures, Improvements	342,252	342,252	—	—	342,252	342,252
Construction in Progress	283,371	217,477	92,004	73,166	375,375	290,643
Development in Progress	263,935	244,144	—	—	263,935	244,144
Infrastructure	12,733,387	12,278,516	—	—	12,733,387	12,278,516
Easements/Intangible	554,371	516,407	596	596	554,967	517,003
Art and Historical Treasures	9,071	9,071	—	—	9,071	9,071
<b>Total Capital Assets not Depreciated</b>	<b>\$ 17,085,121</b>	<b>\$ 16,452,591</b>	<b>\$ 186,021</b>	<b>\$ 167,696</b>	<b>\$ 17,271,142</b>	<b>\$ 16,620,287</b>
<b>Capital Assets Depreciated:</b>						
Buildings, Structures, Improvements <sup>(1)</sup>	\$ 3,523,209	\$ 3,506,622	\$ 4,010,366	\$ 3,967,581	\$ 7,533,575	\$ 7,474,203
Infrastructure	514,775	452,059	30,571	30,251	545,346	482,310
Library Collections	—	—	33,548	34,686	33,548	34,686
Internally Generated Computer Software	444,443	402,586	65,190	64,877	509,633	467,463
Easements	4,028	4,028	—	—	4,028	4,028
Equipment, Furniture, Fixtures	983,846	967,963	356,172	350,705	1,340,018	1,318,668
<b>Total Capital Assets Depreciated</b>	<b>\$ 5,470,301</b>	<b>\$ 5,333,258</b>	<b>\$ 4,495,847</b>	<b>\$ 4,448,100</b>	<b>\$ 9,966,148</b>	<b>\$ 9,781,358</b>
<b>Less: Accumulated Depreciation<sup>(1)</sup></b>	<b>(2,744,821)</b>	<b>(2,574,696)</b>	<b>(2,648,969)</b>	<b>(2,517,927)</b>	<b>(5,393,790)</b>	<b>(5,092,623)</b>
<b>Capital Assets Net of Depreciation</b>	<b>\$ 2,725,480</b>	<b>\$ 2,758,562</b>	<b>\$ 1,846,878</b>	<b>\$ 1,930,173</b>	<b>\$ 4,572,358</b>	<b>\$ 4,688,735</b>
<b>Leased Capital Assets Amortized<sup>(1)</sup>:</b>						
Buildings, Structures, Improvements	\$ 453,110	\$ 411,140	\$ 31,499	\$ 31,476	\$ 484,609	\$ 442,616
Easements	279	88	—	—	279	88
Equipment, Furniture, Fixtures	8,093	8,093	13,397	13,397	21,490	21,490
<b>Total Leased Capital Assets Amortized</b>	<b>\$ 461,482</b>	<b>\$ 419,321</b>	<b>\$ 44,896</b>	<b>\$ 44,873</b>	<b>\$ 506,378</b>	<b>\$ 464,194</b>
<b>Less: Accumulated Amortization<sup>(1)</sup></b>	<b>(65,573)</b>	<b>—</b>	<b>(11,864)</b>	<b>—</b>	<b>(77,437)</b>	<b>—</b>
<b>Leased Capital Assets Net of Amortization</b>	<b>\$ 395,909</b>	<b>\$ 419,321</b>	<b>\$ 33,032</b>	<b>\$ 44,873</b>	<b>\$ 428,941</b>	<b>\$ 464,194</b>
<b>Total</b>	<b>\$ 20,206,510</b>	<b>\$ 19,630,474</b>	<b>\$ 2,065,931</b>	<b>\$ 2,142,742</b>	<b>\$ 22,272,441</b>	<b>\$ 21,773,216</b>

<sup>(1)</sup> 2021 has been restated as a result of the implementation of GASB 87 "Leases" in fiscal year 2022.

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 2021, indicated that the average PQI for principal arterial pavement was 3.6 and 3.5 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 2021, indicated that 94.0 percent of principal arterial system bridges and 93.4 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. Maintaining existing infrastructure continues to be the focus over capitalization.

Additional information on the state's capital assets and infrastructure under the modified approach is included in Note 6 – Capital and Leased 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, 2022, as follows:

- AAA by Fitch Ratings
- AAA by S&P Global Ratings
- Aa1 by Moody's Investors Service Inc. (upgraded to Aaa in July 2022)

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, the Lewis and Clark Regional Water System project, the environmental response PCA superfund, the public television equipment, and the electric vehicle infrastructure.

The Certificates of Participation were issued by the state to finance the legislative office facility.

**Outstanding Bonded Debt and Unamortized Premium**  
**June 30, 2022 and 2021**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General Obligation	\$ 7,376,400	\$ 6,915,311	\$ 186,863	\$ 199,199	\$ 7,563,263	\$ 7,114,510
Revenue	25,645	28,580	205,979	232,993	231,624	261,573
State Appropriation Bonds	954,340	956,012	—	—	954,340	956,012
Certificate of Participation	73,361	76,257	—	—	73,361	76,257
Total	<u>\$ 8,429,746</u>	<u>\$ 7,976,160</u>	<u>\$ 392,842</u>	<u>\$ 432,192</u>	<u>\$ 8,822,588</u>	<u>\$ 8,408,352</u>

During fiscal year 2022, the state issued the following bonds:

- \$565.2 million in general obligation state various purpose bonds
- \$311.0 million in general obligation state trunk highway bonds
- \$29.7 million in state appropriation bonds for Environmental Response PCA Superfund
- \$14.0 million in state appropriation bonds for Public Television Equipment
- \$6.9 million in state appropriation bonds for the Duluth Regional Exchange District
- \$1.9 million in state appropriation bonds for Electric Vehicle Infrastructure
- \$41.3 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 11 – 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

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# Basic Financial Statements

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2022  
Annual  
Comprehensive  
Financial Report

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State of Minnesota

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# Government-wide Financial Statements

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2022  
Annual  
Comprehensive  
Financial Report

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# STATE OF MINNESOTA

## STATEMENT OF NET POSITION

JUNE 30, 2022

(IN THOUSANDS)

	PRIMARY GOVERNMENT				COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
ASSETS					
Current Assets:					
Cash and Cash Equivalents .....	\$ 22,919,341	\$ 3,401,241	\$ 26,320,582	\$ 1,905,920	
Investments .....	3,591,347	20,028	3,611,375	1,627,525	
Accounts Receivable .....	3,863,322	439,741	4,303,063	577,135	
Due from Component Units .....	33,188	—	33,188	—	
Due from Primary Government .....	—	—	—	302,986	
Accrued Investment/Interest Income .....	33,518	—	33,518	28,097	
Federal Aid Receivable .....	2,863,383	55,277	2,918,660	31,479	
Inventories .....	52,006	21,735	73,741	61,299	
Loans and Notes Receivable .....	21,573	2,721	24,294	328,065	
Leases Receivable .....	2,367	2,969	5,336	15,014	
Internal Balances .....	5,609	(5,609)	—	—	
Other Assets .....	7,946	4,001	11,947	39,124	
Total Current Assets .....	\$ 33,393,600	\$ 3,942,104	\$ 37,335,704	\$ 4,916,644	
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted .....	\$ —	\$ 49,040	\$ 49,040	\$ 2,164,248	
Investments-Restricted .....	—	302	302	3,687,556	
Accounts Receivable-Restricted .....	—	—	—	174,417	
Due from Primary Government-Restricted .....	—	—	—	30,292	
Due from Primary Government .....	—	—	—	1,937	
Due from Component Units .....	64,783	—	64,783	—	
Investments .....	—	—	—	6,452,093	
Derivative Instrument-Rate Swap .....	—	—	—	15,792	
Accounts Receivable .....	713,751	3,419	717,170	476,722	
Loans and Notes Receivable .....	184,505	7,789	192,294	3,052,593	
Leases Receivable .....	6,984	10,816	17,800	669,684	
Leased Assets (Net) .....	395,909	33,032	428,941	244,829	
Depreciable Capital Assets (Net) .....	2,725,480	1,846,878	4,572,358	6,950,922	
Nondepreciable Capital Assets .....	4,351,734	186,021	4,537,755	2,770,118	
Infrastructure (Not depreciated) .....	12,733,387	—	12,733,387	—	
Other Assets .....	1,403	—	1,403	17,096	
Total Noncurrent Assets .....	\$ 21,177,936	\$ 2,137,297	\$ 23,315,233	\$ 26,708,299	
Total Assets .....	\$ 54,571,536	\$ 6,079,401	\$ 60,650,937	\$ 31,624,943	
DEFERRED OUTFLOWS OF RESOURCES					
Bond Refunding .....	\$ 88,518	\$ 1,603	\$ 90,121	\$ 3,780	
Deferred Pension Outflows .....	2,007,798	261,696	2,269,494	422,207	
Deferred Other Postemployment Benefits Outflows .....	95,785	19,528	115,313	66,123	
Total Deferred Outflows of Resources .....	\$ 2,192,101	\$ 282,827	\$ 2,474,928	\$ 492,110	
LIABILITIES					
Current Liabilities:					
Accounts Payable .....	\$ 7,730,083	\$ 315,805	\$ 8,045,888	\$ 402,915	
Due to Component Units .....	265,112	11	265,123	—	
Due to Primary Government .....	—	—	—	53,084	
Unearned Revenue .....	492,622	671,020	1,163,642	147,034	
Accrued Interest Payable .....	110,658	—	110,658	63,789	
Bonds and Notes Payable .....	678,789	35,499	714,288	922,418	
Leases Payable .....	70,479	11,732	82,211	19,703	
Certificates of Participation Payable .....	2,525	—	2,525	955	
Claims Payable .....	193,678	33,049	226,727	309,990	
Compensated Absences Payable .....	55,946	20,676	76,622	270,533	
Other Liabilities .....	—	13,744	13,744	4,516	
Total Current Liabilities .....	\$ 9,599,892	\$ 1,101,536	\$ 10,701,428	\$ 2,194,937	



# STATE OF MINNESOTA

## STATEMENT OF NET POSITION

JUNE 30, 2022

(IN THOUSANDS)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Noncurrent Liabilities:				
Accounts Payable-Restricted	\$ —	\$ —	\$ —	\$ 154,390
Unearned Revenue-Restricted	—	—	—	192,913
Accrued Interest Payable-Restricted	—	—	—	14,067
Accounts Payable	—	—	—	62,951
Due to Primary Government	—	—	—	64,783
Unearned Revenue	133,851	—	133,851	11,460
Bonds and Notes Payable	7,721,193	380,919	8,102,112	7,953,306
Leases Payable	263,344	20,326	283,670	163,237
Due to Component Units	1,937	—	1,937	—
Certificates of Participation Payable	70,836	—	70,836	1,750
Claims Payable	708,985	1,261	710,246	553,458
Compensated Absences Payable	346,536	144,272	490,808	37,265
Other Postemployment Benefits	629,756	91,609	721,365	431,072
Net Pension Liability	1,530,844	161,539	1,692,383	33,271
Funds Held in Trust	—	—	—	426,085
Other Liabilities	—	9,349	9,349	54,342
Total Noncurrent Liabilities	\$ 11,407,282	\$ 809,275	\$ 12,216,557	\$ 10,154,350
Total Liabilities	\$ 21,007,174	\$ 1,910,811	\$ 22,917,985	\$ 12,349,287
DEFERRED INFLOWS OF RESOURCES				
Accumulated Increase in Fair Values of Derivative Instruments	\$ —	\$ —	\$ —	\$ 21,988
Bond Refunding	17,628	3,693	21,321	15,113
Deferred Leases	9,351	13,949	23,300	667,400
Deferred Revenue	451,931	—	451,931	38,002
Deferred Pension Inflows	3,682,140	617,441	4,299,581	877,054
Deferred Other Postemployment Benefits Inflows	76,625	19,169	95,794	11,677
Total Deferred Inflows of Resources	\$ 4,237,675	\$ 654,252	\$ 4,891,927	\$ 1,631,234
NET POSITION				
Net Investment in Capital Assets	\$ 16,298,410	\$ 1,637,005	\$ 17,935,415	\$ 6,301,283
Restricted to:				
Improve Agricultural, Environmental and Energy Resources	\$ 3,310,572	\$ —	\$ 3,310,572	\$ —
Enhance Arts and Culture	49,493	—	49,493	—
Acquire, Maintain, and Improve Land and Buildings	—	357	357	—
Retire Indebtedness	468,268	123,538	591,806	—
Develop Economy and Workforce	238,349	4,576	242,925	—
Enhance E-12 Education	22,886	—	22,886	—
Enhance State Government	36,560	—	36,560	—
Enhance Health and Human Services	78,063	5,231	83,294	—
Enhance Higher Education	309	25,078	25,387	—
Enhance 911 Services and Increase Safety	12,976	122,401	135,377	—
School Aid-Expendable	9,884	—	9,884	—
School Aid-Nonexpendable	1,765,381	—	1,765,381	—
Construct Highways and Improve Infrastructure	2,014,841	—	2,014,841	—
Unemployment Benefits	—	1,542,970	1,542,970	—
Other Purposes	—	78,637	78,637	—
Component Units	—	—	—	10,192,121
Total Restricted	\$ 8,007,582	\$ 1,902,788	\$ 9,910,370	\$ 10,192,121
Unrestricted	\$ 7,212,796	\$ 257,372	\$ 7,470,168	\$ 1,643,128
Total Net Position	\$ 31,518,788	\$ 3,797,165	\$ 35,315,953	\$ 18,136,532

The notes are an integral part of the financial statements.

**STATE OF MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**  
**(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 .....	\$ 1,374,916	\$ 518,960	\$ 316,525	\$ 15,042
Economic and Workforce Development .....	801,833	58,914	307,160	—
General Education .....	12,289,924	18,942	2,124,011	—
General Government .....	824,252	372,355	61,024	—
Health and Human Services .....	23,208,505	497,522	15,360,459	—
Higher Education .....	1,125,695	—	7,253	—
Intergovernmental Aid .....	2,011,220	—	—	—
Public Safety and Corrections .....	1,072,825	204,072	260,275	—
Transportation .....	3,324,527	46,407	826,360	182,096
Interest .....	255,709	—	—	—
Total Governmental Activities .....	<u>\$ 46,289,406</u>	<u>\$ 1,717,172</u>	<u>\$ 19,263,067</u>	<u>\$ 197,138</u>
Business-type Activities:				
State Colleges and Universities .....	\$ 2,036,082	\$ 751,587	\$ 709,188	\$ 1,320
Unemployment Insurance .....	1,865,743	733,796	3,039,821	—
Lottery .....	560,581	740,162	—	—
Others .....	627,955	661,563	557	—
Total Business-type Activities .....	<u>\$ 5,090,361</u>	<u>\$ 2,887,108</u>	<u>\$ 3,749,566</u>	<u>\$ 1,320</u>
Total Primary Government .....	<u>\$ 51,379,767</u>	<u>\$ 4,604,280</u>	<u>\$ 23,012,633</u>	<u>\$ 198,458</u>
Component Units:				
Housing Finance .....	\$ 938,029	\$ 18,404	\$ 535,614	\$ —
Metropolitan Council .....	997,932	356,099	554,264	714,865
University of Minnesota .....	4,242,380	1,422,005	2,121,969	117,514
Others .....	725,496	149,460	236,739	10,771
Total Component Units .....	<u>\$ 6,903,837</u>	<u>\$ 1,945,968</u>	<u>\$ 3,448,586</u>	<u>\$ 843,150</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 .....				
Change in Accounting Principle .....				
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
\$ (524,389)		\$ (524,389)	
(435,759)		(435,759)	
(10,146,971)		(10,146,971)	
(390,873)		(390,873)	
(7,350,524)		(7,350,524)	
(1,118,442)		(1,118,442)	
(2,011,220)		(2,011,220)	
(608,478)		(608,478)	
(2,269,664)		(2,269,664)	
(255,709)		(255,709)	
<u>\$ (25,112,029)</u>		<u>\$ (25,112,029)</u>	
	\$ (573,987)	\$ (573,987)	
	1,907,874	1,907,874	
	179,581	179,581	
	34,165	34,165	
	<u>\$ 1,547,633</u>	<u>\$ 1,547,633</u>	
<u>\$ (25,112,029)</u>	<u>\$ 1,547,633</u>	<u>\$ (23,564,396)</u>	
			\$ (384,011)
			627,296
			(580,892)
			<u>(328,526)</u>
			<u>\$ (666,133)</u>
\$ 16,861,833	\$ —	\$ 16,861,833	\$ —
2,866,222	—	2,866,222	—
7,428,258	—	7,428,258	—
743,116	—	743,116	—
1,810,109	—	1,810,109	—
899,424	—	899,424	—
3,550,530	—	3,550,530	87,640
195,055	—	195,055	—
(189,612)	6,184	(183,428)	(304,904)
121,981	360	122,341	385,603
—	—	—	1,159,888
<u>(1,087,341)</u>	<u>1,087,341</u>	<u>—</u>	<u>—</u>
<u>\$ 33,199,575</u>	<u>\$ 1,093,885</u>	<u>\$ 34,293,460</u>	<u>\$ 1,328,227</u>
<u>\$ 8,087,546</u>	<u>\$ 2,641,518</u>	<u>\$ 10,729,064</u>	<u>\$ 662,094</u>
<u>\$ 23,423,160</u>	<u>\$ 1,155,647</u>	<u>\$ 24,578,807</u>	<u>\$ 17,399,960</u>
—	—	—	70,213
<u>8,082</u>	<u>—</u>	<u>8,082</u>	<u>4,265</u>
<u>\$ 23,431,242</u>	<u>\$ 1,155,647</u>	<u>\$ 24,586,889</u>	<u>\$ 17,474,438</u>
<u>\$ 31,518,788</u>	<u>\$ 3,797,165</u>	<u>\$ 35,315,953</u>	<u>\$ 18,136,532</u>





State of Minnesota

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## Fund Financial Statements

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## Governmental Funds

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### **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, 2022

(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 15,481,267	\$ 326,998	\$ 6,537,591	\$ 22,345,856
Investments .....	1,440,524	—	2,150,823	3,591,347
Accounts Receivable .....	3,751,575	516,291	303,910	4,571,776
Interfund Receivables .....	89,290	34	177,510	266,834
Due from Component Units .....	451	—	97,520	97,971
Accrued Investment/Interest Income .....	27,045	—	6,473	33,518
Federal Aid Receivable .....	—	2,795,277	68,106	2,863,383
Inventories .....	—	2,247	49,402	51,649
Loans and Notes Receivable .....	79,604	4,767	121,707	206,078
Leases Receivable .....	—	—	6,558	6,558
Investment in Land .....	—	—	15,954	15,954
Total Assets .....	<u>\$ 20,869,756</u>	<u>\$ 3,645,614</u>	<u>\$ 9,535,554</u>	<u>\$ 34,050,924</u>
<b>LIABILITIES</b>				
Accounts Payable .....	\$ 3,967,364	\$ 2,999,907	\$ 800,120	\$ 7,767,391
Interfund Payables .....	4,854	—	203,967	208,821
Due to Component Units .....	92,966	158,181	13,671	264,818
Unearned Revenue .....	138,719	479,169	—	617,888
Total Liabilities .....	<u>\$ 4,203,903</u>	<u>\$ 3,637,257</u>	<u>\$ 1,017,758</u>	<u>\$ 8,858,918</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Leases .....	\$ —	\$ —	\$ 6,558	\$ 6,558
Deferred Revenue .....	2,140,459	—	93,151	2,233,610
Total Deferred Inflows of Resources .....	<u>\$ 2,140,459</u>	<u>\$ —</u>	<u>\$ 99,709</u>	<u>\$ 2,240,168</u>
<b>FUND BALANCES</b>				
Nonspendable .....	\$ 1,462,110	\$ —	\$ 1,814,783	\$ 3,276,893
Restricted .....	107,180	8,357	5,605,114	5,720,651
Committed .....	80,357	—	924,000	1,004,357
Assigned .....	2,003,951	—	74,190	2,078,141
Unassigned .....	10,871,796	—	—	10,871,796
Total Fund Balances .....	<u>\$ 14,525,394</u>	<u>\$ 8,357</u>	<u>\$ 8,418,087</u>	<u>\$ 22,951,838</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$ 20,869,756</u>	<u>\$ 3,645,614</u>	<u>\$ 9,535,554</u>	<u>\$ 34,050,924</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, 2022

(IN THOUSANDS)

<b>Total Fund Balance for Governmental Funds</b>	\$	22,951,838
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital/leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Infrastructure	\$	12,733,387
Nondepreciable Capital Assets		4,335,519
Depreciable Capital Assets		5,252,103
Accumulated Depreciation		(2,585,037)
Leased Assets		451,180
Accumulated Amortization		(60,619)
		20,126,533
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.		1,781,679
Net Deferred Outflows (Inflows) resulting from the refunding of debt included in the Statement of Net Position.		70,890
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.		407,290
Deferred pension outflows (inflows) resulting primarily from actuarial gains and losses to be amortized are included in the Statement of Net Position.		(1,629,226)
Deferred other postemployment benefits outflows (inflows) resulting primarily from actuarial gains and losses to be amortized are included in the Statement of Net Position.		18,900
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	\$	(110,630)
General Obligation Bonds Payable		(6,441,085)
State Appropriation Bonds Payable		(878,330)
Revenue Bonds Payable		(25,645)
Loans and Notes Payable		(4,165)
Bond Premium Payable		(1,011,325)
Due to Component Units		(2,231)
Leases Payable		(328,816)
Certificate of Participation Payable		(65,270)
Certificate of Participation Premium Payable		(8,091)
Claims Payable		(796,311)
Compensated Absences Payable		(387,055)
Other Postemployment Benefits		(621,660)
Net Pension Liability		(1,528,502)
		(12,209,116)
<b>Net Position of Governmental Activities</b>	\$	<u>31,518,788</u>

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, 2022

(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
Net Revenues:				
Individual Income Taxes .....	\$ 16,836,132	\$ —	\$ —	\$ 16,836,132
Corporate Income Taxes .....	2,848,019	—	—	2,848,019
Sales Taxes .....	6,769,988	—	632,850	7,402,838
Property Taxes .....	765,534	—	—	765,534
Motor Vehicle Taxes .....	394,630	—	1,415,597	1,810,227
Fuel Taxes .....	—	—	900,818	900,818
Other Taxes .....	3,277,382	—	255,707	3,533,089
Tobacco Settlement .....	192,965	—	—	192,965
Federal Revenues .....	48,996	18,981,414	552,636	19,583,046
Licenses and Fees .....	269,423	4,628	439,285	713,336
Departmental Services .....	191,385	988	218,656	411,029
Investment/Interest Income .....	(350,456)	10,432	(182,094)	(522,118)
Other Revenues .....	499,416	56,040	289,267	844,723
Net Revenues .....	\$ 31,743,414	\$ 19,053,502	\$ 4,522,722	\$ 55,319,638
Expenditures:				
Agricultural, Environmental and Energy Resources .....	\$ 354,669	\$ 451,243	\$ 725,664	\$ 1,531,576
Economic and Workforce Development .....	354,330	270,377	268,862	893,569
General Education .....	10,032,021	2,211,701	69,182	12,312,904
General Government .....	904,011	39,170	119,774	1,062,955
Health and Human Services .....	8,134,337	15,307,655	168,498	23,610,490
Higher Education .....	1,016,919	7,557	100,906	1,125,382
Intergovernmental Aid .....	2,011,024	—	196	2,011,220
Public Safety and Corrections .....	798,457	214,408	276,331	1,289,196
Transportation .....	582,994	415,665	2,487,788	3,486,447
Total Current Expenditures .....	\$ 24,188,762	\$ 18,917,776	\$ 4,217,201	\$ 47,323,739
Capital Outlay .....	77,791	91,974	706,538	876,303
Debt Service .....	66,943	7,577	883,669	958,189
Total Expenditures .....	\$ 24,333,496	\$ 19,017,327	\$ 5,807,408	\$ 49,158,231
Excess of Revenues over (under) Expenditures .....	\$ 7,409,918	\$ 36,175	\$ (1,284,686)	\$ 6,161,407
Other Financing Sources (Uses):				
Bond Issuance .....	\$ —	\$ —	\$ 919,649	\$ 919,649
Loan Issuance .....	—	—	3,500	3,500
Lease Financing .....	8,986	—	33,915	42,901
Bond Issuance Premium .....	—	—	179,033	179,033
Transfers-In .....	260,106	1,173	1,139,092	1,400,371
Transfers-Out .....	(2,061,490)	(46,577)	(431,968)	(2,540,035)
Net Other Financing Sources (Uses) .....	\$ (1,792,398)	\$ (45,404)	\$ 1,843,221	\$ 5,419
Net Change in Fund Balances .....	\$ 5,617,520	\$ (9,229)	\$ 558,535	\$ 6,166,826
Fund Balances, Beginning, as Reported .....	\$ 8,907,874	\$ 17,586	\$ 7,859,552	\$ 16,785,012
Fund Balances, Ending .....	\$ 14,525,394	\$ 8,357	\$ 8,418,087	\$ 22,951,838

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, 2022****(IN THOUSANDS)**

<b>Net Change in Fund Balances for Governmental Funds</b>	<b>\$ 6,166,826</b>
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/leased assets are allocated over their estimated useful lives or lease terms as applicable as depreciation/amortization. This is the amount by which capital outlay exceeded the depreciation/amortization in the current period.	
Capital Outlay	\$ 876,303
Depreciation/Amortization	(269,573)
	606,730
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.	
	(16,537)
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.	
	8,036
Net changes in revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	
	64,355
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.	
	(1,145,083)
Net changes due to the additions and amortization of deferred inflows and outflows related to the refunding of debt is reported in the Statement of Activities but not included in governmental funds.	
	(3,737)
Net changes in the net pension liability and the additions and amortization of deferred inflows and outflows related to pensions is reported in the Statement of Activities but not included in governmental funds.	
	1,739,665
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.	
	(13,406)
Repayment of bonds, loans, and leases are reported as expenditures in governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.	
	710,595
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.	
	(29,898)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 8,087,546</b>

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, 2022

(IN THOUSANDS)

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Net Revenues:			
Individual Income Taxes .....	\$ 12,819,315	\$ 14,477,173	\$ 16,872,708
Corporate Income Taxes .....	1,477,622	2,375,832	2,822,875
Sales Taxes .....	6,204,072	6,574,497	6,612,869
Property Taxes .....	773,388	771,915	774,121
Other Taxes .....	2,901,087	3,150,999	3,177,542
Tobacco Settlement .....	164,109	175,112	192,965
Licenses and Fees .....	246,801	256,016	264,150
Departmental Services .....	130,879	97,141	98,433
Investment/Interest Income .....	25,746	31,756	48,321
Other Revenues .....	334,249	423,376	459,390
Net Revenues .....	<u>\$ 25,077,268</u>	<u>\$ 28,333,817</u>	<u>\$ 31,323,374</u>
Expenditures:			
Agricultural, Environmental and Energy Resources .....	\$ 260,353	\$ 267,125	\$ 246,808
Economic and Workforce Development .....	348,470	754,295	747,509
General Education .....	10,192,057	10,191,033	9,998,488
General Government .....	1,020,249	1,061,969	992,269
Health and Human Services .....	8,189,138	7,698,056	7,540,294
Higher Education .....	960,183	960,183	952,924
Intergovernmental Aid .....	1,937,342	2,467,711	1,967,556
Public Safety and Corrections .....	847,447	848,737	803,020
Transportation .....	186,427	186,427	178,322
Total Expenditures .....	<u>\$ 23,941,666</u>	<u>\$ 24,435,536</u>	<u>\$ 23,427,190</u>
Excess of Revenues Over (Under) Expenditures .....	<u>\$ 1,135,602</u>	<u>\$ 3,898,281</u>	<u>\$ 7,896,184</u>
Other Financing Sources (Uses):			
Transfers-In .....	\$ 33,307	\$ 43,633	\$ 37,955
Transfers-Out .....	(2,025,347)	(2,025,347)	(2,025,347)
Net Other Financing Sources (Uses) .....	<u>\$ (1,992,040)</u>	<u>\$ (1,981,714)</u>	<u>\$ (1,987,392)</u>
Net Change in Fund Balances .....	<u>\$ (856,438)</u>	<u>\$ 1,916,567</u>	<u>\$ 5,908,792</u>
Fund Balances, Beginning, as Reported .....	<u>\$ 7,693,500</u>	<u>\$ 7,693,500</u>	<u>\$ 7,693,500</u>
Prior Period Adjustments .....	—	—	161,820
Fund Balances, Beginning, as Restated .....	<u>\$ 7,693,500</u>	<u>\$ 7,693,500</u>	<u>\$ 7,855,320</u>
Budgetary Fund Balances, Ending .....	<u>\$ 6,837,062</u>	<u>\$ 9,610,067</u>	<u>\$ 13,764,112</u>
Less: Appropriation Carryover .....	—	—	1,011,140
Less: Reserved for Long-Term Receivables .....	—	—	42,447
Less: Budgetary Reserve .....	—	—	3,251,881
Unassigned Fund Balance, Ending .....	<u><u>\$ 6,837,062</u></u>	<u><u>\$ 9,610,067</u></u>	<u><u>\$ 9,458,644</u></u>

The notes are an integral part of the financial statements.

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## Proprietary Funds

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### **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, 2022

(IN THOUSANDS)

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL		
ASSETS						
Current Assets:						
Cash and Cash Equivalents .....	\$ 1,189,704	\$ 1,846,886	\$ 364,651	\$ 3,401,241	\$ 573,485	
Investments .....	20,028	—	—	20,028	—	
Accounts Receivable .....	59,702	346,150	33,889	439,741	83,052	
Interfund Receivables .....	29,936	—	6,063	35,999	—	
Federal Aid Receivable .....	52,456	2,821	—	55,277	—	
Inventories .....	12,509	—	9,226	21,735	357	
Loans and Notes Receivable .....	2,721	—	—	2,721	—	
Leases Receivable .....	2,844	—	125	2,969	1,256	
Prepaid Expenses .....	3,429	—	572	4,001	7,946	
Total Current Assets .....	\$ 1,373,329	\$ 2,195,857	\$ 414,526	\$ 3,983,712	\$ 666,096	
Noncurrent Assets:						
Cash and Cash Equivalents-Restricted .....	\$ 49,040	\$ —	\$ —	\$ 49,040	\$ —	
Investments-Restricted .....	302	—	—	302	—	
Accounts Receivable .....	—	—	3,419	3,419	207	
Loans and Notes Receivable .....	7,789	—	—	7,789	—	
Leases Receivable .....	10,816	—	—	10,816	1,537	
Leased Assets (Net) .....	18,871	—	14,161	33,032	5,348	
Depreciable Capital Assets (Net) .....	1,721,080	—	125,798	1,846,878	58,414	
Nondepreciable Capital Assets .....	168,239	—	17,782	186,021	261	
Prepaid Expenses .....	—	—	—	—	1,403	
Total Noncurrent Assets .....	\$ 1,976,137	\$ —	\$ 161,160	\$ 2,137,297	\$ 67,170	
Total Assets .....	\$ 3,349,466	\$ 2,195,857	\$ 575,686	\$ 6,121,009	\$ 733,266	
DEFERRED OUTFLOWS OF RESOURCES						
Bond Refunding .....	\$ 1,603	\$ —	\$ —	\$ 1,603	\$ —	
Deferred Pension Outflows .....	217,286	—	44,410	261,696	52,129	
Deferred Other Postemployment Benefits Outflows .....	16,420	—	3,108	19,528	1,245	
Total Deferred Outflows of Resources .....	\$ 235,309	\$ —	\$ 47,518	\$ 282,827	\$ 53,374	
LIABILITIES						
Current Liabilities:						
Accounts Payable .....	\$ 202,552	\$ 46,784	\$ 66,469	\$ 315,805	\$ 40,867	
Interfund Payables .....	—	14,884	26,724	41,608	52,191	
Due to Component Units .....	—	—	11	11	—	
Unearned Revenue .....	66,053	591,219	13,748	671,020	8,585	
Accrued Interest Payable .....	—	—	—	—	28	
Bonds and Notes Payable .....	35,499	—	—	35,499	17,192	
Leases Payable .....	8,021	—	3,711	11,732	4,677	
Claims Payable .....	2,342	—	30,707	33,049	106,352	
Compensated Absences Payable .....	18,148	—	2,528	20,676	1,744	
Other Liabilities .....	13,744	—	—	13,744	—	
Total Current Liabilities .....	\$ 346,359	\$ 652,887	\$ 143,898	\$ 1,143,144	\$ 231,636	

# STATE OF MINNESOTA

## PROPRIETARY FUNDS

### STATEMENT OF NET POSITION

JUNE 30, 2022

(IN THOUSANDS)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	
Noncurrent Liabilities:					
Bonds and Notes Payable .....	\$ 380,919	\$ —	\$ —	\$ 380,919	\$ 22,240
Leases Payable .....	9,683	—	10,643	20,326	330
Claims Payable .....	1,261	—	—	1,261	—
Compensated Absences Payable .....	133,089	—	11,183	144,272	13,683
Other Postemployment Benefits .....	71,437	—	20,172	91,609	8,096
Net Pension Liability .....	150,831	—	10,708	161,539	2,342
Other Liabilities .....	9,349	—	—	9,349	—
Total Noncurrent Liabilities .....	\$ 756,569	\$ —	\$ 52,706	\$ 809,275	\$ 46,691
Total Liabilities .....	\$ 1,102,928	\$ 652,887	\$ 196,604	\$ 1,952,419	\$ 278,327
DEFERRED INFLOWS OF RESOURCES					
Bond Refunding .....	\$ 3,693	\$ —	\$ —	\$ 3,693	\$ —
Deferred Leases .....	13,824	—	125	13,949	2,793
Deferred Pension Inflows .....	538,464	—	78,977	617,441	97,245
Deferred Other Postemployment Benefits Inflows .....	16,714	—	2,455	19,169	985
Total Deferred Inflows of Resources .....	\$ 572,695	\$ —	\$ 81,557	\$ 654,252	\$ 101,023
NET POSITION					
Net Investment in Capital Assets .....	\$ 1,493,618	\$ —	\$ 143,387	\$ 1,637,005	\$ 22,385
Restricted for:					
Acquire, Maintain, and Improve Land and Buildings .....	\$ 357	\$ —	\$ —	\$ 357	\$ —
Retire Indebtedness .....	123,538	—	—	123,538	—
Develop Economy and Workforce .....	—	—	4,576	4,576	—
Enhance Health and Human Services .....	—	—	5,231	5,231	—
Enhance Higher Education .....	25,078	—	—	25,078	—
Enhance 911 Services and Increase Safety .....	—	—	122,401	122,401	—
Unemployment Benefits .....	—	1,542,970	—	1,542,970	—
Other Purposes .....	—	—	78,637	78,637	—
Total Restricted .....	\$ 148,973	\$ 1,542,970	\$ 210,845	\$ 1,902,788	\$ —
Unrestricted .....	\$ 266,561	\$ —	\$ (9,189)	\$ 257,372	\$ 384,905
Total Net Position .....	\$ 1,909,152	\$ 1,542,970	\$ 345,043	\$ 3,797,165	\$ 407,290

The notes are an integral part of the financial statements.

# STATE OF MINNESOTA

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES

### AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	ENTERPRISE FUNDS					
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS	
Operating Revenues:						
Tuition and Fees .....	\$ 648,263	\$ —	\$ —	\$ 648,263	\$ —	
Restricted Student Payments, Net .....	88,877	—	—	88,877	—	
Net Sales .....	—	—	1,033,482	1,033,482	320,677	
Insurance Premiums .....	—	709,233	332,253	1,041,486	1,052,923	
Other Income .....	14,447	24,563	35,990	75,000	12,406	
Total Operating Revenues .....	\$ 751,587	\$ 733,796	\$ 1,401,725	\$ 2,887,108	\$ 1,386,006	
Less: Cost of Goods Sold .....	—	—	565,138	565,138	—	
Gross Margin .....	\$ 751,587	\$ 733,796	\$ 836,587	\$ 2,321,970	\$ 1,386,006	
Operating Expenses:						
Purchased Services .....	\$ 264,666	\$ —	\$ 90,632	\$ 355,298	\$ 216,166	
Salaries and Fringe Benefits .....	1,179,090	—	127,250	1,306,340	64,908	
Student Financial Aid .....	233,934	—	—	233,934	—	
Unemployment Benefits .....	—	1,847,855	—	1,847,855	—	
Claims .....	—	—	328,020	328,020	1,003,296	
Depreciation and Amortization .....	146,636	—	17,925	164,561	23,015	
Supplies and Materials .....	126,917	—	5,628	132,545	17,932	
Repairs and Maintenance .....	19,278	—	1,157	20,435	16,623	
Indirect Costs .....	—	—	6,699	6,699	2,946	
Other Expenses .....	42,098	—	808	42,906	1,002	
Total Operating Expenses .....	\$ 2,012,619	\$ 1,847,855	\$ 578,119	\$ 4,438,593	\$ 1,345,888	
Operating Income (Loss) .....	\$ (1,261,032)	\$ (1,114,059)	\$ 258,468	\$ (2,116,623)	\$ 40,118	
Nonoperating Revenues (Expenses):						
Investment Income .....	\$ 2,336	\$ 3,127	\$ 721	\$ 6,184	\$ 2,117	
Federal Grants .....	579,826	3,039,821	557	3,620,204	—	
Private Grants .....	31,344	—	—	31,344	—	
Grants and Subsidies .....	99,338	—	—	99,338	—	
Other Nonoperating Revenues .....	—	—	3	3	48	
Interest and Financing Costs .....	(11,677)	(15,248)	(42)	(26,967)	(867)	
Grants, Aids and Subsidies .....	(11,786)	(2,640)	(28,175)	(42,601)	—	
Other Nonoperating Expenses .....	—	—	(17,062)	(17,062)	(552)	
Gain (Loss) on Disposal of Capital Assets .....	739	—	(382)	357	(30)	
Total Nonoperating Revenues (Expenses) .....	\$ 690,120	\$ 3,025,060	\$ (44,380)	\$ 3,670,800	\$ 716	
Income (Loss) Before Transfers and Contributions .....	\$ (570,912)	\$ 1,911,001	\$ 214,088	\$ 1,554,177	\$ 40,834	
Transfers-In .....	827,541	407,161	25,283	1,259,985	—	
Transfers-Out .....	—	(13)	(172,631)	(172,644)	(32,798)	
Change in Net Position .....	\$ 256,629	\$ 2,318,149	\$ 66,740	\$ 2,641,518	\$ 8,036	
Net Position, Beginning, as Reported .....	\$ 1,652,523	\$ (775,179)	\$ 278,303	\$ 1,155,647	\$ 399,254	
Net Position, Ending .....	\$ 1,909,152	\$ 1,542,970	\$ 345,043	\$ 3,797,165	\$ 407,290	

The notes are an integral part of the financial statements.



# STATE OF MINNESOTA

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	
Cash Flows from Operating Activities:					
Receipts from Customers .....	\$ 749,059	\$ 971,162	\$ 1,371,576	\$ 3,091,797	\$ 1,379,836
Receipts from Other Revenues .....	—	24,563	36,468	61,031	12,454
Receipts from Repayment of Program Loans .....	3,003	—	—	3,003	—
Financial Aid Disbursements .....	(233,934)	—	—	(233,934)	—
Payments to Claimants .....	—	(2,011,578)	(794,585)	(2,806,163)	(996,472)
Payments to Suppliers .....	(451,898)	—	(161,786)	(613,684)	(259,971)
Payments to Employees .....	(1,377,427)	—	(181,298)	(1,558,725)	(129,582)
Payments to Others .....	—	—	(66,729)	(66,729)	(552)
Net Cash Flows from Operating Activities .....	\$ (1,311,197)	\$ (1,015,853)	\$ 203,646	\$ (2,123,404)	\$ 5,713
Cash Flows from Noncapital Financing Activities:					
Grant Receipts .....	\$ 735,141	\$ 3,130,915	\$ 557	\$ 3,866,613	\$ —
Grant Disbursements .....	(11,588)	(2,655)	(28,175)	(42,418)	—
Transfers-In .....	795,315	407,161	25,283	1,227,759	—
Transfers-Out .....	—	(4,643)	(172,631)	(177,274)	(32,798)
Proceeds from Loans .....	—	899,143	—	899,143	—
Repayment of Loan Principal .....	—	(2,037,324)	—	(2,037,324)	—
Interest Paid .....	—	(15,248)	—	(15,248)	—
Net Cash Flows from Noncapital Financing Activities .....	\$ 1,518,868	\$ 2,377,349	\$ (174,966)	\$ 3,721,251	\$ (32,798)
Cash Flows from Capital and Related Financing Activities:					
Transfers-In .....	\$ 31,223	\$ —	\$ —	\$ 31,223	\$ —
Investment in Capital Assets .....	(78,412)	—	(2,375)	(80,787)	(12,454)
Proceeds from Disposal of Capital Assets .....	5,584	—	40	5,624	3,605
Proceeds from Capital Bonds .....	64,521	—	—	64,521	—
Proceeds from Loans .....	11,917	—	—	11,917	11,827
Lease Payments .....	(15,141)	—	(2,062)	(17,203)	(5,295)
Repayment of Loan Principal .....	(779)	—	—	(779)	(20,407)
Repayment of Bond Principal .....	(97,667)	—	—	(97,667)	—
Interest Paid .....	(15,817)	—	(43)	(15,860)	(887)
Net Cash Flows from Capital and Related Financing Activities .....	\$ (94,571)	\$ —	\$ (4,440)	\$ (99,011)	\$ (23,611)
Cash Flows from Investing Activities:					
Proceeds from Sales and Maturities of Investments .....	\$ 9,574	\$ —	\$ —	\$ 9,574	\$ —
Purchase of Investments .....	(5,894)	—	—	(5,894)	—
Investment Earnings .....	2,939	3,127	721	6,787	2,117
Net Cash Flows from Investing Activities .....	\$ 6,619	\$ 3,127	\$ 721	\$ 10,467	\$ 2,117
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 119,719	\$ 1,364,623	\$ 24,961	\$ 1,509,303	\$ (48,579)
Cash and Cash Equivalents, Beginning, as Reported .....	\$ 1,119,025	\$ 482,263	\$ 339,690	\$ 1,940,978	\$ 622,064
Cash and Cash Equivalents, Ending .....	\$ 1,238,744	\$ 1,846,886	\$ 364,651	\$ 3,450,281	\$ 573,485

CONTINUED

# STATE OF MINNESOTA

## PROPRIETARY FUNDS (CONTINUED)

### STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:</b>					
Operating Income (Loss) .....	\$ (1,261,032)	\$ (1,114,059)	\$ 258,468	\$ (2,116,623)	\$ 40,118
<b>Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:</b>					
Depreciation and Amortization .....	\$ 146,636	\$ —	\$ 17,925	\$ 164,561	\$ 23,015
Miscellaneous Nonoperating Revenues .....	—	—	3	3	48
Miscellaneous Nonoperating Expenses .....	—	—	(17,062)	(17,062)	(552)
Loan Principal Repayments .....	3,003	—	—	3,003	—
Provision for Loan Defaults .....	(257)	—	—	(257)	—
Loans Forgiven .....	1,010	—	—	1,010	—
<b>Change in Assets, Liabilities, Deferred Outflows and Inflows:</b>					
Accounts Receivable .....	1,409	67,801	6,531	75,741	9,093
Lease Receivable .....	164	—	—	164	—
Inventories .....	1,679	—	(266)	1,413	55
Other Assets .....	—	—	(65)	(65)	5,750
Deferred Outflows .....	(71,711)	—	(35,609)	(107,320)	(42,567)
Accounts Payable .....	(450)	(136,085)	(7,076)	(143,611)	(11,107)
Salaries Payable .....	(356)	—	—	(356)	—
Claims Payable .....	—	—	(448)	(448)	6,824
Compensated Absences Payable .....	(2,206)	—	149	(2,057)	465
Unearned Revenues .....	(4,100)	166,613	(496)	162,017	(2,857)
Other Postemployment Benefits .....	4,174	—	467	4,641	292
Net Pension Liability .....	(193,915)	—	(27,124)	(221,039)	(35,044)
Other Liabilities .....	(15,112)	(123)	—	(15,235)	—
Deferred Inflows .....	79,867	—	8,249	88,116	12,180
Net Reconciling Items to be Added to (Deducted from) Operating Income .....	\$ (50,165)	\$ 98,206	\$ (54,822)	\$ (6,781)	\$ (34,405)
Net Cash Flows from Operating Activities .....	<u>\$ (1,311,197)</u>	<u>\$ (1,015,853)</u>	<u>\$ 203,646</u>	<u>\$ (2,123,404)</u>	<u>\$ 5,713</u>
<b>Noncash Investing, Capital and Financing Activities:</b>					
Donated Capital Assets .....	\$ 11,634	\$ —	\$ —	\$ 11,634	\$ —
Leased Capital Assets .....	—	—	125	125	1,463
Capital Assets Acquired through Lease .....	—	—	24	24	41
Bond Premium Amortization .....	6,204	—	—	6,204	—

The notes are an integral part of the financial statements.

2022  
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## Fiduciary Funds

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### **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.

### **Custodial 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, 2022**
**(IN THOUSANDS)**

	PENSION TRUST	INVESTMENT TRUST	CUSTODIAL FUND
<b>ASSETS</b>			
Cash and Cash Equivalent Investments .....	\$ 52,037	\$ —	\$ 131,870
Investment Pools, at fair value:			
Cash Equivalent Investments .....	\$ 4,144,054	\$ 64,357	\$ —
Investments .....	90,799,985	1,167,226	—
Accrued Interest and Dividends .....	183,942	2,324	—
Securities Trade Receivable (Payable) .....	(599,345)	(12,464)	—
Total Investment Pool Participation .....	\$ 94,528,636	\$ 1,221,443	\$ —
Receivables:			
Accounts Receivable .....	\$ —	\$ —	\$ 2,307
Interfund Receivables .....	15,024	—	—
Taxes Receivable .....	—	—	66,928
Other Receivables .....	116,442	—	—
Total Receivables .....	\$ 131,466	\$ —	\$ 69,235
Securities Lending Collateral .....	\$ 4,205,766	\$ —	\$ —
Depreciable Capital Assets (Net) .....	29,200	—	—
Nondepreciable Capital Assets .....	429	—	—
Lease Assets (Net) .....	96	—	—
Total Assets .....	\$ 98,947,630	\$ 1,221,443	\$ 201,105
<b>LIABILITIES</b>			
Accounts Payable .....	\$ 31,641	\$ —	\$ 163,543
Interfund Payables .....	15,237	—	—
Accrued Expense .....	83	—	—
Revenue Bonds Payable .....	4,965	—	—
Bond Interest .....	2	—	—
Lease Payable .....	98	—	—
Compensated Absences Payable .....	3,617	—	—
Securities Lending Liabilities .....	4,205,766	—	—
Other Liabilities .....	2,792	—	—
Total Liabilities .....	\$ 4,264,201	\$ —	\$ 163,543
<b>NET POSITION</b>			
Net Position Restricted for Pensions and Pooled Investments, Individuals, Organizations, and Other Governments .....	\$ 94,683,429	\$ 1,221,443	\$ 37,562

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, 2022

(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	CUSTODIAL FUND
Additions:			
Contributions:			
Employer .....	\$ 1,632,947	\$ —	\$ —
Member .....	1,901,730	—	—
Contributions From Other Sources .....	10,211	—	—
Participating Plans .....	—	13,655	—
Total Contributions .....	\$ 3,544,888	\$ 13,655	\$ —
Net Investment Income (Loss):			
Investment Income (Loss) .....	\$ (6,958,586)	\$ (175,379)	\$ —
Less: Investment Expenses .....	(98,063)	(860)	—
Net Investment Income (Loss) .....	\$ (7,056,649)	\$ (176,239)	\$ —
Securities Lending Revenues (Expenses):			
Securities Lending Income .....	\$ 34,568	\$ —	\$ —
Securities Lending Rebates and Fees .....	(14,649)	—	—
Net Securities Lending Revenue .....	\$ 19,919	\$ —	\$ —
Total Investment Income (Loss) .....	\$ (7,036,730)	\$ (176,239)	\$ —
Employee Insurance Trust .....	\$ —	\$ —	\$ 39,666
Tax Collections for Other Governments .....	—	—	791,349
Legal Settlements for External Parties .....	—	—	979
Courts Interest Held for Other Governments and Individuals .....	—	—	14,168
Federal Revenue .....	—	—	188,183
Beneficiary Deposits - Child Support .....	—	—	516,262
Beneficiary Deposits - Regional Treatment Centers .....	—	—	5,360
Beneficiary Deposits - Corrections .....	—	—	30,485
Beneficiary Deposits - Veterans Homes .....	—	—	1,466
Miscellaneous .....	—	—	272
Other Additions .....	16,087	—	—
Transfers-In .....	113,419	—	—
Total Additions .....	\$ (3,362,336)	\$ (162,584)	\$ 1,588,190

# STATE OF MINNESOTA

## FIDUCIARY FUNDS

### STATEMENT OF CHANGES

#### IN NET POSITION

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	CUSTODIAL FUND
Deductions:			
Benefits .....	\$ 5,864,430	\$ —	\$ —
Refunds and Withdrawals .....	576,417	72,025	—
Administrative Expenses .....	69,940	98	748
Employee Insurance Trust .....	—	—	38,704
Tax Payments to Other Governments .....	—	—	791,264
Legal Settlements Paid to External Parties .....	—	—	7,497
Court Payments to Other Governments and Individuals .....	—	—	10,263
Federal Revenue Pass through .....	—	—	268,124
Beneficiary Payments - Child Support .....	—	—	516,258
Beneficiary Payments - Regional Treatment Centers .....	—	—	5,005
Beneficiary Payments - Corrections .....	—	—	32,164
Beneficiary Payments - Veterans Homes .....	—	—	1,293
Miscellaneous .....	—	—	1,766
Transfers-Out .....	28,298	—	—
Total Deductions .....	\$ 6,539,085	\$ 72,123	\$ 1,673,086
Net Increase (Decrease) .....	\$ (9,901,421)	\$ (234,707)	\$ (84,896)
Net Position Restricted for Pensions, Pooled Investments, Individuals, Organizations, and Other Governments Beginning, as Reported .....	\$ 104,580,650	\$ 1,457,142	\$ 122,458
Change in Reporting Entity .....	2,816	392	—
Change in Fund Structure .....	1,384	(1,384)	—
Net Position Restricted for Pensions, Pooled Investments, Individuals, Organizations, and Other Governments, Beginning, as Restated .....	\$ 104,584,850	\$ 1,456,150	\$ 122,458
Net Position Restricted for Pensions, Pooled Investments, Individuals, Organizations, and Other Governments, Ending .....	\$ 94,683,429	\$ 1,221,443	\$ 37,562

The notes are an integral part of the financial statements.





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# Discretely Presented Component Unit Funds

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## **Housing Finance Agency**

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

## **Metropolitan Council**

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

## **University of Minnesota**

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

# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS

### STATEMENT OF NET POSITION

DECEMBER 31, 2021 and JUNE 30, 2022

(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
ASSETS					
Current Assets:					
Cash and Cash Equivalents .....	\$ 108,873	\$ 214,587	\$ 901,961	\$ 680,499	\$ 1,905,920
Investments .....	—	377,785	971,826	277,914	1,627,525
Accounts Receivable .....	370	22,732	498,845	55,188	577,135
Due from Primary Government .....	126	85,506	27,594	189,760	302,986
Accrued Investment/Interest Income .....	13,332	1,080	1,101	12,584	28,097
Federal Aid Receivable .....	4,151	25,637	—	1,691	31,479
Inventories .....	—	39,172	22,080	47	61,299
Loans and Notes Receivable .....	61,300	—	8,245	258,520	328,065
Leases Receivable .....	—	—	8,530	6,484	15,014
Other Assets .....	759	7,945	26,655	3,765	39,124
Total Current Assets .....	\$ 188,911	\$ 774,444	\$ 2,466,837	\$ 1,486,452	\$ 4,916,644
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted .....	\$ 928,027	\$ 832,963	\$ 77,416	\$ 325,842	\$ 2,164,248
Investments-Restricted .....	2,981,871	105,285	577,750	22,650	3,687,556
Accounts Receivable-Restricted .....	—	174,417	—	—	174,417
Due from Primary Government-Restricted .....	—	30,292	—	—	30,292
Due from Primary Government .....	—	—	—	1,937	1,937
Investments .....	—	451,958	6,000,135	—	6,452,093
Derivative Instrument-Rate Swap .....	15,792	—	—	—	15,792
Accounts Receivable .....	—	—	143,057	333,665	476,722
Loans and Notes Receivable .....	893,433	44,557	51,759	2,062,844	3,052,593
Leases Receivable .....	—	—	344,853	324,831	669,684
Leased Assets (Net) .....	7,021	12,053	218,605	7,150	244,829
Depreciable Capital Assets (Net) .....	1,296	3,439,704	2,679,268	830,654	6,950,922
Nondepreciable Capital Assets .....	—	2,283,766	444,859	41,493	2,770,118
Other Assets .....	630	—	15,165	1,301	17,096
Total Noncurrent Assets .....	\$ 4,828,070	\$ 7,374,995	\$ 10,552,867	\$ 3,952,367	\$ 26,708,299
Total Assets .....	\$ 5,016,981	\$ 8,149,439	\$ 13,019,704	\$ 5,438,819	\$ 31,624,943
DEFERRED OUTFLOWS OF RESOURCES					
Bond Refunding .....	\$ 1	\$ —	\$ 439	\$ 3,340	\$ 3,780
Deferred Pension Outflows .....	12,107	163,150	242,875	4,075	422,207
Deferred Other Postemployment Benefits Outflows .....	290	56,543	9,216	74	66,123
Total Deferred Outflows of Resources .....	\$ 12,398	\$ 219,693	\$ 252,530	\$ 7,489	\$ 492,110

# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS

### STATEMENT OF NET POSITION

DECEMBER 31, 2021 and JUNE 30, 2022

(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable .....	\$ 28,233	\$ 70,529	\$ 275,084	\$ 29,069	\$ 402,915
Due to Primary Government .....	—	536	653	51,895	53,084
Unearned Revenue .....	—	26,762	60,385	59,887	147,034
Accrued Interest Payable .....	34,074	2,694	18,905	8,116	63,789
Bonds and Notes Payable .....	269,080	324,612	264,171	64,555	922,418
Leases Payable .....	1,262	779	17,310	352	19,703
Certificates of Participation Payable .....	—	955	—	—	955
Claims Payable .....	—	18,732	45,089	246,169	309,990
Compensated Absences Payable .....	416	32,066	237,870	181	270,533
Other Liabilities .....	—	—	4,447	69	4,516
Total Current Liabilities .....	\$ 333,065	\$ 477,665	\$ 923,914	\$ 460,293	\$ 2,194,937
<b>Noncurrent Liabilities:</b>					
Accounts Payable-Restricted .....	\$ —	\$ 117,691	\$ 36,699	\$ —	\$ 154,390
Unearned Revenue-Restricted .....	—	192,913	—	—	192,913
Accrued Interest Payable-Restricted .....	—	14,067	—	—	14,067
Accounts Payable .....	62,951	—	—	—	62,951
Due to Primary Government .....	—	—	567	64,216	64,783
Unearned Revenue .....	—	—	7,534	3,926	11,460
Bonds and Notes Payable .....	3,596,772	1,747,088	1,763,964	845,482	7,953,306
Leases Payable .....	6,261	11,467	138,818	6,691	163,237
Certificates of Participation Payable .....	—	1,750	—	—	1,750
Claims Payable .....	—	14,451	13,164	525,843	553,458
Compensated Absences Payable .....	3,150	9,063	23,868	1,184	37,265
Other Postemployment Benefits .....	1,879	377,311	51,399	483	431,072
Net Pension Liability .....	544	17,024	15,523	180	33,271
Funds Held in Trust .....	70,388	—	355,435	262	426,085
Other Liabilities .....	—	—	54,092	250	54,342
Total Noncurrent Liabilities .....	\$ 3,741,945	\$ 2,502,825	\$ 2,461,063	\$ 1,448,517	\$ 10,154,350
Total Liabilities .....	\$ 4,075,010	\$ 2,980,490	\$ 3,384,977	\$ 1,908,810	\$ 12,349,287
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Values of Derivative Instruments .....	\$ 15,792	\$ 6,196	\$ —	\$ —	\$ 21,988
Bond Refunding .....	—	—	15,113	—	15,113
Deferred Leases .....	—	—	341,942	325,458	667,400
Deferred Revenue .....	19,785	—	—	18,217	38,002
Deferred Pension Inflows .....	22,585	340,064	506,779	7,626	877,054
Deferred Other Postemployment Benefits Inflows .....	228	6,546	4,844	59	11,677
Total Deferred Inflows of Resources .....	\$ 58,390	\$ 352,806	\$ 868,678	\$ 351,360	\$ 1,631,234
<b>NET POSITION</b>					
Net Investment in Capital Assets .....	\$ 794	\$ 3,834,112	\$ 1,601,543	\$ 864,834	\$ 6,301,283
Restricted-Expendable .....	1,140,323	1,181,831	3,876,041	2,194,568	8,392,763
Restricted-Nonexpendable .....	—	—	1,799,358	—	1,799,358
Unrestricted .....	(245,138)	19,893	1,741,637	126,736	1,643,128
Total Net Position .....	\$ 895,979	\$ 5,035,836	\$ 9,018,579	\$ 3,186,138	\$ 18,136,532

The notes are an integral part of the financial statements.

# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS

### STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 and JUNE 30, 2022

(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
Net Expenses:					
Total Expenses .....	\$ 938,029	\$ 997,932	\$ 4,242,380	\$ 725,496	\$ 6,903,837
Program Revenues:					
Charges for Services .....	\$ 18,404	\$ 356,099	\$ 1,422,005	\$ 149,460	\$ 1,945,968
Operating Grants and Contributions .....	535,614	554,264	2,121,969	236,739	3,448,586
Capital Grants and Contributions .....	—	714,865	117,514	10,771	843,150
Net (Expense) Revenue .....	\$ (384,011)	\$ 627,296	\$ (580,892)	\$ (328,526)	\$ (666,133)
General Revenues:					
Taxes .....	\$ —	\$ 87,640	\$ —	\$ —	\$ 87,640
Investment Income (Loss) .....	(163,562)	55,867	(205,293)	8,084	(304,904)
Other Revenues .....	1,789	218	376,334	7,262	385,603
Total General Revenues before Grants .....	\$ (161,773)	\$ 143,725	\$ 171,041	\$ 15,346	\$ 168,339
State Grants Not Restricted .....	88,822	—	727,857	343,209	1,159,888
Total General Revenues .....	\$ (72,951)	\$ 143,725	\$ 898,898	\$ 358,555	\$ 1,328,227
Change in Net Position .....	\$ (456,962)	\$ 771,021	\$ 318,006	\$ 30,029	\$ 662,094
Net Position, Beginning, as Reported .....	\$ 1,283,044	\$ 4,264,815	\$ 8,695,992	\$ 3,156,109	\$ 17,399,960
Prior Period Adjustment .....	70,213	—	—	—	70,213
Change in Accounting Principle .....	(316)	—	4,581	—	4,265
Net Position, Beginning, as Restated .....	\$ 1,352,941	\$ 4,264,815	\$ 8,700,573	\$ 3,156,109	\$ 17,474,438
Net Position, Ending .....	\$ 895,979	\$ 5,035,836	\$ 9,018,579	\$ 3,186,138	\$ 18,136,532

The notes are an integral part of the financial statements.

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**2022 Annual Comprehensive Financial Report**  
**Index of Notes to the Financial Statements**


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**2022 Annual Comprehensive Financial Report**  
**Notes to the Financial Statements**

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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, 2022:

- GASB Statement No. 87 "Leases" was issued June 2017. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. See Note 4 – Loans, Notes, and Leases Receivable for details related to leases where the state is the lessor, Note 6 – Capital and Leased Assets and Note 11 – Long-Term Liabilities - Primary Government for details related to leased assets and related lease liabilities where the state is the lessee, and Note 20 – Change in Accounting Principle, Change in Reporting Entity, Change in Fund Structure, and Prior Period Adjustment for further discussion on the impacts of implementing this statement.
- GASB Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" was issued June 2018. This statement enhances the relevance and comparability of information about capital assets and the costs of borrowing for a reporting period and to simplify accounting for certain interest costs incurred before the end of a construction period. This statement has no material impact on the state.
- GASB Statement No. 92 "Omnibus 2020" was issued in January 2020. This statement addresses a variety of topics including issues related to leases, intra-entity transfers, postemployment benefits, acquisitions, risk pools, nonrecurring fair value measurements, and derivative instruments terminology. Portions of this statement were effective upon issuance and were previously implemented.
- GASB Statement No. 93 "Replacement of Interbank Offered Rates" was issued March 2020. This statement addresses the accounting and reporting implications that result from the replacement of an Interbank Offering Rate (IBOR) in hedging derivative instruments and leases. This statement has no material impact on the state.
- GASB Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" was issued in June 2020. This statement will increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically

would perform. This statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans, as well as enhance the relevance, consistency, and comparability of the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and investment information for all Section 457 plans. This statement has no material impact on the state.

- Implementation Guide No. 2019-3 "Leases". This guide provides guidance to clarify, explain, or elaborate on the requirements of GASB Statement No. 87, "Leases."
- Implementation Guide No. 2020-1 "Implementation Guidance Update - 2020". This guide provides guidance to clarify, explain, or elaborate on GASB statements previously implemented.

## **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 whom 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 whom 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](http://www.mnhousing.gov)
- Metropolitan Council, 390 Robert Street North, St. Paul, Minnesota 55101-1805, [www.metrocouncil.org](http://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](http://www.twin-cities.umn.edu)
- Minnesota Comprehensive Health Assoc., 1650 West End Boulevard, Suite 100, St. Louis Park, Minnesota 55416, [www.mchamn.com](http://www.mchamn.com)
- Minnesota Sports Facilities Authority, 1005 4th Street South, Minneapolis, Minnesota 55415-1752, [www.msfa.com](http://www.msfa.com)
- National Sports Center Foundation, National Sports Center, 1700 105th Avenue Northeast, Blaine, Minnesota 55449-4500, [www.nscsports.org](http://www.nscsports.org)
- Office of Higher Education, 1450 Energy Park Drive, Suite 350, St. Paul, Minnesota 55108-5227, [www.ohe.state.mn.us](http://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](http://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](http://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](http://www.mnlottery.com)
- Minnesota State Retirement System, 60 Empire Drive, Suite 300, St. Paul, Minnesota 55103-3000, [www.msrs.state.mn.us](http://www.msrs.state.mn.us)
- State Board of Investment, 60 Empire Drive, Suite 355, St. Paul, Minnesota 55103-3555, [www.msbi.us](http://www.msbi.us)
- Teachers Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-1889, [www.minnesotatra.org](http://www.minnesotatra.org)
- Public Employees Retirement Association, 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088, [www.mnpera.org](http://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](http://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 Financial 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 full 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 Financial Statements. Under the full 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 Financial Statements are presented using a different measurement focus and basis of accounting than used in the governmental column in the Government-wide Financial 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 custodial). 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 Financial 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 Custodial 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 Custodial 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, 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, custodial, 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.

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 and Leased Assets**

Capital assets and leased assets, 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. Leased assets are generally defined by the state as leased assets with a value that is more than capital assets thresholds by category noted above.

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 historical 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.

Leased assets are recorded at present value of the payments expected to be made during the lease term, plus any amounts paid or lease incentives received from the lessor at or before the commencement of the lease term and any initial direct costs necessary to place the lease asset into service. Leased assets are amortized over the shorter of the lease term or the life of the leased asset.

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 and Leased Assets for further information on capital assets and leased 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, 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 amounts of the debt issued are 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 11 – 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 Financial 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 is reported as a deferred inflow of resources on the Government-wide Financial Statements. This amount is 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. A deferred inflow of resources is also recorded for any applicable lease receivable and is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. These amounts are amortized over the term of the lease.

### **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 revenue 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 Financial Statements. Internal service fund activity from external customers is reported under governmental activities in the Government-wide Financial 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.

## 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, 2022 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 Fund (SIF) - Stable Value Fund of the pension and investment trust funds' portfolio. The investment objective of the Supplemental Investment Fund (SIF) is to protect investors from loss of their original investment and to provide a competitive interest rate. On June 30, 2022, the Supplemental Investment Fund (SIF) - Stable Value Fund had a portfolio of well diversified high quality investment grade fixed income securities with a fair value of \$1,619,261,000 that is \$75,498,000 below the value protected by the wrap contract. The Supplemental Investment Fund (SIF) - Stable Value Fund also includes liquid investment pools with a combined fair value of \$50,030,000.

The following table summarizes, by derivative instrument type, the investment derivative instrument activity, and June 30 positions for fiscal year 2022.

<b>Primary Government Derivative Instrument Activity for the Year Ended June 30, 2022 By Derivative Instrument Type (In Thousands)</b>			
Derivative Instrument Type	Change in Fair Value	Year End Fair Value	Year End Notional Amount
Governmental Activities:			
Futures	\$ (10,091)	\$ —	\$ 74,898
Total Governmental Activities	<u>\$ (10,091)</u>	<u>\$ —</u>	<u>\$ 74,898</u>
Fiduciary Activities:			
Futures	\$ (145,316)	\$ —	\$ 503,202
Equity Options Bought	211	—	—
Equity Options Written	42	(87)	(60)
Futures Options Bought	(6,002)	393	470
Futures Options Written	6,873	(1,425)	(7,548)
FX Forwards	333,563	242,006	27,866,695
Warrants/Stock Rights	(2,474)	32	134
Credit Default Swaps Written	(10,291)	(2,348)	212,662
Pay Fixed Interest Rate Swaps	24,919	24,476	214,650
Receive Fixed Interest Rate Swaps	(5,187)	(5,610)	164,082
Total Return Swaps Equity	(17)	—	(5,231)
Total Fiduciary Activities	<u>\$ 196,321</u>	<u>\$ 257,437</u>	<u>\$ 28,949,056</u>

Credit Risk: Minnesota is exposed to credit risk through twenty-six 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 \$875,959,000 should these counterparties fail to perform. These counterparties have S&P Global Ratings (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.
- 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.
- 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 Investors Service Inc (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 Custodial Funds  
Investments and Cash Equivalent Investments  
Credit Risk Exposure  
As of June 30, 2022  
(In Thousands)**

Quality Rating	Fair Value
AAA	\$ 2,541,802
AA	5,335,234
A	1,767,022
BBB	6,162,345
BB	91,296
B	5,156
Unrated	11,398,615
Agencies	3,922
U.S. Governments	949
Total Debt Securities	<u><u>\$ 27,306,341</u></u>

**Primary Government  
Pension and Investment Trust Funds  
Investments and Cash Equivalent Investments  
Credit Risk Exposure  
As of June 30, 2022  
(In Thousands)**

Quality Rating	Fair Value
AAA	\$ 638,718
AA	11,712,132
A	645,909
BBB	2,259,122
BB	1,134,687
B	1,006,521
CCC	439,008
CC	51,661
C	3,444
D	5,880
Unrated	4,609,283
Total Debt Securities	<u><u>\$ 22,506,365</u></u>

## Interest Rate Risk – Investments

Interest rate risk is the risk that the fair value of an investment is adversely impacted by the changes in interest rates of debt investments. 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 Custodial Funds  
Investments and Cash Equivalent Investments  
Interest Rate Risk  
As of June 30, 2022  
(In Thousands)**

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
Asset-Backed Securities	\$ 2,720,635	1.22
Collateralized Mortgage Obligations	240,436	6.67
Corporate Debt	3,465,307	2.57
Mortgage-Backed Securities	279,980	8.13
Short-Term Investment Securities	15,703,813	0.13
State or Local Government Bonds	79,315	8.36
U.S. Agencies	1,876,266	1.30
U.S. Treasury	2,242,054	2.09
Yankee Bonds	698,535	2.29
Total Debt Securities	<u>\$ 27,306,341</u>	

**Primary Government**  
**Pension and Investment Trust Funds**  
**Investments and Cash Equivalent Investments**  
**Interest Rate Risk**  
**As of June 30, 2022**  
**(In Thousands)**

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
Asset-Backed Securities	\$ 683,119	4.35
Bank Loans	274,669	5.35
Collateralized Mortgage Obligations	825,339	8.59
Corporate Debt	3,286,278	8.11
Foreign Country Bonds	259,003	9.32
Mortgage-backed Securities	1,605,138	8.09
Short-Term Investment Securities	4,370,393	0.00
State or Local Government Bonds	97,576	11.17
U.S. Agencies	351,619	11.17
U.S. Treasury	9,466,551	12.74
Yankee Bonds	1,286,680	8.15
Total Debt Securities	<u>\$ 22,506,365</u>	

## 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.
- 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, 2022 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. The typical liquidation period for alternative investments including private equity, real estate, real assets and private credit ranges from three to twelve years. The majority of the distribution is received during the liquidation period, however it is not uncommon for a minimal amount of the fund to remain open while waiting final close from the investor. Cash and a portion of the short-term investments are not leveled under GASB Statement No. 72 “Fair Value Measurement and Application”.

As of June 30, 2022 the alternative investments are not expected to be sold at an amount different from the NAV value of the SBI's interest in partner's capital. SBI has a total of \$12,136,331,000 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 Custodial Funds  
Fair Value of Investments  
As of June 30, 2022  
(In Thousands)**

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	\$ 1,990,718	\$ 1,990,338	\$ 380	\$ —
Real Estate Investment Trust	58,271	58,271	—	—
Equity Total	<u>\$ 2,048,989</u>	<u>\$ 2,048,609</u>	<u>\$ 380</u>	<u>\$ —</u>
Fixed Income:				
Asset-backed Securities	\$ 2,725,471	\$ —	\$ 1,945,698	\$ 779,773
Mortgage-backed Securities	515,567	—	515,567	—
Corporate Bonds	6,689,548	—	6,689,548	—
Government Issues	3,697,458	4,890	3,692,568	—
Fixed Income Total	<u>\$ 13,628,044</u>	<u>\$ 4,890</u>	<u>\$ 12,843,381</u>	<u>\$ 779,773</u>
Total Investments by Fair Value	<u><u>\$ 15,677,033</u></u> <sup>(1)</sup>	<u><u>\$ 2,053,499</u></u>	<u><u>\$ 12,843,761</u></u>	<u><u>\$ 779,773</u></u>

<sup>(1)</sup> 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 Statement No. 72 "Fair Value Measurement and Application" and are not included in this table.

**Primary Government  
Pension and Investment Trust Funds  
Fair Value of Investments  
As of June 30, 2022  
(In Thousands)**

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	\$ 38,131,626	\$ 38,102,052	\$ 22,878	\$ 6,696
Real Estate Investment Trust	1,060,073	1,060,072	—	1
Other Equity	1,462,846	764,399	9,103	689,344
Equity Total	<u>\$ 40,654,545</u>	<u>\$ 39,926,523</u>	<u>\$ 31,981</u>	<u>\$ 696,041</u>
Fixed Income:				
Asset-backed Securities	\$ 962,020	\$ —	\$ 792,407	\$ 169,613
Mortgage-backed Securities	2,774,437	—	2,740,216	34,221
Corporate Bonds	5,108,674	—	5,096,742	11,932
Government Issues	10,653,810	—	10,652,134	1,676
Other Debt Instruments	687,968	—	687,968	—
Fixed Income Total	<u>\$ 20,186,909</u>	<u>\$ —</u>	<u>\$ 19,969,467</u>	<u>\$ 217,442</u>
Investment Derivatives:				
SWAPS	\$ (1,614)	\$ —	\$ —	\$ (1,614)
Options, Rights, Warrants	(106)	32	(138)	—
Investment Derivatives Total	<u>\$ (1,720)</u>	<u>\$ 32</u>	<u>\$ (138)</u>	<u>\$ (1,614)</u>
Total Investments by Fair Value	<u>\$ 60,839,734</u>	<u>\$ 39,926,555</u>	<u>\$ 20,001,310</u>	<u>\$ 911,869</u>
Investments Measured at Net Asset Value (NAV):	NAV	Number of Investments	Percent of NAV Value (%)	Unfunded Commitments
Private Equity	\$ 14,853,769	190	73	\$ 8,102,853
Real Estate	1,777,902	33	9	1,934,607
Real Assets	2,284,607	33	11	636,201
Private Credit	1,490,095	42	7	1,462,670
Total Investments at NAV	<u>\$ 20,406,373</u>	<u>298</u>	<u>100</u>	<u>\$ 12,136,331</u>
Total Investments by Fair Value and NAV	<u><u>\$ 81,246,107</u></u> <sup>(1)</sup>			

<sup>(1)</sup> 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 Statement No. 72 "Fair Value Measurement and Application" 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 not have exposure to any one single issuer that equaled or exceeded five percent of the overall portfolio as of June 30, 2022.

## 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, 2022. 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, 2022**  
**(In Thousands)**

Currency	Cash	Debt	Equity
Australian Dollar	\$ 2,879	\$ —	\$ 546,837
Brazilian Real	4,692	19,045	145,632
Canadian Dollar	4,377	25,833	928,103
Danish Krone	121	—	257,633
Euro Currency	7,417	76,415	4,150,017
Hong Kong Dollar	3,475	—	898,669
Japanese Yen	20,410	—	1,616,306
New Taiwan Dollar	578	—	376,472
Pound Sterling	6,652	20,332	1,247,919
Singapore Dollar	454	—	101,687
South African Rand	98	11,919	88,305
South Korean Won	1,676	—	362,706
Swedish Krona	640	—	229,328
Swiss Franc	1,048	—	766,551
Yuan Renminbi	(21,098)	15,022	168,577
Others	31,193	118,993	430,490
Total	<u>\$ 64,612</u>	<u>\$ 287,559</u>	<u>\$ 12,315,232</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, 2022, the investment pool had an average duration of 1.02 days and an average weighted maturity of 108.39 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, 2022, 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, 2022, were \$5,910,244,000 and \$5,686,480,000, 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 \$4,205,766,000 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, 2022  
(In Thousands)**

Investment Type	Fair Value
Domestic Equities	\$ 4,363,848
U.S. Government Bonds	682,791
International Equities	314,323
Domestic Corporate Bonds	325,518
Total	<u>\$ 5,686,480</u>

## Component Units

### Housing Finance Agency

As of June 30, 2022, the Housing Finance Agency (HFA) had \$1,036,900,000 of cash and cash equivalents and \$2,981,871,000 of investments. As of June 30, 2022, \$1,036,633,000 of deposits and \$3,153,712,000 of investment securities were subject to custodial credit risk. HFA investments have weighted average maturities ranging from under one month (certificates of deposit) to 5.6 – 27.8 years.

HFA cash equivalents included \$267,000 of investment agreements, which are generally uncollateralized, interest-bearing contracts.

HFA investments had an estimated fair value of \$2,981,871,000 as of June 30, 2022. Included in these investments were US Treasuries (not rated) with a par value of \$3,560,000, and \$3,142,510,000 in U.S. Agencies, also at par value, having an S&P rating of AA+ and Moody's rating of Aaa. An additional \$7,375,000 in municipal debt investments at par value had an S&P rating of AA+.

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 \$3,790,000 and \$3,149,655,000 using Level 1 and Level 2 inputs, respectively. The remaining investments of \$(171,574,000) related to premiums/discounts and unrealized appreciation/depreciation.

HFA had investments in single issuers as of June 30, 2022, excluding investments issued or explicitly guaranteed by the U.S. Government that exceeded five percent or more of total investments. These investments of \$1,514,182,000 were issued by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and U.S. Agencies.

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, 2022, as an asset called "Derivative Instrument-Rate Swap." The inception-to-date change in fair value as of June 30, 2022, was reported in deferred inflows of resources as "Accumulated Increase in Fair Values of Derivative Instruments."

As of June 30, 2022, HFA had interest rate swap agreements with the following counterparties: the Bank of New York Mellon (five agreements), Royal Bank of Canada (five agreements) and Wells Fargo (two agreements) for total notional amounts of \$138,985,000, \$171,460,000, and \$78,380,000, and fair values of \$9,679,000, \$2,556,000, and \$1,278,000, respectively. For these counterparties, the fair values for the fiscal

year ended June 30, 2022, increased \$13,062,000, increased \$12,377,000, and increased \$4,625,000, 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 Securities Industry and Financial Markets 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 Secured Overnight Financing Rate (SOFR) 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, 2021, the Metropolitan Council (MC) had \$1,047,550,000 in cash and cash equivalents and \$935,028,000 in investments. Of this amount, \$711,033,000 was subject to rating. Using the Moody's rating scale, \$332,248,000 of these investments ranged from Aaa-A1, while \$378,785,000 were not rated. The remaining amount of \$1,271,545,000 was not subject to rating.

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 \$2,049,000 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 \$925,547,000 and \$538,716,000 using Level 1 and Level 2 inputs, respectively. MC measured another \$229,336,000 of investments at the net asset value, while the remaining \$29,377,000 was cash and cash equivalents. MC also held \$250,402,000 in the Internal Equity Pool and \$9,200,000 in a cash fund with the State Board of Investment (SBI) was a trust account for other post-employment benefits (OPEB).

MC changed from the simulation model to the segmented time distribution model to report the interest rate sensitivity of its investments. This change better reflects how MC manages its longer-term investments to manage interest rate risk and changes in value. The following table presents the estimated fair value of MC investments subject to interest rate risk using the segmented time distribution model.

**Major Component Unit  
Metropolitan Council  
Fair Value of Investments  
As of December 31, 2021  
(In Thousands)**

Fair Value of Portfolio	Estimated Fair Value
Less Than 1 Year	\$ 1,530,620
1-5 Year(s)	378,500
5+ Years	73,458
Total	<u>\$ 1,982,578</u>

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 2021, MC performed a statistical analysis and determined that the liquidated hedges were essentially effective.

As of December 31, 2021, MC had 286 New York Mercantile Exchange (NYMEX) heating oil futures contracts (12.00 million gallons) acquired from April 02, 2020, through December 22, 2021, to terminate on dates from January 31, 2022, through September 29, 2023. As of December 31, 2021, the ultra-low sulfur diesel futures contracts had a fair value of \$26,795,000.

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, 2022, the University of Minnesota (U of M), including its discretely presented component units, had \$979,377,000 of cash and cash equivalents and \$7,549,711,000 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 \$819,047,000 and investments of \$3,558,893,000.

As of June 30, 2022, U of M's bank balance of \$158,203,000 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, 2022, \$2,184,232,000 of investment in securities was subject to quality rating and interest rate risk. This amount was rated as follows:

- \$1,380,645,000 was rated AA or better
- \$30,885,000 was rated BBB to A

- \$4,633,000 was rated BB or lower
- \$768,069,000 was not rated

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

- \$604,291,000 in government agencies with weighted average maturities of 2.0 to 2.3 years
- \$36,475,000 in mortgage-backed securities with a weighted average maturity of 13.9 years
- \$521,277,000 in cash and cash equivalents with a weighted average maturity of 0.0 years
- \$154,427,000 in mutual funds with a weighted average maturity of 4.6 years
- \$19,928,000 in corporate bonds with a weighted average maturity of 0.9 years
- \$79,765,000 in commercial paper with a weighted average maturity of 0.3 years

As of June 30, 2022, U of M had \$77,743,000 of equity investments subject to foreign currency risk. The two components of this amount are \$52,911,000 in Euro Currency and \$24,832,000 in British Pound Sterling.

As of June 30, 2022, none of the U of M investment holdings are subject to custodial credit risk because the investment securities are held by the University and not by a counterparty.

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 \$237,162,000, \$1,184,753,000, and \$6,257,000 using Level 1, 2 and 3 inputs, respectively. U of M measured another \$2,130,721,000 of investments at the net asset value.

## Nonmajor Component Units

### Nonmajor Component Units Cash, Cash Equivalents, and Investments As of December 31, 2021 or June 30, 2022, as applicable (In Thousands)

Component Unit	Cash and Cash Equivalents	Investments
Agricultural and Economic Development Board	\$ 932	\$ 22,650
Minnesota Comprehensive Health Association	123	—
Minnesota Sports Facilities Authority	53,797	—
National Sports Center Foundation	3,197	—
Office of Higher Education	628,004	—
Public Facilities Authority	283,901	—
Rural Finance Authority	27,784	—
Workers' Compensation Assigned Risk Plan	8,603	277,914
Total	<u>\$ 1,006,341</u>	<u>\$ 300,564</u>

### Note 3 – Disaggregation of Receivables

**Primary Government  
Components of Net Receivables  
Government-wide  
As of June 30, 2022  
(In Thousands)**

Description	Governmental Activities			Total
	General Fund <sup>(2)</sup>	Federal Fund	Nonmajor Governmental Funds <sup>(1)</sup>	
Taxes:				
Corporate and Individual	\$ 1,349,875	\$ —	\$ —	\$ 1,349,875
Sales and Use	962,523	—	36,154	998,677
Property	386,065	—	—	386,065
Health Care Provider	498,984	—	—	498,984
Motor Vehicle/Fuel	—	—	71,036	71,036
Others	58,522	—	39,089	97,611
Child Support	22,101	20,597	129	42,827
Workers' Compensation	—	—	14,232	14,232
Others	473,718	495,694	148,354	1,117,766
Net Receivables	<u>\$ 3,751,788</u>	<u>\$ 516,291</u>	<u>\$ 308,994</u>	<u>\$ 4,577,073</u>
Description	Business-type Activities			Total
	State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	
Insurance Premiums	\$ —	\$ 346,150	\$ —	\$ 346,150
Tuition and Fees <sup>(3)</sup>	59,702	—	—	59,702
Others	—	—	37,308	37,308
Net Receivables	<u>\$ 59,702</u>	<u>\$ 346,150</u>	<u>\$ 37,308</u>	<u>\$ 443,160</u>
Total Government-wide Net Receivables				<u><u>\$ 5,020,233</u></u>

<sup>(1)</sup> Includes \$83.259 million for Internal Service Funds, less Internal Service Fund eliminations of \$78.175 million among Governmental Activities.

<sup>(2)</sup> Includes \$213 thousand Interfund Receivables from Fiduciary Funds reclassified to Accounts Receivable on the Government-wide Statement of Net Position.

<sup>(3)</sup> The revenue associated with tuition and fees is reduced by a scholarship allowance of \$278.509 million.

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

- Corporate and Individual Taxes \$202,170,000
- Sales and Use Taxes \$44,148,000
- Child Support \$93,230,000

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

- Corporate and Individual Taxes \$303,622,000
- Sales and Use Taxes \$98,430,000
- Child Support \$41,069,000
- Health Care Provider \$101,115,000
- Other Receivables \$172,934,000

## Note 4 – Loans, Notes, and Leases Receivable

### Primary Government

The following table is the loans and notes receivable, net of allowances outstanding as of June 30, 2022.

<b>Primary Government Loans and Notes Receivable, Net of Allowance As of June 30, 2022 (In Thousands)</b>					
Loan Purpose	General Fund	Federal Fund	Nonmajor Special Revenue Funds	State Colleges and Universities Fund	Total Loans and Notes Receivable
Student Loan Program	\$ —	\$ —	\$ —	\$ 9,142	\$ 9,142
Economic Development	71,317	4,767	34,206	—	110,290
School Districts	1,441	—	—	—	1,441
Agricultural, Environmental and Energy Resources	—	—	85,232	—	85,232
Transportation	—	—	1,841	—	1,841
Others	6,846	—	428	1,368	8,642
Total	<u>\$ 79,604</u>	<u>\$ 4,767</u>	<u>\$ 121,707</u>	<u>\$ 10,510</u>	<u>\$ 216,588</u>

The state implemented GASB Statement No. 87 “Leases” in fiscal year 2022. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. The state has entered into various lease arrangements where the state is the lessor in the lease agreements for building space and vehicles. Lease term ranges vary from two to twelve years. The lease receivable was calculated based on the interest rate charged on the lease, if available, or the state's average annual short-term monthly incremental borrowing rate.

In the governmental activities, there is one building space lease agreement through the Iron Range Resources and Rehabilitation (IRRR) to which the lessee has capital spending credits that can reduce or eliminate their lease payments. For fiscal year 2022, the lessee exercised this option to eliminate their lease payments to the state. There are more than two hundred leases for vehicles.

Minnesota State Colleges and University Fund (MnSCU) (enterprise fund) has entered into several lease agreements, primarily for building space.

For further information on leases, see Note 6 – Capital and Leased Assets and Note 11 – Long-Term Liabilities - Primary Government.

### Primary Government Leases Receivable and Revenue As of and for the Year June 30, 2022 (In Thousands)

Primary Government	Leases Receivable	Lease Revenue
Nonmajor Special Revenue Funds	\$ 6,558	\$ 1,123
Internal Service Funds	2,793	1,641
State Colleges and Universities Fund	13,660	2,839
Non-Major Enterprise Funds	125	11
Total	<u>\$ 23,136</u>	<u>\$ 5,614</u>

## Component Units

The following table is the loans and notes receivable, net of allowances outstanding as of June 30, 2022.

**Component Units  
Loans and Notes Receivable  
As of December 31, 2021 or June 30, 2022, as applicable  
(In Thousands)**

Component Unit	Loans and Notes Receivable
Housing Finance Agency	\$ 954,733
Metropolitan Council	44,557
University of Minnesota	60,004
National Sports Center Foundation	496
Office of Higher Education	422,813
Public Facilities Authority	1,801,259
Rural Finance Authority	96,796
Total	<u>\$ 3,380,658</u>

The following table is a schedule of leases receivable resulting from the implementation of GASB Statement No. 87 "Leases" for the state's component units. The detail supporting the leases receivable of the discretely presented component units of the state can be found within the individual component units' financial statements and notes.

**Component Units  
Leases Receivable  
As of December 31, 2021 or June 30, 2022, as applicable  
(In Thousands)**

Component Unit	Leases Receivable
University of Minnesota	\$ 353,383
Minnesota Sports Facility Authority	331,315
Total	<u>\$ 684,698</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, 2022  
(In Thousands)**

Description	Amount
Due to the General Fund From:	
Nonmajor Governmental Funds	\$ 14,084
Nonmajor Enterprise Funds	24,102
Internal Service Funds	50,891
Fiduciary Funds	213
Total Due to General Fund From Other Funds	<u>\$ 89,290</u>
Due to the Federal Fund From:	
Unemployment Insurance Fund	\$ 34
Total Due to Federal Fund From Other Funds	<u>\$ 34</u>
Due to the State Colleges and Universities Fund From:	
Nonmajor Governmental Funds	\$ 29,936
Total Due to State Colleges and Universities Fund From Other Funds	<u>\$ 29,936</u>
Due to Nonmajor Enterprise Funds From:	
General Fund	\$ 4,763
Internal Service Funds	1,300
Total Due to Nonmajor Enterprise Funds From Other Funds	<u>\$ 6,063</u>
Due to Fiduciary Funds From:	
Fiduciary Funds	\$ 15,024
Total Due to Fiduciary Funds From Other Funds	<u>\$ 15,024</u>
Due to Nonmajor Governmental Funds From:	
General Fund	\$ 91
Unemployment Insurance Fund	14,850
Nonmajor Governmental Funds	159,947
Nonmajor Enterprise Funds	2,622
Total Due to Nonmajor Governmental Funds From Other Funds	<u>\$ 177,510</u>

**Primary Government  
Interfund Transfers  
Year Ended June 30, 2022  
(In Thousands)**

Description	Amount
Transfers to the General Fund From:	
Federal Fund	\$ 46,425
Nonmajor Governmental Funds	60,094
Nonmajor Enterprise Funds	137,786
Internal Service Funds	15,801
Total Transfers to General Fund From Other Funds	<u>\$ 260,106</u>
Transfers to the Federal Fund From:	
Unemployment Insurance Fund	\$ 13
Nonmajor Governmental Funds	1,160
Total Transfers to Federal Fund From Other Funds	<u>\$ 1,173</u>
Transfers to the State Colleges and Universities Fund From:	
General Fund	\$ 783,294
Nonmajor Governmental Funds	44,247
Total Transfers to State Colleges and Universities Fund From Other Funds	<u>\$ 827,541</u>
Transfers to the Unemployment Insurance Fund From:	
General Fund	\$ 405,825
Nonmajor Governmental Funds	1,336
Total Transfers to the Unemployment Insurance Fund From Other Funds	<u>\$ 407,161</u>
Transfers to Fiduciary Funds From:	
General Fund	\$ 85,121
Fiduciary Funds	28,298
Total Transfers to Fiduciary Funds From Other Funds	<u>\$ 113,419</u>
Transfers to Nonmajor Governmental Funds From:	
General Fund	\$ 763,227
Federal Fund	152
Nonmajor Governmental Funds	323,871
Nonmajor Enterprise Funds	34,845
Internal Service Funds	16,997
Total Transfers to Nonmajor Governmental Funds From Other Funds	<u>\$ 1,139,092</u>
Transfers to Nonmajor Enterprise Funds From:	
General Fund	\$ 24,023
Nonmajor Governmental Funds	1,260
Total Transfers to Nonmajor Enterprise Funds From Other Funds	<u>\$ 25,283</u>

## Component Units

**Primary Government and Component Units  
Receivables and Payables  
As of December 31, 2021 or June 30, 2022, as applicable  
(In Thousands)**

Component Units	Due from Primary Government	Due to Primary Government
Major Component Units:		
Housing Finance Agency	\$ 126	\$ —
Metropolitan Council	115,798	536
University of Minnesota	27,594	1,220
Total Major Component Units	\$ 143,518	\$ 1,756
Nonmajor Component Units	191,697	116,111
Total Component Units	<u>\$ 335,215</u>	<u>\$ 117,867</u>
	Due from Component Units	Due to Component Units
Primary Government		
Major Governmental Funds:		
General Fund	\$ 451	\$ 92,966
Federal Fund	—	158,181
Total Major Governmental Funds	\$ 451	\$ 251,147
Nonmajor Governmental Funds	97,520	13,671
Nonmajor Enterprise Funds	—	11
Total Primary Government	<u>\$ 97,971</u>	<u>\$ 264,829</u> <sup>(1)</sup>

<sup>(1)</sup> Due to Component Units on the Government-wide Statement of Net Position totals \$267.060 million and includes \$2.231 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 \$19,896,000 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 \$70,386,000 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 \$2,231,000 loans payable disclosed above.

## Note 6 – Capital and Leased Assets

### Primary Government

**Primary Government  
Capital Asset Activity  
Government-wide Governmental Activities  
Year Ended June 30, 2022  
(In Thousands)**

Asset Category	Beginning	Additions	Deductions	Ending
<b>Governmental Activities:</b>				
<b>Capital Assets not Depreciated:</b>				
Land	\$ 2,844,724	\$ 57,386	\$ (3,376)	\$ 2,898,734
Buildings, Structures, Improvements	342,252	—	—	342,252
Construction in Progress	217,477	168,669	(102,775)	283,371
Development in Progress	244,144	62,463	(42,672)	263,935
Infrastructure	12,278,516	461,224	(6,353)	12,733,387
Easements	516,407	38,873	(909)	554,371
Art and Historical Treasures	9,071	—	—	9,071
<b>Total Capital Assets not Depreciated</b>	<b>\$ 16,452,591</b>	<b>\$ 788,615</b>	<b>\$ (156,085)</b>	<b>\$ 17,085,121</b>
<b>Capital Assets Depreciated:</b>				
Buildings, Structures, Improvements <sup>(1)</sup>	\$ 3,506,622	\$ 34,110	\$ (17,523)	\$ 3,523,209
Infrastructure	452,059	62,716	—	514,775
Internally Generated Computer Software	402,586	42,956	(1,099)	444,443
Easements	4,028	—	—	4,028
Equipment, Furniture, Fixtures	967,963	75,697	(59,814)	983,846
<b>Total Capital Assets Depreciated</b>	<b>\$ 5,333,258</b>	<b>\$ 215,479</b>	<b>\$ (78,436)</b>	<b>\$ 5,470,301</b>
<b>Accumulated Depreciation for:</b>				
Buildings, Structures, Improvements <sup>(1)</sup>	\$ (1,612,077)	\$ (96,103)	\$ 8,190	\$ (1,699,990)
Infrastructure	(151,504)	(16,245)	—	(167,749)
Internally Generated Computer Software	(225,510)	(45,679)	504	(270,685)
Easements	(1,329)	(92)	—	(1,421)
Equipment, Furniture, Fixtures	(584,276)	(68,896)	48,196	(604,976)
<b>Total Accumulated Depreciation</b>	<b>\$ (2,574,696)</b>	<b>\$ (227,015)</b>	<b>\$ 56,890</b>	<b>\$ (2,744,821)</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 2,758,562</b>	<b>\$ (11,536)</b>	<b>\$ (21,546)</b>	<b>\$ 2,725,480</b>
<b>Leased Capital Assets Amortized<sup>(1)</sup>:</b>				
Buildings, Structures, Improvements	\$ 411,140	\$ 42,910	\$ (940)	\$ 453,110
Easements	88	191	—	279
Equipment, Furniture, Fixtures	8,093	—	—	8,093
<b>Total Leased Capital Assets Amortized</b>	<b>\$ 419,321</b>	<b>\$ 43,101</b>	<b>\$ (940)</b>	<b>\$ 461,482</b>
<b>Accumulated Amortization for<sup>(1)</sup>:</b>				
Buildings, Structures, Improvements	\$ —	\$ (61,529)	\$ —	\$ (61,529)
Easements	—	(187)	—	(187)
Equipment, Furniture, Fixtures	—	(3,857)	—	(3,857)
<b>Total Accumulated Amortization</b>	<b>\$ —</b>	<b>\$ (65,573)</b>	<b>\$ —</b>	<b>\$ (65,573)</b>
<b>Total Leased Capital Assets Amortized, Net</b>	<b>\$ 419,321</b>	<b>\$ (22,472)</b>	<b>\$ (940)</b>	<b>\$ 395,909</b>
<b>Governmental Act. Capital Assets, Net</b>	<b>\$ 19,630,474</b>	<b>\$ 754,607</b>	<b>\$ (178,571)</b>	<b>\$ 20,206,510</b>

<sup>(1)</sup> The beginning balance has been restated as a result of the implementation of GASB 87 "Leases" in fiscal year 2022.

Capital outlay expenditures in the governmental funds totaled \$876,303,000 for fiscal year 2022. Donations of general capital assets received were valued at \$15,042,000. Transfers of \$143,355,000 were primarily from construction in progress for completed projects. Internal service funds had additions of \$12,495,000.

**Primary Government  
Capital Asset Activity  
Government-wide Business-type Activities  
Year Ended June 30, 2022  
(In Thousands)**

Asset Category	Beginning	Additions	Deductions	Ending
Capital Assets not Depreciated:				
Land	\$ 93,934	\$ —	\$ (513)	\$ 93,421
Intangible Capital Asset	596	—	—	596
Construction in Progress	73,166	67,498	(48,660)	92,004
Total Capital Assets not Depreciated	<u>\$ 167,696</u>	<u>\$ 67,498</u>	<u>\$ (49,173)</u>	<u>\$ 186,021</u>
Capital Assets Depreciated:				
Buildings, Structures, Improvements	\$ 3,967,581	\$ 50,601	\$ (7,816)	\$ 4,010,366
Infrastructure	30,251	320	—	30,571
Library Collections	34,686	4,573	(5,711)	33,548
Internally Generated Computer Software	64,877	1,957	(1,644)	65,190
Equipment, Furniture, Fixtures	350,705	15,794	(10,327)	356,172
Total Capital Assets Depreciated	<u>\$ 4,448,100</u>	<u>\$ 73,245</u>	<u>\$ (25,498)</u>	<u>\$ 4,495,847</u>
Accumulated Depreciation for:				
Buildings, Structures, Improvements	\$ (2,160,868)	\$ (122,859)	\$ 4,022	\$ (2,279,705)
Infrastructure	(19,256)	(1,185)	—	(20,441)
Library Collections	(20,571)	(4,793)	5,711	(19,653)
Internally Generated Computer Software	(35,069)	(6,934)	1,644	(40,359)
Equipment, Furniture, Fixtures	(282,163)	(16,926)	10,278	(288,811)
Total Accumulated Depreciation	<u>\$ (2,517,927)</u>	<u>\$ (152,697)</u>	<u>\$ 21,655</u>	<u>\$ (2,648,969)</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,930,173</u>	<u>\$ (79,452)</u>	<u>\$ (3,843)</u>	<u>\$ 1,846,878</u>
Leased Capital Assets Amortized <sup>(1)</sup> :				
Buildings, Structures, Improvements	\$ 31,476	\$ 24	\$ (1)	\$ 31,499
Equipment, Furniture, Fixtures	13,397	—	—	13,397
Total Leased Capital Assets Amortized	<u>\$ 44,873</u>	<u>\$ 24</u>	<u>\$ (1)</u>	<u>\$ 44,896</u>
Accumulated Amortization for <sup>(1)</sup> :				
Buildings, Structures, Improvements	\$ —	\$ (7,538)	\$ —	\$ (7,538)
Equipment, Furniture, Fixtures	—	(4,326)	—	(4,326)
Total Accumulated Amortization	<u>\$ —</u>	<u>\$ (11,864)</u>	<u>\$ —</u>	<u>\$ (11,864)</u>
Total Leased Capital Assets Amortized, Net	<u>\$ 44,873</u>	<u>\$ (11,840)</u>	<u>\$ (1)</u>	<u>\$ 33,032</u>
Business-type Act. Capital Assets, Net	<u><u>\$ 2,142,742</u></u>	<u><u>\$ (23,794)</u></u>	<u><u>\$ (53,017)</u></u>	<u><u>\$ 2,065,931</u></u>

<sup>(1)</sup> The beginning balance has been restated as a result of the implementation of GASB 87 "Leases" in fiscal year 2022.

Transfers for Business-type Activities totaling \$48,322,000 primarily related to construction in progress for completed projects.

**Primary Government  
Capital Asset Activity  
Fiduciary Funds  
Year Ended June 30, 2022  
(In Thousands)**

Asset Category	Beginning	Additions	Deductions	Ending
Capital Assets not Depreciated:				
Land	\$ 429	\$ —	\$ —	\$ 429
Construction in Progress	182	31	(213)	—
Total Capital Assets not Depreciated	<u>\$ 611</u>	<u>\$ 31</u>	<u>\$ (213)</u>	<u>\$ 429</u>
Capital Assets Depreciated:				
Buildings	\$ 29,763	\$ —	\$ —	\$ 29,763
Internally Generated Computer Software	36,020	—	—	36,020
Equipment, Furniture, Fixtures	7,810	213	—	8,023
Total Capital Assets Depreciated	<u>\$ 73,593</u>	<u>\$ 213</u>	<u>\$ —</u>	<u>\$ 73,806</u>
Accumulated Depreciation for:				
Buildings	\$ (14,910)	\$ (816)	\$ —	\$ (15,726)
Internally Generated Computer Software	(18,846)	(3,064)	—	(21,910)
Equipment, Furniture, Fixtures	(6,463)	(507)	—	(6,970)
Total Accumulated Depreciation	<u>\$ (40,219)</u>	<u>\$ (4,387)</u>	<u>\$ —</u>	<u>\$ (44,606)</u>
Total Capital Assets Depreciated, Net	<u>\$ 33,374</u>	<u>\$ (4,174)</u>	<u>\$ —</u>	<u>\$ 29,200</u>
Leased Capital Assets, Amortized <sup>(1)</sup> :				
Equipment, Furniture, Fixtures	\$ 122	\$ —	\$ —	\$ 122
Total Leased Capital Assets Amortized	<u>\$ 122</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 122</u>
Accumulated Amortization for <sup>(1)</sup> :				
Equipment, Furniture, Fixtures	\$ —	\$ (26)	\$ —	\$ (26)
Total Accumulated Amortization	<u>\$ —</u>	<u>\$ (26)</u>	<u>\$ —</u>	<u>\$ (26)</u>
Total Leased Capital Assets Amortized, Net	<u>\$ 122</u>	<u>\$ (26)</u>	<u>\$ —</u>	<u>\$ 96</u>
Fiduciary Funds, Capital Assets, Net	<u><u>\$ 34,107</u></u>	<u><u>\$ (4,169)</u></u>	<u><u>\$ (213)</u></u>	<u><u>\$ 29,725</u></u>

<sup>(1)</sup> The beginning balance has been restated as a result of the implementation of GASB 87 "Leases" in fiscal year 2022.

For further information on Primary Government leases receivable and lease liabilities, see Note 4 – Loans, Notes, and Leases Receivable and Note 11 – Long-Term Liabilities - Primary Government.

**Primary Government  
Depreciation/Amortization Expense  
Government-wide  
Year Ended June 30, 2022  
(In Thousands)**

Function	Depreciation/ Amortization Expense
Governmental Activities:	
Agricultural, Environmental & Energy Resources	\$ 33,768
Economic and Workforce Development	10,382
General Education	7,808
General Government	56,217
Health and Human Services	58,922
Higher Education	356
Public Safety and Corrections	53,073
Transportation	49,047
Internal Service Funds	23,015
Total Governmental Activities	<u>\$ 292,588</u>
Business-type Activities:	
State Colleges and Universities	\$ 146,636
Lottery	628
Others	17,297
Total Business-type Activities	<u>\$ 164,561</u>

**Primary Government  
Significant Project Authorizations and Commitments  
As of June 30, 2022  
(In Thousands)**

Description	Administration	Transportation
Authorization	\$ 758,460	\$ 1,861,980
Less: Expended (through June 30)	(646,666)	(1,700,266)
Less: Unexpended Commitment	(58,404)	(128,192)
Remaining Available Authorization	<u>\$ 53,390</u>	<u>\$ 33,522</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 consisting of 2,512,453 total acres as of June 30, 2022.

## Component Units

**Component Units**  
**Capital Assets**  
**As of December 31, 2021 or June 30, 2022, 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	\$ —	\$ 258,212	\$ 240,028	\$ 40,434	\$ 538,674
Construction in Progress	—	2,025,554	84,851	1,059	2,111,464
Museums and Collections	—	—	119,975	—	119,975
Easements	—	—	5	—	5
Total Capital Assets not Depreciated	\$ —	\$ 2,283,766	\$ 444,859	\$ 41,493	\$ 2,770,118
Capital Assets Depreciated:					
Buildings, Structures, Improvements	\$ —	\$ 5,260,438	\$ 4,954,779	\$ 870,441	\$11,085,658
Infrastructure	—	—	458,345	32,838	491,183
Library	—	—	181,406	—	181,406
Internally Generated Computer Software	8,600	—	201,004	—	209,604
Equipment, Furniture, Fixtures	3,659	1,387,550	849,475	238,532	2,479,216
Other Intangibles	—	—	6,903	—	6,903
Total Capital Assets Depreciated	\$ 12,259	\$ 6,647,988	\$ 6,651,912	\$ 1,141,811	\$14,453,970
Total Accumulated Depreciation	\$ (10,963)	\$ (3,208,284)	\$ (3,997,003)	\$ (311,157)	\$ (7,527,407)
Total Capital Assets Depreciated, Net	\$ 1,296	\$ 3,439,704	\$ 2,654,909	\$ 830,654	\$ 6,926,563
Leased Capital Assets Amortized:					
Buildings, Structures, Improvements	\$ 9,626	\$ 8,810	\$ 257,320	\$ 6,290	\$ 282,046
Easements	—	4,163	513	—	4,676
Equipment, Furniture, Fixtures	—	—	3,605	1,175	4,780
Total Leased Capital Assets Amortized	\$ 9,626	\$ 12,973	\$ 261,438	\$ 7,465	\$ 291,502
Total Accumulated Amortization	\$ (2,605)	\$ (920)	\$ (42,833)	\$ (315)	\$ (46,673)
Total Capital Assets Depreciated/Amortized, Net <sup>(1)</sup>	\$ 7,021	\$ 12,053	\$ 218,605	\$ 7,150	\$ 244,829
Component Units Capital Assets, Net	\$ 8,317	\$ 5,735,523	\$ 3,318,373	\$ 879,297	\$ 9,941,510

<sup>(1)</sup> In addition to this amount, the component units of the University of Minnesota had combined capital assets with a net value of \$24.359 million as of June 30, 2022.



## Note 7 – Disaggregation of Payables

**Primary Government  
Components of Accounts Payable  
Government-wide  
As of June 30, 2022  
(In Thousands)**

Governmental Activities				
Description	General Fund	Federal Fund	Nonmajor Governmental Funds <sup>(1)</sup>	Total
School Aid Programs	\$ 1,013,386	\$ 489,404	\$ 935	\$ 1,503,725
Tax Refunds	1,309,744	—	—	1,309,744
Medical Care Programs	832,473	1,856,679	11,689	2,700,841
Grants	422,652	224,367	375,425	1,022,444
Salaries and Benefits	164,678	29,639	84,410	278,727
Vendors/Service Providers	224,431	399,818	290,353	914,602
Net Payables	<u>\$ 3,967,364</u>	<u>\$ 2,999,907</u>	<u>\$ 762,812</u>	<u>\$ 7,730,083</u>
Business-type Activities				
Description	State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	Total
Salaries and Benefits	\$ 145,460	\$ —	\$ 13,479	\$ 158,939
Vendors/Service Providers	57,092	46,784	52,990	156,866
Net Payables	<u>\$ 202,552</u>	<u>\$ 46,784</u>	<u>\$ 66,469</u>	<u>\$ 315,805</u>
Total Government-wide Net Payables				<u><u>\$ 8,045,888</u></u>

<sup>(1)</sup> Includes \$40.867 million for Internal Service Funds, less Internal Service Fund eliminations of \$78.175 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 annual comprehensive 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, 2022, 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, 2550 University Ave W 312N, St. Paul, MN 55114-1005.

## 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. Fifteen 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. Two employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

**Benefit Formula** Members hired before July 1, 2010: 2.4 percent of the high-five average salary for each year of allowable service.

Members hired on or after July 1, 2010: 2.2 percent of the high-five average salary for each year of allowable service.

**Annual Benefit Increase** 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 430 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. Approximately 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 through 2105, and 1.5 percent thereafter.

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	<p>Basic membership: Participants who are not covered by the Social Security Act.</p> <p>Coordinated membership: Participants who are covered by the Social Security Act.</p>
Benefit Formula	<p>Members hired before July 1, 1989: Step or Level formula, whichever is greater.</p> <p>Members hired on or after July 1, 1989: Level formula.</p> <p>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.</p> <p>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.</p> <p>The Step formula also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater).</p> <p>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.</p> <p>Basic members receive 2.7 percent of the high-five average salary for all years of allowable service.</p> <p>The Level formula provides full benefits at normal retirement age. Not eligible for benefits under the Rule of 90.</p>
Annual Benefit Increase	<p>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.</p>

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

Description	SERF	CERF	GERF	P&FF	TRF <sup>(1)</sup>
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%	18.85%	7.5-11.78%	17.7%	8.34-12.34%
Non-Employer Contributing Entity	\$ —	\$ —	\$ 16,000	\$ 9,000	\$ 31,087
Primary Government Contributions – Reporting Period	\$ 161,340	\$ 54,939	\$ 17,582	\$ 9,586	\$ 48,226

<sup>(1)</sup> An additional contribution of 3.64 percent of salary from Special School District No.1 brings the top of the Employer contribution range to 15.98 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2024. Employer contribution rate increases by 0.41 percent over the next two years.

**Primary Government Administered Multiple-Employer Cost Sharing Plans**  
**Summary of Pension Amounts**  
**As of June 30, 2022**  
(In Thousands)

Description	SERF <sup>(1)</sup>	CERF <sup>(1)</sup>	GERF <sup>(1)</sup>	P&FF <sup>(1)</sup>	TRF <sup>(1)</sup>	Total
Primary Government's Proportionate Share of the Net Pension Liability as an:						
Employer	\$ 62,413	\$ 441,892	\$ 13,819	\$ 2,149	\$ 150,864	\$ 671,137
Non-Employer Contributing Entity	—	—	126,546	33,209	279,641	439,396
Total	<u>\$ 62,413</u>	<u>\$ 441,892</u>	<u>\$ 140,365</u>	<u>\$ 35,358</u>	<u>\$ 430,505</u>	<u>\$ 1,110,533</u>
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:						
Current Year Measurement Date	76.55%	99.96%	3.29%	4.58%	9.84%	
Prior Year Measurement Date	75.21%	99.95%	3.36%	4.88%	10.23%	
Deferred Outflows of Resources	\$ 1,390,056	\$ 278,685	\$ 104,148	\$ 101,699	\$ 217,650	\$ 2,092,238
Deferred Inflows of Resources	\$ 2,593,096	\$ 329,576	\$ 137,646	\$ 97,078	\$ 862,913	\$ 4,020,309
Net Pension Expense	\$(1,581,490)	\$(121,911)	\$ 25,600	\$ 11,638	\$ (41,675)	\$(1,707,838)

<sup>(1)</sup> 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 <sup>(1)</sup>	CERF <sup>(1)</sup>	GERF <sup>(1)</sup>	P&FF <sup>(2)</sup>	TRF <sup>(3)</sup>
Actuarial Valuation/ Measurement Date	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Long-Term Expected Rate	6.50%	6.50%	6.50%	6.50%	7.00%
20 Year Municipal Bond Rate <sup>(4)</sup>	1.92%	1.92%	1.92%	1.92%	2.13%
Experience Study Dates	2014-2018	2015-2019	2014-2018	2015-2019	2014-2018
Inflation	2.25%	2.25%	2.25%	2.25%	2.50%
Salary Increases	Service Related Rates	Service Related Rates	Service Related Rates	Service Related Rates	2.85-9.25%
Payroll Growth	3.00%	3.00%	3.00%	3.00%	3.00%

<sup>(1)</sup> For SERF, CERF, and GERF mortality rate assumptions, the Pub-2010 General Mortality Table was used and adjusted for mortality improvements based on Scale MP-2018 for SERF, Scale MP-2019 for CERF, and Scale MP-2020 for GERF. There are various adjustments in each plan to match experience. For the prior measurement period, Scale MP-2019 was used for GERF, and the RP-2014 Mortality Table was used and adjusted for mortality improvements based on Scale MP-2015 for CERF. In fiscal year 2023, GERF will adjust for mortality improvements based on Scale MP-2021.

<sup>(2)</sup> For P&FF mortality rate assumptions, the Pub-2010 Public Safety Mortality Table was used and adjusted for mortality improvements based on Scale MP-2020. There are various adjustments to match experience. For the prior measurement period, the RP-2014 Mortality Table was used and adjusted for mortality improvements based on Scale MP-2019. In fiscal year 2023, P&FF will adjust for mortality improvements based on Scale MP-2021.

<sup>(3)</sup> For TRF mortality rate assumptions, the RP-2014 Mortality Table was used and adjusted for mortality improvements based on Scale MP-2015. There are various adjustments to match experience.

<sup>(4)</sup> Source: Fidelity Index for SERF, CERF, GERF, and P&FF and Bond Buyers for TRF.

**Primary Government Administered Multiple-Employer Cost Sharing Plans**  
**Deferred Outflows of Resources**  
**As of June 30, 2022**  
**(In Thousands)**

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	\$ 15,446	\$ 7,799	\$ 862	\$ 6,791	\$ 11,660	\$ 42,558
Changes in Assumption	1,148,417	215,556	85,704	51,967	157,764	1,659,408
Change in Proportionate Difference Between Actual Contributions and Proportionate Share of Contributions	64,853	391	—	33,355	—	98,599
Contributions Subsequent to the Measurement Date	161,340	54,939	17,582	9,586	48,226	291,673
Total	<u>\$1,390,056</u>	<u>\$ 278,685</u>	<u>\$ 104,148</u>	<u>\$ 101,699</u>	<u>\$ 217,650</u>	<u>\$2,092,238</u>

**Primary Government Administered Multiple-Employer Cost Sharing Plans**  
**Deferred Inflows of Resources**  
**As of June 30, 2022**  
**(In Thousands)**

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	\$ 7,206	\$ 4,487	\$ 4,296	\$ —	\$ 12,194	\$ 28,183
Changes in Assumption	859,837	123,514	3,105	19,427	388,407	1,394,290
Net Difference Between Projected and Actual Earnings on Investment	1,726,053	201,469	121,562	67,561	360,977	2,477,622
Change in Proportionate Share of Contributions	—	106	8,683	10,090	101,335	120,214
Total	<u>\$ 2,593,096</u>	<u>\$ 329,576</u>	<u>\$ 137,646</u>	<u>\$ 97,078</u>	<u>\$ 862,913</u>	<u>\$ 4,020,309</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, 2022**  
**(In Thousands)**

Description	SERF	CERF	GERF	P&FF	TRF	Total
2023	\$ (853,611)	\$ (120,620)	\$ (13,045)	\$ (10,678)	\$ (323,688)	\$ (1,321,642)
2024	(164,013)	9,421	(3,999)	10,452	(241,163)	(389,302)
2025	(176,267)	7,380	(1,515)	(6,097)	(72,305)	(248,804)
2026	(170,489)	(2,011)	(32,521)	(9,172)	(79,737)	(293,930)
2027	—	—	—	10,530	23,404	33,934
Net Pension Expense	<u>\$ (1,364,380)</u>	<u>\$ (105,830)</u>	<u>\$ (51,080)</u>	<u>\$ (4,965)</u>	<u>\$ (693,489)</u>	<u>\$ (2,219,744)</u>
Deferred Outflow of Resources as a Reduction to Net Pension Liability	161,340	54,939	17,582	9,586	48,226	291,673
Net Deferred Outflows (Inflows) of Resources	<u>\$ (1,203,040)</u>	<u>\$ (50,891)</u>	<u>\$ (33,498)</u>	<u>\$ 4,621</u>	<u>\$ (645,263)</u>	<u>\$ (1,928,071)</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.



Benefit Formula	<p>Members hired before July 1, 1989: Tier 1 or Tier 2 formula, whichever is greater.</p> <p>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	1.0 percent fixed rate. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age.

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

Description	SPTRF <sup>(1)</sup>
Minnesota Statutory Authority	354A.12
Required Contribution Rate:	
Active Members	7.5-10.0%
Employer(s)	8.59-12.09%
Primary Government as Non-Employer Contributing Entity - Statutory Requirement	\$ 15,665
Primary Government Contributions - Reporting Period	\$ 15,684

<sup>(1)</sup> 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 15.73 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2024 and Employer contribution rates increase by 0.41 percent over the next two years.

**Non-Primary Government Administered Multiple-Employer Cost Sharing Plan**  
**Summary of Pension Amounts**  
**As of June 30, 2022**  
**(In Thousands)**

Description	SPTRF <sup>(1)</sup>
Primary Government's Proportionate Share of the Net Pension Liability as an:	
Employer	\$ 230
Non-Employer Contributing Entity	134,248
Total	<u>\$ 134,478</u>
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:	
Current Measurement Date	30.95%
Prior Measurement Date	31.75%
Deferred Outflows of Resources	\$ 19,880
Deferred Inflows of Resources	\$ 53,803
Net Pension Expense	\$ 12,809

<sup>(1)</sup> 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 <sup>(1)</sup>
Actuarial Valuation/Measurement Date	June 30, 2021
Long-Term Expected Rate	7.50%
20 Year Municipal Bond Rate <sup>(2)</sup>	1.92%
Experience Study Dates	2011-2016
Inflation	2.50%
Salary Increases	3.00-9.00%
Payroll Growth	3.00%

<sup>(1)</sup> For mortality rate assumptions, the RP-2014 Mortality table for males and females was used and adjusted for mortality improvements based on Scale MP-2020 for the current measurement period and Scale MP-2019 for the prior measurement period. There are various adjustments to match experience.

<sup>(2)</sup> 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, 2022**  
**(In Thousands)**

Description	SPTRF
Difference Between Expected and Actual Experience	\$ 4,196
Contributions Subsequent to the Measurement Date	15,684
Total	<u>\$ 19,880</u>

**Non-Primary Government Administered Multiple-Employer Cost Sharing Plan**  
**Deferred Inflows of Resources**  
**As of June 30, 2022**  
**(In Thousands)**

Description	SPTRF
Difference Between Expected and Actual Experience	\$ 2,346
Changes in Assumption	2,587
Net Difference Between Projected and Actual Earnings on Investment	41,811
Change in Proportionate Share of Contributions	7,059
Total	<u>\$ 53,803</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, 2022**  
**(In Thousands)**

Description	SPTRF
2023	\$ (16,778)
2024	(8,876)
2025	(9,827)
2026	(14,126)
Net Pension Expense	\$ (49,607)
Deferred Outflow of Resources as a Reduction to Net Pension Liability	15,684
Net Deferred Outflows (Inflows) of Resources	<u>\$ (33,923)</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 194 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 \$15,000 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 through December 31, 2021, and 1.5 percent thereafter.

For the prior measurement period the benefit increase of 1.75 percent was projected through 2041, 2.0 percent through 2058, 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%	15.4%
Employer	22.5% <sup>(3)</sup>	N/A <sup>(1)</sup>	23.1% <sup>(2)</sup>
Primary Government Contributions – Reporting Period	\$ 18,248	\$ 8,682	\$ 32,258

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

<sup>(2)</sup> Additional supplemental employer contributions rate increased by 2.0 percent to 7.0 percent in fiscal year 2022. This brings the top of the Employer contribution range to 30.1 percent. The 7.0 percent will remain in effect until the plan is 100 percent funded.

<sup>(3)</sup> 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	394	357	1,121
Members Entitled to, but not Receiving Benefits	19	27	69
Active Members	320	12	912

**Primary Government Administered Single-Employer Plans  
Summary of Pension Amounts  
As of June 30, 2022  
(In Thousands)**

Description	JRF	LRF	SPRF	Total
Net Pension Liability	\$ 152,445	\$ 140,796	\$ 154,131	\$ 447,372
Deferred Outflows of Resources	38,609	8,682	110,085	157,376
Deferred Inflows of Resources	37,580	—	187,889	225,469
Net Pension Expense	4,449	2,646	812	7,907

**Primary Government Administered Single-Employer Plans  
Actuarial Assumptions**

Description	JRF <sup>(1)</sup>	LRF <sup>(1)</sup>	SPRF <sup>(1)</sup>
Actuarial Valuation / Measurement Date	June 30, 2021	June 30, 2021	June 30, 2021
Long-Term Expected Rate	6.50%	6.50%	6.50%
20 Year Municipal Bond Rate <sup>(2)</sup>	1.92%	1.92%	1.92%
Experience Study Dates	2015-2019	N/A	2015-2019
Inflation	2.25%	2.25%	2.25%
Salary Increases	2.50%	4.25%	Service Related Rates
Payroll Growth	2.50%	N/A	3.00%

<sup>(1)</sup> For mortality rate assumptions, the Pub-2010 General Mortality Table was used and adjusted for mortality improvements based on Scale MP-2019 for JRF and SPRF, and Scale MP-2018 for LRF. There are various adjustments in each plan to match experience. For the prior measurement period, the RP-2014 Mortality Table was used and adjusted for mortality improvements based on Scale MP-2015.

<sup>(2)</sup> Source: Fidelity Index 20-Year Municipal GO AA Index.

**Primary Government Administered Single-Employer Plans**  
**Schedule of Net Pension Liability**  
**As of June 30, 2022**  
**(In Thousands)**

Description	JRF	LRF	SPRF	Total
Total Pension Liability (TPL):				
Service Cost	\$ 10,204	\$ 657	\$ 21,795	\$ 32,656
Interest on the Total Pension Liability	29,568	3,498	72,625	105,691
Benefit Changes	(9,525)	—	—	(9,525)
Difference Between Expected and Actual Experience of the Total Pension Liability	(1,481)	(527)	1,596	(412)
Changes in Assumptions	24,695	(942)	90,144	113,897
Benefit Payments, Including Refunds of Member Contributions	(27,038)	(8,679)	(63,210)	(98,927)
Net Change in Total Pension Liability	\$ 26,423	\$ (5,993)	\$ 122,950	\$ 143,380
Total Pension Liability, Beginning	\$ 402,660	\$ 146,789	\$ 989,045	\$ 1,538,494
Total Pension Liability, Ending	<u>\$ 429,083</u>	<u>\$ 140,796</u>	<u>\$ 1,111,995</u>	<u>\$ 1,681,874</u>
Fiduciary Net Position (FNP):				
Contributions – Employer	\$ 17,915	\$ 8,639	\$ 25,809	\$ 52,363
Contributions – Member	4,166	77	13,606	17,849
Net Investment Income	64,934	—	224,273	289,207
Benefit Payments, Including Refunds of Member Contributions	(27,038)	(8,679)	(63,210)	(98,927)
Pension Plan Administrative Expenses	(76)	(37)	(204)	(317)
Net Change in Plan Fiduciary Net Position	\$ 59,901	\$ —	\$ 200,274	\$ 260,175
Plan Fiduciary Net Position, Beginning	\$ 216,737	\$ —	\$ 757,590	\$ 974,327
Plan Fiduciary Net Position, Ending	<u>\$ 276,638</u>	<u>\$ —</u>	<u>\$ 957,864</u>	<u>\$ 1,234,502</u>
Net Pension Liability (NPL)	<u>\$ 152,445</u>	<u>\$ 140,796</u>	<u>\$ 154,131</u>	<u>\$ 447,372</u>

**Primary Government Administered Single-Employer Plans**  
**Deferred Outflows of Resources**  
**As of June 30, 2022**  
**(In Thousands)**

Description	JRF	LRF	SPRF	Total
Difference Between Expected and Actual Experience	\$ 605	\$ —	\$ 2,707	\$ 3,312
Changes in Assumption	19,756	—	75,120	94,876
Contributions Subsequent to the Measurement Date	18,248	8,682	32,258	59,188
Total	<u>\$ 38,609</u>	<u>\$ 8,682</u>	<u>\$ 110,085</u>	<u>\$ 157,376</u>

**Primary Government Administered Single-Employer Plans**  
**Deferred Inflows of Resources**  
**As of June 30, 2022**  
**(In Thousands)**

Description	JRF	SPRF	Total
Difference Between Expected and Actual Experience	\$ 1,667	\$ 3,549	\$ 5,216
Changes in Assumption	—	61,080	61,080
Net Difference Between Projected and Actual Earnings on Investment	35,913	123,260	159,173
Total	<u>\$ 37,580</u>	<u>\$ 187,889</u>	<u>\$ 225,469</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, 2022**  
**(In Thousands)**

Description	JRF	LRF	SPRF	Total
2023	\$ (4,485)	\$ —	\$ (58,447)	\$ (62,932)
2024	(3,672)	—	(35,303)	(38,975)
2025	(3,932)	—	(13,131)	(17,063)
2026	(5,130)	—	(18,471)	(23,601)
2027	—	—	15,290	15,290
Net Pension Expense	<u>\$ (17,219)</u>	<u>\$ —</u>	<u>\$ (110,062)</u>	<u>\$ (127,281)</u>
Deferred Outflow of Resources as a Reduction to Net Pension Liability	18,248	8,682	32,258	59,188
Net Deferred Outflows (Inflows) of Resources	<u>\$ 1,029</u>	<u>\$ 8,682</u>	<u>\$ (77,804)</u>	<u>\$ (68,093)</u>

## Summary of Defined Benefit Plans

### Summary of Defined Benefit Plans As of June 30, 2022 (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 Liability	\$ 1,110,533	\$ 134,478	\$ 447,372	\$ 1,692,383
Deferred Outflows of Resources	2,092,238	19,880	157,376	2,269,494
Deferred Inflows of Resources	4,020,309	53,803	225,469	4,299,581
Net Pension Expense	(1,707,838)	12,809	7,907	(1,687,122)

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, 2022

Asset Class	Target Allocation	Long-Term Expected Rate of Return (Geometric Mean)
Domestic Stocks	33.50 %	5.10 %
International Stocks	16.50 %	5.30 %
Bonds	25.00 %	0.75 %
Alternative Assets	25.00 %	5.90 %
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, 2022  
(In Thousands)**

Plan	With a 1% Decrease		Current Discount Rate		With a 1% Increase	
	Rate	NPL <sup>(1)</sup>	Rate	NPL <sup>(1)</sup>	Rate	NPL <sup>(1)</sup>
SERF <sup>(3)(4)</sup>	5.50 %	\$ 1,799,982	6.50 %	\$ 62,413	7.50 %	\$(1,373,116)
CERF <sup>(3)(4)</sup>	5.50 %	753,399	6.50 %	441,892	7.50 %	189,961
GERF <sup>(3)</sup>	5.50 %	286,274	6.50 %	140,365	7.50 %	20,639
P&FF <sup>(3)(4)</sup>	5.50 %	112,256	6.50 %	35,358	7.50 %	(27,679)
TRF <sup>(3)</sup>	6.00 %	869,642	7.00 %	430,505	8.00 %	70,378
SPTRF	6.50 %	197,977	7.50 %	134,478	8.50 %	81,810
JRF <sup>(3)(4)</sup>	5.50 %	196,507	6.50 %	152,445	7.50 %	114,703
LRF <sup>(3)(4)</sup>	0.92 %	156,756	1.92 % <sup>(2)</sup>	140,796	2.92 %	127,416
SPRF <sup>(3)(4)</sup>	5.50 %	300,696	6.50 %	154,131	7.50 %	33,986

<sup>(1)</sup> Net Pension Liability (Asset).

<sup>(2)</sup> LRF: The municipal bond rate was used for all years.

<sup>(3)</sup> The discount rate changed from 7.50 percent for SERF, CERF, GERF, P&FF, TRF, JRF, and SPRF, and from 2.45 percent for LRF.

<sup>(4)</sup> The discount rate for fiscal year 2023 will change to 6.75 percent for SERF, CERF, JRF, and SPRF, 5.40 percent for P&FF, and 3.69 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 \$198,914,000 for the fiscal year ended June 30, 2022.

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. Some employer units or bargaining units may match a portion of an employee's contributions annually. 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 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 who are only eligible if they meet certain qualifications), 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. For those members eligible before July 1, 2018, the employer and employee statutory contribution rates are 6.0 and 6.45 percent, respectively, and member contribution rates increase by 1.3 percent over the next two years. For those members eligible after July 1, 2018, the employer and employee statutory contribution rates are 6.0 and 7.5 percent, respectively, and member contribution rates increase by 0.25 percent effective fiscal year 2024. 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, 2022  
(In Thousands)**

Description	HCSRF	UERF	DCPF	DCF	CURF
Member Contributions	\$ 54	\$ 8,370	\$ 354,570	\$ 2,127	\$ 49,979
Employer Contributions:					
Primary Government Contributions	\$ —	\$ 8,046	\$ 7,946	\$ —	\$ 45,649
Other Employer Contributions	54	569	—	2,242	—
Total Employer Contributions	\$ 54	\$ 8,615	\$ 7,946	\$ 2,242	\$ 45,649

### 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, 2021 or June 30, 2022, 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	\$ 544	\$ 7,216	\$ 10,709	\$ 10	\$ 111	\$ 59	\$ 18,649
Deferred Outflows of Resources	12,107	144,085	227,625	271	2,483	1,321	387,892
Deferred Inflows of Resources	22,585	316,876	489,289	530	4,632	2,464	836,376
Net Pension Expense (Income)	(13,774)	178,930	(294,070)	(367)	(2,825)	(1,503)	(133,609)

**Major Component Units**  
**Summary of Pension Amounts**  
**Police and Fire Fund**  
**As of December 31, 2021 or June 30, 2022, as applicable**  
**(In Thousands)**

Description	MC	U of M	Total
Proportionate Share of the Net Pension Liability	\$ 9,808	\$ 4,814	\$ 14,622
Deferred Outflows of Resources	19,065	15,250	34,315
Deferred Inflows of Resources	23,188	17,490	40,678
Net Pension Expense	(11,308)	(289)	(11,597)

## 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 43 former faculty members and staff currently receive this benefit. The cost of the benefits was \$1,857,000 during fiscal year ended June 30, 2022, with a remaining liability as of June 30, 2022, of \$2,130,000.

### 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 2022 was \$39,972,000.

#### Primary Government Single-Employer Plan Employee Statistics

Description	Employees
Inactive Employees (or their beneficiaries) Currently Receiving Benefits	3,559
Active Employees	47,993

**Primary Government Single-Employer Plan**  
**Summary of OPEB Amounts**  
**As of June 30, 2022**  
**(In Thousands)**

Description	Amount <sup>(1)</sup>
Total OPEB Liability	\$ 721,365
Deferred Outflows of Resources	115,313
Deferred Inflows of Resources	95,794
Total OPEB Expense	55,185

<sup>(1)</sup> Amounts represent the primary government's total proportionate share of 99.7 percent. The remaining 0.3 percent represents discretely presented component units' proportionate share.

**Single-Employer Plan**  
**Actuarial Assumptions**

Description	OPEB Plan
Actuarial Valuation <sup>(1)</sup>	July 1, 2020
Measurement Date <sup>(1)</sup>	June 30, 2021
Discount Rate: 20 Year Municipal Bond Rate <sup>(2)</sup>	2.16%
Healthcare Cost Trend Rate	7.2% reduced to 3.8% by 2071
Experience Study Dates	2015 - 2019
Inflation	2.25%
Salary Increases	3.00%

<sup>(1)</sup> 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.

<sup>(2)</sup> Source: Bond Buyer 20-year General Obligation Index.

The mortality rate assumptions use the Pub-2010 General Employee Headcount-Weighted Mortality Table with mortality improvement Scale MP-2020 as applicable to the employee group covered.

**Single-Employer Plan  
Schedule of Total OPEB Liability  
As of June 30, 2022  
(In Thousands)**

Description	Primary Government's Share <sup>(1)</sup>	Component Unit's Share <sup>(1)</sup>	Plan Total
Total OPEB Liability:			
Service Cost	\$ 47,418	\$ 596	\$ 48,014
Interest	15,895	52	15,947
Changes in Assumptions or Other Inputs	2,563	8	2,571
Benefit Payments	(32,412)	(106)	(32,518)
Net Changes in Total OPEB Liability	\$ 33,464	\$ 550	\$ 34,014
Total OPEB Liability, Beginning	687,901	1,812	689,713
Total OPEB Liability, Ending	<u>\$ 721,365</u>	<u>\$ 2,362</u>	<u>\$ 723,727</u>

<sup>(1)</sup> The primary government's total proportionate share is 99.7 percent and the component units' 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, 2022  
(In Thousands)**

Description	Deferred Outflows of Resources <sup>(1)</sup>	Deferred Inflows of Resources <sup>(1)</sup>
Difference between Expected and Actual Experience	\$ —	\$ 81,718
Changes of Assumption	75,341	14,076
Transactions Subsequent to the Measurement Date	39,972	NA
Total	<u>\$ 115,313</u>	<u>\$ 95,794</u>

<sup>(1)</sup> Amounts represent the primary government's total proportionate share of 99.7 percent. The remaining 0.3 percent represents discretely presented component units' 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, 2022**  
**(In Thousands)**

Description	Amount <sup>(1)</sup>
2023	\$ (8,588)
2024	(8,969)
2025	(5,813)
2026	324
2027	2,377
Thereafter	216
Net OPEB Expense	\$ (20,453)
Deferred Outflow of Resources as a Reduction of the Total OPEB Liability	39,972
Net Deferred Outflows (Inflows) of Resources	<u>\$ 19,519</u>

<sup>(1)</sup> Amounts represent the primary government's total proportionate share of 99.7 percent. The remaining 0.3 percent represents discretely presented component units' 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, 2022**  
**(In Thousands)**

With a 1% Decrease		Current Discount Rate		With a 1% Increase	
Rate	TOPEBL	Rate <sup>(1)</sup>	TOPEBL	Rate	TOPEBL
1.16%	\$ 773,754	2.16%	\$ 721,365	3.16%	\$ 671,458

<sup>(1)</sup> The discount rate changed from 2.21 percent.

**Sensitivity of the Total OPEB liability to Changes in the Healthcare Trend Rates**  
**As of June 30, 2022**  
**(In Thousands)**

With a 1% Decrease		Current Healthcare Trend Rate		With a 1% Increase	
Rate	TOPEBL	Rate	TOPEBL	Rate	TOPEBL
2.8%	\$ 646,224	3.8%	\$ 721,365	4.8%	\$ 810,384



## 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 an other 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 \$361 million as of December 31, 2021 for this purpose.

The University of Minnesota (U of M) administers an other 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, 2022 (In Thousands)

Description	Major Component Unit	Non-Major Component Unit	Total
	HFA	OHE	
Proportionate Share Total OPEB Liability	\$ 1,879	\$ 483	\$ 2,362
Deferred Outflows of Resources	290	74	364
Deferred Inflows of Resources	228	59	287
Total OPEB Expense	116	37	153

### Major Component Units Summary of OPEB Amounts Other Plans As of December 31, 2021 or June 30, 2022, as applicable (In Thousands)

Description	Major Component Units		Total
	MC	U of M	
Proportionate Share Total OPEB Liability	\$ 377,311	\$ 51,399	\$ 428,710
Deferred Outflows of Resources	56,543	9,216	65,759
Deferred Inflows of Resources	6,546	4,844	11,390
Total OPEB Expense	29,606	7,136	36,742

## 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, fuel 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, 2022, were as follows:

<b>Primary Government Encumbrances As of June 30, 2022 (In Thousands)</b>	
Description	Amount
General Fund	\$ 663,281
Non-Major Governmental Funds	2,364,716
Total Encumbrances	<u>\$ 3,027,997</u>

#### Enterprise Fund - Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities had commitments of \$110,423,000 for construction and renovation of college and university facilities and replacement of legacy ERP system as of June 30, 2022.

### Component Units

As of June 30, 2022, the Housing Finance Agency had committed approximately \$789,022,000 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, 2021, unpaid commitments for Metro Transit Bus services were approximately \$250,641,000. Future commitments for Metro Transit Light Rail were approximately \$678,851,000, while future commitments for Metro Transit Commuter Rail were approximately \$3,027,000. Future commitments for Regional Transit and Environmental Services were approximately \$39,991,000 and \$121,388,000, respectively. Finally, amounts authorized and initiated in the calendar year 2021 budget but not completely expended in calendar year 2021 were \$3,220,000.

The University of Minnesota had construction projects in progress with an estimated completion cost of \$196,935,000 as of June 30, 2022. These costs will be funded from plant account assets and state appropriations.

As of June 30, 2022, the Public Facilities Authority (PFA) had committed approximately \$219,200,000 for the origination or disbursement of future loans under the Clean Water, Drinking Water, and Transportation Revolving Loan programs. PFA also committed \$109,000,000 for grants.

## Note 11 – Long-Term Liabilities - Primary Government

**Primary Government  
Long-Term Liabilities  
Year Ended June 30, 2022  
(In Thousands)**

Liability Type	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 6,915,311	\$ 1,044,070	\$ 582,981	\$ 7,376,400	\$ 604,071
Revenue Bonds	28,580	—	2,935	25,645	1,760
State Appropriation Bonds	956,012	54,612	56,284	954,340	54,890
Loans	48,706	15,327	20,436	43,597	18,068
Due to Component Units	2,902	—	671	2,231	294
Leases <sup>(1)</sup>	360,975	42,942	70,094	333,823	70,479
Certificates of Participation	76,257	—	2,896	73,361	2,525
Claims	875,732	1,103,744	1,076,813	902,663	193,678
Compensated Absences	394,795	383,638	375,951	402,482	55,946
Other Postemployment Benefits	600,933	57,422	28,599	629,756	—
Net Pension Liability	2,856,818	45,858	1,371,832	1,530,844	—
<b>Total</b>	<b>\$ 13,117,021</b>	<b>\$ 2,747,613</b>	<b>\$ 3,589,492</b>	<b>\$ 12,275,142</b>	<b>\$ 1,001,711</b>
<b>Business-type Activities:</b>					
General Obligation Bonds	\$ 199,199	\$ 11,213	\$ 23,549	\$ 186,863	\$ 19,594
Revenue Bonds	232,993	53,308	80,322	205,979	15,140
Loans	1,150,619	911,060	2,038,103	23,576	765
Leases <sup>(1)</sup>	49,237	24	17,203	32,058	11,732
Claims	35,013	329,183	329,886	34,310	33,049
Compensated Absences	167,005	29,324	31,381	164,948	20,676
Other Postemployment Benefits	86,968	8,474	3,833	91,609	—
Net Pension Liability	382,578	249	221,288	161,539	—
<b>Total</b>	<b>\$ 2,303,612</b>	<b>\$ 1,342,835</b>	<b>\$ 2,745,565</b>	<b>\$ 900,882</b>	<b>\$ 100,956</b>

<sup>(1)</sup> The beginning balance has been restated as a result of the implementation of GASB 87 "Leases" in fiscal year 2022.

**Primary Government**  
**Resources for Repayment of Long-Term Liabilities**  
**Year Ended June 30, 2022**  
**(In Thousands)**

Liability Type	Governmental Activities				Total
	General Fund	Special Revenue Funds	Internal Service Funds	Business-type Activities	
General Obligation Bonds	\$ 5,162,154	\$ 2,214,246	\$ —	\$ 186,863	\$ 7,563,263
Revenue Bonds	8,548	17,097	—	205,979	231,624
State Appropriation Bonds	954,340	—	—	—	954,340
Loans	—	4,165	39,432	23,576	67,173
Due to Component Units	—	2,231	—	—	2,231
Leases	201,317	127,499	5,007	32,058	365,881
Certificates of Participation	73,361	—	—	—	73,361
Claims	185,220	611,091	106,352	34,310	936,973
Compensated Absences	226,773	160,282	15,427	164,948	567,430
Other Postemployment Benefits	621,660	—	8,096	91,609	721,365
Net Pension Liability	1,528,502	—	2,342	161,539	1,692,383
Total	<u>\$ 8,961,875</u>	<u>\$ 3,136,611</u>	<u>\$ 176,656</u>	<u>\$ 900,882</u>	<u>\$ 13,176,024</u>

The following tables show principal and interest payment schedules for general obligation bonds, revenue bonds, state appropriation bonds, loans, due to component units, 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
2023	\$ 604,071	\$ 251,843	\$ 19,594	\$ 7,524	\$ 623,665	\$ 259,367
2024	565,749	226,454	18,406	6,431	584,155	232,885
2025	543,821	202,445	17,189	5,601	561,010	208,046
2026	511,159	179,921	16,571	4,839	527,730	184,760
2027	475,922	159,125	14,728	4,137	490,650	163,262
2028-2032	2,073,436	527,864	51,459	12,920	2,124,895	540,784
2033-2037	1,189,976	197,866	26,254	4,425	1,216,230	202,291
2038-2042	476,951	34,038	7,584	586	484,535	34,624
Total	<u>\$ 6,441,085</u>	<u>\$ 1,779,556</u>	<u>\$ 171,785</u>	<u>\$ 46,463</u>	<u>\$ 6,612,870</u>	<u>\$ 1,826,019</u>
Bond Premium	935,315	—	15,078	—	950,393	—
Total	<u>\$ 7,376,400</u>	<u>\$ 1,779,556</u>	<u>\$ 186,863</u>	<u>\$ 46,463</u>	<u>\$ 7,563,263</u>	<u>\$ 1,826,019</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
2023	\$ 1,760	\$ 944	\$ 15,140	\$ 7,368	\$ 16,900	\$ 8,312
2024	1,815	891	13,355	6,793	15,170	7,684
2025	1,870	834	15,590	6,190	17,460	7,024
2026	1,930	773	19,260	5,422	21,190	6,195
2027	1,990	705	19,180	4,565	21,170	5,270
2028-2032	11,150	2,289	78,990	11,770	90,140	14,059
2033-2037	5,130	222	24,340	1,530	29,470	1,752
2038-2042	—	—	650	11	650	11
Total	\$ 25,645	\$ 6,658	\$ 186,505	\$ 43,649	\$ 212,150	\$ 50,307
Bond Premium	—	—	19,474	—	19,474	—
Total	<u>\$ 25,645</u>	<u>\$ 6,658</u>	<u>\$ 205,979</u>	<u>\$ 43,649</u>	<u>\$ 231,624</u>	<u>\$ 50,307</u>

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

Year Ended June 30	Governmental Activities	
	Principal	Interest
2023	\$ 54,890	\$ 38,956
2024	57,605	36,398
2025	60,595	33,714
2026	63,630	30,960
2027	67,400	28,407
2028-2032	263,185	96,519
2033-2037	130,595	59,514
2038-2042	151,715	28,429
2043-2047	28,715	1,439
Total	\$ 878,330	\$ 354,336
Bond Premium	76,010	—
Total	<u>\$ 954,340</u>	<u>\$ 354,336</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
2023	\$ 18,362	\$ 720	\$ 765	\$ 606	\$ 19,127	\$ 1,326
2024	12,582	440	1,081	746	13,663	1,186
2025	7,195	279	1,202	478	8,397	757
2026	3,593	182	1,284	447	4,877	629
2027	678	127	1,288	413	1,966	540
2028-2032	1,710	414	6,980	1,613	8,690	2,027
2033-2037	1,422	186	7,072	793	8,494	979
2038-2042	286	6	3,904	162	4,190	168
Total	<u>\$ 45,828</u>	<u>\$ 2,354</u>	<u>\$ 23,576</u>	<u>\$ 5,258</u>	<u>\$ 69,404</u>	<u>\$ 7,612</u>

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

Year Ended June 30	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 70,479	\$ 2,342	\$ 11,732	\$ 578	\$ 82,211	\$ 2,920
2024	59,773	1,603	5,823	455	65,596	2,058
2025	51,861	852	4,309	365	56,170	1,217
2026	44,946	450	2,899	167	47,845	617
2027	30,667	327	1,333	125	32,000	452
2028-2032	70,670	598	4,609	444	75,279	1,042
2033-2037	3,906	59	900	133	4,806	192
2038-2042	1,521	12	161	146	1,682	158
2043-2047	—	—	127	163	127	163
2048-2052	—	—	114	195	114	195
2053-2057	—	—	51	110	51	110
Total	<u>\$ 333,823</u>	<u>\$ 6,243</u>	<u>\$ 32,058</u>	<u>\$ 2,881</u>	<u>\$ 365,881</u>	<u>\$ 9,124</u>

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

Year Ended June 30	Governmental Activities	
	Principal	Interest
2023	\$ 2,525	\$ 3,264
2024	2,650	3,137
2025	2,785	3,004
2026	2,925	2,866
2027	3,070	2,720
2028-2032	17,815	11,134
2033-2037	22,735	6,212
2038-2042	10,765	814
Total	\$ 65,270	\$ 33,151
Premium on Certificates of Participation	8,091	—
Total	<u>\$ 73,361</u>	<u>\$ 33,151</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 2022, 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, 2022  
(In Thousands)**

Fund Type	Amount
General Fund	\$ 680,692
Special Revenue Funds:	
Trunk Highway Fund	\$ 213,138
Miscellaneous Special Revenue Fund	1,190
Total Special Revenue Funds	\$ 214,328
Capital Project Funds:	
Transportation Fund	\$ 20
Total Capital Project Funds	\$ 20
Internal Service Fund – Plant Management Fund	5,789
Total Transfers to Debt Service Fund	<u>\$ 900,829</u>

**General Obligation Bond Issues**

In September 2021, the state issued \$876,150,000 general obligation bonds, Series 2021A through Series 2021B:

- Series 2021A for \$565,150,000 in state various purpose bonds were issued at a true interest rate of 1.71 percent.
- Series 2021B for \$311,000,000 in state trunk highway bonds were issued at a true interest rate of 1.49 percent.

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

**Primary Government  
General Obligation Bonds Outstanding Defeased Debt  
As of June 30, 2022  
(In Thousands)**

Refunding Date	Original Refunding Amount	Refunded Amount	Outstanding Amount	Refunded Bond Call/Maturity Date
August 21, 2014	\$ 9,727	\$ 10,185	\$ 6,230	August 1, 2022
March 14, 2018	N/A	480	480	October 1, 2023
Total	<u>\$ 9,727</u>	<u>\$ 10,665</u>	<u>\$ 6,710</u>	

The following table is a schedule of general obligation bonds authorized, but unissued, and bonds outstanding as of June 30, 2022. 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, 2022**  
**(In Thousands)**

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates for Outstanding
Maximum Effort School Loan	\$ —	\$ 10,131	5.00%
Rural Finance Authority	25,025	91,349	1.35-5.00%
State Transportation	171,826	354,067	2.50-5.00%
Trunk Highway	1,443,179	1,774,686	1.50-5.00%
Trunk Highway Refunding Bonds	—	439,560	0.40-5.00%
Various Purpose	964,236	2,692,082	1.35-5.00%
Various Purpose Refunding Bonds	—	1,250,995	0.47-5.00%
Total	<u>\$ 2,604,266</u>	<u>\$ 6,612,870</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. As described in Note 21 – Subsequent Events, in October 2022, the state issued \$338.3 million of state General Fund appropriation refunding bonds Series 2022A at a true interest rate of 3.27 percent. This issuance will refund State General Fund Appropriation Refunding Bonds Tax Exempt Series 2012B.

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. In fiscal year 2018, state General Fund appropriation bonds of \$7,570,000 were issued.

Minnesota Statutes 469.53 authorizes projects eligible for state appropriation support payments, upon approval by the city of Duluth. Eligible projects 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. On November 5, 2020, the state issued \$66,300,000 in Duluth Regional Exchange District state General Fund appropriation bonds at a true interest rate of 2.50 percent. In October 2021, the state issued \$6,920,000 in Duluth Regional Exchange District state General Fund appropriation bonds at a true interest rate of 2.36 percent.

Minnesota Statutes 16A.966 authorizes the state to issue state General Fund appropriation bonds not to exceed \$30,400,000 for the purpose of financing the cost of implementing environmental clean-up actions at four Superfund sites in Minnesota. In October 2021, the state issued \$29,670,000 state General Fund appropriation bonds for this purpose at a true interest rate of 2.36 percent. An amount needed to pay principal and interest on appropriation bonds is appropriated each fiscal year from the general fund beginning in fiscal year 2021 and remains available through fiscal year 2042.

Minnesota Statutes 16A.964 authorizes the state to issue state General Fund appropriation bonds not to exceed \$15,000,000 for the purpose of financing grants to public television stations in Minnesota for the cost of acquiring and installing capital equipment. In October 2021, the state issued \$14,050,000 in state General Fund appropriation bonds for this purpose at a true interest rate of 1.70 percent. An amount needed to pay principal and interest on appropriation bonds is appropriated each fiscal year from the general fund beginning in fiscal year 2021 and remains available through fiscal year 2042.

Minnesota Statutes 16A.963 authorizes the state to issue state General Fund appropriation bonds not to exceed \$2,000,000 for the purpose of financing the cost of acquiring and installing electric vehicle charging infrastructure on publicly owned property. In October 2021, the state issued \$1,875,000 state General Fund appropriation bonds for this purpose at a true interest rate of 1.70 percent. An amount needed to pay principal and interest on appropriation bonds is appropriated each fiscal year from the general fund beginning in fiscal year 2021 and remains available through fiscal year 2042.

The following table is a schedule of state appropriation bonds authorized, but unissued, and bonds outstanding as of June 30, 2022.

**Primary Government**  
**State Appropriation Bonds Authorized, but Unissued, and Bonds Outstanding**  
**As of June 30, 2022**  
**(In Thousands)**

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates
Professional Football Stadium	\$ —	\$ 388,050	3.51-5.08%
Pay-for-Performance	10,000	—	N/A
Refund Tobacco Securitization Authority	—	357,055	3.00-5.00%
Lewis and Clark Regional Water System	3,500	14,410	1.85-3.50%
Duluth Regional Exchange District Appropriation Bonds	25,820	73,220	1.55-3.00%
Electric Vehicle Infrastructure	—	1,875	2.10-3.00%
Public Television Equipment	—	14,050	2.10-3.00%
Environmental Response PCA Superfund	—	29,670	2.10-3.00%
Total	<u>\$ 39,320</u>	<u>\$ 878,330</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 efficiency improvements, and equipment purchase loans. The capital assets purchased for energy efficiency improvements and equipment purchases are pledged as collateral on the loans incurred to finance the purchase. On June 30, 2022, the state has an unused line of credit of \$55,543,000 to finance additional equipment purchases.

Business-type activities loans include loans to purchase energy efficiency improvements and equipment and a federal advance to cover unemployment benefits. The capital assets purchased for energy efficiency improvements and equipment purchases are pledged as collateral on the loans incurred to finance the purchases. The Unemployment Insurance Fund (enterprise fund) went into a deficit and received a federal Title XII advance to cover this deficit. The advance was paid off in fiscal year 2022.

### Leases Payable

The state implemented GASB Statement No. 87 "Leases" in fiscal year 2022. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use leased asset. As a result, the beginning balances for both leases payables and leased capital assets have been restated for June 30, 2021. The beginning balance of the capital lease restructuring deferred inflows was reported as a change in accounting principle for \$8,082,000 in the governmental activities in the statement of activities. See Note 20 – Change in Accounting Principle, Change in Reporting Entity, Change in Fund Structure, and Prior Period Adjustment for more information.

The state has entered into various leasing arrangement types where the state is the lessee in lease agreements for office space, storage, easements, and equipment. Lease payments were calculated at net present value using the interest rate charged on the lease, if available, or the state's average annual short-term monthly incremental borrowing rate.

The governmental activities buildings, structures and improvement lease terms are fixed payments ranging from one to 19 years. Two building lease agreements contain bargain purchase options. They are the Elmer L. Andersen and Orville L. Freeman Office buildings (Andersen and Freeman). When the final lease payment has been made in fiscal year 2025 for the Andersen and Freeman buildings, the titles will transfer to the state for minimal amounts.

The governmental activities equipment leases consist of copiers, multi-function devices, multi-frame hardware, and other office equipment. The leases have fixed payments ranging from one to eight years.

The business-type activities buildings, structures, and improvement lease terms are fixed payments ranging from one to 34 years.

The state has other lease agreements to purchase equipment. Minnesota State Universities Fund (enterprise fund) entered into 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, 2022, 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, 2022, there is \$2,940,000 principal outstanding on these guarantees.

For further information on leases, see Note 4 – Loans, Notes, and Leases Receivable and Note 6 – Capital and Leased Assets.

### **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 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 \$2,731,000 for fiscal year 2022, 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 2022, principal and interest paid by Iron Range Resources and Rehabilitation on the bonds was \$3,950,000. The total principal and interest remaining to be paid as of June 30, 2022, is \$32,303,000 payable through October 2033.

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 2.35 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 36 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$229,286,000. Principal and interest paid for the current year and total customer net revenues were \$29,478,000 and \$96,380,000, 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 \$868,000. Principal and interest paid and total customer net revenues during fiscal year 2022 were \$170,000 and \$494,000, respectively. These revenue bonds have a variable interest rate of 0.75 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 \$334,834,000 for closure and postclosure care claims are payable from the Environmental and Remediation Fund (special revenue fund) and the General Fund. There are currently 111 landfills in the program and three more landfills that are qualified, but not yet enrolled. One of the qualified sites, Freeway Landfill, has a liability of \$132,925,000; 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 30-year period after closure if determined 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, 2022 were \$215,645,000. Of this total, \$161,254,000 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 2022, the Petroleum Tank Cleanup Fund has approved \$471,000,000 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.

During the 2020 legislative session (fifth special session) the Minnesota Legislature authorized the sale of appropriation bonds for the purposes of financing the cost of implementing removal or remedial actions permitted under Minnesota Statute 115B.17. These appropriations bonds will be used to address risks to human health and environment at four Superfund sites.

The governmental activities' and business-type activities' liability for workers' compensation of \$79,632,000 and \$3,603,000, respectively, are based on claims filed for injuries to state employees occurring prior to June 30, 2022 and is an undiscounted estimate of future payments. The liability will be liquidated using future resources at unspecified times.

Claims of \$28,900,000 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 \$137,300,000 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 \$15,151,000 in the Risk Management Fund (internal service fund), \$91,201,000 in the Employee Insurance Fund (internal service fund), and \$30,707,000 in the Public Employees Insurance Fund (enterprise fund).

### **Compensated Absences**

The compensated absences liability for governmental activities and business-type activities of \$402,482,000 and \$164,948,000 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 2022, 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 2022, principal and interest paid by the State Employees Retirement Fund (SERF), Teachers Retirement Fund (TRF), and General Employees Retirement Fund (GERF) was \$2,103,000. The total principal and interest remaining to be paid as of June 30, 2022 is \$5,104,000, payable through fiscal year 2025.

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

Year Ended June 30	Principal	Interest
2023	\$ 1,915	\$ 190
2024	1,845	114
2025	1,000	40
Total	\$ 4,760	\$ 344
Bond Premium	205	—
Total	\$ 4,965	\$ 344

**Leases Payable – Fiduciary Funds**

The State Employees Retirement Fund (SERF) has a lease payable for office equipment that are fixed payments with a term of four years. The total liability as of June 30, 2022 is \$98,000. The detail supporting the lease liability of the fiduciary funds of the state can be found within each organization’s financial statements and notes, as applicable.



## Note 12 – 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 \$1,677,999,000 in general obligation bonds and direct borrowings outstanding on December 31, 2021, including unamortized discounts/premiums. During the year, \$6,120,000 of general obligation park bonds and \$101,265,000 of general obligation revenue wastewater refunding bonds were issued.

MC's outstanding notes from direct borrowings of \$524,984,000 are Clean Water State Revolving Fund Loan agreements with the Minnesota Public Facilities Authority (MPFA), which are evidenced by notes placed directly with MPFA. These MPFA loans finance various capital projects for the Environmental Services division. The loans are repaid from wastewater system revenues.

The University of Minnesota (U of M) issued general obligation bonds and revenue bonds for capital projects. On June 30, 2022, the principal amount of general obligation bonds and revenue bonds outstanding, including unamortized discounts/premiums, was \$1,553,267,000 and \$261,247,000, respectively.

<b>Component Units</b> <b>General Obligation Bonds</b> <b>Major Component Units</b> <b>(In Thousands)</b>					
Year Ended December 31	MC		Year Ended June 30	U of M	
	Principal	Interest <sup>(1)</sup>		Principal	Interest
2022	\$ 255,102	\$ 44,472	2023	\$ 41,740	\$ 59,083
2023	146,458	34,743	2024	43,360	58,349
2024	138,902	30,089	2025	45,260	56,492
2025	129,736	25,668	2026	47,115	54,533
2026	114,571	21,705	2027	49,265	52,460
2027-2031	416,855	65,528	2028-2032	254,620	228,911
2032-2036	244,474	22,532	2033-2037	218,115	178,552
2037-2041	59,721	1,926	2038-2042	167,795	135,185
2042-2046	—	—	2043-2047	65,745	105,400
2047-2051	—	—	2048-2052	500,000	101,200
Total	<u>\$ 1,505,819</u>	<u>\$ 246,663</u>	Total	<u>\$ 1,433,015</u>	<u>\$ 1,030,165</u>
Unamortized Discounts / Premiums and Issuance Costs	172,180	—	Unamortized Discounts / Premiums and Issuance Costs	120,252	—
Total	<u><u>\$ 1,677,999</u></u>	<u><u>\$ 246,663</u></u>	Total	<u><u>\$ 1,553,267</u></u>	<u><u>\$ 1,030,165</u></u>

<sup>(1)</sup> 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, 2022 was \$3,401,290,000, including unamortized discounts/premiums. The agency uses special redemption provisions to retire certain bonds prior to their maturity from unexpended bond proceeds. Substantially all bonds are subject to optional redemption after various dates at an amount equal to all of the unpaid principal and interest. The amount of bonds approved by June 30, 2022 to exercise the mandatory pass-through and optional redemption was \$79,110,000, and is considered part of current Bonds and Notes Payable.

On June 30, 2022, HFA had in place a revolving line of credit with the Federal Home Loan Bank of Des Moines with an outstanding balance of \$75,000,000. Draws against the line of credit are required to be collateralized with mortgage-backed securities.

<b>Component Units Revenue Bonds Major Component Units (In Thousands)</b>				
Year Ended June 30	HFA		U of M	
	Principal	Interest	Principal	Interest <sup>(1)</sup>
2023	\$ 180,655	\$ 79,883	\$ 13,310	\$ 7,981
2024	54,880	83,828	13,855	7,437
2025	51,850	83,087	14,425	6,864
2026	45,475	82,229	15,050	6,233
2027	46,580	81,361	15,750	5,541
2028-2032	276,410	389,891	94,840	17,436
2033-2037	378,740	349,579	44,695	5,065
2038-2042	430,106	296,603	14,725	111
2043-2047	735,105	223,195	—	—
2048-2052	1,157,176	74,761	—	—
2053-2057	7,170	120	—	—
Total	\$ 3,364,147	\$ 1,744,537	\$ 226,650	\$ 56,668
Unamortized Discount / Premiums and Issuance Costs	37,143	—	34,597	—
Total	<u>\$ 3,401,290</u>	<u>\$ 1,744,537</u>	<u>\$ 261,247</u>	<u>\$ 56,668</u>

<sup>(1)</sup> Excludes interest on variable rate bonds with an outstanding principal balance of \$32.850 million.

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, 2022, the outstanding principal of revenue bonds was \$437,863,000, 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, and drinking water systems. 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, 2022 was \$464,367,000, including unamortized discounts/premiums.

<b>Component Units Revenue Bonds Nonmajor Component Units (In Thousands)</b>				
Year Ended June 30	OHE		PFA	
	Principal	Interest	Principal	Interest
2023	\$ 7,940	\$ 8,420	\$ 55,975	\$ 20,341
2024	2,790	8,105	54,375	17,858
2025	4,240	7,963	23,650	15,517
2026	5,540	7,722	34,075	14,518
2027	5,305	7,440	37,515	13,000
2028-2032	35,505	33,299	154,905	36,927
2033-2037	44,570	29,138	70,405	9,015
2038-2042	135,525	23,078		
2043-2047	155,000	13,432	—	—
2048-2052	40,000	621	—	—
Total	\$ 436,415	\$ 139,218	\$ 430,900	\$ 127,176
Unamortized Discount / Premiums and Issuance Costs	1,448	—	33,467	—
Total	<u>\$ 437,863</u>	<u>\$ 139,218</u>	<u>\$ 464,367</u>	<u>\$ 127,176</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 462A.37. On June 30, 2022, \$389,562,000 in bonds were outstanding.

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

Year Ended June 30	HFA	
	Principal	Interest
2023	\$ 13,425	\$ 14,109
2024	13,910	13,628
2025	14,415	13,115
2026	15,005	12,519
2027	15,685	11,856
2028-2032	89,225	48,453
2033-2037	95,490	28,209
2038-2042	75,480	9,810
2043-2047	15,405	601
Total	\$ 348,040	\$ 152,300
Bond Premium	41,522	—
Total	<u>\$ 389,562</u>	<u>\$ 152,300</u>

## Loans and Notes Payable

### Metropolitan Council

The Metropolitan Council (MC) 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, 2021. 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 2021, the Housing and Redevelopment Authority of Edina issued a loan to MC in the amount of \$2,000,000. During the year, \$421,000 of the loan were drawn down and the remaining balance available to draw down is \$1,579,000. The agreement terms are 25 years after the last advance, then the loan will be deemed fully forgiven as of the forgiveness date.

Additionally, MC issued \$356,215,000 of general obligation grant anticipation notes to provide cash flows for the Southwest Green Line light rail extension project in anticipation of receipt of federal funds that were awarded the project. The notes were issued as three, four, and eight year serial notes that are secured by the Federal Transit Administration grant award together with the full faith and unlimited taxing powers of MC. On December 31, 2021, the total outstanding general obligation grant anticipation notes was \$391,875,000.

### University of Minnesota

The University of Minnesota (U of M) issued taxable commercial paper notes of \$51,620,000 in fiscal years 2015 and \$34,000,000 in 2022. U of M also issued tax-exempt commercial paper notes which are backed by U of M's self-liquidity. On June 30, 2022, the outstanding taxable commercial paper notes were \$72,420,000 and tax-exempt notes were \$136,701,000. Commercial paper is short-term in nature and is classified as current liabilities on the financial statements.

In fiscal year 2020, U of M executed a long-term promissory note payable to Otto Bremer Trust in the amount of \$4,500,000, and the proceeds were used to partially fund property acquisition, with the final interest payment and principal due in January 2025.

### National Sports Center Foundation

On December 31, 2021, the National Sports Center Foundation's total outstanding loans and notes payable was \$7,807,000.

### Leases

The following table is a schedule of lease liabilities as a result of the implementation of GASB Statement No. 87 "Leases". The detail supporting the lease liability of the discretely presented component units of the state can be found within the individual component units' financial statements and notes.

	<b>Component Units Lease Liabilities (In Thousands)</b>			
	<b>Year Ended December 31</b>		<b>Year Ended June 30</b>	
	<b>Current</b>	<b>Noncurrent</b>	<b>Current</b>	<b>Noncurrent</b>
Housing Finance Authority	\$ —	\$ —	\$ 1,262	\$ 6,261
Metropolitan Council	779	11,467	—	—
University of Minnesota	—	—	17,310	138,818
Minnesota Comprehensive Health Association	12	6	—	—
Minnesota Sports Facility Authority	—	—	279	6,489
Public Facilities Authority	—	—	61	196
Total Liability	<u>\$ 791</u>	<u>\$ 11,473</u>	<u>\$ 18,912</u>	<u>\$ 151,764</u>

### Variable Rate Debt

#### Housing Finance Agency

As of June 30, 2022, 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 an asset called "Derivative Instrument-Rate Swap." The inception-to-date change in fair value as of June 30, 2022, was reported in deferred inflows of resources as "Accumulated Increase in Fair Values of Derivative Instruments." 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 rates on the tax-exempt Series 2012B-1 and 2012B-2 Bonds are variable rate. The rate is a percentage of the weekly Securities Industry and Financial Markets Association (SIFMA) rate plus a set margin and the rate changes weekly. The taxable Series 2017A, and tax-exempt Series 2017C are also variable. The rate is a percentage of the one-month London Inter-Bank Rate (LIBOR) plus a set margin and the rate changes monthly. All of these bonds have a mandatory 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 \$353,110,000 with \$67,995,000 outstanding as of June 30, 2022. 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, 2022.

### **Housing Finance Agency**

In May 2021, HFA issued a bond series which refunded two bonds in fiscal year 2022 for \$5,985,000 and \$7,630,000. All outstanding bonds of these two series were paid or redeemed on July 1, 2021.

In June 2021, HFA issued bonds which refunded three bonds for \$10,845,000, \$9,390,000, and \$10,475,000. All outstanding bonds of these three series were paid or redeemed on July 1, 2021.

## **Certificates of Participation**

### **Metropolitan Council**

On December 1, 2004, the Metropolitan Council (MC) entered into an annual appropriation lease purchase agreement for land and facilities. The agreement is subject to non-appropriation by MC, in which event the agreement is terminated and there is no obligation of MC for future payments. MC intends to continue the agreement through its entire term. These Certificates of Participation do not meet the criteria of GASB Statement No. 87, "Leases" as the underlying asset will transfer ownership to MC. On December 31, 2021, the outstanding principal was \$2,705,000.

## Note 13 – Segment Information

### Primary Government Segment Information Financial Data Year Ended June 30, 2022 (In Thousands)

Description	State Colleges and Universities (MnSCU)	
	Revenue Fund	Itasca Residence Halls
<b>Condensed Statement of Net Position</b>		
Assets:		
Current Assets	\$ 104,823	\$ 849
Noncurrent Assets		
Restricted Assets	45,630	302
Capital Assets	343,650	2,122
Total Assets	\$ 494,103	\$ 3,273
Deferred Outflows of Resources	\$ 6,060	\$ 24
Liabilities:		
Current Liabilities	\$ 33,391	\$ 178
Noncurrent Liabilities	197,382	690
Total Liabilities	\$ 230,773	\$ 868
Deferred Inflows of Resources	\$ 14,708	\$ 66
Net Position:		
Net Investment in Capital Assets	\$ 155,503	\$ 1,322
Restricted	99,179	302
Unrestricted	—	739
Total Net Position	\$ 254,682	\$ 2,363
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>		
Operating Revenues - Customer Charges	\$ 96,380	\$ 494
Depreciation Expense	(24,825)	(119)
Other Operating Expenses	(68,897)	(269)
Operating Income (Loss)	\$ 2,658	\$ 106
Nonoperating Revenues (Expenses):		
Federal Grants	\$ 6,768	\$ 36
Interest Income	562	4
Capital Contributions	152	—
Interest Expense	(6,233)	(30)
Gain on Disposal of Capital Assets	786	—
Others	256	—
Change in Net Position	\$ 4,949	\$ 116
Beginning Net Position	\$ 249,733	\$ 2,247
Ending Net Position	\$ 254,682	\$ 2,363
<b>Condensed Statement of Cash Flows</b>		
Net Cash Provided (Used) by:		
Operating Activities	\$ 33,080	\$ 199
Noncapital Financing Activities	7,024	35
Capital and Related Financing Activities	(32,001)	(170)
Investing Activities	469	5
Net Increase (Decrease)	\$ 8,572	\$ 69
Beginning Cash and Cash Equivalents	\$ 136,527	\$ 708
Ending Cash and Cash Equivalents	\$ 145,099	\$ 777

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.

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 operation and position.



## **Note 14 – 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 September 2022, there was \$53,095,000 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, amended in 2020, ranging from \$850,000 to \$15,550,000 per year for fiscal year 2010 to 2020, and up to \$13,930,000 per year beginning fiscal year 2021 through fiscal year 2039 to pay a portion of the bonds. Grants from the General Fund are conditioned upon satisfaction of certain requirements by U of M. In September 2021, state-secured revenue bonds were issued to refund and/or defease outstanding state supported bonds. As of September 2022, \$117,200,000 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 September 2022, there was \$17,515,000 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 fiscal year 2021, the Minnesota Legislature appropriated from the General Funding beginning in fiscal year 2023 through 2044 an amount sufficient to pay debt service on bonds. Also in fiscal year 2021, with an effective date of January 2022, the Minnesota Legislature appropriated from the General Fund beginning in fiscal year 2024 through 2045 an amount sufficient to pay debt service on bonds. As of September 2022, \$421,295,000 was outstanding on these bonds. HFA issued state-secured appropriation bonds of \$104,195,000 in September 2022. For more information, see Note 21 – 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 August 2022, was \$17.2 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 August 2022, the total general obligation bonds guaranteed by the state through 2052, was \$734.6 million.

## Note 15 – 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:

<b>Primary Government Restricted Net Position Balances As of June 30, 2022 (In Thousands)</b>				
Purpose of Restriction	Restricted by Constitution	Restricted by Enabling Legislation	Restricted by Other	Total
Improve Agricultural, Environmental, and Energy Resources	\$ 2,218,609	\$ 401,524	\$ 690,439	\$ 3,310,572
Enhance Arts and Culture	49,493	—	—	49,493
Acquire, Maintain, and Improve Land and Buildings	—	—	357	357
Retire Indebtedness	468,245	—	123,561	591,806
Develop Economy and Workforce	—	237,405	5,520	242,925
Enhance E-12 Education	—	12,953	9,933	22,886
Enhance State Government	—	20,156	16,404	36,560
Enhance Health and Human Services	—	72,542	10,752	83,294
Enhance Higher Education	—	300	25,087	25,387
Enhance 911 Services and Increase Safety	—	12,431	122,946	135,377
School Aid - Expendable	9,884	—	—	9,884
School Aid - Nonexpendable	1,764,381	—	1,000	1,765,381
Construct Highways and Improve Infrastructure	1,949,853	63,361	1,627	2,014,841
Unemployment Benefits	—	—	1,542,970	1,542,970
Other Purposes	—	—	78,637	78,637
Total Restricted Net Position	<u>\$ 6,460,465</u>	<u>\$ 820,672</u>	<u>\$ 2,629,233</u>	<u>\$ 9,910,370</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:

<b>Governmental Funds</b> <b>Fund Balances</b> <b>As of June 30, 2022</b> <b>(In Thousands)</b>				
		Major Special Revenue Fund		
Fund Balances	General Fund	Federal Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventory	\$ —	\$ —	\$ 49,402	\$ 49,402
Trust or Permanent Fund Principal	1,462,110	—	1,765,381	3,227,491
Total Nonspendable Fund Balances	\$ 1,462,110	\$ —	\$ 1,814,783	\$ 3,276,893
Purpose of Restriction:				
Improve Agricultural, Environmental, and Energy Resources	\$ —	\$ 138	\$ 1,834,250	\$ 1,834,388
Enhance Arts and Culture	—	—	49,493	49,493
Acquire, Maintain, and Improve Land and Buildings	—	—	390,476	390,476
Retire Indebtedness	—	—	960,513	960,513
Develop Economy and Workforce	105,402	—	200,695	306,097
Enhance E-12 Education	1,778	45	30,446	32,269
Enhance State Government	—	7,710	28,292	36,002
Enhance Health and Human Services	—	464	76,239	76,703
Enhance Higher Education	—	—	300	300
Enhance 911 Services and Increase Safety	—	—	12,631	12,631
Construct Highways and Improve Infrastructure	—	—	2,021,779	2,021,779
Total Restricted Fund Balances	\$ 107,180	\$ 8,357	\$ 5,605,114	\$ 5,720,651
Continued				

**Governmental Funds**  
**Fund Balances (continued)**  
**As of June 30, 2022**  
**(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	\$ —	\$ —		\$ 214,565	\$ 214,565
Develop Economy and Workforce	—	—		387,596	387,596
Enhance E-12 Education	—	—		25,222	25,222
Enhance State Government	—	—		65,158	65,158
Enhance Health and Human Services	—	—		13,099	13,099
Enhance Higher Education	—	—		2,572	2,572
Enhance 911 Services and Increase Safety	—	—		149,528	149,528
Construct Highways and Improve Infrastructure	80,357	—		66,260	146,617
Total Committed Fund Balances	\$ 80,357	\$ —		\$ 924,000	\$ 1,004,357
Purpose of Assignment:					
Improve Agricultural, Environmental, and Energy Resources	\$ 492,149	\$ —		\$ —	\$ 492,149
Acquire, Maintain, and Improve Land and Buildings	—	—		74,190	74,190
Develop Economy and Workforce	232,558	—		—	232,558
Enhance E-12 Education	64,799	—		—	64,799
Enhance State Government	93,974	—		—	93,974
Enhance Health and Human Services	991,502	—		—	991,502
Enhance Higher Education	25,038	—		—	25,038
Enhance 911 Services and Increase Safety	96,023	—		—	96,023
Construct Highways and Improve Infrastructure	7,908	—		—	7,908
Total Assigned Fund Balances	\$ 2,003,951	\$ —		\$ 74,190	\$ 2,078,141
Unassigned	\$ 10,871,796	\$ —		\$ —	\$ 10,871,796
Total Fund Balances	\$ 14,525,394	\$ 8,357		\$ 8,418,087	\$ 22,951,838

## Net Position Deficits

The following funds have net position deficits for the fiscal year ended June 30, 2022:

<b>Net Position Deficits As of June 30, 2022 (In Thousands)</b>	
<b>Fund Type</b>	<b>Net Position</b>
Nonmajor Enterprise Funds:	
Behavioral Services	\$ (2,509)
State Lottery	(6,018)
Internal Service Funds:	
MN.IT Services	\$ (11,111)

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 and 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. The implementation of these generally accepted accounting principles caused the nonmajor enterprise and internal services funds noted in the table above to end fiscal year 2022 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.

## Note 16 – 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, 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 and co-participates with the reinsurance carriers by covering an additional 25 percent of the first \$10,000,000 of each loss. The reinsurance carriers provide 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 \$100,000 deductible for each additional claim with the Risk Management Fund's continued co-participation of 25 percent of the first \$10,000,000 on each loss. 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 (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 \$439,015 greater than coverage during the fiscal year ended June 30, 2022.

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 Employees 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, 2022 was 24,684 members and their dependents. The members of the pool include 147 school districts, 156 cities/townships, 19 counties, and 86 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 6/30/2021	\$ 9,985	\$ 6,478	\$ 4,974	\$ 11,489
Fiscal Year Ended 6/30/2022	\$ 11,489	\$ 5,763	\$ 2,101	\$ 15,151
Tort Claims:				
Fiscal Year Ended 6/30/2021	\$ —	\$ 441	\$ 441	\$ —
Fiscal Year Ended 6/30/2022	\$ —	\$ 508	\$ 508	\$ —
Workers' Compensation:				
Fiscal Year Ended 6/30/2021	\$ 77,127	\$ 27,914	\$ 23,991	\$ 81,050
Fiscal Year Ended 6/30/2022	\$ 81,050	\$ 27,923	\$ 25,738	\$ 83,235
State Employee Group Insurance:				
Fiscal Year Ended 6/30/2021	\$ 79,181	\$ 943,263	\$ 934,405	\$ 88,039
Fiscal Year Ended 6/30/2022	\$ 88,039	\$ 997,533	\$ 994,371	\$ 91,201

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

Description	Year Ended June 30	
	2022	2021
Unpaid Claims and Claim Adjustment Expenses, Beginning	\$ 31,155	\$ 24,880
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of Current Year	\$ 318,330	\$ 314,643
Increases (Decreases) in Provision for Insured Events of Prior Years	9,690	(496)
Total Incurred Claims and Claim Adjustment Expenses	\$ 328,020	\$ 314,147
Payments:		
Claims and Claims Adjustment Expenses Attributable to Insured Events of Current Year	\$ 288,708	\$ 284,132
Claims and Claims Adjustment Expenses Attributable to Insured Events of Prior Years	39,760	23,740
Total Payments	\$ 328,468	\$ 307,872
Total Unpaid Claims and Claim Adjustment Expenses, Ending	\$ 30,707	\$ 31,155

## 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 the 30-year Treasury yield. 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 workers' compensation claims and \$9,254 internal service fund claims.

### University of Minnesota

The University of Minnesota (U of M) is insured for professional, general, non-profit organization, and automobile liability and indemnified for property insurance deductible expenditures 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 2.91 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 three 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.

<b>Component Units Claims Liability (In Thousands)</b>					
Description	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability	
Metropolitan Council - Workers' Compensation:					
Fiscal Year Ended 12/31/2020	\$ 29,964	\$ 5,864	\$ 6,473	\$ 29,355	
Fiscal Year Ended 12/31/2021	\$ 29,355	\$ 3,718	\$ 9,144	\$ 23,929	
University of Minnesota - RUMINCO, Ltd:					
Fiscal Year Ended 6/30/2021	\$ 7,614	\$ 1,468	\$ 1,030	\$ 8,052	
Fiscal Year Ended 6/30/2022	\$ 8,052	\$ 4,415	\$ 2,577	\$ 9,890	
University of Minnesota - Workers' Compensation:					
Fiscal Year Ended 6/30/2021	\$ 12,159	\$ 3,472	\$ 3,969	\$ 11,662	
Fiscal Year Ended 6/30/2022	\$ 11,662	\$ 3,245	\$ 5,365	\$ 9,542	
University of Minnesota - Medical/ Dental:					
Fiscal Year Ended 6/30/2021	\$ 36,061	\$ 321,224	\$ 323,762	\$ 33,523	
Fiscal Year Ended 6/30/2022	\$ 33,523	\$ 346,061	\$ 340,763	\$ 38,821	

## Note 17 – 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, 2022  
(In Thousands)**

Description	Amount
GAAP Basis Fund Balance	\$ 14,525,394
Less: Encumbrances <sup>(1)</sup>	389,318
Unassigned Fund Balance	<u>\$ 14,136,076</u>
Basis of Accounting Differences:	
Revenue Accruals/Adjustments:	
Taxes Receivable	\$ (1,206,145)
Tax Refunds Payable	1,118,910
Human Services Receivable	(179,190)
Unearned Revenue	133,851
Escheat Asset	(26,022)
Other Receivables	(24,582)
Permanent School Fund Reimbursement	(2,000)
Investments at Market	221,405
Expenditure Accruals/Adjustments:	
Medical Care Programs	826,096
Human Services Grants Payable	53,213
Education Aids	987,594
Police and Fire Aid	130,188
Other Payables	94,864
Other Financial Sources (Uses):	
Transfers-In	(17,602)
Perspective Differences:	
Account with no Legally Adopted Budget	(2,482,544)
Appropriation Carryover	(1,011,140)
Long-Term Receivables	(42,447)
Budgetary Reserve	<u>(3,251,881)</u>
Budgetary Basis:	
Unassigned Fund Balance	<u><u>\$ 9,458,644</u></u>

<sup>(1)</sup> Encumbrances related to funds included in the budgetary General Fund.

## Note 18 – 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, 2022 and 2023 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).
- *Dakota Drug, Inc. v. Commissioner of Revenue* (Minnesota Tax Court). This case involves a wholesale distribution tax assessment against Dakota Drug, a wholesale drug distributor. Under the department's interpretation of the tax statute, wholesale drug distributors are not allowed to lower their gross revenues by rebates the distributors pay to their customers as part of a rebate program. In the audit, the department disallowed the reduction the taxpayer made to its gross revenues for the rebates it paid to its customers during the audit period 2016 to 2019. Rebate programs are common in the wholesale drug distribution industry and if Dakota Drug prevails in this case, other distributors may file refund claims totaling \$42,000,000 in fiscal year 2023, \$10,900,000 in fiscal year 2024, and \$11,400,000 in fiscal year 2025. In February 2023, it is expected the parties will file cross-motions for summary judgment.
- *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.

- *E.I. du Pont de Nemours and Company v. Commissioner of Revenue* (Minnesota Tax Court). This case involves a corporate franchise tax assessment against the DuPont Chemical Company and a dispute about which transactions should be included in computing the company's apportionment factor. The apportionment factor is computed by dividing Minnesota sales by sales everywhere. The company's net income is then multiplied by the apportionment factor. At issue is the proper treatment of forward exchange contracts ("FECs"), involved in currency trading. DuPont includes the gross revenue from the FECs in its everywhere sales, which for the assessment period, reduced its apportionment factor by 72%. The Department of Revenue excluded the FECs income. FECs are one type of a derivative contract and an adverse court decision could have a broad impact by allowing the inclusion of all forms of derivative contracts to calculate the apportionment factor used to calculate a multi-state's corporate franchise tax liability to Minnesota. It is estimated that an adverse decision could result in refunds to DuPont and other corporations subject to Minnesota corporate franchise tax of \$85,700,000 payable in fiscal year 2023. Trial is not expected to occur until after May 5, 2023.
- *South Country Health Alliance et al. v. Minnesota Department of Human Services (DHS) et al.* (Ramsey County District Court). Plaintiffs are three county-based purchasing health plans that provide managed care to individuals receiving Medical Assistance or MinnesotaCare. Plaintiffs allege that DHS's procurements for Medical Assistance and MinnesotaCare contracts violate Minnesota's county-based purchasing statutes, and Plaintiffs seek to compel DHS to comply with their interpretation of the laws in the present, and future procurements. While Plaintiffs do not seek monetary relief (other than attorneys' fees and costs), the injunctive relief Plaintiffs seek could put at risk the federal government's share of the state's Medical Assistance program. The federal government's share was over \$7 billion in fiscal year 2020. The complaint was filed in March 2022. The district court granted DHS's (and the managed care organizations that joined the litigation) motion for summary judgment. The county-based purchasers appealed on November 17, 2022.

## Note 19 – Tax Abatements

The state of Minnesota provides tax abatement agreements through five 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, Historic Structure Rehabilitation Credit, and Film Production Tax 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 the Border City Enterprise Zones program, the Angel Tax Credit program, and the Historic Structure Rehabilitation Credit.

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, or for a retained worker in the zone, up to \$1,500 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 abatements 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 sunset at the end of calendar year 2022, 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 completed. 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 the fiscal year 2022, except for issuing credit certificates and completing reporting requirements. The authority for the tax abatement is Minnesota Statutes 290.0681.

The Film Production Tax Credit program provides an assignable income tax credit to producers of feature films, national television or internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. The program provides a 25 percent credit to production companies provided they apply for an allocation prior to beginning principal photography in Minnesota, spend a minimum of \$1 million in eligible expenses during the taxable year, employ Minnesota residents to the extent practicable, promote Minnesota by visibly displaying a static or animated logo in the end credits, remain in good business standing with the Secretary of State of Minnesota, and submit a tax clearance statement from the Minnesota Department of Revenue. Applications are accepted on a rolling basis, and allocations are made on a first-come, first-served basis until the program’s \$5 million annual maximum has been fully allocated. The program will sunset after calendar year 2024. The authority for the tax abatement is Minnesota Statutes 116U.26-116U.27.



**Tax Abatements**  
**Year Ended June 30, 2022**  
**(In Thousands)**

Description	Amount
Border City Enterprise Zones:	
Corporate Taxes	\$ 286
Income Taxes	120
Total Border City Enterprise Zones	\$ 406
Angel Tax Credit: Income Taxes	\$ 2,698
Historic Structure Rehabilitation Credit: Income Tax	\$ 610
Total	\$ 3,714

## **Note 20 – Change in Accounting Principle, Change in Reporting Entity, Change in Fund Structure, and Prior Period Adjustment**

### **Primary Government**

#### **Change in Accounting Principle**

During fiscal year 2022, the state implemented GASB Statement No. 87 “Leases” which established criteria for identifying lease assets and liabilities. Under this Statement, a lessee recognizes a lease liability and an intangible right-to-use lease asset, while a lessor recognizes a lease receivable and a deferred inflow of resources. This resulted in a change in accounting principle with an increase in net position of \$8,082,000 in the governmental activities on the government-wide statement of activities. For more information, see Note 4 – Loans, Notes, and Leases Receivable, Note 6 – Capital and Leased Assets, and Note 11 – Long-Term Liabilities - Primary Government.

#### **Change in Reporting Entity**

Minnesota Statutes 353G allows volunteer firefighters to be covered by the Volunteer Firefighter Retirement Fund (pension trust fund). During fiscal year 2022, eight firefighter groups joined the Volunteer Firefighter Retirement Fund managed by the Public Employees Retirement Association. Investment balances of \$2,816,000 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 2022, two volunteer firefighter relief associations became part of the Supplemental Retirement Fund managed by the board of trustees of each relief association. Investment balances of \$392,000 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 2022, 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 \$1,384,000 in the Supplemental Retirement Fund and the Volunteer Firefighter Retirement Fund.

### **Component Units**

#### **Prior Period Adjustment**

During fiscal year 2022, the Housing Finance Agency (HFA) had a prior period adjustment with an increase in net position of \$70,213,000 because of an incorrect classification in accounting for Housing Infrastructure Bonds (HIB) projects.

#### **Change in Accounting Principle**

During fiscal year 2022, the HFA and University of Minnesota (U of M) also implemented GASB Statement No. 87, "Leases." The beginning balances were reported as a change in accounting principle in the HFA's and U of M's Statement of Activities with a decrease in net position of \$316,000 and an increase in net position of \$4,581,000, respectively.

## Note 21 – Subsequent Events

### Primary Government

In July 2022, Moody's Investors Services upgraded the state's general obligation bond rating to Aaa from Aa1.

In August 2022, the state issued the following general obligation bonds. These bonds are backed by the full faith and credit and taxing powers of the state.

- \$251.8 million of general obligation state various purpose bonds Series 2022A at a true interest rate of 2.96 percent.
- \$220.0 million of general obligation state trunk highway bonds Series 2022B at a true interest rate of 2.92 percent.
- \$9.2 million of general obligation taxable state various purpose bonds Series 2022C at a true interest rate of 3.51 percent.
- \$106.7 million of general obligation state various purpose refunding bonds Series 2022D at a true interest rate of 2.08 percent.

In October 2022, the state issued \$338.3 million of state General Fund appropriation refunding bonds Series 2022A at a true interest rate of 3.27 percent. This issuance will refund State General Fund Appropriation Refunding Bonds Tax Exempt Series 2012B.

In December 2022, the state entered into a \$48.2 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement with the U.S Department of Transportation. The interest rate for the loan is 1.84% and it has a term of 35 years with the final maturity date of September 1, 2057. The loan proceeds will finance the expansion of U.S Highway 14 in Nicollet County, Minnesota. The statutory authority to enter into the loan agreement is Minnesota Statutes 174.525. The state has not yet drawn the funds on this loan.

### Component Units

#### Housing Finance Agency

In September 2022, the Housing Finance Agency (HFA) issued \$43.8 million state appropriation bonds (Housing Infrastructure) Series 2022A, \$20.3 million Series 2022B, and \$40.1 million Series 2022C. 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 14 – Contingent Liabilities.

In September 2022, HFA issued \$50.0 million homeownership finance taxable bonds Series 2022A.

In July 2022 and September 2022 respectively, HFA issued \$150.0 million residential housing finance bonds Series 2022GH, and issued \$100.0 million residential housing finance bonds Series 2022IJK.

HFA made, or committed to make, draws from index bank notes subsequent to June 30, 2022 totaling \$76.1 million. In September 2022, HFA repaid \$41.6 million of a Non-ATM Portion Index Bank Note.

#### Metropolitan Council

In February 2022, Metropolitan Council (MC) agreed to a \$50 million loan Series 2022A from the Public Facilities Authority (component unit) for financing eligible capital expenditures.

In May 2022, MC issued \$53.2 million general obligation transit bonds Series 2022B and \$47.9 million general obligation wastewater revenue bonds Series 2022C.

MC reviewed the market value of its investment holdings to see if they materially changed between the end of the reported fiscal year and publication of the annual financial report. There has been a prolonged negative performance of the financial markets to date in 2022, and the MC experienced a material decline during this period. MC is a buy and hold investor and expects to hold its fixed-income investments to maturity thereby not realizing market value declines on those securities.

### University of Minnesota

In October 2022, the University of Minnesota (U of M) purchased United Properties Investment, LLC's 51 percent membership of 2407 University Investment, LLC. As of that date, the joint venture of 2407 University Investment, LLC became a wholly owned company of the University.

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# Required Supplementary Information

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2022  
Annual  
Comprehensive  
Financial Report

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**2022 Annual Comprehensive Financial Report**  
**Required Supplementary Information**

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**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 square root of 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	2021	2020	2019
Principal Arterial Average PQI	3.6	3.6	3.5
Non-Principal Arterial Average PQI	3.5	3.4	3.3

## Bridges and Tunnels

### Measurement Scale

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

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

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

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

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

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

### Established Condition Level

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

### Assessed Conditions

Description	2021	2020	2019
Principal Arterial: Fair to Good	94.0%	94.6%	94.4%
All Other Systems: Fair to Good	93.4%	94.0%	94.0%

### 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	2022	\$ 62,000	\$ 434,000	\$ 496,000	\$ 124,000	\$ 620,000	\$ 744,000	\$ 1,240,000
	2021	65,300	472,400	537,700	95,600	660,700	756,300	1,294,000
	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
Actual	2022	\$ 50,890	\$ 410,334	\$ 461,224	\$ 110,736	\$ 652,357	\$ 763,093	\$ 1,224,317
	2021	50,887	505,490	556,377	85,859	635,307	721,166	1,277,543
	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



## 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)**

**State Employees Retirement Fund**

	2014	2015 <sup>(2)</sup>	2016
Statutorily Required Contribution as an Employer <sup>(1)</sup>	\$ 93,957	\$ 107,313	\$ 110,804
Covered-Member Payroll	\$ 1,923,040	\$ 2,006,862	\$ 2,066,651
Required Employer Contributions as a Percentage of Covered-Member Payroll	4.9%	5.3%	5.4%

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> 2015: The required contribution rate for employers increased from 5.0 percent to 5.5 percent.

<sup>(3)</sup> 2019: The required contribution rate for employers increased to 5.875 percent.

<sup>(4)</sup> 2020: The required contribution rate for employers increased to 6.25 percent.

**Correctional Employees Retirement Fund**

	2014	2015 <sup>(2)</sup>	2016
Statutorily Required Contribution as an Employer <sup>(1)</sup>	\$ 26,421	\$ 29,378	\$ 30,624
Covered-Member Payroll	\$ 218,860	\$ 231,126	\$ 241,020
Required Employer Contributions as a Percentage of Covered-Member Payroll	12.1%	12.7%	12.7%

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> 2015: The required contribution rate for employers increased from 12.1 percent to 12.9 percent.

<sup>(3)</sup> 2019: The required contribution rate for employers increased to 14.4 percent.

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

<sup>(5)</sup> 2021: The required contribution rate for employers increased to 17.35 percent.

<sup>(6)</sup> 2022: The required contribution rate for employers increased to 18.85 percent.

**General Employees Retirement Fund**

	2014	2015 <sup>(2)</sup>	2016
Statutorily Required Contribution as an:			
Employer <sup>(1)</sup>	\$ 2,782	\$ 2,655	\$ 2,540
Non-Employer Contributing Entity <sup>(1)</sup>	—	—	6,000
Total Statutorily Required Contribution	<u>\$ 2,782</u>	<u>\$ 2,655</u>	<u>\$ 8,540</u>
Covered-Member Payroll	\$ 37,715	\$ 34,289	\$ 41,328
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.4%	7.7%	6.1%

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> 2015: The required contribution rates for employers increased from 7.3-11.8 percent to 7.5-11.8 percent on January 1, 2015.

2017	2018	2019 <sup>(3)</sup>	2020 <sup>(4)</sup>	2021	2022
\$ 116,552	\$ 121,322	\$ 136,157	\$ 152,523	\$ 156,738	\$ 161,340
\$ 2,179,626	\$ 2,256,825	\$ 2,374,710	\$ 2,480,800	\$ 2,545,750	\$ 2,577,576
5.3%	5.4%	5.7%	6.1%	6.2%	6.3%

2017	2018	2019 <sup>(3)</sup>	2020 <sup>(4)</sup>	2021 <sup>(5)</sup>	2022 <sup>(6)</sup>
\$ 31,663	\$ 32,840	\$ 38,141	\$ 43,594	\$ 48,662	\$ 54,939
\$ 248,653	\$ 257,055	\$ 267,212	\$ 278,340	\$ 282,542	\$ 289,281
12.7%	12.8%	14.3%	15.7%	17.2%	19.0%

2017	2018	2019	2020	2021	2022
\$ 3,155	\$ 2,283	\$ 2,138	\$ 1,949	\$ 1,720	\$ 1,582
6,000	16,000	16,000	16,000	16,000	16,000
<u>\$ 9,155</u>	<u>\$ 18,283</u>	<u>\$ 18,138</u>	<u>\$ 17,949</u>	<u>\$ 17,720</u>	<u>\$ 17,582</u>
\$ 31,105	\$ 28,849	\$ 26,936	\$ 24,638	\$ 21,880	\$ 21,125
10.1%	7.9%	7.9%	7.9%	7.9%	7.5%

**Required Supplementary Information**  
**Primary Government Administered Multiple-Employer Cost Sharing Plans**  
**Schedule of Contributions (Continued)**  
**(In Thousands)**  
**Police and Fire Fund<sup>(2)</sup>**

	2014	2015	2016
Statutorily Required Contribution as an:			
Employer <sup>(1)</sup>	N/A	N/A	N/A
Non-Employer Contributing Entity <sup>(1)</sup>	N/A	N/A	N/A
Total Statutorily Required Contribution	N/A	N/A	N/A
Covered-Member Payroll	N/A	N/A	N/A
Required Employer Contributions as a Percentage of Covered-Member Payroll	N/A	N/A	N/A

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

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

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

**Teachers Retirement Fund**

	2014	2015 <sup>(2)</sup>	2016
Statutorily Required Contribution as an:			
Employer <sup>(1)</sup>	\$ 13,206	\$ 14,542	\$ 14,514
Non-Employer Contributing Entity <sup>(1)</sup>	16,501	29,831	31,088
Total Statutorily Required Contribution	\$ 29,707	\$ 44,373	\$ 45,602
Covered-Member Payroll	\$ 167,667	\$ 166,870	\$ 168,264
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.9%	8.7%	8.6%

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> 2015: The required contribution rate for employers increased from 7.0-11.0 percent to 7.5-11.5 percent.

<sup>(3)</sup> 2019: The required contribution rate for employers increased to 7.71-11.71 percent.

<sup>(4)</sup> 2020: The required contribution rate for employers increased to 7.92-11.92 percent.

<sup>(5)</sup> 2021: The required contribution rate for employers increased to 8.13-12.13 percent.

<sup>(6)</sup> 2022: The required contribution rate for employers increased to 8.34-12.34 percent.

**Minneapolis Employees Retirement Fund<sup>(2)</sup>**

	2014	2015
Statutorily Required Contribution as a Non-Employer Contributing Entity <sup>(1)</sup>	\$ 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

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> MERF merged with GERF in reporting fiscal year 2015.

2017	2018	2019	2020 <sup>(3)</sup>	2021	2022
N/A	N/A	\$ —	\$ 543	\$ 586	\$ 586
N/A	N/A	4,500	4,500	9,000	9,000
N/A	N/A	\$ 4,500	\$ 5,043	\$ 9,586	\$ 9,586
N/A	N/A	N/A	\$ 2,949	\$ 3,052	\$ 3,327
N/A	N/A	N/A	18.4%	19.2%	17.6%

2017	2018	2019 <sup>(3)</sup>	2020 <sup>(4)</sup>	2021 <sup>(5)</sup>	2022 <sup>(6)</sup>
\$ 14,885	\$ 14,678	\$ 15,447	\$ 16,115	\$ 16,609	\$ 17,139
31,087	30,886	31,087	31,087	31,087	31,087
\$ 45,972	\$ 45,564	\$ 46,534	\$ 47,202	\$ 47,696	\$ 48,226
\$ 174,018	\$ 170,196	\$ 177,753	\$ 179,645	\$ 183,607	\$ 192,293
8.6%	8.6%	8.7%	9.0%	9.0%	8.9%

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

**St. Paul Teachers' Retirement Fund**

	2014	2015 <sup>(2)</sup>	2016 <sup>(3)</sup>
Statutorily Required Contribution as an:			
Employer <sup>(1)</sup>	\$ 109	\$ 86	\$ 64
Non-Employer Contributing Entity <sup>(1)</sup>	10,665	9,827	10,665
Total Statutorily Required Contribution	<u>\$ 10,774</u>	<u>\$ 9,913</u>	<u>\$ 10,729</u>
Covered-Member Payroll	\$ 1,749	\$ 628	\$ 443
Required Employer Contributions as a Percentage of Covered-Member Payroll	6.2%	13.7%	14.4%

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> 2015: The required contribution rate for employers increased from 5.25-8.75 percent to 5.50-9.00 percent.

<sup>(3)</sup> 2016: The required contribution rate for employers increased to 6.00-9.50 percent.

<sup>(4)</sup> 2017: The required contribution rate for employers increased to 6.25-9.75 percent.

<sup>(5)</sup> 2018: The required contribution rate for employers increased to 6.50-10.00 percent.

<sup>(6)</sup> 2019: The required contribution rate for employers increased to 7.335-10.835 percent.

<sup>(7)</sup> 2020: The required contribution rate for employers increased to 8.17-11.67 percent.

<sup>(8)</sup> 2021: The required contribution rate for employers increased to 8.38-11.88 percent.

<sup>(9)</sup> 2022: The required contribution rate for employers increased to 8.59-12.09 percent.

**Duluth Teachers' Retirement Fund<sup>(2)</sup>**

	2014	2015
Statutorily Required Contribution as an:		
Employer <sup>(1)</sup>	\$ 55	\$ 56
Non-Employer Contributing Entity <sup>(1)</sup>	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%

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> DTRF merged with TRF in reporting fiscal year 2015.

<u>2017 <sup>(4)</sup></u>	<u>2018 <sup>(5)</sup></u>	<u>2019 <sup>(6)</sup></u>	<u>2020 <sup>(7)</sup></u>	<u>2021 <sup>(8)</sup></u>	<u>2022 <sup>(9)</sup></u>
\$ 66	\$ 41	\$ 47	\$ 38	\$ 27	\$ 19
<u>10,665</u>	<u>10,665</u>	<u>15,666</u>	<u>15,663</u>	<u>15,664</u>	<u>15,665</u>
<u>\$ 10,731</u>	<u>\$ 10,706</u>	<u>\$ 15,713</u>	<u>\$ 15,701</u>	<u>\$ 15,691</u>	<u>\$ 15,684</u>
\$ 465	\$ 274	\$ 271	\$ 211	\$ 148	\$ 137
14.2%	15.0%	17.3%	18.0%	18.2%	13.9%

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

**State Employees Retirement Fund**

	2015	2016 <sup>(1)</sup>
Primary Government's Proportion of the Net Pension Liability as an Employer	73.38%	73.93%
Primary Government's Proportionate Share of the Net Pension Liability as an Employer	\$ 1,189,902	\$ 1,138,125
Primary Government's Covered-Member Payroll – Measurement Period	\$ 1,923,040	\$ 2,006,862
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	61.9%	56.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.6%	88.3%

<sup>(1)</sup> 2016: Benefit increase of 2.5 percent was projected to start in 2044 instead of 2016.

<sup>(2)</sup> 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.

<sup>(3)</sup> 2018: The discount rate changed to 5.42 percent.

<sup>(4)</sup> 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.

<sup>(5)</sup> 2022: The discount rate changed to 6.5 percent.

**Correctional Employees Retirement Fund**

	2015	2016 <sup>(1)</sup>
Primary Government's Proportion of the Net Pension Liability as an Employer	99.80%	99.86%
Primary Government's Proportionate Share of the Net Pension Liability as an Employer	\$ 475,387	\$ 653,352
Primary Government's Covered-Member Payroll – Measurement Period	\$ 218,860	\$ 231,126
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	217.2%	282.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.8%	58.1%

<sup>(1)</sup> 2016: Benefit increase was projected to remain at 2.0 percent instead of increasing to 2.5 percent in 2016.

<sup>(2)</sup> 2017: The discount rate changed from 6.25 percent to 4.24 percent.

<sup>(3)</sup> 2018: The discount rate changed to 5.02 percent.

<sup>(4)</sup> 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.

<sup>(5)</sup> 2022: The discount rate changed to 6.5 percent.



2017 <sup>(2)</sup>	2018 <sup>(3)</sup>	2019 <sup>(4)</sup>	2020	2021	2022 <sup>(5)</sup>
73.88%	74.15%	74.45%	74.94%	75.21%	76.55%
\$ 9,160,172	\$ 5,500,428	\$ 1,031,909	\$ 1,054,276	\$ 998,968	\$ 62,413
\$ 2,066,651	\$ 2,179,626	\$ 2,256,825	\$ 2,374,710	\$ 2,480,800	\$ 2,545,750
443.2%	252.4%	45.7%	44.4%	40.3%	2.5%
47.5%	62.7%	90.6%	90.7%	91.3%	99.5%

2017 <sup>(2)</sup>	2018 <sup>(3)</sup>	2019 <sup>(4)</sup>	2020	2021	2022 <sup>(5)</sup>
99.91%	99.91%	99.89%	99.87%	99.95%	99.96%
\$ 1,331,563	\$ 1,127,087	\$ 375,232	\$ 394,861	\$ 447,093	\$ 441,892
\$ 241,020	\$ 248,653	\$ 257,055	\$ 267,212	\$ 278,340	\$ 282,542
552.5%	453.3%	146.0%	147.8%	160.6%	156.4%
40.3%	47.6%	74.8%	75.0%	73.2%	78.2%

**Required Supplementary Information**  
**Multiple-Employer Cost Sharing Plans**  
**Schedule of the Proportionate Share of the Net Pension Liability (Continued)**  
**(In Thousands)**  
**General Employees Retirement Fund**

	2015	2016 <sup>(1)</sup>
Primary Government's Proportion of the Net Pension Liability as an:		
Employer	0.70%	0.62%
Non-Employer Contributing Entity	—%	3.56%
Total Primary Government's Proportion of the Net Pension Liability	<u>0.70%</u>	<u>4.18%</u>
Primary Government's Proportionate Share of the Net Pension Liability as an:		
Employer	\$ 33,103	\$ 32,022
Non-Employer Contributing Entity	—	184,478
Total Primary Government's Proportionate Share of the Net Pension Liability	<u>\$ 33,103</u>	<u>\$ 216,500</u>
Primary Government's Covered-Member Payroll – Measurement Period	\$ 37,715	\$ 34,289
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	87.8%	93.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.7%	78.2%

<sup>(1)</sup> 2016: Benefit increase of 2.5 percent was projected to start in 2036 instead of 2031.

<sup>(2)</sup> 2017: Benefit increase changed to 1.0 percent for all future years. The discount rate changed from 7.9 percent to 7.5 percent.

<sup>(3)</sup> 2018: Benefit increase changed to 1.0 percent through 2044 and 2.5 percent thereafter.

<sup>(4)</sup> 2019: Benefit increase changed to 1.25 percent for all future years.

<sup>(5)</sup> 2022: The discount rate changed to 6.5 percent.

2017 <sup>(2)</sup>	2018 <sup>(3)</sup>	2019 <sup>(4)</sup>	2020	2021	2022 <sup>(5)</sup>
0.72%	0.51%	0.46%	0.41%	0.37%	0.32%
1.29%	1.24%	3.18%	3.02%	2.99%	2.97%
2.01%	1.75%	3.64%	3.43%	3.36%	3.29%
\$ 58,119	\$ 32,252	\$ 25,408	\$ 22,829	\$ 22,051	\$ 13,819
104,677	79,275	176,191	166,659	179,348	126,546
\$ 162,796	\$ 111,527	\$ 201,599	\$ 189,488	\$ 201,399	\$ 140,365
\$ 41,328	\$ 31,105	\$ 28,849	\$ 26,936	\$ 24,638	\$ 21,880
140.6%	103.7%	88.1%	84.8%	89.5%	63.2%
68.9%	75.9%	79.5%	80.2%	79.1%	87.0%

**Required Supplementary Information**  
**Multiple-Employer Cost Sharing Plans**  
**Schedule of the Proportionate Share of the Net Pension Liability (Continued)**  
**(In Thousands)**  
**Police and Fire Fund<sup>(1)</sup>**

	2015	2016
Primary Government's Proportion of the Net Pension Liability as an:		
Employer	N/A	N/A
Non-Employer Contributing Entity	N/A	N/A
Total Primary Government's Proportion of the Net Pension Liability	N/A	N/A
Primary Government's Proportionate Share of the Net Pension Liability as an:		
Employer	N/A	N/A
Non-Employer Contributing Entity	N/A	N/A
Total Primary Government's Proportionate Share of the Net Pension Liability	N/A	N/A
Primary Government's Covered-Member Payroll – Measurement Period	N/A	N/A
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A

<sup>(1)</sup> Reporting data for P&FF begins with fiscal year 2019, due to a change in the statutorily required contribution.

<sup>(2)</sup> 2022: The discount rate changed from 7.5 percent to 6.5 percent.

2017	2018	2019	2020	2021	2022 <sup>(2)</sup>
N/A	N/A	—%	0.25%	0.28%	0.28%
N/A	N/A	5.27%	5.15%	4.60%	4.30%
N/A	N/A	5.27%	5.40%	4.88%	4.58%
N/A	N/A	\$ —	\$ 2,687	\$ 3,635	\$ 2,149
N/A	N/A	56,187	54,801	60,676	33,209
N/A	N/A	\$ 56,187	\$ 57,488	\$ 64,311	\$ 35,358
N/A	N/A	N/A	\$ 2,553	\$ 2,949	\$ 3,052
N/A	N/A	N/A	105.2%	123.3%	70.4%
N/A	N/A	88.8%	89.3%	87.2%	93.7%

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

	2015	2016 <sup>(1)</sup>
Primary Government's Proportion of the Net Pension Liability as an:		
Employer	4.13%	3.88%
Non-Employer Contributing Entity	5.17%	9.74%
Total Primary Government's Proportion of the Net Pension Liability	<u>9.30%</u>	<u>13.62%</u>
Primary Government's Proportionate Share of the Net Pension Liability as an:		
Employer	\$ 190,460	\$ 239,701
Non-Employer Contributing Entity	237,958	602,738
Total Primary Government's Proportionate Share of the Net Pension Liability	<u>\$ 428,418</u>	<u>\$ 842,439</u>
Primary Government's Covered-Member Payroll – Measurement Period	\$ 167,667	\$ 166,870
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	113.6%	143.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.5%	76.8%

<sup>(1)</sup> 2016: The discount rate changed from 8.25 percent to 8.00 percent.

<sup>(2)</sup> 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.

<sup>(3)</sup> 2018: Benefit increase of 2.5 percent was projected to start in 2045. The discount rate changed to 5.12 percent.

<sup>(4)</sup> 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.

<sup>(5)</sup> 2022: The discount rate changed to 7.0 percent.

2017 <sup>(2)</sup>	2018 <sup>(3)</sup>	2019 <sup>(4)</sup>	2020	2021	2022 <sup>(5)</sup>
3.72%	3.71%	3.52%	3.55%	3.48%	3.45%
7.97%	7.70%	7.50%	7.10%	6.75%	6.39%
<u>11.69%</u>	<u>11.41%</u>	<u>11.02%</u>	<u>10.65%</u>	<u>10.23%</u>	<u>9.84%</u>
\$ 888,788	\$ 740,843	\$ 221,190	\$ 226,558	\$ 256,907	\$ 150,864
<u>1,900,653</u>	<u>1,537,059</u>	<u>471,220</u>	<u>452,696</u>	<u>499,032</u>	<u>279,641</u>
<u>\$ 2,789,441</u>	<u>\$ 2,277,902</u>	<u>\$ 692,410</u>	<u>\$ 679,254</u>	<u>\$ 755,939</u>	<u>\$ 430,505</u>
\$ 168,264	\$ 174,018	\$ 170,196	\$ 177,753	\$ 179,645	\$ 183,607
528.2%	425.7%	130.0%	127.5%	143.0%	82.2%
44.9%	51.6%	78.1%	78.2%	75.5%	86.6%

**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**

	2015	2016 <sup>(1)</sup>
Primary Government's Proportion of the Net Pension Liability as an:		
Employer	0.31%	0.24%
Non-Employer Contributing Entity	30.34%	29.52%
Total Primary Government's Proportion of the Net Pension Liability	<u>30.65%</u>	<u>29.76%</u>
Primary Government's Proportionate Share of the Net Pension Liability as an:		
Employer	\$ 1,666	\$ 1,385
Non-Employer Contributing Entity	162,576	171,776
Total Primary Government's Proportionate Share of the Net Pension Liability	<u>\$ 164,242</u>	<u>\$ 173,161</u>
Primary Government's Covered-Member Payroll – Measurement Period	\$ 1,749	\$ 628
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	95.3%	220.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.1%	63.6%

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 2018: Benefit increase of 2.0 percent was projected to start in 2042 and 2.5 percent in 2052.

<sup>(4)</sup> 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.



2017 <sup>(2)</sup>	2018 <sup>(3)</sup>	2019 <sup>(4)</sup>	2020	2021	2022
0.17%	0.18%	0.10%	0.10%	0.08%	0.05%
28.79%	27.97%	27.48%	33.67%	31.67%	30.90%
<u>28.96%</u>	<u>28.15%</u>	<u>27.58%</u>	<u>33.77%</u>	<u>31.75%</u>	<u>30.95%</u>
\$ 1,082	\$ 1,019	\$ 630	\$ 617	\$ 503	\$ 230
182,226	161,970	166,431	205,790	207,016	134,248
<u>\$ 183,308</u>	<u>\$ 162,989</u>	<u>\$ 167,061</u>	<u>\$ 206,407</u>	<u>\$ 207,519</u>	<u>\$ 134,478</u>
\$ 443	\$ 465	\$ 274	\$ 271	\$ 211	\$ 148
244.2%	219.1%	229.9%	227.7%	238.4%	155.4%
60.3%	64.1%	63.9%	63.9%	61.4%	74.9%

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

	<b>Minneapolis Employee Retirement Fund<sup>(1)</sup></b>	<b>Duluth Teachers' Retirement Fund<sup>(2)</sup></b>
	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%

<sup>(1)</sup> MERF merged with GERF in reporting fiscal year 2015.

<sup>(2)</sup> 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**

	2013	2014 <sup>(2)</sup>	2015	2016
Statutorily Required Contribution <sup>(1)</sup>	\$ 8,177	\$ 9,426	\$ 9,776	\$ 10,219
Covered-Member Payroll	\$ 39,888	\$ 41,893	\$ 43,449	\$ 45,418
Contributions as a Percentage of Covered-Member Payroll	20.5%	22.5%	22.5%	22.5%

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> 2014: The required employer contribution rate changed from 20.5 percent to 22.5 percent.

<sup>(3)</sup> 2017: The required employer contribution rate included an additional \$3 million over the percentage of covered payroll.

<sup>(4)</sup> 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<sup>(2)</sup>**

	2013	2014	2015	2016
Statutorily Required Contribution <sup>(1)</sup>	\$ 3,399	\$ 3,436	\$ 3,216	\$ 5,087
Covered-Member Payroll	\$ 1,233	\$ 1,122	\$ 1,700	\$ 989
Contributions as a Percentage of Covered-Member Payroll	275.7%	306.2%	189.2%	514.4%

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> LRF employer contributions are on a pay-as-you-go basis.

**State Patrol Retirement Fund**

	2013	2014	2015 <sup>(2)</sup>	2016
Statutorily Required Contribution <sup>(1)</sup>	\$ 11,482	\$ 12,894	\$ 13,763	\$ 13,938
Covered-Member Payroll	\$ 62,121	\$ 63,952	\$ 68,463	\$ 69,343
Contributions as a Percentage of Covered-Member Payroll	18.5%	20.2%	20.1%	20.1%

<sup>(1)</sup> Statutorily required contributions equal actual required contributions.

<sup>(2)</sup> 2015: The required employer contribution rate changed from 18.6 percent to 20.1 percent.

<sup>(3)</sup> 2017: The required employer contribution rate changed to 21.6 percent.

<sup>(4)</sup> 2019: The required employer contribution rate changed to 22.35 percent, plus an additional supplemental employer contribution of 1.75 percent.

<sup>(5)</sup> 2020: The required employer contribution rate changed to 23.1 percent, plus an additional supplemental employer contribution of 3.0 percent.

<sup>(6)</sup> 2021: The additional supplemental employer contribution rate changed to 5.0 percent.

<sup>(7)</sup> 2022: The additional supplemental employer contribution rate changed to 7.0 percent.

2017 <sup>(3)</sup>	2018 <sup>(4)</sup>	2019	2020	2021	2022
\$ 13,758	\$ 17,027	\$ 17,287	\$ 17,766	\$ 17,915	\$ 18,248
\$ 47,813	\$ 49,009	\$ 50,164	\$ 52,298	\$ 52,960	\$ 53,335
28.8%	34.7%	34.5%	34.0%	33.8%	34.2%

2017	2018	2019	2020	2021	2022
\$ 8,716	\$ 8,856	\$ 8,798	\$ 8,764	\$ 8,639	\$ 8,682
\$ 889	\$ 1,033	\$ 1,011	\$ 967	\$ 856	\$ 699
980.4%	857.3%	870.2%	906.3%	1009.2%	1242.1%

2017 <sup>(3)</sup>	2018	2019 <sup>(4)</sup>	2020 <sup>(5)</sup>	2021 <sup>(6)</sup>	2022 <sup>(7)</sup>
\$ 15,783	\$ 15,952	\$ 19,479	\$ 21,975	\$ 24,809	\$ 32,258
\$ 73,056	\$ 74,007	\$ 80,792	\$ 84,530	\$ 88,351	\$ 102,994
21.6%	21.6%	24.1%	26.0%	28.1%	31.3%

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

	2015	2016 <sup>(1)</sup>
<b>Total Pension Liability</b>		
Service Cost	\$ 12,075	\$ 12,251
Interest on the Total Pension Liability	20,535	21,773
Benefit Changes	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	5,080	(4,366)
Changes in Assumptions	(8,416)	21,696
Benefit Payments, Including Refunds of Member Contributions	(20,802)	(21,893)
Net Change in Total Pension Liability	\$ 8,472	\$ 29,461
Total Pension Liability, Beginning	\$ 373,039	\$ 381,511
Total Pension Liability, Ending	<u>\$ 381,511</u>	<u>\$ 410,972</u>
<b>Fiduciary Net Position</b>		
Contributions – Employer	\$ 9,426	\$ 9,776
Contributions – Member	3,578	3,629
Net Investment Income	28,011	7,572
Benefit Payments, Including Refunds of Member Contributions	(20,802)	(21,893)
Pension Plan Administrative Expenses	(55)	(60)
Net Change in Plan Fiduciary Net Position	\$ 20,158	\$ (976)
Plan Fiduciary Net Position, Beginning	\$ 155,398	\$ 175,556
Plan Fiduciary Net Position, Ending	\$ 175,556	\$ 174,580
<b>Net Pension Liability</b>	<u>\$ 205,955</u>	<u>\$ 236,392</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.0%	42.5%
Covered-Member Payroll – Measurement Period	\$ 41,893	\$ 43,449
Net Pension Liability as a Percentage of Covered-Member Payroll	491.6%	544.1%

<sup>(1)</sup> 2016: The discount rate changed from 5.78 percent to 5.25 percent.

<sup>(2)</sup> 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.

<sup>(3)</sup> 2018: Benefit increase rate changed to 1.75 percent through 2038, 2.0 percent for 2039-2053, and 2.5 percent thereafter.

<sup>(4)</sup> 2019: Benefit increase rate changed to 1.75 percent through 2037, 2.0 percent for 2038-2051, and 2.5 percent thereafter.

<sup>(5)</sup> 2020: Benefit increase rate changed to 1.75 percent through 2039, 2.0 percent for 2040-2056, and 2.5 percent thereafter.

<sup>(6)</sup> 2021: Benefit increase rate changed to 1.75 percent through 2041, 2.0 percent for 2042-2058, and 2.5 percent thereafter.

<sup>(7)</sup> 2022: Benefit increase rate changed to 1.75 percent through December 31, 2021 and 1.5 percent thereafter. The discount rate changed to 6.5 percent.

2017 <sup>(2)</sup>	2018 <sup>(3)</sup>	2019 <sup>(4)</sup>	2020 <sup>(5)</sup>	2021 <sup>(6)</sup>	2022 <sup>(7)</sup>
\$ 13,711	\$ 9,483	\$ 9,857	\$ 9,881	\$ 9,897	\$ 10,204
21,349	25,366	26,747	27,769	28,721	29,568
—	—	—	—	—	(9,525)
7,135	(4,958)	1,424	804	(802)	(1,481)
(85,756)	11,652	—	—	—	24,695
(22,378)	(23,094)	(23,585)	(25,233)	(26,302)	(27,038)
\$ (65,939)	\$ 18,449	\$ 14,443	\$ 13,221	\$ 11,514	\$ 26,423
\$ 410,972	\$ 345,033	\$ 363,482	\$ 377,925	\$ 391,146	\$ 402,660
<u>\$ 345,033</u>	<u>\$ 363,482</u>	<u>\$ 377,925</u>	<u>\$ 391,146</u>	<u>\$ 402,660</u>	<u>\$ 429,083</u>
\$ 10,219	\$ 13,758	\$ 17,027	\$ 17,287	\$ 17,766	\$ 17,915
3,763	3,932	3,973	4,049	4,168	4,166
(186)	24,729	19,265	14,491	8,955	64,934
(22,378)	(23,094)	(23,585)	(25,233)	(26,302)	(27,038)
(94)	(89)	(65)	(87)	(112)	(76)
\$ (8,676)	\$ 19,236	\$ 16,615	\$ 10,507	\$ 4,475	\$ 59,901
\$ 174,580	\$ 165,904	\$ 185,140	\$ 201,755	\$ 212,262	\$ 216,737
\$ 165,904	\$ 185,140	\$ 201,755	\$ 212,262	\$ 216,737	\$ 276,638
<u>\$ 179,129</u>	<u>\$ 178,342</u>	<u>\$ 176,170</u>	<u>\$ 178,884</u>	<u>\$ 185,923</u>	<u>\$ 152,445</u>
48.1%	50.9%	53.4%	54.3%	53.8%	64.5%
\$ 45,418	\$ 47,813	\$ 49,009	\$ 50,164	\$ 52,298	\$ 52,960
394.4%	373.0%	359.5%	356.6%	355.5%	287.8%

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

	2015	2016 <sup>(1)</sup>
<b>Total Pension Liability</b>		
Service Cost	\$ 398	\$ 428
Interest on the Total Pension Liability	6,177	6,113
Benefit Changes	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(237)	(7,303)
Changes in Assumptions	11,201	7,057
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)
Net Change in Total Pension Liability	\$ 9,053	\$ (2,146)
Total Pension Liability, Beginning	\$ 137,446	\$ 146,499
Total Pension Liability, Ending	<u>\$ 146,499</u>	<u>\$ 144,353</u>
<b>Fiduciary Net Position</b>		
Contributions – Employer	\$ 3,436	\$ 3,216
Contributions – Member	101	153
Net Investment Income	1,750	281
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)
Pension Plan Administrative Expenses	(36)	(37)
Other Changes	—	—
Net Change in Plan Fiduciary Net Position	\$ (3,235)	\$ (4,828)
Plan Fiduciary Net Position, Beginning	\$ 11,493	\$ 8,258
Plan Fiduciary Net Position, Ending	\$ 8,258	\$ 3,430
<b>Net Pension Liability</b>	<u>\$ 138,241</u>	<u>\$ 140,923</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
Net Pension Liability as a Percentage of Covered-Member Payroll	12,320.9%	8,289.6%

<sup>(1)</sup> 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.

<sup>(2)</sup> 2017: Benefit increase changed to 2.0 percent for all future years. The discount rate changed to 2.85 percent.

<sup>(3)</sup> 2018: The discount rate changed to 3.56 percent.

<sup>(4)</sup> 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.

<sup>(5)</sup> 2020: The discount rate changed to 3.13 percent.

<sup>(6)</sup> 2021: The discount rate changed to 2.45 percent.

<sup>(7)</sup> 2022: The discount rate changed to 1.92 percent.



2017 <sup>(2)</sup>	2018 <sup>(3)</sup>	2019 <sup>(4)</sup>	2020 <sup>(5)</sup>	2021 <sup>(6)</sup>	2022 <sup>(7)</sup>
\$ 495	\$ 546	\$ 437	\$ 496	\$ 527	\$ 657
5,332	4,293	5,094	4,894	4,258	3,498
—	—	(9,839)	—	—	—
(1,597)	1,518	6,119	(2,441)	645	(527)
14,653	(5,017)	(856)	6,722	9,986	(942)
(8,536)	(8,716)	(8,912)	(8,853)	(8,812)	(8,679)
\$ 10,347	\$ (7,376)	\$ (7,957)	\$ 818	\$ 6,604	\$ (5,993)
\$ 144,353	\$ 154,700	\$ 147,324	\$ 139,367	\$ 140,185	\$ 146,789
<u>\$ 154,700</u>	<u>\$ 147,324</u>	<u>\$ 139,367</u>	<u>\$ 140,185</u>	<u>\$ 146,789</u>	<u>\$ 140,796</u>
\$ 5,087	\$ 8,716	\$ 8,856	\$ 8,798	\$ 8,764	\$ 8,639
89	80	93	91	87	77
(69)	—	—	—	—	—
(8,536)	(8,716)	(8,912)	(8,853)	(8,812)	(8,679)
(42)	(39)	(37)	(36)	(39)	(37)
41	(41)	—	—	—	—
\$ (3,430)	\$ —	\$ —	\$ —	\$ —	\$ —
\$ 3,430	\$ —	\$ —	\$ —	\$ —	\$ —
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<u>\$ 154,700</u>	<u>\$ 147,324</u>	<u>\$ 139,367</u>	<u>\$ 140,185</u>	<u>\$ 146,789</u>	<u>\$ 140,796</u>
—%	—%	—%	—%	—%	—%
\$ 989	\$ 889	\$ 1,033	\$ 1,011	\$ 967	\$ 856
15,642.1%	16,571.9%	13,491.5%	13,866.0%	15,179.8%	16,448.1%

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

**State Patrol Retirement Fund**

	2015	2016 <sup>(1)</sup>
<b>Total Pension Liability</b>		
Service Cost	\$ 14,514	\$ 16,144
Interest on the Total Pension Liability	60,183	63,753
Benefit Changes	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(5,771)	(12,855)
Changes in Assumptions	30,058	—
Benefit Payments, Including Refunds of Member Contributions	(53,722)	(55,480)
Net Change in Total Pension Liability	\$ 45,262	\$ 11,562
Total Pension Liability, Beginning	\$ 781,411	\$ 826,673
Total Pension Liability, Ending	<u>\$ 826,673</u>	<u>\$ 838,235</u>
<b>Fiduciary Net Position</b>		
Contributions – Employer	\$ 12,894	\$ 14,763
Contributions – Member	7,930	9,174
Net Investment Income	107,187	28,903
Benefit Payments, Including Refunds of Member Contributions	(53,722)	(55,480)
Pension Plan Administrative Expenses	(150)	(170)
Other Changes	—	—
Net Change in Plan Fiduciary Net Position	\$ 74,139	\$ (2,810)
Plan Fiduciary Net Position, Beginning	\$ 593,201	\$ 667,340
Plan Fiduciary Net Position, Ending	\$ 667,340	\$ 664,530
<b>Net Pension Liability</b>	<u>\$ 159,333</u>	<u>\$ 173,705</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.7%	79.3%
Covered-Member Payroll – Measurement Period	\$ 63,952	\$ 68,463
Net Pension Liability as a Percentage of Covered-Member Payroll	249.1%	253.7%

<sup>(1)</sup> 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.

<sup>(2)</sup> 2017: Benefit increase changed to 1.0 percent for all future years. The discount rate changed from 7.9 percent to 5.31 percent.

<sup>(3)</sup> 2018: Benefit increase changed to 1.0 percent through 2064, and 1.5 percent thereafter. The discount rate changed to 6.38 percent.

<sup>(4)</sup> 2019: Benefit increase changed to 1.0 percent for all future years. The discount rate changed to 7.5 percent.

<sup>(5)</sup> 2022: The discount rate changed to 6.5 percent.

2017 <sup>(2)</sup>	2018 <sup>(3)</sup>	2019 <sup>(4)</sup>	2020	2021	2022 <sup>(5)</sup>
\$ 16,555	\$ 29,758	\$ 24,935	\$ 19,375	\$ 21,122	\$ 21,795
64,592	58,865	65,110	68,227	70,465	72,625
—	—	(2,604)	—	—	—
(22,222)	(2,418)	(8,369)	2,757	(535)	1,596
283,584	(112,694)	(126,888)	—	—	90,144
(57,774)	(58,565)	(59,692)	(60,803)	(61,971)	(63,210)
\$ 284,735	\$ (85,054)	\$ (107,508)	\$ 29,556	\$ 29,081	\$ 122,950
\$ 838,235	\$ 1,122,970	\$ 1,037,916	\$ 930,408	\$ 959,964	\$ 989,045
<u>\$ 1,122,970</u>	<u>\$ 1,037,916</u>	<u>\$ 930,408</u>	<u>\$ 959,964</u>	<u>\$ 989,045</u>	<u>\$ 1,111,995</u>
\$ 14,938	\$ 16,783	\$ 16,952	\$ 20,479	\$ 22,975	\$ 25,809
9,292	10,520	10,657	12,038	12,595	13,606
(774)	93,077	70,474	51,823	31,073	224,273
(57,774)	(58,565)	(59,692)	(60,803)	(61,971)	(63,210)
(220)	(208)	(184)	(191)	(224)	(204)
—	—	(7)	(1)	(2)	—
\$ (34,538)	\$ 61,607	\$ 38,200	\$ 23,345	\$ 4,446	\$ 200,274
\$ 664,530	\$ 629,992	\$ 691,599	\$ 729,799	\$ 753,144	\$ 757,590
\$ 629,992	\$ 691,599	\$ 729,799	\$ 753,144	\$ 757,590	\$ 957,864
<u>\$ 492,978</u>	<u>\$ 346,317</u>	<u>\$ 200,609</u>	<u>\$ 206,820</u>	<u>\$ 231,455</u>	<u>\$ 154,131</u>
56.1%	66.6%	78.4%	78.5%	76.6%	86.1%
\$ 69,343	\$ 73,056	\$ 74,007	\$ 80,792	\$ 84,530	\$ 88,351
710.9%	474.0%	271.1%	256.0%	273.8%	174.5%

## 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 GASB 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 <sup>(2)</sup>	2020 <sup>(3)</sup>	2021 <sup>(4)</sup>	2022 <sup>(5)</sup>
Total OPEB Liability <sup>(1)</sup> :					
Service Cost	\$ 51,415	\$ 48,056	\$ 47,473	\$ 46,502	\$ 48,014
Interest	18,612	23,378	24,963	23,128	15,947
Differences Between Expected and Actual Experience	—	(42,541)	(16,846)	(76,320)	—
Changes in Assumptions or Other Inputs	(32,277)	(596)	(2,444)	101,123	2,571
Benefit Payments	(32,627)	(36,358)	(35,030)	(37,754)	(32,518)
Net Changes in Total OPEB Liability	\$ 5,123	\$ (8,061)	\$ 18,116	\$ 56,679	\$ 34,014
Total OPEB Liability, Beginning	617,856	622,979	614,918	633,034	689,713
Total OPEB Liability, Ending	<u>\$ 622,979</u>	<u>\$ 614,918</u>	<u>\$ 633,034</u>	<u>\$ 689,713</u>	<u>\$ 723,727</u>
Covered-Employee Payroll	\$ 3,545,697	\$ 3,603,462	\$ 3,664,566	\$ 3,814,738	\$ 3,949,086
Total OPEB Liability as a Percentage of Covered- Employee Payroll	17.6%	17.1%	17.3%	18.1%	18.3%

<sup>(1)</sup> Amounts represent the total of the primary government's proportionate share and its discretely presented component unit's proportionate share.

<sup>(2)</sup> 2019: The discount rate changed from 3.58 percent to 3.87 percent.

<sup>(3)</sup> 2020: The discount rate changed to 3.50 percent.

<sup>(4)</sup> 2021: The discount rate changed to 2.21 percent.

<sup>(5)</sup> 2022: The discount rate changed to 2.16 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).

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Required Contribution and Investment Revenue:										
Earned	\$ 49,244	\$ 90,110	\$ 96,008	\$109,484	\$120,780	\$169,172	\$208,391	\$268,602	\$331,570	\$333,233
Ceded	(4,582)	(8,372)	(4,607)	—	—	—	—	—	—	—
Net Earned	\$ 44,662	\$ 81,738	\$ 91,401	\$109,484	\$120,780	\$169,172	\$208,391	\$268,602	\$331,570	\$333,233
2. Unallocated Expenses:										
	\$ 3,612	\$ 6,390	\$ 7,435	\$ 7,846	\$ 8,518	\$ 10,891	\$ 13,213	\$ 15,822	\$ 19,737	\$ 18,830
3. Estimated Claims and Expenses End of Policy Year:										
Incurred	\$ 41,959	\$ 73,795	\$ 86,276	\$ 97,089	\$ 99,399	\$148,773	\$196,311	\$247,273	\$314,643	\$318,330
Ceded	(4,909)	(5,767)	(7,571)	—	—	—	—	—	—	—
Net Incurred	\$ 37,050	\$ 68,028	\$ 78,705	\$ 97,089	\$ 99,399	\$148,773	\$196,311	\$247,273	\$314,643	\$318,330
4. Net Paid (Cumulative) as of:										
End of Policy Year	\$ 33,836	\$ 60,813	\$ 70,741	\$ 87,378	\$ 90,091	\$135,199	\$180,716	\$223,215	\$284,132	\$288,708
One Year Later	37,353	68,176	79,461	96,681	98,880	147,318	195,547	246,968	322,890	
Two Years Later	37,608	68,256	79,762	96,506	98,873	148,026	195,573	247,971		
Three Years Later	37,629	68,391	79,906	96,506	99,131	147,987	195,572			
Four Years Later	37,629	68,617	79,906	96,602	99,131	147,987				
Five Years Later	37,713	68,617	79,906	96,602	99,131					
Six Years Later	37,713	68,617	79,906	96,602						
Seven Years Later	37,713	68,617	79,906							
Eight Years Later	37,713	68,617								
Nine Years Later	37,713									
5. Reestimated Ceded Claims and Expenses:										
	\$ 4,825	\$ 5,542	\$ 7,374	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
6. Reestimated Net Incurred Claims and Expenses:										
End of Policy Year	\$ 37,050	\$ 68,028	\$ 78,705	\$ 97,089	\$ 99,399	\$148,773	\$196,311	\$247,273	\$314,643	\$318,330
One Year Later	37,673	68,588	80,027	97,415	99,323	148,678	196,227	247,611	323,974	
Two Years Later	37,608	68,408	79,981	96,506	99,443	148,167	195,573	247,971		
Three Years Later	37,629	68,391	79,906	96,601	99,131	147,987	195,572			
Four Years Later	37,629	68,617	79,906	96,602	99,131	147,987				
Five Years Later	37,713	68,617	79,906	96,602	99,131					
Six Years Later	37,713	68,617	79,906	96,602						
Seven Years Later	37,713	68,617	79,906							
Eight Years Later	37,713	68,617								
Nine Years Later	37,713									
7. Increase (Decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year:										
	\$ 663	\$ 589	\$ 1,201	\$ (487)	\$ (268)	\$ (786)	\$ (739)	\$ 698	\$ 9,331	\$ —

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 reestimated 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 reestimation 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 reestimated 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 reestimated 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.

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# Combining and Individual Fund Statements – Nonmajor Funds

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# Nonmajor Special Revenue, Debt Service, Permanent and Capital Projects Funds

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## **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, 2022**

**(IN THOUSANDS)**

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 5,030,195	\$ 797,782	\$ 58,804	\$ 650,810	\$ 6,537,591
Investments .....	365,671	89,113	1,696,039	—	2,150,823
Accounts Receivable .....	295,491	—	8,419	—	303,910
Interfund Receivables .....	177,510	—	—	—	177,510
Due from Component Units .....	—	97,520	—	—	97,520
Accrued Investment/Interest Income .....	873	516	5,084	—	6,473
Federal Aid Receivable .....	68,106	—	—	—	68,106
Inventories .....	49,402	—	—	—	49,402
Loans and Notes Receivable .....	121,707	—	—	—	121,707
Leases Receivable .....	6,558	—	—	—	6,558
Investment In Land .....	—	—	15,954	—	15,954
Total Assets .....	<u>\$ 6,115,513</u>	<u>\$ 984,931</u>	<u>\$ 1,784,300</u>	<u>\$ 650,810</u>	<u>\$ 9,535,554</u>
<b>LIABILITIES</b>					
Accounts Payable .....	\$ 691,633	\$ 4	\$ 35	\$ 108,448	\$ 800,120
Interfund Payables .....	99,290	24,414	10,000	70,263	203,967
Due to Component Units .....	6,238	—	—	7,433	13,671
Total Liabilities .....	<u>\$ 797,161</u>	<u>\$ 24,418</u>	<u>\$ 10,035</u>	<u>\$ 186,144</u>	<u>\$ 1,017,758</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Leases .....	\$ 6,558	\$ —	\$ —	\$ —	\$ 6,558
Deferred Revenue .....	92,959	—	192	—	93,151
Total Deferred Inflows of Resources .....	<u>\$ 99,517</u>	<u>\$ —</u>	<u>\$ 192</u>	<u>\$ —</u>	<u>\$ 99,709</u>
<b>FUND BALANCES</b>					
Nonspendable .....	\$ 50,402	\$ —	\$ 1,764,381	\$ —	\$ 1,814,783
Restricted .....	4,244,433	960,513	9,692	390,476	5,605,114
Committed .....	924,000	—	—	—	924,000
Assigned .....	—	—	—	74,190	74,190
Total Fund Balances .....	<u>\$ 5,218,835</u>	<u>\$ 960,513</u>	<u>\$ 1,774,073</u>	<u>\$ 464,666</u>	<u>\$ 8,418,087</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$ 6,115,513</u>	<u>\$ 984,931</u>	<u>\$ 1,784,300</u>	<u>\$ 650,810</u>	<u>\$ 9,535,554</u>

# STATE OF MINNESOTA

## NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
Net Revenues:					
Sales Taxes .....	\$ 623,971	\$ —	\$ —	\$ 8,879	\$ 632,850
Motor Vehicle Taxes .....	1,415,597	—	—	—	1,415,597
Fuel Taxes .....	900,818	—	—	—	900,818
Other Taxes .....	255,707	—	—	—	255,707
Federal Revenues .....	552,636	—	—	—	552,636
Licenses and Fees .....	439,148	—	137	—	439,285
Departmental Services .....	170,332	—	48,324	—	218,656
Investment/Interest Income .....	17,078	854	(200,026)	—	(182,094)
Other Revenues .....	287,131	1,301	835	—	289,267
Net Revenues .....	<u>\$ 4,662,418</u>	<u>\$ 2,155</u>	<u>\$ (150,730)</u>	<u>\$ 8,879</u>	<u>\$ 4,522,722</u>
Expenditures:					
Agricultural, Environmental and Energy Resources .....	\$ 676,973	\$ —	\$ 2,524	\$ 46,167	\$ 725,664
Economic and Workforce Development .....	161,517	—	—	107,345	268,862
General Education .....	23,216	—	35,327	10,639	69,182
General Government .....	102,829	7	175	16,763	119,774
Health and Human Services .....	160,226	—	—	8,272	168,498
Higher Education .....	46,284	—	—	54,622	100,906
Intergovernmental Aid .....	196	—	—	—	196
Public Safety and Corrections .....	275,203	—	—	1,128	276,331
Transportation .....	2,244,718	—	—	243,070	2,487,788
Total Current Expenditures .....	<u>\$ 3,691,162</u>	<u>\$ 7</u>	<u>\$ 38,026</u>	<u>\$ 488,006</u>	<u>\$ 4,217,201</u>
Capital Outlay .....	501,677	—	—	204,861	706,538
Debt Service .....	28,380	855,289	—	—	883,669
Total Expenditures .....	<u>\$ 4,221,219</u>	<u>\$ 855,296</u>	<u>\$ 38,026</u>	<u>\$ 692,867</u>	<u>\$ 5,807,408</u>
Excess of Revenues over (under) Expenditures .....	<u>\$ 441,199</u>	<u>\$ (853,141)</u>	<u>\$ (188,756)</u>	<u>\$ (683,988)</u>	<u>\$ (1,284,686)</u>
Other Financing Sources (Uses):					
Bond Issuance .....	\$ —	\$ —	\$ —	\$ 919,649	\$ 919,649
Loan Issuance .....	3,500	—	—	—	3,500
Lease Financing .....	33,915	—	—	—	33,915
Bond Issuance Premium .....	—	41,713	—	137,320	179,033
Transfers-In .....	199,433	900,829	4,501	34,329	1,139,092
Transfers-Out .....	(315,361)	—	(8,000)	(108,607)	(431,968)
Net Other Financing Sources (Uses) .....	<u>\$ (78,513)</u>	<u>\$ 942,542</u>	<u>\$ (3,499)</u>	<u>\$ 982,691</u>	<u>\$ 1,843,221</u>
Net Change in Fund Balances .....	<u>\$ 362,686</u>	<u>\$ 89,401</u>	<u>\$ (192,255)</u>	<u>\$ 298,703</u>	<u>\$ 558,535</u>
Fund Balances, Beginning, as Reported .....	<u>\$ 4,856,149</u>	<u>\$ 871,112</u>	<u>\$ 1,966,328</u>	<u>\$ 165,963</u>	<u>\$ 7,859,552</u>
Fund Balances, Ending .....	<u>\$ 5,218,835</u>	<u>\$ 960,513</u>	<u>\$ 1,774,073</u>	<u>\$ 464,666</u>	<u>\$ 8,418,087</u>

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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.

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# Nonmajor Special Revenue Funds – Continued

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**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, 2022**
**(IN THOUSANDS)**

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 1,088,416	\$ 43,677	\$ 42,741
Investments .....	—	—	—
Accounts Receivable .....	46,064	37,837	1,397
Interfund Receivables .....	106,745	—	—
Accrued Investment/Interest Income .....	—	—	—
Federal Aid Receivable .....	63,895	—	—
Inventories .....	49,396	—	—
Loans and Notes Receivable .....	—	—	1,151
Leases Receivable .....	647	—	—
Total Assets .....	<u>\$ 1,355,163</u>	<u>\$ 81,514</u>	<u>\$ 45,289</u>
<b>LIABILITIES</b>			
Accounts Payable .....	\$ 219,576	\$ 510	\$ 3,007
Interfund Payables .....	1,186	81,004	—
Due to Component Units .....	1,302	—	—
Total Liabilities .....	<u>\$ 222,064</u>	<u>\$ 81,514</u>	<u>\$ 3,007</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Leases .....	\$ 647	\$ —	\$ —
Deferred Revenue .....	3,669	—	7
Total Deferred Inflows of Resources .....	<u>\$ 4,316</u>	<u>\$ —</u>	<u>\$ 7</u>
<b>FUND BALANCES</b>			
Nonspendable .....	\$ 49,396	\$ —	\$ —
Restricted .....	1,079,387	—	42,275
Committed .....	—	—	—
Total Fund Balances .....	<u>\$ 1,128,783</u>	<u>\$ —</u>	<u>\$ 42,275</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$ 1,355,163</u>	<u>\$ 81,514</u>	<u>\$ 45,289</u>

MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDATION
\$ 246,580	\$ 818,893	\$ 29,264	\$ 116,816	\$ 87,572	\$ 786,056
—	—	—	—	40,593	130,258
6,022	22,982	6,317	3,823	6,753	12,478
6,097	23,213	—	21,356	1,311	2,571
—	—	—	—	84	273
58	114	—	—	3,947	—
—	—	—	—	—	—
—	—	—	—	—	830
—	—	—	—	—	—
<u>\$ 258,757</u>	<u>\$ 865,202</u>	<u>\$ 35,581</u>	<u>\$ 141,995</u>	<u>\$ 140,260</u>	<u>\$ 932,466</u>
\$ 43,194	\$ 200,352	\$ 1,145	\$ 11,732	\$ 10,634	\$ 15,189
—	—	2,571	375	1,650	—
74	240	—	—	124	38
<u>\$ 43,268</u>	<u>\$ 200,592</u>	<u>\$ 3,716</u>	<u>\$ 12,107</u>	<u>\$ 12,408</u>	<u>\$ 15,227</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
125	478	62	260	789	3,252
<u>\$ 125</u>	<u>\$ 478</u>	<u>\$ 62</u>	<u>\$ 260</u>	<u>\$ 789</u>	<u>\$ 3,252</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
215,364	664,132	31,803	—	127,063	913,987
—	—	—	129,628	—	—
<u>\$ 215,364</u>	<u>\$ 664,132</u>	<u>\$ 31,803</u>	<u>\$ 129,628</u>	<u>\$ 127,063</u>	<u>\$ 913,987</u>
<u>\$ 258,757</u>	<u>\$ 865,202</u>	<u>\$ 35,581</u>	<u>\$ 141,995</u>	<u>\$ 140,260</u>	<u>\$ 932,466</u>

CONTINUED

**STATE OF MINNESOTA**

**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**

**COMBINING BALANCE SHEET**

**JUNE 30, 2022**

**(IN THOUSANDS)**

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 71,973	\$ 659,971	\$ 80,603
Investments .....	191,450	—	1,674
Accounts Receivable .....	2,327	36,178	292
Interfund Receivables .....	—	—	—
Accrued Investment/Interest Income .....	506	—	4
Federal Aid Receivable .....	—	—	—
Inventories .....	—	—	—
Loans and Notes Receivable .....	31,040	—	—
Leases Receivable .....	2,389	—	—
Total Assets .....	<u>\$ 299,685</u>	<u>\$ 696,149</u>	<u>\$ 82,573</u>
<b>LIABILITIES</b>			
Accounts Payable .....	\$ 161	\$ 73,561	\$ 2,099
Interfund Payables .....	—	—	—
Due to Component Units .....	—	1,078	60
Total Liabilities .....	<u>\$ 161</u>	<u>\$ 74,639</u>	<u>\$ 2,159</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Leases .....	\$ 2,389	\$ —	\$ —
Deferred Revenue .....	2,313	—	2
Total Deferred Inflows of Resources .....	<u>\$ 4,702</u>	<u>\$ —</u>	<u>\$ 2</u>
<b>FUND BALANCES</b>			
Nonspendable .....	\$ —	\$ —	\$ 1,000
Restricted .....	—	621,510	79,412
Committed .....	294,822	—	—
Total Fund Balances .....	<u>\$ 294,822</u>	<u>\$ 621,510</u>	<u>\$ 80,412</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$ 299,685</u>	<u>\$ 696,149</u>	<u>\$ 82,573</u>



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SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
\$ 76,518	\$ 92,409	\$ 788,706	\$ 5,030,195
—	—	1,696	365,671
55,221	24,928	32,872	295,491
1,034	122	15,061	177,510
—	—	6	873
—	—	92	68,106
—	—	6	49,402
—	—	88,686	121,707
—	—	3,522	6,558
<u>\$ 132,773</u>	<u>\$ 117,459</u>	<u>\$ 930,647</u>	<u>\$ 6,115,513</u>
\$ 18,217	\$ 8,270	\$ 83,986	\$ 691,633
—	—	12,504	99,290
75	—	3,247	6,238
<u>\$ 18,292</u>	<u>\$ 8,270</u>	<u>\$ 99,737</u>	<u>\$ 797,161</u>
\$ —	\$ —	\$ 3,522	\$ 6,558
59,018	4,440	18,544	92,959
<u>\$ 59,018</u>	<u>\$ 4,440</u>	<u>\$ 22,066</u>	<u>\$ 99,517</u>
\$ —	\$ —	\$ 6	\$ 50,402
55,463	104,749	309,288	4,244,433
—	—	499,550	924,000
<u>\$ 55,463</u>	<u>\$ 104,749</u>	<u>\$ 808,844</u>	<u>\$ 5,218,835</u>
<u>\$ 132,773</u>	<u>\$ 117,459</u>	<u>\$ 930,647</u>	<u>\$ 6,115,513</u>

**STATE OF MINNESOTA**
**NONMAJOR SPECIAL REVENUE FUNDS**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES**
**YEAR ENDED JUNE 30, 2022**
**(IN THOUSANDS)**

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
Net Revenues:			
Sales Taxes .....	\$ 114,122	\$ —	\$ 12,806
Motor Vehicle Taxes .....	833,088	1,185	—
Fuel Taxes .....	513,712	—	7,016
Other Taxes .....	—	532	10,385
Federal Revenues .....	515,207	—	—
Licenses and Fees .....	7,671	959	1,115
Departmental Services .....	7,759	1,322	—
Investment/Interest Income .....	3,987	—	129
Other Revenues .....	54,467	—	55
Net Revenues .....	<u>\$ 2,050,013</u>	<u>\$ 3,998</u>	<u>\$ 31,506</u>
Expenditures:			
Agricultural, Environmental and Energy Resources .....	\$ —	\$ —	\$ —
Economic and Workforce Development .....	—	—	—
General Education .....	—	—	—
General Government .....	—	2,102	—
Health and Human Services .....	—	—	—
Higher Education .....	—	—	—
Intergovernmental Aid .....	—	—	—
Public Safety and Corrections .....	143,716	1,739	—
Transportation .....	1,197,163	119	27,928
Total Current Expenditures .....	<u>\$ 1,340,879</u>	<u>\$ 3,960</u>	<u>\$ 27,928</u>
Capital Outlay .....	411,613	—	698
Debt Service .....	2,345	38	97
Total Expenditures .....	<u>\$ 1,754,837</u>	<u>\$ 3,998</u>	<u>\$ 28,723</u>
Excess of Revenues over (under) Expenditures .....	<u>\$ 295,176</u>	<u>\$ —</u>	<u>\$ 2,783</u>
Other Financing Sources (Uses):			
Loan Issuance .....	\$ —	\$ —	\$ —
Lease Financing .....	32	—	660
Transfers-In .....	80,008	—	—
Transfers-Out .....	(217,063)	—	—
Net Other Financing Sources (Uses) .....	<u>\$ (137,023)</u>	<u>\$ —</u>	<u>\$ 660</u>
Net Change in Fund Balances .....	<u>\$ 158,153</u>	<u>\$ —</u>	<u>\$ 3,443</u>
Fund Balances, Beginning, as Reported .....	<u>\$ 970,630</u>	<u>\$ —</u>	<u>\$ 38,832</u>
Fund Balances, Ending .....	<u><u>\$ 1,128,783</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 42,275</u></u>

MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDATION
\$ 16,567	\$ 89,022	\$ —	\$ 2	\$ —	\$ —
120,933	460,391	—	—	—	—
74,571	283,893	—	20,670	—	—
—	—	—	—	—	76,721
400	528	—	1,926	32,678	—
167	637	23,681	31,880	68,831	40,096
3	13	—	41,614	1,443	4,345
875	3,178	83	109	(4,623)	(12,216)
—	—	126	3,251	155	6,824
<u>\$ 213,516</u>	<u>\$ 837,662</u>	<u>\$ 23,890</u>	<u>\$ 99,452</u>	<u>\$ 98,484</u>	<u>\$ 115,770</u>
\$ —	\$ —	\$ 3,389	\$ 102,385	\$ 112,812	\$ 141,540
—	—	3,870	—	—	18
—	—	—	187	—	—
—	—	—	—	—	335
—	—	—	—	—	1,066
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	10	—	71
165,413	787,074	—	7,450	—	—
<u>\$ 165,413</u>	<u>\$ 787,074</u>	<u>\$ 7,259</u>	<u>\$ 110,032</u>	<u>\$ 112,812</u>	<u>\$ 143,030</u>
—	—	—	1,434	2,014	1,921
—	—	40	—	29	—
<u>\$ 165,413</u>	<u>\$ 787,074</u>	<u>\$ 7,299</u>	<u>\$ 111,466</u>	<u>\$ 114,855</u>	<u>\$ 144,951</u>
\$ 48,103	\$ 50,588	\$ 16,591	\$ (12,014)	\$ (16,371)	\$ (29,181)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
4,999	11,999	276	29,234	17,423	10,576
(38)	(15,122)	(10,476)	(8,094)	(1,650)	(293)
<u>\$ 4,961</u>	<u>\$ (3,123)</u>	<u>\$ (10,200)</u>	<u>\$ 21,140</u>	<u>\$ 15,773</u>	<u>\$ 10,283</u>
<u>\$ 53,064</u>	<u>\$ 47,465</u>	<u>\$ 6,391</u>	<u>\$ 9,126</u>	<u>\$ (598)</u>	<u>\$ (18,898)</u>
<u>\$ 162,300</u>	<u>\$ 616,667</u>	<u>\$ 25,412</u>	<u>\$ 120,502</u>	<u>\$ 127,661</u>	<u>\$ 932,885</u>
<u>\$ 215,364</u>	<u>\$ 664,132</u>	<u>\$ 31,803</u>	<u>\$ 129,628</u>	<u>\$ 127,063</u>	<u>\$ 913,987</u>

CONTINUED

**STATE OF MINNESOTA**
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
Net Revenues:			
Sales Taxes .....	\$ —	\$ 391,319	\$ —
Motor Vehicle Taxes .....	—	—	—
Fuel Taxes .....	—	—	—
Other Taxes .....	4,365	—	—
Federal Revenues .....	—	—	—
Licenses and Fees .....	—	—	—
Departmental Services .....	91	—	4,181
Investment/Interest Income .....	(19,928)	2,319	75
Other Revenues .....	6	38	30,728
Net Revenues .....	\$ (15,466)	\$ 393,676	\$ 34,984
Expenditures:			
Agricultural, Environmental and Energy Resources .....	\$ —	\$ 212,208	\$ 7,514
Economic and Workforce Development .....	8,298	6,331	252
General Education .....	—	19,508	1,405
General Government .....	—	52,877	1,216
Health and Human Services .....	—	4,887	1,285
Higher Education .....	—	2,673	—
Intergovernmental Aid .....	—	—	—
Public Safety and Corrections .....	—	—	406
Transportation .....	—	23,256	—
Total Current Expenditures .....	\$ 8,298	\$ 321,740	\$ 12,078
Capital Outlay .....	—	42,321	4,181
Debt Service .....	1,524	309	—
Total Expenditures .....	\$ 9,822	\$ 364,370	\$ 16,259
Excess of Revenues over (under) Expenditures .....	\$ (25,288)	\$ 29,306	\$ 18,725
Other Financing Sources (Uses):			
Loan Issuance .....	\$ —	\$ —	\$ —
Lease Financing .....	—	608	—
Transfers-In .....	3,687	—	1,300
Transfers-Out .....	(1,260)	(1,975)	—
Net Other Financing Sources (Uses) .....	\$ 2,427	\$ (1,367)	\$ 1,300
Net Change in Fund Balances .....	\$ (22,861)	\$ 27,939	\$ 20,025
Fund Balances, Beginning, as Reported .....	\$ 317,683	\$ 593,571	\$ 60,387
Fund Balances, Ending .....	\$ 294,822	\$ 621,510	\$ 80,412

SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
\$ —	\$ —	\$ 133	\$ 623,971
—	—	—	1,415,597
—	—	956	900,818
66,266	72,161	25,277	255,707
—	—	1,897	552,636
1,999	—	262,112	439,148
2,132	—	107,429	170,332
384	325	42,381	17,078
—	—	191,481	287,131
\$ 70,781	\$ 72,486	\$ 631,666	\$ 4,662,418
\$ 682	\$ —	\$ 96,443	\$ 676,973
38,693	53,286	50,769	161,517
—	—	2,116	23,216
8,228	—	38,071	102,829
—	—	152,988	160,226
—	—	43,611	46,284
—	—	196	196
—	—	129,261	275,203
—	—	36,315	2,244,718
\$ 47,603	\$ 53,286	\$ 549,770	\$ 3,691,162
—	—	37,495	501,677
823	35	23,140	28,380
\$ 48,426	\$ 53,321	\$ 610,405	\$ 4,221,219
\$ 22,355	\$ 19,165	\$ 21,261	\$ 441,199
\$ —	\$ —	\$ 3,500	\$ 3,500
—	—	32,615	33,915
14	61	39,856	199,433
(121)	(1,160)	(58,109)	(315,361)
\$ (107)	\$ (1,099)	\$ 17,862	\$ (78,513)
\$ 22,248	\$ 18,066	\$ 39,123	\$ 362,686
\$ 33,215	\$ 86,683	\$ 769,721	\$ 4,856,149
\$ 55,463	\$ 104,749	\$ 808,844	\$ 5,218,835

# 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, 2022 (IN THOUSANDS)

	TRUNK HIGHWAY		HIGHWAY USER TAX DISTRIBUTION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes .....	\$ —	\$ —	\$ 200,219	\$ 197,944
Motor Vehicle Taxes .....	—	—	1,470,867	1,414,913
Fuel Taxes .....	—	—	917,800	892,597
Other Taxes .....	—	—	—	—
Federal Revenues .....	482,859	489,069	—	—
Licenses and Fees .....	7,797	6,977	1,351	1,564
Departmental Services .....	12,533	12,912	700	1,865
Investment/Interest Income .....	3,409	3,378	832	1,034
Other Revenues .....	36,170	57,428	—	—
Net Revenues .....	\$ 542,768	\$ 569,764	\$ 2,591,769	\$ 2,509,917
Expenditures:				
Agricultural, Environmental and Energy Resources .....	\$ —	\$ —	\$ —	\$ —
Economic and Workforce Development .....	—	—	—	—
General Education .....	—	—	—	—
General Government .....	—	—	2,195	2,103
Health and Human Services .....	—	—	—	—
Higher Education .....	—	—	—	—
Intergovernmental Aid .....	—	—	40	40
Public Safety and Corrections .....	157,245	139,696	1,874	1,742
Transportation .....	1,973,259	1,808,212	119	119
Total Expenditures .....	\$ 2,130,504	\$ 1,947,908	\$ 4,228	\$ 4,004
Excess of Revenues over (under) Expenditures .....	\$ (1,587,736)	\$ (1,378,144)	\$ 2,587,541	\$ 2,505,913
Other Financing Sources (Uses):				
Transfers-In .....	\$ 1,533,452	\$ 1,484,168	\$ —	\$ —
Transfers-Out .....	(217,063)	(217,063)	(2,514,609)	(2,514,609)
Net Other Financing Sources (Uses) .....	\$ 1,316,389	\$ 1,267,105	\$ (2,514,609)	\$ (2,514,609)
Net Change in Fund Balances .....	\$ (271,347)	\$ (111,039)	\$ 72,932	\$ (8,696)
Fund Balances, Beginning, as Reported .....	\$ 335,620	\$ 335,620	\$ 24,339	\$ 24,339
Prior Period Adjustments .....	—	102,906	—	255
Fund Balances, Beginning, as Restated .....	\$ 335,620	\$ 438,526	\$ 24,339	\$ 24,594
Budgetary Fund Balances, Ending .....	\$ 64,273	\$ 327,487	\$ 97,271	\$ 15,898
Less: Appropriation Carryover .....	—	291,016	—	217
Less: Reserved for Long-Term Receivables .....	—	—	—	—
Unassigned Fund Balance, Ending .....	\$ 64,273	\$ 36,471	\$ 97,271	\$ 15,681

STATE AIRPORTS		PETROLEUM TANK CLEANUP		NATURAL RESOURCES	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
\$ 10,000	\$ 12,806	\$ —	\$ —	\$ 16,666	\$ 17,553
—	—	—	—	—	—
5,000	7,092	—	—	—	—
10,800	10,385	—	—	—	—
—	—	—	—	2,500	1,936
1,217	1,115	25,952	23,674	31,604	31,820
3	—	—	—	39,369	42,037
131	129	400	83	76	109
1,805	86	50	130	4,399	3,724
\$ 28,956	\$ 31,613	\$ 26,402	\$ 23,887	\$ 94,614	\$ 97,179
\$ —	\$ —	\$ 3,737	\$ 3,315	\$ 120,963	\$ 107,396
—	—	3,582	3,582	—	—
—	—	—	—	330	330
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	10	10
35,335	34,127	—	—	7,450	7,450
\$ 35,335	\$ 34,127	\$ 7,319	\$ 6,897	\$ 128,753	\$ 115,186
\$ (6,379)	\$ (2,514)	\$ 19,083	\$ 16,990	\$ (34,139)	\$ (18,007)
\$ —	\$ —	\$ 276	\$ 276	\$ 34,727	\$ 32,814
—	—	(10,430)	(10,430)	(8,093)	(7,718)
\$ —	\$ —	\$ (10,154)	\$ (10,154)	\$ 26,634	\$ 25,096
\$ (6,379)	\$ (2,514)	\$ 8,929	\$ 6,836	\$ (7,505)	\$ 7,089
\$ 17,805	\$ 17,805	\$ 19,195	\$ 19,195	\$ 86,763	\$ 86,763
—	3,636	—	25	—	2,043
\$ 17,805	\$ 21,441	\$ 19,195	\$ 19,220	\$ 86,763	\$ 88,806
\$ 11,426	\$ 18,927	\$ 28,124	\$ 26,056	\$ 79,258	\$ 95,895
—	8,326	—	12,905	—	35,120
—	1,151	—	—	—	—
\$ 11,426	\$ 9,450	\$ 28,124	\$ 13,151	\$ 79,258	\$ 60,775

CONTINUED

# STATE OF MINNESOTA

## NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS (CONTINUED)

### COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

#### BUDGETARY BASIS

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	GAME AND FISH		ENVIRONMENTAL & REMEDIATION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes .....	\$ 16,666	\$ 17,553	\$ —	\$ —
Motor Vehicle Taxes .....	—	—	—	—
Fuel Taxes .....	—	—	—	—
Other Taxes .....	—	—	74,023	75,957
Federal Revenues .....	35,405	33,876	—	—
Licenses and Fees .....	68,584	68,480	39,883	40,098
Departmental Services .....	1,198	1,425	1,411	4,312
Investment/Interest Income .....	171	273	2,966	2,989
Other Revenues .....	150	1,899	11,421	8,230
Net Revenues .....	\$ 122,174	\$ 123,506	\$ 129,704	\$ 131,586
Expenditures:				
Agricultural, Environmental and Energy Resources .....	\$ 127,283	\$ 116,782	\$ 151,870	\$ 144,492
Economic and Workforce Development .....	—	—	—	—
General Education .....	—	—	—	—
General Government .....	—	—	750	337
Health and Human Services .....	—	—	1,189	886
Higher Education .....	—	—	—	—
Intergovernmental Aid .....	—	—	—	—
Public Safety and Corrections .....	—	—	73	71
Transportation .....	—	—	—	—
Total Expenditures .....	\$ 127,283	\$ 116,782	\$ 153,882	\$ 145,786
Excess of Revenues over (under) Expenditures .....	\$ (5,109)	\$ 6,724	\$ (24,178)	\$ (14,200)
Other Financing Sources (Uses):				
Transfers-In .....	\$ 1,120	\$ 999	\$ 11,802	\$ 10,533
Transfers-Out .....	(1,653)	(1,653)	(294)	(294)
Net Other Financing Sources (Uses) .....	\$ (533)	\$ (654)	\$ 11,508	\$ 10,239
Net Change in Fund Balances .....	\$ (5,642)	\$ 6,070	\$ (12,670)	\$ (3,961)
Fund Balances, Beginning, as Reported .....	\$ 84,595	\$ 84,595	\$ 778,179	\$ 778,179
Prior Period Adjustments .....	—	872	—	2,432
Fund Balances, Beginning, as Restated .....	\$ 84,595	\$ 85,467	\$ 778,179	\$ 780,611
Budgetary Fund Balances, Ending .....	\$ 78,953	\$ 91,537	\$ 765,509	\$ 776,650
Less: Appropriation Carryover .....	—	24,641	—	727,639
Less: Reserved for Long-Term Receivables .....	—	—	—	830
Unassigned Fund Balance, Ending .....	\$ 78,953	\$ 66,896	\$ 765,509	\$ 48,181



HERITAGE		SPECIAL COMPENSATION		WORKFORCE DEVELOPMENT	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
\$ 385,200	\$ 391,619	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	60,951	60,392	63,953	69,091
—	—	—	—	—	—
—	—	1,691	1,720	—	—
—	—	3,007	2,025	—	—
2,321	2,319	1,102	302	400	325
6	56	649	701	—	—
\$ 387,527	\$ 393,994	\$ 67,400	\$ 65,140	\$ 64,353	\$ 69,416
\$ 261,390	\$ 250,927	\$ 761	\$ 703	\$ —	\$ —
15,683	15,683	47,165	46,767	60,938	59,954
23,375	20,134	—	—	—	—
56,047	55,702	7,931	7,807	—	—
8,099	6,415	—	—	—	—
2,673	2,673	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
23,256	23,256	—	—	—	—
\$ 390,523	\$ 374,790	\$ 55,857	\$ 55,277	\$ 60,938	\$ 59,954
\$ (2,996)	\$ 19,204	\$ 11,543	\$ 9,863	\$ 3,415	\$ 9,462
\$ —	\$ —	\$ 14	\$ 14	\$ —	\$ —
(1,955)	(1,955)	(121)	(121)	—	—
\$ (1,955)	\$ (1,955)	\$ (107)	\$ (107)	\$ —	\$ —
\$ (4,951)	\$ 17,249	\$ 11,436	\$ 9,756	\$ 3,415	\$ 9,462
\$ 250,204	\$ 250,204	\$ 54,697	\$ 54,697	\$ 40,644	\$ 40,644
—	30,469	—	1,199	—	5,104
\$ 250,204	\$ 280,673	\$ 54,697	\$ 55,896	\$ 40,644	\$ 45,748
\$ 245,253	\$ 297,922	\$ 66,133	\$ 65,652	\$ 44,059	\$ 55,210
—	216,848	—	5,518	—	785
—	—	—	—	—	—
\$ 245,253	\$ 81,074	\$ 66,133	\$ 60,134	\$ 44,059	\$ 54,425

CONTINUED

# STATE OF MINNESOTA

## NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS (CONTINUED)

### COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

#### BUDGETARY BASIS

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	MISCELLANEOUS SPECIAL REVENUE RENEWABLE DEVELOPMENT ACCOUNT		COMBINED TOTALS	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes .....	\$ —	\$ —	\$ 628,751	\$ 637,475
Motor Vehicle Taxes .....	—	—	1,470,867	1,414,913
Fuel Taxes .....	—	—	922,800	899,689
Other Taxes .....	—	—	209,727	215,825
Federal Revenues .....	—	—	520,764	524,881
Licenses and Fees .....	—	—	178,079	175,448
Departmental Services .....	—	—	58,221	64,576
Investment/Interest Income .....	189	524	11,997	11,465
Other Revenues .....	20,159	20,160	74,809	92,414
Net Revenues .....	\$ 20,348	\$ 20,684	\$ 4,076,015	\$ 4,036,686
Expenditures:				
Agricultural, Environmental and Energy Resources .....	\$ 9,652	\$ 8,356	\$ 675,656	\$ 631,971
Economic and Workforce Development .....	8,357	8,353	135,725	134,339
General Education .....	—	—	23,705	20,464
General Government .....	344	158	67,267	66,107
Health and Human Services .....	—	—	9,288	7,301
Higher Education .....	10,000	10,000	12,673	12,673
Intergovernmental Aid .....	—	—	40	40
Public Safety and Corrections .....	—	—	159,202	141,519
Transportation .....	—	—	2,039,419	1,873,164
Total Expenditures .....	\$ 28,353	\$ 26,867	\$ 3,122,975	\$ 2,887,578
Excess of Revenues over (under) Expenditures .....	\$ (8,005)	\$ (6,183)	\$ 953,040	\$ 1,149,108
Other Financing Sources (Uses):				
Transfers-In .....	\$ —	\$ —	\$ 1,581,391	\$ 1,528,804
Transfers-Out .....	—	—	(2,754,218)	(2,753,843)
Net Other Financing Sources (Uses) .....	\$ —	\$ —	\$ (1,172,827)	\$ (1,225,039)
Net Change in Fund Balances .....	\$ (8,005)	\$ (6,183)	\$ (219,787)	\$ (75,931)
Fund Balances, Beginning, as Reported .....	\$ 82,664	\$ 82,664	\$ 1,774,705	\$ 1,774,705
Prior Period Adjustments .....	—	4	—	148,945
Fund Balances, Beginning, as Restated .....	\$ 82,664	\$ 82,668	\$ 1,774,705	\$ 1,923,650
Budgetary Fund Balances, Ending .....	\$ 74,659	\$ 76,485	\$ 1,554,918	\$ 1,847,719
Less: Appropriation Carryover .....	—	76,459	—	1,399,474
Less: Reserved for Long-Term Receivables .....	—	—	—	1,981
Unassigned Fund Balance, Ending .....	\$ 74,659	\$ 26	\$ 1,554,918	\$ 446,264



# 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, 2022 (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:	\$ 1,128,783	\$ —	\$ 42,275	\$ 31,803
Less: Nonspendable Inventory	49,396	—	—	—
Less: Encumbrances	1,131,093	8	22,577	5,737
Unassigned Fund Balance	<u>\$ (51,706)</u>	<u>\$ (8)</u>	<u>\$ 19,698</u>	<u>\$ 26,066</u>
Basis of Accounting Differences:				
Revenue Accruals/Adjustments:				
Taxes Receivable	\$ (45,382)	\$ —	\$ (771)	\$ —
Other Receivables	(532)	(1,551)		(10)
Investments at Market	—	—	—	—
Expenditure Accruals/Adjustments:				
Other Payables	204	17,457	—	—
Other Financing Sources (Uses):				
Transfers-In	—	—	—	—
Transfers-Out	—	—	—	—
Perspective Differences:				
Accounts with no Legally Adopted Budget	—	—	—	—
Appropriation Carryover	(291,016)	(217)	(8,326)	(12,905)
Long-Term Receivables	—	—	(1,151)	—
Long-Term Commitments	424,903	—	—	—
Budgetary Basis:				
Unassigned Fund Balance	<u>\$ 36,471</u>	<u>\$ 15,681</u>	<u>\$ 9,450</u>	<u>\$ 13,151</u>

NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDATION	HERITAGE	SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE
\$ 129,628	\$ 127,063	\$ 913,987	\$ 621,510	\$ 55,463	\$ 104,749	\$ 808,844
—	—	—	—	—	—	—
12,693	5,893	7,966	289,171	390	29,288	3,137
<u>\$ 116,935</u>	<u>\$ 121,170</u>	<u>\$ 906,021</u>	<u>\$ 332,339</u>	<u>\$ 55,073</u>	<u>\$ 75,461</u>	<u>\$ 805,707</u>
\$ —	\$ —	\$ (9,126)	\$ (36,154)	\$ —	\$ (20,451)	\$ —
(11,562)	(3,586)	—	—	(9,843)	(61)	—
—	(24,827)	(5,460)	—	—	—	—
56	—	1,904	1,737	20,422	261	—
(9,909)	(1,443)	—	—	—	—	—
375	223	—	—	—	—	—
—	—	(116,689)	—	—	—	(729,222)
(35,120)	(24,641)	(727,639)	(216,848)	(5,518)	(785)	(76,459)
—	—	(830)	—	—	—	—
—	—	—	—	—	—	—
<u>\$ 60,775</u>	<u>\$ 66,896</u>	<u>\$ 48,181</u>	<u>\$ 81,074</u>	<u>\$ 60,134</u>	<u>\$ 54,425</u>	<u>\$ 26</u>



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# Nonmajor Capital Projects Funds

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## 2022 Annual Comprehensive Financial Report

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### **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, 2022**

**(IN THOUSANDS)**

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 373,014	\$ 76,237	\$ 201,559	\$ 650,810
Total Assets .....	<u>\$ 373,014</u>	<u>\$ 76,237</u>	<u>\$ 201,559</u>	<u>\$ 650,810</u>
<b>LIABILITIES</b>				
Accounts Payable .....	\$ 55,661	\$ 2,047	\$ 50,740	\$ 108,448
Interfund Payables .....	5,522	—	64,741	70,263
Due to Component Units .....	7,433	—	—	7,433
Total Liabilities .....	<u>\$ 68,616</u>	<u>\$ 2,047</u>	<u>\$ 115,481</u>	<u>\$ 186,144</u>
<b>FUND BALANCES</b>				
Restricted .....	\$ 304,398	\$ —	\$ 86,078	\$ 390,476
Assigned .....	—	74,190	—	74,190
Total Fund Balances .....	<u>\$ 304,398</u>	<u>\$ 74,190</u>	<u>\$ 86,078</u>	<u>\$ 464,666</u>
Total Liabilities and Fund Balances ....	<u>\$ 373,014</u>	<u>\$ 76,237</u>	<u>\$ 201,559</u>	<u>\$ 650,810</u>



# STATE OF MINNESOTA

## NONMAJOR CAPITAL PROJECTS FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES

### AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
Net Revenues:				
Sales Taxes .....	\$ —	\$ —	\$ 8,879	\$ 8,879
Net Revenues .....	\$ —	\$ —	\$ 8,879	\$ 8,879
Expenditures:				
Agricultural, Environmental and Energy Resources .....	\$ 46,088	\$ 79	\$ —	\$ 46,167
Economic and Workforce Development .....	104,064	3,281	—	107,345
General Education .....	7,472	3,167	—	10,639
General Government .....	16,338	217	208	16,763
Health and Human Services .....	5,994	2,278	—	8,272
Higher Education .....	54,622	—	—	54,622
Public Safety and Corrections .....	1,128	—	—	1,128
Transportation .....	23,346	—	219,724	243,070
Total Current Expenditures .....	\$ 259,052	\$ 9,022	\$ 219,932	\$ 488,006
Capital Outlay .....	62,468	970	141,423	204,861
Total Expenditures .....	\$ 321,520	\$ 9,992	\$ 361,355	\$ 692,867
Excess of Revenues over (under) Expenditures .....	\$ (321,520)	\$ (9,992)	\$ (352,476)	\$ (683,988)
Other Financing Sources (Uses):				
Bond Issuance .....	\$ 494,206	\$ —	\$ 425,443	\$ 919,649
Bond Issuance Premium .....	109,493	—	27,827	137,320
Transfers-In .....	—	34,329	—	34,329
Transfers-Out .....	(44,247)	—	(64,360)	(108,607)
Net Other Financing Sources (Uses) ..	\$ 559,452	\$ 34,329	\$ 388,910	\$ 982,691
Net Change in Fund Balances .....	\$ 237,932	\$ 24,337	\$ 36,434	\$ 298,703
Fund Balances, Beginning, as Reported ..	\$ 66,466	\$ 49,853	\$ 49,644	\$ 165,963
Fund Balances, Ending .....	\$ 304,398	\$ 74,190	\$ 86,078	\$ 464,666

2022  
Annual  
Comprehensive  
Financial Report

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## Nonmajor Enterprise Funds

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### **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.

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## Nonmajor Enterprise Funds – Continued

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### **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, 2022**
**(IN THOUSANDS)**

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 1,075	\$ 48,869	\$ 5,357	\$ 13,719
Accounts Receivable .....	841	5,993	156	7,669
Interfund Receivables .....	—	1,300	—	—
Inventories .....	—	308	279	7,067
Leases Receivable .....	—	—	—	—
Prepaid Expenses .....	—	—	—	—
Total Current Assets .....	\$ 1,916	\$ 56,470	\$ 5,792	\$ 28,455
Noncurrent Assets:				
Accounts Receivable .....	\$ 1,752	\$ 1	\$ —	\$ —
Leased Assets (Net) .....	7,433	—	—	243
Depreciable Capital Assets (Net) .....	109	150	23,156	3,917
Nondepreciable Capital Assets .....	—	3	2,170	—
Total Noncurrent Assets .....	\$ 9,294	\$ 154	\$ 25,326	\$ 4,160
Total Assets .....	\$ 11,210	\$ 56,624	\$ 31,118	\$ 32,615
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows .....	\$ 3,531	\$ 3,908	\$ 68	\$ 6,981
Deferred Other Postemployment Benefits Outflows .....	163	109	13	963
Total Deferred Outflows of Resources .....	\$ 3,694	\$ 4,017	\$ 81	\$ 7,944
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable .....	\$ 1,224	\$ 18,881	\$ 1,133	\$ 5,934
Interfund Payables .....	—	—	—	—
Due to Component Units .....	—	—	—	—
Unearned Revenue .....	—	16	—	—
Leases Payable .....	958	—	—	60
Claims Payable .....	—	—	—	—
Compensated Absences Payable .....	168	102	1	153
Total Current Liabilities .....	\$ 2,350	\$ 18,999	\$ 1,134	\$ 6,147
Noncurrent Liabilities:				
Leases Payable .....	\$ 6,500	\$ —	\$ —	\$ 186
Compensated Absences Payable .....	626	939	16	859
Other Postemployment Benefits .....	1,064	713	16	6,268
Net Pension Liability .....	159	176	3	9,026
Total Noncurrent Liabilities .....	\$ 8,349	\$ 1,828	\$ 35	\$ 16,339
Total Liabilities .....	\$ 10,699	\$ 20,827	\$ 1,169	\$ 22,486
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Leases .....	\$ —	\$ —	\$ —	\$ —
Deferred Pension Inflows .....	6,584	7,289	126	9,160
Deferred Other Postemployment Benefits Inflows .....	130	87	2	762
Total Deferred Inflows of Resources .....	\$ 6,714	\$ 7,376	\$ 128	\$ 9,922
<b>NET POSITION</b>				
Net Investment in Capital Assets .....	\$ 84	\$ 153	\$ 25,326	\$ 3,914
Restricted for:				
Develop Economy and Workforce .....	\$ —	\$ —	\$ 4,576	\$ —
Enhance Health and Human Services .....	—	—	—	—
Enhance 911 Services and Increase Safety .....	—	—	—	4,237
Other Purposes .....	—	32,285	—	—
Total Restricted .....	\$ —	\$ 32,285	\$ 4,576	\$ 4,237
Unrestricted .....	\$ (2,593)	\$ —	\$ —	\$ —
Total Net Position .....	\$ (2,509)	\$ 32,438	\$ 29,902	\$ 8,151

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ 6,573	\$ 124,411	\$ 80,976	\$ 42,664	\$ 41,007	\$ 364,651
2,330	526	10,212	4,335	1,827	33,889
4,763	—	—	—	—	6,063
—	—	—	1,572	—	9,226
—	—	—	125	—	125
—	—	—	572	—	572
\$ 13,666	\$ 124,937	\$ 91,188	\$ 49,268	\$ 42,834	\$ 414,526
\$ —	\$ —	\$ —	\$ —	\$ 1,666	\$ 3,419
2,454	592	—	1,500	1,939	14,161
21,263	75,082	—	732	1,389	125,798
4,777	10,046	—	—	786	17,782
\$ 28,494	\$ 85,720	\$ —	\$ 2,232	\$ 5,780	\$ 161,160
\$ 42,160	\$ 210,657	\$ 91,188	\$ 51,500	\$ 48,614	\$ 575,686
\$ 5,529	\$ 2,226	\$ 89	\$ 5,718	\$ 16,360	\$ 44,410
157	68	2	162	1,471	3,108
\$ 5,686	\$ 2,294	\$ 91	\$ 5,880	\$ 17,831	\$ 47,518
\$ 2,115	\$ 3,558	\$ 925	\$ 23,993	\$ 8,706	\$ 66,469
3,644	—	—	23,080	—	26,724
—	11	—	—	—	11
—	—	13,035	697	—	13,748
609	87	—	1,604	393	3,711
—	—	30,707	—	—	30,707
127	144	12	218	1,603	2,528
\$ 6,495	\$ 3,800	\$ 44,679	\$ 49,592	\$ 10,702	\$ 143,898
\$ 1,865	\$ 502	\$ —	\$ 50	\$ 1,540	\$ 10,643
835	600	65	1,531	5,712	11,183
1,018	446	12	1,050	9,585	20,172
248	100	4	257	735	10,708
\$ 3,966	\$ 1,648	\$ 81	\$ 2,888	\$ 17,572	\$ 52,706
\$ 10,461	\$ 5,448	\$ 44,760	\$ 52,480	\$ 28,274	\$ 196,604
\$ —	\$ —	\$ —	\$ 125	\$ —	\$ 125
10,314	4,154	166	10,665	30,519	78,977
124	54	1	128	1,167	2,455
\$ 10,438	\$ 4,208	\$ 167	\$ 10,918	\$ 31,686	\$ 81,557
\$ 26,020	\$ 85,131	\$ —	\$ 578	\$ 2,181	\$ 143,387
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,576
927	—	—	—	4,304	5,231
—	118,164	—	—	—	122,401
—	—	46,352	—	—	78,637
\$ 927	\$ 118,164	\$ 46,352	\$ —	\$ 4,304	\$ 210,845
\$ —	\$ —	\$ —	\$ (6,596)	\$ —	\$ (9,189)
\$ 26,947	\$ 203,295	\$ 46,352	\$ (6,018)	\$ 6,485	\$ 345,043

# STATE OF MINNESOTA

## NONMAJOR ENTERPRISE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENSES

### AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
Operating Revenues:				
Net Sales .....	\$ 7,369	\$ 34,459	\$ 7,358	\$ 41,112
Insurance Premiums .....	—	—	—	—
Other Income .....	—	158	—	2,375
Total Operating Revenues .....	\$ 7,369	\$ 34,617	\$ 7,358	\$ 43,487
Less: Cost of Goods Sold .....	—	—	877	25,833
Gross Margin .....	\$ 7,369	\$ 34,617	\$ 6,481	\$ 17,654
Operating Expenses:				
Purchased Services .....	\$ 1,590	\$ 4,805	\$ 9,981	\$ 2,713
Salaries and Fringe Benefits .....	8,477	5,967	97	4,814
Claims .....	—	—	—	—
Depreciation and Amortization .....	1,015	50	1,961	1,300
Supplies and Materials .....	800	412	215	246
Repairs and Maintenance .....	76	28	5	269
Indirect Costs .....	93	230	—	3,638
Other Expenses .....	4	72	158	—
Total Operating Expenses .....	\$ 12,055	\$ 11,564	\$ 12,417	\$ 12,980
Operating Income (Loss) .....	\$ (4,686)	\$ 23,053	\$ (5,936)	\$ 4,674
Nonoperating Revenues (Expenses):				
Investment Income .....	\$ 18	\$ 12	\$ —	\$ 53
Federal Grants .....	—	—	—	—
Other Nonoperating Revenues .....	—	—	—	—
Interest and Financing Costs .....	(24)	—	—	(1)
Grants, Aids and Subsidies .....	(2)	—	—	(199)
Other Nonoperating Expenses .....	—	(17,059)	—	—
Gain (Loss) on Disposal of Capital Assets .....	—	—	(10)	(371)
Total Nonoperating Revenues (Expenses) .....	\$ (8)	\$ (17,047)	\$ (10)	\$ (518)
Income (Loss) Before Transfers .....	\$ (4,694)	\$ 6,006	\$ (5,946)	\$ 4,156
Transfers-In .....	8,438	1,364	5,515	—
Transfers-Out .....	—	(3)	—	—
Change in Net Position .....	\$ 3,744	\$ 7,367	\$ (431)	\$ 4,156
Net Position, Beginning, as Reported .....	\$ (6,253)	\$ 25,071	\$ 30,333	\$ 3,995
Net Position, Ending .....	\$ (2,509)	\$ 32,438	\$ 29,902	\$ 8,151

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ —	\$ 71,286	\$ —	\$ 740,162	\$ 131,736	\$ 1,033,482
—	—	332,253	—	—	332,253
31,970	—	1,222	—	265	35,990
\$ 31,970	\$ 71,286	\$ 333,475	\$ 740,162	\$ 132,001	\$ 1,401,725
—	—	—	538,428	—	565,138
\$ 31,970	\$ 71,286	\$ 333,475	\$ 201,734	\$ 132,001	\$ 836,587
\$ 13,884	\$ 18,871	\$ 19,084	\$ 12,879	\$ 6,825	\$ 90,632
9,891	3,274	140	7,047	87,543	127,250
—	—	328,020	—	—	328,020
6,530	6,040	—	628	401	17,925
23	719	—	1,352	1,861	5,628
4	113	—	—	662	1,157
12	130	13	—	2,583	6,699
36	12	149	247	130	808
\$ 30,380	\$ 29,159	\$ 347,406	\$ 22,153	\$ 100,005	\$ 578,119
\$ 1,590	\$ 42,127	\$ (13,931)	\$ 179,581	\$ 31,996	\$ 258,468
\$ 18	\$ 7	\$ 315	\$ 181	\$ 117	\$ 721
557	—	—	—	—	557
3	—	—	—	—	3
(8)	(2)	—	—	(7)	(42)
—	(27,624)	—	—	(350)	(28,175)
(3)	—	—	—	—	(17,062)
—	(8)	—	—	7	(382)
\$ 567	\$ (27,627)	\$ 315	\$ 181	\$ (233)	\$ (44,380)
\$ 2,157	\$ 14,500	\$ (13,616)	\$ 179,762	\$ 31,763	\$ 214,088
3,844	—	—	—	6,122	25,283
—	—	—	(172,628)	—	(172,631)
\$ 6,001	\$ 14,500	\$ (13,616)	\$ 7,134	\$ 37,885	\$ 66,740
\$ 20,946	\$ 188,795	\$ 59,968	\$ (13,152)	\$ (31,400)	\$ 278,303
\$ 26,947	\$ 203,295	\$ 46,352	\$ (6,018)	\$ 6,485	\$ 345,043

# STATE OF MINNESOTA

## NONMAJOR ENTERPRISE FUNDS

### COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers	\$ 6,504	\$ 34,630	\$ 7,295	\$ 41,962
Receipts from Other Revenues	—	158	—	2,375
Payments to Claimants	—	—	—	—
Payments to Suppliers	(2,377)	(14,973)	(11,161)	(31,977)
Payments to Employees	(13,404)	(10,903)	(203)	(11,981)
Payments to Others	—	(17,059)	—	—
Net Cash Flows from Operating Activities	\$ (9,277)	\$ (8,147)	\$ (4,069)	\$ 379
<b>Cash Flows from Noncapital Financing Activities:</b>				
Grant Receipts	\$ —	\$ —	\$ —	\$ —
Grant Disbursements	(2)	—	—	(199)
Transfers-In	8,438	1,364	5,515	—
Transfers-Out	—	(3)	—	—
Net Cash Flows from Noncapital Financing Activities	\$ 8,436	\$ 1,361	\$ 5,515	\$ (199)
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Investment in Capital Assets	\$ —	\$ —	\$ (688)	\$ (263)
Proceeds from Disposal of Capital Assets	—	—	28	—
Lease Payments	(939)	—	—	(58)
Interest Paid	(24)	—	—	(1)
Net Cash Flows from Capital and Related Financing Activities	\$ (963)	\$ —	\$ (660)	\$ (322)
<b>Cash Flows from Investing Activities:</b>				
Investment Earnings	\$ 18	\$ 12	\$ —	\$ 53
Net Cash Flows from Investing Activities	\$ 18	\$ 12	\$ —	\$ 53
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,786)	\$ (6,774)	\$ 786	\$ (89)
Cash and Cash Equivalents, Beginning, as Reported	\$ 2,861	\$ 55,643	\$ 4,571	\$ 13,808
Cash and Cash Equivalents, Ending	\$ 1,075	\$ 48,869	\$ 5,357	\$ 13,719
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:</b>				
Operating Income (Loss)	\$ (4,686)	\$ 23,053	\$ (5,936)	\$ 4,674
<b>Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:</b>				
Depreciation and Amortization	\$ 1,015	\$ 50	\$ 1,961	\$ 1,300
Miscellaneous Nonoperating Revenues	—	—	—	—
Miscellaneous Nonoperating Expenses	—	(17,059)	—	—
<b>Change in Assets, Liabilities, Deferred Outflows and Inflows:</b>				
Accounts Receivable	(865)	180	(63)	850
Inventories	—	(112)	(75)	(771)
Other Assets	—	—	—	—
Deferred Outflows	(2,839)	(3,182)	(64)	(5,118)
Accounts Payable	186	(9,314)	150	1,493
Claims Payable	—	—	—	—
Compensated Absences Payable	(73)	76	2	(95)
Unearned Revenues	—	(9)	—	—
Other Postemployment Benefits	(18)	67	1	265
Net Pension Liability	(2,501)	(2,683)	(50)	(1,992)
Deferred Inflows	504	786	5	(227)
Net Reconciling Items to be Added to (Deducted from) Operating Income	\$ (4,591)	\$ (31,200)	\$ 1,867	\$ (4,295)
Net Cash Flows from Operating Activities	\$ (9,277)	\$ (8,147)	\$ (4,069)	\$ 379
<b>Noncash Investing, Capital and Financing Activities:</b>				
Leased Capital Assets	\$ —	\$ —	\$ —	\$ —
Capital Assets Acquired through Lease	—	—	—	—



MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ —	\$ 70,847	\$ 334,413	\$ 744,917	\$ 131,008	\$ 1,371,576
32,446	—	1,222	2	265	36,468
—	—	(328,468)	(466,117)	—	(794,585)
(15,172)	(19,438)	(25,150)	(31,092)	(10,446)	(161,786)
(15,873)	(6,147)	(238)	(14,394)	(108,155)	(181,298)
(3)	—	—	(49,667)	—	(66,729)
\$ 1,398	\$ 45,262	\$ (18,221)	\$ 183,649	\$ 12,672	\$ 203,646
\$ 557	\$ —	\$ —	\$ —	\$ —	\$ 557
—	(27,624)	—	—	(350)	(28,175)
3,844	—	—	—	6,122	25,283
—	—	—	(172,628)	—	(172,631)
\$ 4,401	\$ (27,624)	\$ —	\$ (172,628)	\$ 5,772	\$ (174,966)
\$ (1,248)	\$ (88)	\$ —	\$ (88)	\$ —	\$ (2,375)
—	—	—	4	8	40
(594)	(87)	—	—	(384)	(2,062)
(8)	(3)	—	—	(7)	(43)
\$ (1,850)	\$ (178)	\$ —	\$ (84)	\$ (383)	\$ (4,440)
\$ 18	\$ 7	\$ 315	\$ 181	\$ 117	\$ 721
\$ 18	\$ 7	\$ 315	\$ 181	\$ 117	\$ 721
\$ 3,967	\$ 17,467	\$ (17,906)	\$ 11,118	\$ 18,178	\$ 24,961
\$ 2,606	\$ 106,944	\$ 98,882	\$ 31,546	\$ 22,829	\$ 339,690
\$ 6,573	\$ 124,411	\$ 80,976	\$ 42,664	\$ 41,007	\$ 364,651
\$ 1,590	\$ 42,127	\$ (13,931)	\$ 179,581	\$ 31,996	\$ 258,468
\$ 6,530	\$ 6,040	\$ —	\$ 628	\$ 401	\$ 17,925
3	—	—	—	—	3
(3)	—	—	—	—	(17,062)
473	(439)	2,724	4,399	(728)	6,531
—	—	—	692	—	(266)
—	—	—	(65)	—	(65)
(4,587)	(1,813)	(74)	(4,669)	(13,263)	(35,609)
(1,213)	407	(5,904)	5,504	1,615	(7,076)
—	—	(448)	—	—	(448)
61	(10)	3	(33)	218	149
—	—	(564)	77	—	(496)
47	4	—	48	53	467
(3,434)	(1,519)	(56)	(3,844)	(11,045)	(27,124)
1,931	465	29	1,331	3,425	8,249
\$ (192)	\$ 3,135	\$ (4,290)	\$ 4,068	\$ (19,324)	\$ (54,822)
\$ 1,398	\$ 45,262	\$ (18,221)	\$ 183,649	\$ 12,672	\$ 203,646
\$ —	\$ —	\$ —	\$ 125	\$ —	\$ 125
24	—	—	—	—	24



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## Internal Service Funds

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### **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, 2022**
**(IN THOUSANDS)**

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents .....	\$ 1,645	\$ 1,935	\$ 456,453
Accounts Receivable .....	2,195	5,157	37,716
Inventories .....	—	1	—
Leases Receivable .....	1,256	—	—
Prepaid Expenses .....	—	337	—
Total Current Assets .....	\$ 5,096	\$ 7,430	\$ 494,169
Noncurrent Assets:			
Accounts Receivable .....	\$ —	\$ —	\$ 207
Leases Receivable .....	1,537	—	—
Leased Assets (Net) .....	—	308	—
Depreciable Capital Assets (Net) .....	32,427	231	—
Nondepreciable Capital Assets .....	—	—	—
Prepaid Expenses .....	—	—	—
Total Noncurrent Assets .....	\$ 33,964	\$ 539	\$ 207
Total Assets .....	\$ 39,060	\$ 7,969	\$ 494,376
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows .....	\$ 350	\$ 2,264	\$ 1,774
Deferred Other Postemployment Benefits Outflows .....	10	64	47
Total Deferred Outflows of Resources .....	\$ 360	\$ 2,328	\$ 1,821
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable .....	\$ 843	\$ 1,791	\$ 16,195
Interfund Payables .....	1,300	891	—
Unearned Revenue .....	—	—	5,558
Accrued Interest Payable .....	24	—	—
Bonds and Notes Payable .....	8,839	—	—
Leases Payable .....	—	114	—
Claims Payable .....	—	—	91,201
Compensated Absences Payable .....	12	74	71
Total Current Liabilities .....	\$ 11,018	\$ 2,870	\$ 113,025
Noncurrent Liabilities:			
Bonds and Notes Payable .....	\$ 9,625	\$ —	\$ —
Leases Payable .....	—	186	—
Compensated Absences Payable .....	111	720	583
Other Postemployment Benefits .....	64	417	307
Net Pension Liability .....	16	102	80
Total Noncurrent Liabilities .....	\$ 9,816	\$ 1,425	\$ 970
Total Liabilities .....	\$ 20,834	\$ 4,295	\$ 113,995
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Leases .....	\$ 2,793	\$ —	\$ —
Deferred Pension Inflows .....	652	4,223	3,308
Deferred Other Postemployment Benefits Inflows .....	8	50	38
Total Deferred Inflows of Resources .....	\$ 3,453	\$ 4,273	\$ 3,346
<b>NET POSITION</b>			
Net Investment in Capital Assets .....	\$ 13,963	\$ 239	\$ —
Unrestricted .....	\$ 1,170	\$ 1,490	\$ 378,856
Total Net Position .....	\$ 15,133	\$ 1,729	\$ 378,856

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
\$ 65,375	\$ 24,061	\$ 24,016	\$ 573,485
34,887	467	2,630	83,052
—	356	—	357
—	—	—	1,256
7,236	—	373	7,946
\$ 107,498	\$ 24,884	\$ 27,019	\$ 666,096
\$ —	\$ —	\$ —	\$ 207
—	—	—	1,537
5,040	—	—	5,348
20,719	4,963	74	58,414
—	261	—	261
1,403	—	—	1,403
\$ 27,162	\$ 5,224	\$ 74	\$ 67,170
\$ 134,660	\$ 30,108	\$ 27,093	\$ 733,266
\$ 40,795	\$ 6,495	\$ 451	\$ 52,129
872	241	11	1,245
\$ 41,667	\$ 6,736	\$ 462	\$ 53,374
\$ 15,661	\$ 5,674	\$ 703	\$ 40,867
50,000	—	—	52,191
2,616	—	411	8,585
—	4	—	28
8,166	187	—	17,192
4,563	—	—	4,677
—	—	15,151	106,352
1,331	233	23	1,744
\$ 82,337	\$ 6,098	\$ 16,288	\$ 231,636
\$ 9,820	\$ 2,795	\$ —	\$ 22,240
144	—	—	330
10,850	1,271	148	13,683
5,662	1,569	77	8,096
1,832	292	20	2,342
\$ 28,308	\$ 5,927	\$ 245	\$ 46,691
\$ 110,645	\$ 12,025	\$ 16,533	\$ 278,327
\$ —	\$ —	\$ —	\$ 2,793
76,104	12,117	841	97,245
689	191	9	985
\$ 76,793	\$ 12,308	\$ 850	\$ 101,023
\$ 3,066	\$ 5,043	\$ 74	\$ 22,385
\$ (14,177)	\$ 7,468	\$ 10,098	\$ 384,905
\$ (11,111)	\$ 12,511	\$ 10,172	\$ 407,290

# STATE OF MINNESOTA

## INTERNAL SERVICE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENSES

### AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
Operating Revenues:			
Net Sales .....	\$ 14,942	\$ 23,206	\$ —
Insurance Premiums .....	—	—	1,036,297
Other Income .....	305	2,287	8,606
Total Operating Revenues .....	\$ 15,247	\$ 25,493	\$ 1,044,903
Operating Expenses:			
Purchased Services .....	\$ 1,493	\$ 17,816	\$ 91,469
Salaries and Fringe Benefits .....	521	3,597	2,748
Claims .....	—	—	997,533
Depreciation and Amortization .....	7,641	164	—
Supplies and Materials .....	3,257	263	21
Repairs and Maintenance .....	1,172	119	2
Indirect Costs .....	100	278	311
Other Expenses .....	464	1	380
Total Operating Expenses .....	\$ 14,648	\$ 22,238	\$ 1,092,464
Operating Income (Loss) .....	\$ 599	\$ 3,255	\$ (47,561)
Nonoperating Revenues (Expenses):			
Investment Income .....	\$ 92	\$ —	\$ 1,855
Other Nonoperating Revenues .....	48	—	—
Interest and Financing Costs .....	(369)	(2)	—
Other Nonoperating Expenses .....	—	—	—
Gain (Loss) on Disposal of Capital Assets .....	1,583	—	—
Total Nonoperating Revenues (Expenses) .....	\$ 1,354	\$ (2)	\$ 1,855
Income (Loss) Before Transfers and Contributions .....	\$ 1,953	\$ 3,253	\$ (45,706)
Transfers-Out .....	(2)	—	(56)
Change in Net Position .....	\$ 1,951	\$ 3,253	\$ (45,762)
Net Position, Beginning, as Reported .....	\$ 13,182	\$ (1,524)	\$ 424,618
Net Position, Ending .....	\$ 15,133	\$ 1,729	\$ 378,856

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MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
\$ 206,452	\$ 76,055	\$ 22	\$ 320,677
—	—	16,626	1,052,923
—	1,006	202	12,406
\$ 206,452	\$ 77,061	\$ 16,850	\$ 1,386,006
\$ 79,409	\$ 15,857	\$ 10,122	\$ 216,166
49,494	8,005	543	64,908
—	—	5,763	1,003,296
14,552	621	37	23,015
11,115	3,271	5	17,932
8,002	7,328	—	16,623
1,201	954	102	2,946
11	139	7	1,002
\$ 163,784	\$ 36,175	\$ 16,579	\$ 1,345,888
\$ 42,668	\$ 40,886	\$ 271	\$ 40,118
\$ 80	\$ 1	\$ 89	\$ 2,117
—	—	—	48
(389)	(107)	—	(867)
—	—	(552)	(552)
(5)	(1,608)	—	(30)
\$ (314)	\$ (1,714)	\$ (463)	\$ 716
\$ 42,354	\$ 39,172	\$ (192)	\$ 40,834
(174)	(32,566)	—	(32,798)
\$ 42,180	\$ 6,606	\$ (192)	\$ 8,036
\$ (53,291)	\$ 5,905	\$ 10,364	\$ 399,254
\$ (11,111)	\$ 12,511	\$ 10,172	\$ 407,290

# STATE OF MINNESOTA

## INTERNAL SERVICE FUNDS

### COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers .....	\$ 14,517	\$ 22,417	\$ 1,038,418
Receipts from Other Revenues .....	353	2,287	8,606
Payments to Claimants .....	—	—	(994,371)
Payments to Suppliers .....	(7,173)	(17,718)	(98,213)
Payments to Employees .....	(896)	(6,881)	(5,005)
Payments to Others .....	—	—	—
Net Cash Flow from Operating Activities .....	\$ 6,801	\$ 105	\$ (50,565)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers-Out .....	\$ (2)	\$ —	\$ (56)
Net Cash Flows from Noncapital Financing Activities .....	\$ (2)	\$ —	\$ (56)
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Investment in Capital Assets .....	\$ (4,004)	\$ —	\$ —
Proceeds from Disposal of Capital Assets .....	3,594	—	—
Proceeds from Loans .....	4,195	—	—
Lease Payments .....	—	(111)	—
Repayment of Loan Principal .....	(11,306)	—	—
Interest Paid .....	(388)	(2)	—
Net Cash Flows from Capital and Related Financing Activities .....	\$ (7,909)	\$ (113)	\$ —
<b>Cash Flows from Investing Activities:</b>			
Investment Earnings .....	\$ 92	\$ —	\$ 1,855
Net Cash Flows from Investing Activities .....	\$ 92	\$ —	\$ 1,855
Net Increase (Decrease) in Cash and Cash Equivalents .....	\$ (1,018)	\$ (8)	\$ (48,766)
Cash and Cash Equivalents, Beginning, as Reported .....	\$ 2,663	\$ 1,943	\$ 505,219
Cash and Cash Equivalents, Ending .....	\$ 1,645	\$ 1,935	\$ 456,453
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:</b>			
Operating Income (Loss) .....	\$ 599	\$ 3,255	\$ (47,561)
<b>Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:</b>			
Depreciation and Amortization .....	\$ 7,641	\$ 164	\$ —
Miscellaneous Nonoperating Revenues .....	48	—	—
Miscellaneous Nonoperating Expenses .....	—	—	—
<b>Change in Assets, Liabilities, Deferred Outflows and Inflows:</b>			
Accounts Receivable .....	(425)	(789)	2,302
Inventories .....	—	3	—
Other Assets .....	—	(132)	—
Deferred Outflows .....	(291)	(1,803)	(1,442)
Accounts Payable .....	(687)	888	(6,030)
Claims Payable .....	—	—	3,162
Compensated Absences Payable .....	7	144	35
Unearned Revenues .....	—	—	(181)
Other Postemployment Benefits .....	1	63	10
Net Pension Liability .....	(216)	(1,735)	(1,217)
Deferred Inflows .....	124	47	357
Net Reconciling Items to be Added to (Deducted from) Operating Income .....	\$ 6,202	\$ (3,150)	\$ (3,004)
Net Cash Flows from Operating Activities .....	\$ 6,801	\$ 105	\$ (50,565)
<b>Noncash Investing, Capital and Financing Activities:</b>			
Leased Capital Assets .....	\$ 1,463	\$ —	\$ —
Capital Assets Acquired through Lease .....	—	41	—



MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
\$ 213,995	\$ 76,160	\$ 14,329	\$ 1,379,836
—	1,006	202	12,454
—	—	(2,101)	(996,472)
(100,377)	(26,021)	(10,469)	(259,971)
(98,843)	(16,815)	(1,142)	(129,582)
—	—	(552)	(552)
\$ 14,775	\$ 34,330	\$ 267	\$ 5,713
\$ (174)	\$ (32,566)	\$ —	\$ (32,798)
\$ (174)	\$ (32,566)	\$ —	\$ (32,798)
\$ (8,397)	\$ (53)	\$ —	\$ (12,454)
—	11	—	3,605
7,632	—	—	11,827
(5,184)	—	—	(5,295)
(8,926)	(175)	—	(20,407)
(389)	(108)	—	(887)
\$ (15,264)	\$ (325)	\$ —	\$ (23,611)
\$ 80	\$ 1	\$ 89	\$ 2,117
\$ 80	\$ 1	\$ 89	\$ 2,117
\$ (583)	\$ 1,440	\$ 356	\$ (48,579)
\$ 65,958	\$ 22,621	\$ 23,660	\$ 622,064
\$ 65,375	\$ 24,061	\$ 24,016	\$ 573,485
\$ 42,668	\$ 40,886	\$ 271	\$ 40,118
\$ 14,552	\$ 621	\$ 37	\$ 23,015
—	—	—	48
—	—	(552)	(552)
10,306	105	(2,406)	9,093
—	52	—	55
6,004	—	(122)	5,750
(33,432)	(5,235)	(364)	(42,567)
(6,643)	1,476	(111)	(11,107)
—	—	3,662	6,824
249	23	7	465
(2,763)	—	87	(2,857)
176	38	4	292
(26,957)	(4,601)	(318)	(35,044)
10,615	965	72	12,180
\$ (27,893)	\$ (6,556)	\$ (4)	\$ (34,405)
\$ 14,775	\$ 34,330	\$ 267	\$ 5,713
\$ —	\$ —	\$ —	\$ 1,463
—	—	—	41

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# Pension Trust Funds

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## **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.

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## Pension Trust Funds – Continued

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### **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, 2022**
**(IN THOUSANDS)**

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
<b>ASSETS</b>			
Cash and Cash Equivalent Investments .....	\$ 4,154	\$ 287	\$ 98
Investment Pools, at fair value:			
Cash Equivalent Investments .....	\$ 674,457	\$ 63,579	\$ 11,428
Investments .....	15,186,797	1,414,706	243,373
Accrued Interest and Dividends .....	35,472	3,279	569
Securities Trade Receivable (Payable) .....	(114,961)	(10,565)	(1,839)
Total Investment Pool Participation .....	\$ 15,781,765	\$ 1,470,999	\$ 253,531
Receivables:			
Interfund Receivables .....	\$ 13,148	\$ 5	\$ —
Other Receivables .....	27,696	5,763	552
Total Receivables .....	\$ 40,844	\$ 5,768	\$ 552
Securities Lending Collateral .....	\$ 816,794	\$ 75,986	\$ 13,087
Depreciable Capital Assets (Net) .....	12,148	—	—
Nondepreciable Capital Assets .....	88	—	—
Lease Assets (Net) .....	96	—	—
Total Assets .....	\$ 16,655,889	\$ 1,553,040	\$ 267,268
<b>LIABILITIES</b>			
Accounts Payable .....	\$ 5,514	\$ 380	\$ 66
Interfund Payables .....	6	1,846	144
Accrued Expense .....	—	—	—
Revenue Bonds Payable .....	1,366	—	—
Bond Interest .....	—	—	—
Leases Payable .....	98	—	—
Compensated Absences Payable .....	1,368	—	—
Securities Lending Liabilities .....	816,794	75,986	13,087
Other Liabilities .....	893	907	—
Total Liabilities .....	\$ 826,039	\$ 79,119	\$ 13,297
<b>NET POSITION</b>			
Net Position Restricted for Pensions .....	\$ 15,829,850	\$ 1,473,921	\$ 253,971

MINNESOTA STATE RETIREMENT SYSTEM					
LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION
\$ 287	\$ 126	\$ 25	\$ 1,437	\$ 69	\$ 9,810
\$ —	\$ 38,701	\$ 13,622	\$ 472,637	\$ 3,726	\$ 110,534
—	845,475	142,581	1,104,412	330,892	8,369,885
—	1,969	14	483	4	113
—	(6,363)	—	—	—	—
\$ —	\$ 879,782	\$ 156,217	\$ 1,577,532	\$ 334,622	\$ 8,480,532
\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —
1	4,299	6	5,978	343	7,706
\$ 2	\$ 4,299	\$ 6	\$ 5,978	\$ 343	\$ 7,706
\$ —	\$ 45,447	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
\$ 289	\$ 929,654	\$ 156,248	\$ 1,584,947	\$ 335,034	\$ 8,498,048
\$ 3	\$ 223	\$ 14	\$ 795	\$ 31	\$ 815
286	387	15	5,738	1,049	3,896
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	45,447	—	—	—	—
—	16	—	135	—	841
\$ 289	\$ 46,073	\$ 29	\$ 6,668	\$ 1,080	\$ 5,552
\$ —	\$ 883,581	\$ 156,219	\$ 1,578,279	\$ 333,954	\$ 8,492,496

CONTINUED

**STATE OF MINNESOTA**
**PENSION TRUST FUNDS (CONTINUED)**
**COMBINING STATEMENT OF NET POSITION**
**JUNE 30, 2022**
**(IN THOUSANDS)**

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
<b>ASSETS</b>			
Cash and Cash Equivalent Investments .....	\$ 11,236	\$ 10,126	\$ 467
Investment Pools, at fair value:			
Cash Equivalent Investments .....	\$ 1,105,172	\$ 443,226	\$ 39,096
Investments .....	25,023,426	10,015,251	940,443
Accrued Interest and Dividends .....	58,381	23,345	2,170
Securities Trade Receivable (Payable) .....	(189,064)	(75,548)	(6,979)
Total Investment Pool Participation .....	\$ 25,997,915	\$ 10,406,274	\$ 974,730
Receivables:			
Interfund Receivables .....	\$ 1,851	\$ 17	\$ 2
Other Receivables .....	28,819	5,635	741
Total Receivables .....	\$ 30,670	\$ 5,652	\$ 743
Securities Lending Collateral .....	\$ 1,345,573	\$ 538,461	\$ 50,479
Depreciable Capital Assets (Net) .....	5,338	—	—
Nondepreciable Capital Assets .....	170	—	—
Lease Assets (Net) .....	—	—	—
Total Assets .....	\$ 27,390,902	\$ 10,960,513	\$ 1,026,419
<b>LIABILITIES</b>			
Accounts Payable .....	\$ 8,058	\$ 5,351	\$ 275
Interfund Payables .....	19	1,208	350
Accrued Expense .....	—	—	—
Revenue Bonds Payable .....	1,813	—	—
Bond Interest .....	—	—	—
Leases Payable .....	—	—	—
Compensated Absences Payable .....	1,254	—	—
Securities Lending Liabilities .....	1,345,573	538,461	50,479
Other Liabilities .....	—	—	—
Total Liabilities .....	\$ 1,356,717	\$ 545,020	\$ 51,104
<b>NET POSITION</b>			
Net Position Restricted for Pensions .....	\$ 26,034,185	\$ 10,415,493	\$ 975,315

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
\$ —	\$ 103	\$ 13,812	\$ —	\$ 52,037
\$ 11,466	\$ 5,777	\$ 1,150,633	\$ —	\$ 4,144,054
126,278	78,410	24,533,035	2,445,021	90,799,985
500	178	57,465	—	183,942
(5,989)	(1,772)	(186,265)	—	(599,345)
\$ 132,255	\$ 82,593	\$ 25,554,868	\$ 2,445,021	\$ 94,528,636
\$ —	\$ —	\$ —	\$ —	\$ 15,024
89	104	28,710	—	116,442
\$ 89	\$ 104	\$ 28,710	\$ —	\$ 131,466
\$ —	\$ —	\$ 1,319,939	\$ —	\$ 4,205,766
—	—	11,714	—	29,200
—	—	171	—	429
—	—	—	—	96
\$ 132,344	\$ 82,800	\$ 26,929,214	\$ 2,445,021	\$ 98,947,630
\$ 30	\$ 21	\$ 10,065	\$ —	\$ 31,641
—	293	—	—	15,237
—	—	83	—	83
—	—	1,786	—	4,965
—	—	2	—	2
—	—	—	—	98
—	—	995	—	3,617
—	—	1,319,939	—	4,205,766
—	—	—	—	2,792
\$ 30	\$ 314	\$ 1,332,870	\$ —	\$ 4,264,201
\$ 132,314	\$ 82,486	\$ 25,596,344	\$ 2,445,021	\$ 94,683,429

**STATE OF MINNESOTA**
**PENSION TRUST FUNDS**
**COMBINING STATEMENT OF CHANGES**
**IN NET POSITION**
**YEAR ENDED JUNE 30, 2022**
**(IN THOUSANDS)**

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
Additions:			
Contributions:			
Employer .....	\$ 212,759	\$ 55,104	\$ 12,248
Member .....	206,056	28,270	4,214
Contributions From Other Sources .....	—	—	—
Total Contributions .....	\$ 418,815	\$ 83,374	\$ 16,462
Net Investment Income (Loss):			
Investment Income (Loss) .....	\$ (1,046,062)	\$ (97,830)	\$ (16,790)
Less: Investment Expenses .....	(18,344)	(1,684)	(295)
Net Investment Income (Loss) .....	\$ (1,064,406)	\$ (99,514)	\$ (17,085)
Securities Lending Revenues (Expenses):			
Securities Lending Income .....	\$ 6,714	\$ 623	\$ 108
Securities Lending Rebates and Fees .....	(2,845)	(264)	(46)
Net Securities Lending Revenue .....	\$ 3,869	\$ 359	\$ 62
Total Investment Income (Loss) .....	\$ (1,060,537)	\$ (99,155)	\$ (17,023)
Other Additions .....	\$ 118	\$ 3	\$ —
Transfers-In .....	28,084	—	6,000
Total Additions .....	\$ (613,520)	\$ (15,778)	\$ 5,439
Deductions:			
Benefits .....	\$ 966,698	\$ 87,102	\$ 28,034
Refunds and Withdrawals .....	19,243	3,240	—
Administrative Expenses .....	10,526	912	72
Transfers-Out .....	214	—	—
Total Deductions .....	\$ 996,681	\$ 91,254	\$ 28,106
Net Increase (Decrease) .....	\$ (1,610,201)	\$ (107,032)	\$ (22,667)
Net Position Restricted for Pensions, Beginning, as Reported .....	\$ 17,440,051	\$ 1,580,953	\$ 276,638
Change in Reporting Entity .....	—	—	—
Change in Fund Structure .....	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated .....	\$ 17,440,051	\$ 1,580,953	\$ 276,638
Net Position Restricted for Pensions, Ending .....	\$ 15,829,850	\$ 1,473,921	\$ 253,971



MINNESOTA STATE RETIREMENT SYSTEM						
LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION	
\$ —	\$ 32,258	\$ 54	\$ —	\$ 8,615	\$ 7,946	
62	16,515	54	198,914	8,370	354,570	
—	—	—	—	—	—	
\$ 62	\$ 48,773	\$ 108	\$ 198,914	\$ 16,985	\$ 362,516	
\$ —	\$ (58,560)	\$ (21,696)	\$ (133,925)	\$ (47,078)	\$ (1,005,486)	
—	(1,015)	(51)	(516)	(109)	(2,777)	
\$ —	\$ (59,575)	\$ (21,747)	\$ (134,441)	\$ (47,187)	\$ (1,008,263)	
\$ —	\$ 373	\$ —	\$ —	\$ —	\$ —	
—	(158)	—	—	—	—	
\$ —	\$ 215	\$ —	\$ —	\$ —	\$ —	
\$ —	\$ (59,360)	\$ (21,747)	\$ (134,441)	\$ (47,187)	\$ (1,008,263)	
\$ —	\$ 1,000	\$ 109	\$ 7,225	\$ 219	\$ 5,146	
8,682	—	—	—	214	—	
\$ 8,744	\$ (9,587)	\$ (21,530)	\$ 71,698	\$ (29,769)	\$ (640,601)	
\$ 8,678	\$ 64,332	\$ 7,102	\$ 106,361	\$ —	\$ 80,019	
28	174	5,436	—	9,236	432,231	
38	190	221	13,771	533	10,931	
—	—	—	—	28,084	—	
\$ 8,744	\$ 64,696	\$ 12,759	\$ 120,132	\$ 37,853	\$ 523,181	
\$ —	\$ (74,283)	\$ (34,289)	\$ (48,434)	\$ (67,622)	\$ (1,163,782)	
\$ —	\$ 957,864	\$ 190,508	\$ 1,626,713	\$ 401,576	\$ 9,656,278	
—	—	—	—	—	—	
—	—	—	—	—	—	
\$ —	\$ 957,864	\$ 190,508	\$ 1,626,713	\$ 401,576	\$ 9,656,278	
\$ —	\$ 883,581	\$ 156,219	\$ 1,578,279	\$ 333,954	\$ 8,492,496	

CONTINUED

**STATE OF MINNESOTA**
**PENSION TRUST FUNDS (CONTINUED)**  
**COMBINING STATEMENT OF CHANGES**  
**IN NET POSITION**  
**YEAR ENDED JUNE 30, 2022**  
**(IN THOUSANDS)**

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
Additions:			
Contributions:			
Employer .....	\$ 546,291	\$ 206,416	\$ 19,227
Member .....	457,740	133,023	12,843
Contributions From Other Sources .....	—	—	—
Total Contributions .....	\$ 1,004,031	\$ 339,439	\$ 32,070
Net Investment Income (Loss):			
Investment Income (Loss) .....	\$ (1,725,403)	\$ (691,433)	\$ (65,140)
Less: Investment Expenses .....	(30,154)	(12,058)	(1,113)
Net Investment Income (Loss) .....	\$ (1,755,557)	\$ (703,491)	\$ (66,253)
Securities Lending Revenues (Expenses):			
Securities Lending Income .....	\$ 11,057	\$ 4,424	\$ 413
Securities Lending Rebates and Fees .....	(4,686)	(1,875)	(175)
Net Securities Lending Revenue .....	\$ 6,371	\$ 2,549	\$ 238
Total Investment Income (Loss) .....	\$ (1,749,186)	\$ (700,942)	\$ (66,015)
Other Additions .....	\$ 142	\$ —	\$ —
Transfers-In .....	16,000	18,000	—
Total Additions .....	\$ (729,013)	\$ (343,503)	\$ (33,945)
Deductions:			
Benefits .....	\$ 1,737,905	\$ 633,255	\$ 23,372
Refunds and Withdrawals .....	73,152	4,196	2,713
Administrative Expenses .....	13,398	1,654	371
Transfers-Out .....	—	—	—
Total Deductions .....	\$ 1,824,455	\$ 639,105	\$ 26,456
Net Increase (Decrease) .....	\$ (2,553,468)	\$ (982,608)	\$ (60,401)
Net Position Restricted for Pensions, Beginning, as Reported .....	\$ 28,587,653	\$ 11,398,101	\$ 1,035,716
Change in Reporting Entity .....	—	—	—
Change in Fund Structure .....	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated .....	\$ 28,587,653	\$ 11,398,101	\$ 1,035,716
Net Position Restricted for Pensions, Ending .....	\$ 26,034,185	\$ 10,415,493	\$ 975,315

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
\$ 1,459	\$ 2,242	\$ 482,679	\$ 45,649	\$ 1,632,947
—	2,127	428,993	49,979	1,901,730
—	—	6,672	3,539	10,211
\$ 1,459	\$ 4,369	\$ 918,344	\$ 99,167	\$ 3,544,888
\$ (19,223)	\$ (11,995)	\$ (1,687,285)	\$ (330,680)	\$ (6,958,586)
(141)	(89)	(29,717)	—	(98,063)
\$ (19,364)	\$ (12,084)	\$ (1,717,002)	\$ (330,680)	\$ (7,056,649)
\$ —	\$ —	\$ 10,856	\$ —	\$ 34,568
—	—	(4,600)	—	(14,649)
\$ —	\$ —	\$ 6,256	\$ —	\$ 19,919
\$ (19,364)	\$ (12,084)	\$ (1,710,746)	\$ (330,680)	\$ (7,036,730)
\$ 766	\$ —	\$ 1,359	\$ —	\$ 16,087
5,349	—	31,090	—	113,419
\$ (11,790)	\$ (7,715)	\$ (759,953)	\$ (231,513)	\$ (3,362,336)
\$ 5,142	\$ —	\$ 1,971,093	\$ 145,337	\$ 5,864,430
—	8,067	18,701	—	576,417
161	298	15,666	1,198	69,940
—	—	—	—	28,298
\$ 5,303	\$ 8,365	\$ 2,005,460	\$ 146,535	\$ 6,539,085
\$ (17,093)	\$ (16,080)	\$ (2,765,413)	\$ (378,048)	\$ (9,901,421)
\$ 145,207	\$ 98,566	\$ 28,361,757	\$ 2,823,069	\$ 104,580,650
2,816	—	—	—	2,816
1,384	—	—	—	1,384
\$ 149,407	\$ 98,566	\$ 28,361,757	\$ 2,823,069	\$ 104,584,850
\$ 132,314	\$ 82,486	\$ 25,596,344	\$ 2,445,021	\$ 94,683,429





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, 2022****(IN THOUSANDS)**

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
ASSETS			
Investment Pools, at fair value:			
Cash Equivalent Investments .....	\$ 36,360	\$ 27,997	\$ 64,357
Investments .....	671,935	495,291	1,167,226
Accrued Interest and Dividends .....	1,476	848	2,324
Securities Trade Receivable (Payable) .....	(11,128)	(1,336)	(12,464)
Total Investment Pool Participation .....	\$ 698,643	\$ 522,800	\$ 1,221,443
Total Assets .....	\$ 698,643	\$ 522,800	\$ 1,221,443
NET POSITION			
Net Position Restricted for Pooled Investments .....	\$ 698,643	\$ 522,800	\$ 1,221,443

# STATE OF MINNESOTA

## INVESTMENT TRUST FUNDS

### COMBINING STATEMENT OF CHANGES

#### IN PLAN NET POSITION

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
Additions:			
Contributions:			
Participating Plans .....	\$ 8,700	\$ 4,955	\$ 13,655
Total Contributions .....	\$ 8,700	\$ 4,955	\$ 13,655
Net Investment Income (Loss):			
Investment Income (Loss) .....	\$ (116,464)	\$ (58,915)	\$ (175,379)
Less: Investment Expenses .....	(742)	(118)	(860)
Net Investment Income (Loss) .....	\$ (117,206)	\$ (59,033)	\$ (176,239)
Total Additions .....	\$ (108,506)	\$ (54,078)	\$ (162,584)
Deductions:			
Refunds and Withdrawals .....	\$ 56,307	\$ 15,718	\$ 72,025
Administrative Expenses .....	50	48	98
Total Deductions .....	\$ 56,357	\$ 15,766	\$ 72,123
Net Increase (Decrease) .....	\$ (164,863)	\$ (69,844)	\$ (234,707)
Net Position Restricted for Pooled Investments, Beginning, as Reported .....	\$ 864,498	\$ 592,644	\$ 1,457,142
Change in Reporting Entity .....	392	—	392
Change in Fund Structure .....	(1,384)	—	(1,384)
Net Position Restricted for Pooled Investments, Beginning, as Restated .....	\$ 863,506	\$ 592,644	\$ 1,456,150
Net Position Restricted for Pooled Investments, Ending .....	\$ 698,643	\$ 522,800	\$ 1,221,443





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# Custodial Fund

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**Custodial 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****CUSTODIAL FUND****STATEMENT OF FIDUCIARY NET POSITION****YEAR ENDED JUNE 30, 2022****(IN THOUSANDS)**

	CUSTODIAL FUND
ASSETS	
Cash and Cash Equivalent Investments .....	\$ 131,870
Receivables:	
Accounts Receivable .....	\$ 2,307
Taxes Receivable .....	66,928
Total Receivables .....	\$ 69,235
Total Assets .....	\$ 201,105
LIABILITIES	
Accounts Payable .....	\$ 163,543
Total Liabilities .....	\$ 163,543
NET POSITION	
Net Position Restricted for Individuals, Organizations, and Other Governments .....	\$ 37,562

**STATE OF MINNESOTA****CUSTODIAL FUND****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****YEAR ENDED JUNE 30, 2022****(IN THOUSANDS)**

	CUSTODIAL FUND
Additions:	
Employee Insurance Trust .....	\$ 39,666
Tax Collections for Other Governments .....	791,349
Legal Settlements for External Parties .....	979
Courts Interest Held for Other Governments and Individuals ..	14,168
Federal Revenue .....	188,183
Beneficiary Deposits - Child Support .....	516,262
Beneficiary Deposits - Regional Treatment Centers .....	5,360
Beneficiary Deposits - Corrections .....	30,485
Beneficiary Deposits - Veterans Homes .....	1,466
Miscellaneous .....	272
Total Additions .....	<u>\$ 1,588,190</u>
Deductions:	
Administrative Expenses .....	\$ 748
Employee Insurance Trust .....	38,704
Tax Payments to Other Governments .....	791,264
Legal Settlements Paid to External Parties .....	7,497
Court Payments to Other Governments and Individuals .....	10,263
Federal Revenue Pass through .....	268,124
Beneficiary Payments - Child Support .....	516,258
Beneficiary Payments - Regional Treatment Centers .....	5,005
Beneficiary Payments - Corrections .....	32,164
Beneficiary Payments - Veterans Homes .....	1,293
Miscellaneous .....	1,766
Total Deductions .....	<u>\$ 1,673,086</u>
Net Increase (Decrease) .....	<u>\$ (84,896)</u>
Net Position Restricted for Individuals, Organizations, and Other Governments, Beginning, as Reported .....	<u>\$ 122,458</u>
Net Position Restricted for Individuals, Organizations, and Other Governments, Ending .....	<u><u>\$ 37,562</u></u>



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# Nonmajor Component Unit Funds

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**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, 2021 and JUNE 30, 2022 (IN THOUSANDS)

ASSETS	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY
Current Assets:			
Cash and Cash Equivalents	\$ 932	\$ 123	\$ 30,265
Investments	—	—	—
Accounts Receivable	—	—	5,781
Due from Primary Government	—	189,308	—
Accrued Investment/Interest Income	63	—	—
Federal Aid Receivable	—	—	—
Inventories	—	—	—
Loans and Notes Receivable	—	—	—
Leases Receivable	—	—	6,484
Other Assets	—	4	634
Total Current Assets	\$ 995	\$ 189,435	\$ 43,164
Noncurrent Assets:			
Cash and Cash Equivalents-Restricted	\$ —	\$ —	\$ 23,532
Investments-Restricted	22,650	—	—
Due from Primary Government	—	—	—
Accounts Receivable	—	—	—
Loans and Notes Receivable	—	—	—
Leases Receivable	—	—	324,831
Leased Assets (Net)	—	18	6,878
Depreciable Capital Assets (Net)	—	—	823,728
Nondepreciable Capital Assets	—	—	32,966
Other Assets	—	—	1,301
Total Noncurrent Assets	\$ 22,650	\$ 18	\$ 1,213,236
Total Assets	\$ 23,645	\$ 189,453	\$ 1,256,400
DEFERRED OUTFLOWS OF RESOURCES			
Bond Refunding	\$ —	\$ —	\$ —
Deferred Pension Outflows	—	—	271
Deferred Other Postemployment Benefits Outflows	—	—	—
Total Deferred Outflows of Resources	\$ —	\$ —	\$ 271
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 1	\$ 29	\$ 5,071
Due to Primary Government	—	—	—
Unearned Revenue	—	98	13,342
Accrued Interest Payable	—	—	—
Bonds and Notes Payable	—	—	—
Leases Payable	—	12	279
Claims Payable	—	189,308	—
Compensated Absences Payable	—	—	53
Other Liabilities	—	—	—
Total Current Liabilities	\$ 1	\$ 189,447	\$ 18,745
Noncurrent Liabilities:			
Due to Primary Government	\$ —	\$ —	\$ —
Unearned Revenue	—	—	3,926
Bonds and Notes Payable	—	—	—
Leases Payable	—	6	6,489
Claims Payable	—	—	—
Compensated Absences Payable	1	—	66
Other Postemployment Benefits	—	—	—
Net Pension Liability	—	—	10
Funds Held in Trust	—	—	262
Other Liabilities	—	—	—
Total Noncurrent Liabilities	\$ 1	\$ 6	\$ 10,753
Total Liabilities	\$ 2	\$ 189,453	\$ 29,498
DEFERRED INFLOWS OF RESOURCES			
Deferred Leases	\$ —	\$ —	\$ 325,458
Deferred Revenue	—	—	—
Deferred Pension Inflows	—	—	530
Deferred Other Postemployment Benefits Inflows	—	—	—
Total Deferred Inflows of Resources	\$ —	\$ —	\$ 325,988
NET POSITION			
Net Investment in Capital Assets	\$ —	\$ —	\$ 856,804
Restricted-Expendable	—	—	20,454
Unrestricted	23,643	—	23,927
Total Net Position	\$ 23,643	\$ —	\$ 901,185

NATIONAL SPORTS CENTER FOUNDATION	OFFICE OF HIGHER EDUCATION	PUBLIC FACILITIES AUTHORITY	RURAL FINANCE AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	TOTAL
\$ 2,696	\$ 326,195	\$ 283,901	\$ 27,784	\$ 8,603	\$ 680,499
—	—	—	—	277,914	277,914
1,358	910	—	—	47,139	55,188
158	—	294	—	—	189,760
—	1,987	9,992	—	542	12,584
893	—	798	—	—	1,691
47	—	—	—	—	47
77	66,771	182,101	9,571	—	258,520
—	—	—	—	—	6,484
235	—	—	—	2,892	3,765
<u>\$ 5,464</u>	<u>\$ 395,863</u>	<u>\$ 477,086</u>	<u>\$ 37,355</u>	<u>\$ 337,090</u>	<u>\$ 1,486,452</u>
\$ 501	\$ 301,809	\$ —	\$ —	\$ —	\$ 325,842
—	—	—	—	—	22,650
—	—	1,937	—	—	1,937
—	—	—	—	333,665	333,665
419	356,042	1,619,158	87,225	—	2,062,844
—	—	—	—	—	324,831
—	—	254	—	—	7,150
5,989	937	—	—	—	830,654
8,527	—	—	—	—	41,493
—	—	—	—	—	1,301
<u>\$ 15,436</u>	<u>\$ 658,788</u>	<u>\$ 1,621,349</u>	<u>\$ 87,225</u>	<u>\$ 333,665</u>	<u>\$ 3,952,367</u>
<u>\$ 20,900</u>	<u>\$ 1,054,651</u>	<u>\$ 2,098,435</u>	<u>\$ 124,580</u>	<u>\$ 670,755</u>	<u>\$ 5,438,819</u>
\$ —	\$ —	\$ 3,340	\$ —	\$ —	\$ 3,340
—	2,483	1,321	—	—	4,075
—	74	—	—	—	74
<u>\$ —</u>	<u>\$ 2,557</u>	<u>\$ 4,661</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,489</u>
\$ 1,857	\$ 5,505	\$ 12,415	\$ —	\$ 4,191	\$ 29,069
—	451	—	32,084	19,360	51,895
602	31,345	—	—	14,500	59,887
—	1,190	6,926	—	—	8,116
640	7,940	55,975	—	—	64,555
—	—	61	—	—	352
—	—	—	—	56,861	246,169
—	63	65	—	—	181
—	69	—	—	—	69
<u>\$ 3,099</u>	<u>\$ 46,563</u>	<u>\$ 75,442</u>	<u>\$ 32,084</u>	<u>\$ 94,912</u>	<u>\$ 460,293</u>
\$ —	\$ —	\$ —	\$ 64,216	\$ —	\$ 64,216
—	—	—	—	—	3,926
7,167	429,923	408,392	—	—	845,482
—	—	196	—	—	6,691
—	—	—	—	525,843	525,843
—	685	432	—	—	1,184
—	483	—	—	—	483
—	111	59	—	—	180
—	—	—	—	—	262
250	—	—	—	—	250
<u>\$ 7,417</u>	<u>\$ 431,202</u>	<u>\$ 409,079</u>	<u>\$ 64,216</u>	<u>\$ 525,843</u>	<u>\$ 1,448,517</u>
<u>\$ 10,516</u>	<u>\$ 477,765</u>	<u>\$ 484,521</u>	<u>\$ 96,300</u>	<u>\$ 620,755</u>	<u>\$ 1,908,810</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 325,458
—	18,217	—	—	—	18,217
—	4,632	2,464	—	—	7,626
—	59	—	—	—	59
<u>\$ —</u>	<u>\$ 22,908</u>	<u>\$ 2,464</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 351,360</u>
\$ 7,093	\$ 937	\$ —	\$ —	\$ —	\$ 864,834
—	557,097	1,612,183	—	4,834	2,194,568
3,291	(1,499)	3,928	28,280	45,166	126,736
<u>\$ 10,384</u>	<u>\$ 556,535</u>	<u>\$ 1,616,111</u>	<u>\$ 28,280</u>	<u>\$ 50,000</u>	<u>\$ 3,186,138</u>

# STATE OF MINNESOTA

## NONMAJOR COMPONENT UNIT FUNDS

### COMBINING STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 and JUNE 30, 2022

(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY
Net Expenses:			
Total Expenses .....	\$ 40	\$ 189,736	\$ 87,573
Program Revenues:			
Charges for Services .....	\$ 2	\$ —	\$ 41,573
Operating Grants and Contributions .....	—	189,736	1,015
Capital Grants and Contributions .....	—	—	10,771
Net (Expense) Revenue .....	\$ (38)	\$ —	\$ (34,214)
General Revenues:			
Investment Income (Loss) .....	\$ (603)	\$ —	\$ 5,636
Other Revenues .....	—	—	2,033
Total General Revenues before Grants .....	\$ (603)	\$ —	\$ 7,669
State Grants Not Restricted .....	—	—	—
Total General Revenues .....	\$ (603)	\$ —	\$ 7,669
Change in Net Position .....	\$ (641)	\$ —	\$ (26,545)
Net Position, Beginning, as Reported .....	\$ 24,284	\$ —	\$ 927,730
Net Position, Ending .....	\$ 23,643	\$ —	\$ 901,185



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NATIONAL SPORTS CENTER FOUNDATION	OFFICE OF HIGHER EDUCATION	PUBLIC FACILITIES AUTHORITY	RURAL FINANCE AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	TOTAL
\$ 14,509	\$ 279,506	\$ 105,400	\$ 2,032	\$ 46,700	\$ 725,496
\$ 12,385	\$ 19,304	\$ 27,776	\$ 3,258	\$ 45,162	\$ 149,460
—	5,928	37,560	2,500	—	236,739
—	—	—	—	—	10,771
\$ (2,124)	\$ (254,274)	\$ (40,064)	\$ 3,726	\$ (1,538)	\$ (328,526)
\$ —	\$ —	\$ 1,513	\$ —	\$ 1,538	\$ 8,084
5,229	—	—	—	—	7,262
\$ 5,229	\$ —	\$ 1,513	\$ —	\$ 1,538	\$ 15,346
—	265,781	77,428	—	—	343,209
\$ 5,229	\$ 265,781	\$ 78,941	\$ —	\$ 1,538	\$ 358,555
\$ 3,105	\$ 11,507	\$ 38,877	\$ 3,726	\$ —	\$ 30,029
\$ 7,279	\$ 545,028	\$ 1,577,234	\$ 24,554	\$ 50,000	\$ 3,156,109
\$ 10,384	\$ 556,535	\$ 1,616,111	\$ 28,280	\$ 50,000	\$ 3,186,138

**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, 2022****(IN THOUSANDS)**

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Operating Revenues:			
Loan Interest Income .....	\$ —	\$ 3,257	\$ 3,257
Rental and Service Fees .....	—	1	1
Other Income .....	2	2,500	2,502
Total Operating Revenues .....	\$ 2	\$ 5,758	\$ 5,760
Operating Expenses:			
Economic and Manpower Development .....	\$ 40	\$ 2,032	\$ 2,072
Total Operating Expenses .....	\$ 40	\$ 2,032	\$ 2,072
Operating Income (Loss) .....	\$ (38)	\$ 3,726	\$ 3,688
Nonoperating Revenues (Expenses):			
Investment/Interest Income (Loss) .....	\$ (603)	\$ —	\$ (603)
Total Nonoperating Revenues (Expenses) .....	\$ (603)	\$ —	\$ (603)
Change in Net Position .....	\$ (641)	\$ 3,726	\$ 3,085
Net Position, Beginning, as Reported .....	\$ 24,284	\$ 24,554	\$ 48,838
Net Position, Ending .....	\$ 23,643	\$ 28,280	\$ 51,923

# STATE OF MINNESOTA

## NONMAJOR COMPONENT UNITS

### NOT ISSUING SEPARATELY AUDITED FINANCIAL STATEMENTS

### COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Cash Flows from Operating Activities:			
Receipts from Customers .....	\$ —	\$ 15,301	\$ 15,301
Receipts from Other Revenues .....	2	2,551	2,553
Payments to Customers .....	—	(10,564)	(10,564)
Payments to Suppliers .....	(33)	—	(33)
Payments to Employees .....	(6)	—	(6)
Payments to Others .....	—	(15,591)	(15,591)
Net Cash Flows from Operating Activities .....	\$ (37)	\$ (8,303)	\$ (8,340)
Cash Flows from Investing Activities:			
Proceeds from Sales and Maturities of Investments .....	\$ 9,658	\$ —	\$ 9,658
Purchase of Investments .....	(9,923)	—	(9,923)
Investment Interest .....	260	—	260
Net Cash Flows from Investing Activities .....	\$ (5)	\$ —	\$ (5)
Net Increase (Decrease) in Cash and Cash Equivalents .....	\$ (42)	\$ (8,303)	\$ (8,345)
Cash and Cash Equivalents, Beginning, as Reported .....	\$ 974	\$ 36,087	\$ 37,061
Cash and Cash Equivalents, Ending .....	\$ 932	\$ 27,784	\$ 28,716
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:</b>			
Operating Income (Loss) .....	\$ (38)	\$ 3,726	\$ 3,688
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Loans Receivable .....	\$ —	\$ 1,540	\$ 1,540
Accounts Payable .....	1	—	1
Due to Primary Government .....	—	(13,569)	(13,569)
Net Reconciling Items to be Added to (Deducted from) Operating Income .....	\$ 1	\$ (12,029)	\$ (12,028)
Net Cash Flows from Operating Activities .....	\$ (37)	\$ (8,303)	\$ (8,340)





State of Minnesota

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# General Obligation Debt Schedule

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2022  
Annual  
Comprehensive  
Financial Report

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**GENERAL OBLIGATION BONDS AUTHORIZED, ISSUED AND UNISSUED**  
**June 30, 2022**  
**(In Thousands)**

<b>Purpose of Issue</b>	<b>Law Authorizing</b>	<b>Total Authorization</b>	<b>Previously Issued as Par Bonds</b>	<b>Previously Issued as Premium<sup>(1)</sup></b>	<b>Remaining Authorization</b>
Various Purpose <sup>8, 21, 24</sup>	X2002, Ch. 1	\$ 15,055	\$ 14,755	\$ —	\$ 300
Various Purpose <sup>3, 6, 8, 9, 10, 12, 14, 17, 19, 20, 23</sup>	2005, Ch. 20	913,665	913,241	418	6
Trunk Highway <sup>2, 5, 6, 9, 10, 14, 20</sup>	2008, Ch. 152	1,779,573	1,779,573	—	—
Various Purpose <sup>2, 3, 5, 6, 9, 10, 12, 14, 17, 20, 22</sup>	2008, Ch. 179	788,150	785,467	2,480	203
Various Purpose <sup>2, 3, 5, 6, 9, 10, 12, 15, 20</sup>	2009, Ch. 93	255,187	250,537	3,498	1,152
Various Purpose <sup>2, 3, 5, 6, 9, 10, 12, 18</sup>	2010, Ch. 189	707,408	694,527	12,523	358
Various Purpose <sup>2, 3, 6, 9, 10, 12, 16</sup>	X2010, Ch. 1	30,608	27,597	2,256	755
Various Purpose <sup>2, 3, 5, 6, 7, 9</sup>	X2011, Ch. 12	548,049	524,846	22,946	257
Trunk Highway <sup>2, 5, 6, 13</sup>	2012, Ch. 287	17,507	17,485	—	22
Various Purpose <sup>2, 3, 5, 6, 9</sup>	2012, Ch. 293	562,282	512,150	47,332	2,800
Various Purpose <sup>3, 5, 6, 9</sup>	X2012, Ch. 1	52,463	45,716	6,589	158
Various Purpose <sup>3, 6</sup>	2013, Ch. 136	171,967	150,550	20,350	1,067
Various Purpose <sup>2, 3, 5, 6, 7, 8, 11</sup>	2014, Ch. 294	888,260	734,769	144,824	8,667
Various Purpose <sup>2, 3, 5</sup>	X2015, Ch. 5	189,466	151,914	32,976	4,576
Trunk Highway <sup>2</sup>	X2017, Ch. 3	940,914	516,718	—	424,196
Various Purpose <sup>2</sup>	X2017, Ch. 8	1,035,083	806,856	176,631	51,596
Various Purpose <sup>4</sup>	2018, Ch. 214	888,699	628,443	147,306	112,950
Trunk Highway	2018, Ch. 214	416,608	48,360	—	368,248
Various Purpose	2019, Ch. 2	102,402	60,633	16,867	24,902
Various Purpose	2020, Ch. 67	50,050	23,769	1,256	25,025
Various Purpose	X2020, Ch. 3	1,392,315	374,852	91,148	926,315
Trunk Highway	X2020, Ch. 3	300,300	58,000	—	242,300
Trunk Highway	X2021, Ch. 5	413,413	5,000	—	408,413
Totals		<u>\$ 12,459,424</u>	<u>\$ 9,125,758</u>	<u>\$ 729,400</u>	<u>\$ 2,604,266</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> Minnesota Statutes 16A.642, required that on January 1, 2022, 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, 2022. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2008, Chapter 179 by \$21,117; Laws 2009, Chapter 93 by \$39,206; Laws 2010, Chapter 189 by \$55,966; Special Session Laws 2010, Chapter 1 by \$80,439; Special Session Laws 2011, Chapter 12 by \$329,856; Laws 2012, Chapter 293 by \$193,206; Laws 2014, Chapter 294 by \$588,216; Special Session Laws 2015, Chapter 5 by \$276,242; and Special Session Laws 2017, Chapter 8 by \$3,427,211. The cancellation report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by \$1,127,365; Laws 2012, Chapter 287 by \$3,060; and Special Session Laws 2017, Chapter 3 by \$26,461.

<sup>(3)</sup> Minnesota Statutes 16A.642, required that on January 1, 2021, 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 canceled effective on July 1, 2021. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2005, Chapter 20 by \$1,000; Laws 2008, Chapter 179 by \$90,501; Laws 2009, Chapter 93 by \$38,826; Laws 2010, Chapter 189 by \$54,459; Special Session 2010, Chapter 1 by \$401,792; Special Session Laws 2011, Chapter 12 by \$37,867; Laws 2012, Chapter 293 by \$71,175; Special Session Laws 2012, Chapter 1 by \$37,230; Laws 2013, Chapter 136 by \$5,720; Laws 2014, Chapter 294 by \$294,873; and Special Session Laws 2015, Chapter 5 by \$38,467.

<sup>(4)</sup> 5th Special Session Laws 2020, Chapter 3, Article 1, Section 27 reduced Various Purpose Bonds authorized in Laws 2018, Chapter 214 by \$5,000,000.

- <sup>(5)</sup> 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 canceled 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; and Laws 2012, Chapter 287 by \$685.
- <sup>(6)</sup> 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 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 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.
- <sup>(7)</sup> Laws 2018, Chapter 214 reduced Various Purpose Bonds authorized in Special Session Laws 2011, Chapter 12 by \$4,035,839 and Various Purpose Bonds authorized in Laws 2014, Chapter 294 by \$1,719,000.
- <sup>(8)</sup> 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 9 below, on May 31, 2017, rather than the statutory cancellation date of July 1, 2017.
- <sup>(9)</sup> 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 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.
- <sup>(10)</sup> 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 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.
- <sup>(11)</sup> Special Session Laws 2015, Chapter 5, Article 1 reduced Various Purpose Bonds authorized in Laws 2014, Chapter 294 by \$50,000.
- <sup>(12)</sup> Laws 2014, Chapter 294 reduced Various Purpose Bonds authorized in Laws 2005, Chapter 20 by \$40,399; 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.
- <sup>(13)</sup> Laws 2014, Chapter 312, Article 9 increased Trunk Highway Bonds authorized in Laws 2012, Chapter 287 by \$1,493,000.
- <sup>(14)</sup> 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; 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.
- <sup>(15)</sup> Laws 2013, Chapter 136 reduced Various Purpose Bonds authorized in Laws 2009, Chapter 93 by \$2,000,000.
- <sup>(16)</sup> Special Session Laws 2012, Chapter 1 reduced Various Purpose Bonds authorized in Special Session Laws 2010, Chapter 1 by \$2,133,000.
- <sup>(17)</sup> 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.
- <sup>(18)</sup> 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.

- <sup>(19)</sup> 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.
- <sup>(20)</sup> Laws 2010, Chapter 189 reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by \$1,682,567; 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.
- <sup>(21)</sup> 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.
- <sup>(22)</sup> Laws 2008, Chapter 365 reduced the Various Purpose Bond authorization in Laws 2008, Chapter 179 by \$223,588,000.
- <sup>(23)</sup> Laws 2008, Chapter 179 reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by \$2,000,000.
- <sup>(24)</sup> 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.



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**2022 Annual Comprehensive Financial Report**  
**Index of Statistical Section**


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**Schedule 1 - Net Position by Component**  
**Last Ten Fiscal Years**  
**Accrual Basis of Accounting**  
**(In Thousands)**

	2013	2014	2015	2016
<b>Governmental Activities:</b>				
Net Investment in Capital Assets .....	\$ 10,376,465	\$ 11,125,938	\$ 11,768,063	\$ 12,421,870
Restricted .....	4,050,489	5,508,417	5,392,483	5,633,354
Unrestricted .....	(1,958,703)	(2,448,395)	(5,452,119)	(4,891,314)
Total Governmental Activities Net Position .....	<u>\$ 12,468,251</u>	<u>\$ 14,185,960</u>	<u>\$ 11,708,427</u>	<u>\$ 13,163,910</u>
<b>Business-type Activities:</b>				
Net Investment in Capital Assets .....	\$ 1,456,939	\$ 1,489,631	\$ 1,510,882	\$ 1,620,835
Restricted .....	1,899,250	2,279,417	1,992,311	2,120,972
Unrestricted .....	(8,257)	(8,450)	(120,013)	(65,830)
Total Business-type Activities Net Position .....	<u>\$ 3,347,932</u>	<u>\$ 3,760,598</u>	<u>\$ 3,383,180</u>	<u>\$ 3,675,977</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets .....	\$ 11,833,404	\$ 12,615,569	\$ 13,278,945	\$ 14,042,705
Restricted .....	5,949,739	7,787,834	7,384,794	7,754,326
Unrestricted .....	(1,966,960)	(2,456,845)	(5,572,132)	(4,957,144)
Total Primary Government Net Position .....	<u><u>\$ 15,816,183</u></u>	<u><u>\$ 17,946,558</u></u>	<u><u>\$ 15,091,607</u></u>	<u><u>\$ 16,839,887</u></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 Annual Comprehensive Financial Report for the relevant year.

2017	2018	2019	2020	2021	2022
\$ 12,659,739	\$ 13,318,601	\$ 14,068,082	\$ 14,765,807	\$ 15,712,819	\$ 16,298,410
5,523,662	6,566,430	6,895,583	7,187,903	8,015,585	8,007,582
(4,947,153)	(5,535,152)	(3,363,575)	(3,002,510)	(305,244)	7,212,796
\$ 13,236,248	\$ 14,349,879	\$ 17,600,090	\$ 18,951,200	\$ 23,423,160	\$ 31,518,788
\$ 1,650,940	\$ 1,634,807	\$ 1,659,114	\$ 1,694,373	1,671,095	\$ 1,637,005
1,896,802	1,973,820	2,078,645	761,014	329,437	1,902,788
(252,631)	(398,341)	(108,526)	(104,030)	(844,885)	257,372
\$ 3,295,111	\$ 3,210,286	\$ 3,629,233	\$ 2,351,357	\$ 1,155,647	\$ 3,797,165
\$ 14,310,679	\$ 14,953,408	\$ 15,727,196	\$ 16,460,180	17,383,914	\$ 17,935,415
7,420,464	8,540,250	8,974,228	7,948,917	8,345,022	9,910,370
(5,199,784)	(5,933,493)	(3,472,101)	(3,106,540)	(1,150,129)	7,470,168
\$ 16,531,359	\$ 17,560,165	\$ 21,229,323	\$ 21,302,557	\$ 24,578,807	\$ 35,315,953

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

	2013	2014	2015	2016
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Agricultural, Environmental and Energy Resources .....	\$ 326,696	\$ 350,950	\$ 401,687	\$ 355,269
Economic and Workforce Development .....	40,093	60,754	57,819	58,939
General Education .....	24,120	22,042	22,136	22,646
General Government .....	381,788	279,835	305,057	327,487
Health and Human Services .....	520,216	380,644	397,520	389,068
Higher Education .....	346	337	315	20
Public Safety and Corrections .....	157,198	158,690	161,205	159,549
Transportation .....	30,280	28,386	23,811	114,667
Operating Grants and Contributions:				
Health and Human Services .....	6,844,284	7,371,378	8,350,067	8,716,931
All Others .....	2,318,910	2,407,201	2,205,884	2,215,444
Capital Grants and Contributions .....	172,725	250,709	170,102	194,056
Total Governmental Activities Program Revenues .....	<u>\$ 10,816,656</u>	<u>\$ 11,310,926</u>	<u>\$ 12,095,603</u>	<u>\$ 12,554,076</u>
Business-type Activities:				
Charges for Services:				
State Colleges and Universities .....	\$ 851,377	\$ 824,190	\$ 815,508	\$ 835,447
Unemployment Insurance .....	1,469,936	1,188,214	937,851	820,322
Lottery .....	560,448	531,550	546,812	592,806
All Others .....	272,822	333,425	351,662	389,807
Operating Grants and Contributions .....	710,153	551,820	525,297	481,563
Capital Grants and Contributions .....	—	—	—	—
Total Business-type Activities Program Revenues .....	<u>\$ 3,864,736</u>	<u>\$ 3,429,199</u>	<u>\$ 3,177,130</u>	<u>\$ 3,119,945</u>
Total Primary Government Program Revenues .....	<u><u>\$ 14,681,392</u></u>	<u><u>\$ 14,740,125</u></u>	<u><u>\$ 15,272,733</u></u>	<u><u>\$ 15,674,021</u></u>
Expenses:				
Governmental Activities:				
Agricultural, Environmental and Energy Resources .....	\$ 954,721	\$ 955,339	\$ 932,235	\$ 1,013,148
Economic and Workforce Development .....	571,265	641,424	677,044	658,893
General Education .....	8,207,311	9,048,212	9,087,613	9,434,928
General Government .....	971,198	1,013,415	1,153,921	1,151,991
Health and Human Services .....	13,107,913	13,608,672	14,977,278	15,551,493
Higher Education .....	849,510	912,083	912,909	976,351
Intergovernmental Aid .....	1,269,078	1,291,075	1,583,636	1,626,833
Public Safety and Corrections .....	970,095	998,054	985,399	1,005,349
Transportation .....	2,683,545	2,685,688	2,898,216	2,814,456
Interest .....	218,218	177,244	291,983	305,017
Total Governmental Activities Expenses .....	<u>\$ 29,802,854</u>	<u>\$ 31,331,206</u>	<u>\$ 33,500,234</u>	<u>\$ 34,538,459</u>
Business-type Activities:				
State Colleges and Universities .....	1,891,779	1,936,061	1,905,845	1,910,435
Unemployment Insurance .....	1,060,431	888,665	726,529	801,670
Lottery .....	425,541	404,705	410,237	446,860
Others .....	288,146	350,729	408,408	383,012
Total Business-type Activities Expenses .....	<u>\$ 3,665,897</u>	<u>\$ 3,580,160</u>	<u>\$ 3,451,019</u>	<u>\$ 3,541,977</u>
Total Primary Government Expenses .....	<u><u>\$ 33,468,751</u></u>	<u><u>\$ 34,911,366</u></u>	<u><u>\$ 36,951,253</u></u>	<u><u>\$ 38,080,436</u></u>

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



2017		2018		2019		2020		2021		2022	
\$	430,333	\$	1,314,147	\$	470,015	\$	476,082	\$	501,373	\$	518,960
	58,317		55,573		56,817		68,912		69,751		58,914
	23,477	\$	21,845		19,141		14,146		12,564		18,942
	340,021		347,661		337,288		374,497		350,360		372,355
	410,726		472,831		510,739		435,071		493,839		497,522
	—		5		—		73		—		—
	155,843		152,465		151,911		186,460		205,024		204,072
	73,111		104,674		82,142		87,393		54,396		46,407
	9,048,622		9,606,414		9,980,653		10,308,028		13,141,618		15,360,459
	2,309,582		2,283,111		2,598,278		2,955,439		4,898,245		3,902,608
	142,942		115,974		235,522		238,623		222,208		197,138
\$	12,992,974	\$	14,474,700	\$	14,442,506	\$	15,144,724	\$	19,949,378	\$	21,177,377
\$	833,494	\$	829,982	\$	820,489	\$	794,020	\$	751,197	\$	751,587
	585,523		775,863		767,805		975,380		661,954		733,796
	563,507		596,453		636,806		668,547		803,641		740,162
	425,937		492,551		524,301		567,379		655,813		661,563
	456,997		445,338		437,587		4,436,859		6,518,820		3,749,566
	—		—		28		14		—		1,320
\$	2,865,458	\$	3,140,187	\$	3,187,016	\$	7,442,199	\$	9,391,425	\$	6,637,994
\$	15,858,432	\$	17,614,887	\$	17,629,522	\$	22,586,923	\$	29,340,803	\$	27,815,371
\$	1,254,115	\$	1,369,950	\$	1,153,557	\$	1,254,084	\$	1,363,384	\$	1,374,916
	806,872		769,021		619,817		787,975		942,801		801,833
	9,836,193		10,172,185		10,516,190		10,900,070		11,785,920		12,289,924
	1,589,095		1,438,678		756,146		1,443,784		1,461,124		824,252
	16,357,755		17,351,698		17,514,760		18,485,278		21,194,790		23,208,505
	987,375		1,032,885		1,087,101		1,009,104		1,038,674		1,125,695
	1,644,215		1,699,020		1,867,341		1,780,630		2,860,441		2,011,220
	1,360,363		1,296,548		974,208		1,191,908		1,359,127		1,072,825
	2,998,902		3,287,843		3,283,888		3,441,636		3,462,174		3,324,527
	291,679		224,558		246,462		239,792		41,328		255,709
\$	37,126,564	\$	38,642,386	\$	38,019,470	\$	40,534,261	\$	45,509,763	\$	46,289,406
\$	2,204,067	\$	2,174,240	\$	1,795,697	\$	2,088,956	\$	2,076,496	\$	2,036,082
	785,137		754,269		731,132		6,298,163		7,884,357		1,865,743
	429,843		455,374		477,974		513,558		615,118		560,581
	476,331		495,581		467,022		569,862		640,261		627,955
\$	3,895,378	\$	3,879,464	\$	3,471,825	\$	9,470,539	\$	11,216,232	\$	5,090,361
\$	41,021,942	\$	42,521,850	\$	41,491,295	\$	50,004,800	\$	56,725,995	\$	51,379,767

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

	2013	2014	2015	2016
Net (Expense)/Revenue:				
Governmental Activities .....	\$ (18,986,198)	\$ (20,020,280)	\$ (21,404,631)	\$ (21,984,383)
Business-type Activities .....	198,839	(150,961)	(273,889)	(422,032)
Total Primary Government Net Expense .....	<u>\$ (18,787,359)</u>	<u>\$ (20,171,241)</u>	<u>\$ (21,678,520)</u>	<u>\$ (22,406,415)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual Income Taxes .....	\$ 9,209,954	\$ 9,915,021	\$ 10,607,930	\$ 10,969,019
Corporate Income Taxes .....	1,242,912	1,308,578	1,507,608	1,361,681
Sales Taxes .....	5,004,330	5,283,785	5,469,773	5,534,870
Property Taxes .....	831,316	823,949	839,939	846,216
Motor Vehicle Taxes .....	1,241,242	1,312,982	1,395,872	1,428,134
Fuel Taxes .....	860,837	883,619	908,278	904,424
Other Taxes .....	2,436,828	2,489,475	2,651,969	2,801,323
Tobacco Settlement .....	171,338	175,386	170,424	170,179
Unallocated Investment/Interest Income .....	23,129	26,728	25,378	35,289
Other Revenues .....	128,115	27,339	63,101	50,574
Transfers .....	(489,364)	(520,134)	(554,346)	(661,843)
Total Governmental Activities .....	<u>\$ 20,660,637</u>	<u>\$ 21,726,728</u>	<u>\$ 23,085,926</u>	<u>\$ 23,439,866</u>
Business-type Activities:				
Unallocated Investment/Interest Income .....	\$ 17,545	\$ 33,688	\$ 40,583	\$ 44,919
Other Revenues .....	2,215	9,107	7,028	8,067
Transfers .....	489,364	520,134	554,346	661,843
Total Business-type Activities .....	<u>\$ 509,124</u>	<u>\$ 562,929</u>	<u>\$ 601,957</u>	<u>\$ 714,829</u>
Total Primary Government General Revenues .....	<u>\$ 21,169,761</u>	<u>\$ 22,289,657</u>	<u>\$ 23,687,883</u>	<u>\$ 24,154,695</u>
Changes in Net Position:				
Governmental Activities .....	\$ 1,674,439	\$ 1,706,448	\$ 1,681,295	\$ 1,455,483
Change in Accounting Principle .....	—	11,959	(4,158,828)	—
Change in Fund Structure .....	—	(698)	—	—
Business-type Activities .....	707,963	411,968	328,068	292,797
Changes in Accounting Principle .....	—	—	(705,486)	—
Change in Fund Structure .....	—	698	—	—
Total Primary Government Change in Net Position .....	<u>\$ 2,382,402</u>	<u>\$ 2,130,375</u>	<u>\$ (2,854,951)</u>	<u>\$ 1,748,280</u>

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

2017	2018	2019	2020	2021	2022
\$ (24,133,590)	\$ (24,167,686)	\$ (23,576,964)	\$ (25,389,537)	\$ (25,560,385)	\$ (25,112,029)
(1,029,920)	(739,277)	(284,809)	(2,028,340)	(1,824,807)	1,547,633
<u>\$ (25,163,510)</u>	<u>\$ (24,906,963)</u>	<u>\$ (23,861,773)</u>	<u>\$ (27,417,877)</u>	<u>\$ (27,385,192)</u>	<u>\$ (23,564,396)</u>

\$ 11,307,961	\$ 12,125,496	\$ 12,693,113	\$ 12,754,820	\$ 14,326,962	\$ 16,861,833
1,270,423	1,343,290	1,606,928	1,638,366	2,275,049	2,866,222
5,779,685	5,995,103	6,275,369	6,408,680	6,736,757	7,428,258
850,240	823,551	820,829	781,471	788,623	743,116
1,518,531	1,566,759	1,626,285	1,622,413	1,836,728	1,810,109
917,834	936,618	931,329	882,917	855,981	899,424
2,833,543	2,964,339	3,056,301	3,019,463	3,315,179	3,550,530
165,244	165,089	166,137	150,729	259,124	195,055
66,639	94,641	156,000	127,253	97,485	(189,612)
87,096	75,201	137,949	51,292	155,267	121,981
(591,268)	(626,435)	(643,065)	(696,757)	(620,256)	(1,087,341)
<u>\$ 24,205,928</u>	<u>\$ 25,463,652</u>	<u>\$ 26,827,175</u>	<u>\$ 26,740,647</u>	<u>\$ 30,026,899</u>	<u>\$ 33,199,575</u>

\$ 45,796	\$ 50,457	\$ 59,959	\$ 53,677	\$ 7,923	\$ 6,184
11,990	4,249	732	30	918	360
591,268	626,435	643,065	696,757	620,256	1,087,341
<u>\$ 649,054</u>	<u>\$ 681,141</u>	<u>\$ 703,756</u>	<u>\$ 750,464</u>	<u>\$ 629,097</u>	<u>\$ 1,093,885</u>
<u>\$ 24,854,982</u>	<u>\$ 26,144,793</u>	<u>\$ 27,530,931</u>	<u>\$ 27,491,111</u>	<u>\$ 30,655,996</u>	<u>\$ 34,293,460</u>

\$ 72,338	\$ 1,295,966	\$ 3,250,211	\$ 1,351,110	\$ 4,466,514	\$ 8,087,546
—	(175,330)	—	—	5,446	8,082
—	(7,005)	—	—	—	—
(380,866)	(58,136)	418,947	(1,277,876)	(1,195,710)	2,641,518
—	(33,694)	—	—	—	—
—	7,005	—	—	—	—
<u>\$ (308,528)</u>	<u>\$ 1,028,806</u>	<u>\$ 3,669,158</u>	<u>\$ 73,234</u>	<u>\$ 3,276,250</u>	<u>\$ 10,737,146</u>

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

	2013	2014	2015	2016
<b>General Fund:</b>				
Nonspendable .....	\$ 750,071	\$ 912,814	\$ 931,595	\$ 929,967
Restricted .....	105,581	128,025	119,108	180,272
Committed .....	—	—	—	—
Assigned .....	219,562	231,559	322,780	365,054
Unassigned .....	252,474	576,549	840,405	1,641,798
Total General Fund .....	<u>\$ 1,327,688</u>	<u>\$ 1,848,947</u>	<u>\$ 2,213,888</u>	<u>\$ 3,117,091</u>
<b>All Other Governmental Funds:</b>				
Nonspendable .....	\$ 992,738	\$ 1,154,936	\$ 1,224,853	\$ 1,275,357
Restricted .....	2,754,222	4,011,252	3,708,694	3,482,136
Committed .....	714,304	642,573	861,685	709,828
Assigned .....	1,152	199,900	682,373	598,110
Unassigned .....	—	—	—	—
Total All Other Governmental Funds .....	<u>\$ 4,462,416</u>	<u>\$ 6,008,661</u>	<u>\$ 6,477,605</u>	<u>\$ 6,065,431</u>
Total Governmental Funds .....	<u><u>\$ 5,790,104</u></u>	<u><u>\$ 7,857,608</u></u>	<u><u>\$ 8,691,493</u></u>	<u><u>\$ 9,182,522</u></u>

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

2017	2018	2019	2020	2021	2022
\$ 1,034,219	\$ 1,121,875	\$ 1,229,393	\$ 1,306,394	\$ 1,656,575	\$ 1,462,110
86,942	83,409	93,570	98,995	91,030	107,180
—	82,000	62,221	55,698	69,968	80,357
757,056	1,830,239	2,124,922	2,121,691	1,885,096	2,003,951
1,610,516	1,759,000	2,175,460	2,059,642	5,205,205	10,871,796
<u>\$ 3,488,733</u>	<u>\$ 4,876,523</u>	<u>\$ 5,685,566</u>	<u>\$ 5,642,420</u>	<u>\$ 8,907,874</u>	<u>\$ 14,525,394</u>
\$ 1,369,443	\$ 1,442,020	\$ 1,568,078	\$ 1,677,904	\$ 2,004,883	\$ 1,814,783
3,629,229	4,618,092	4,719,005	4,743,594	4,938,195	5,613,471
952,613	688,673	663,729	804,708	879,424	924,000
548,454	24,072	53,513	38,483	49,853	74,190
—	—	—	(3,485)	4,783	—
<u>\$ 6,499,739</u>	<u>\$ 6,772,857</u>	<u>\$ 7,004,325</u>	<u>\$ 7,261,204</u>	<u>\$ 7,877,138</u>	<u>\$ 8,426,444</u>
<u>\$ 9,988,472</u>	<u>\$ 11,649,380</u>	<u>\$ 12,689,891</u>	<u>\$ 12,903,624</u>	<u>\$ 16,785,012</u>	<u>\$ 22,951,838</u>

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

	2013	2014	2015	2016
<b>Revenues:</b>				
Individual Income Taxes .....	\$ 9,257,352	\$ 9,859,403	\$ 10,640,365	\$ 11,013,385
Corporate Income Taxes .....	1,273,112	1,302,563	1,503,461	1,414,531
Sales Taxes .....	5,028,616	5,281,384	5,455,081	5,558,870
Property Taxes .....	817,895	830,759	836,257	855,032
Motor Vehicle Taxes .....	1,241,242	1,312,837	1,395,959	1,428,000
Fuel Taxes .....	861,780	882,649	908,740	904,475
Federal Revenues .....	8,893,572	9,465,563	10,303,369	10,724,013
Other Taxes and Revenues .....	4,550,709	4,654,510	4,660,862	4,792,065
Total Revenues .....	<u>\$ 31,924,278</u>	<u>\$ 33,589,668</u>	<u>\$ 35,704,094</u>	<u>\$ 36,690,371</u>
<b>Expenditures:</b>				
Agricultural, Environmental and Energy Resources .....	\$ 961,993	\$ 951,403	\$ 951,901	\$ 1,008,712
Economic and Workforce Development .....	623,810	647,590	694,016	720,340
General Education .....	8,201,852	9,042,621	9,088,463	9,438,526
General Government .....	825,528	900,517	1,066,108	1,022,298
Health and Human Services .....	13,091,238	13,587,375	15,018,706	15,556,280
Higher Education .....	849,506	911,986	912,947	976,387
Intergovernmental Aid .....	1,269,078	1,291,075	1,583,636	1,626,833
Public Safety and Corrections .....	909,426	939,855	965,508	974,864
Transportation .....	2,610,632	2,630,645	2,883,144	2,840,880
Capital Outlay .....	646,086	939,987	1,090,210	1,183,985
<b>Debt Service:</b>				
Principal .....	326,989	410,450	598,590	650,190
Interest .....	295,231	251,606	365,231	390,603
Total Expenditures .....	<u>\$ 30,611,369</u>	<u>\$ 32,505,110</u>	<u>\$ 35,218,460</u>	<u>\$ 36,389,898</u>
Excess of Revenues over (under) Expenditures .....	<u>\$ 1,312,909</u>	<u>\$ 1,084,558</u>	<u>\$ 485,634</u>	<u>\$ 300,473</u>
<b>Other Financing Sources (Uses):</b>				
Bond Issuance .....	\$ 1,296,087	\$ 1,348,259	\$ 720,300	\$ 670,905
Certificate of Participation Issuance .....	—	—	80,100	—
Loan Issuance .....	1,597	—	—	—
Lease Financing .....	—	—	—	—
Issuance of Refunding Bonds .....	—	373,940	153,905	391,555
Payment to Refunded Bonds Escrow Agent .....	(768,450)	(373,940)	(153,905)	(391,555)
Bond Issuance Premium .....	200,932	180,783	123,666	163,418
Net Transfers-In (Out) .....	(507,118)	(546,096)	(575,815)	(643,767)
Net Other Financing Sources (Uses) .....	<u>\$ 223,048</u>	<u>\$ 982,946</u>	<u>\$ 348,251</u>	<u>\$ 190,556</u>
Change in Accounting Principle .....	—	—	—	—
Change in Fund Structure .....	—	—	—	—
Net Changes in Fund Balances .....	<u><u>\$ 1,535,957</u></u>	<u><u>\$ 2,067,504</u></u>	<u><u>\$ 833,885</u></u>	<u><u>\$ 491,029</u></u>
Debt Service as a Percentage of noncapital Expenditures .....	2.1 %	2.1 %	2.8 %	3.0 %

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

2017	2018	2019	2020	2021	2022
\$ 11,263,573	\$ 12,082,631	\$ 12,674,858	\$ 12,329,724	\$ 14,496,290	\$ 16,836,132
1,272,913	1,327,533	1,613,373	1,620,684	2,276,986	2,848,019
5,792,017	5,993,944	6,264,666	6,387,889	6,755,167	7,402,838
848,463	819,654	811,117	772,876	789,888	765,534
1,518,624	1,566,752	1,626,429	1,622,106	1,836,267	1,810,227
917,956	936,543	930,988	884,788	854,215	900,818
11,043,070	11,529,973	12,183,673	12,997,791	17,330,357	19,583,046
5,092,983	6,172,623	5,635,967	5,401,771	6,350,613	5,173,024
\$ 37,749,599	\$ 40,429,653	\$ 41,741,071	\$ 42,017,629	\$ 50,689,783	\$ 55,319,638
\$ 1,035,953	\$ 1,173,902	\$ 1,224,420	\$ 1,303,941	\$ 1,322,622	\$ 1,531,576
756,386	721,636	762,380	821,081	936,239	893,569
9,801,245	10,142,699	10,545,012	10,896,959	11,779,019	12,312,904
978,292	967,045	978,388	1,009,413	1,181,182	1,062,955
16,039,287	17,087,873	17,881,072	18,537,691	21,113,015	23,610,490
987,714	1,032,901	1,087,158	1,009,076	1,038,657	1,125,382
1,644,215	1,699,020	1,867,341	1,780,630	2,860,441	2,011,220
1,046,709	1,067,492	1,168,970	1,188,951	1,314,226	1,289,196
2,772,542	3,093,871	3,385,926	3,411,652	3,409,599	3,486,447
870,595	669,165	840,378	881,527	929,456	876,303
647,020	655,751	614,384	649,388	619,204	624,662
392,195	380,418	339,397	321,316	346,937	333,527
\$ 36,972,153	\$ 38,691,773	\$ 40,694,826	\$ 41,811,625	\$ 46,850,597	\$ 49,158,231
\$ 777,446	\$ 1,737,880	\$ 1,046,245	\$ 206,004	\$ 3,839,186	\$ 6,161,407
\$ 491,129	\$ 449,188	\$ 603,407	\$ 621,347	\$ 563,000	\$ 919,649
—	—	—	—	—	—
769	2,887	—	—	—	3,500
—	—	—	—	—	42,901
310,565	404,880	—	27,570	695,655	—
(310,565)	(404,880)	—	(27,570)	(695,655)	—
155,376	137,078	79,169	130,449	146,688	179,033
(618,770)	(666,622)	(688,310)	(744,067)	(672,932)	(1,139,664)
\$ 28,504	\$ (77,469)	\$ (5,734)	\$ 7,729	\$ 36,756	\$ 5,419
—	—	—	—	5,446	—
—	497	—	—	—	—
\$ 805,950	\$ 1,660,908	\$ 1,040,511	\$ 213,733	\$ 3,881,388	\$ 6,166,826
2.9 %	2.7 %	2.4 %	2.4 %	2.1 %	2.0 %

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

	2012	2013	2014	2015
Farm Earnings .....	\$ 6,234,574	\$ 6,055,896	\$ 3,957,930	\$ 3,436,873
Nonfarm Earnings:				
Private Earnings:				
Forestry, Fishing, Related Activities .....	\$ 377,581	\$ 375,183	\$ 372,518	\$ 405,253
Mining .....	1,195,976	940,241	836,803	711,097
Utilities .....	1,598,936	1,753,610	1,819,167	1,813,182
Construction .....	9,695,487	10,307,393	11,256,047	12,199,335
Manufacturing:				
Durable Goods Manufacturing .....	15,477,077	15,769,874	16,463,894	17,276,885
Nondurable Goods Manufacturing .....	7,865,499	7,976,017	8,866,827	9,169,634
Wholesale trade .....	12,015,927	12,457,480	12,670,150	13,096,562
Retail Trade .....	10,267,848	10,568,505	10,934,279	11,384,942
Transportation and Warehousing .....	5,944,742	6,131,364	6,468,497	6,743,929
Information .....	4,501,266	4,506,448	4,720,952	4,851,528
Finance and Insurance .....	16,305,898	15,853,822	15,939,115	16,821,074
Real Estate and Rental and Leasing .....	3,766,233	4,020,944	4,248,409	4,464,110
Professional and Technical Services .....	14,850,286	15,577,864	16,890,612	17,816,158
Management of Companies and Enterprises .....	9,729,235	10,194,587	10,605,646	10,841,476
Administrative and Waste Services .....	5,769,149	5,871,881	6,229,435	6,499,176
Educational Services .....	2,796,682	2,766,270	2,865,504	2,918,287
Health Care and Social Assistance .....	23,162,318	24,004,913	24,990,069	26,435,203
Arts, Entertainment, and Recreation .....	1,446,421	1,576,030	1,884,804	2,004,934
Accommodation and Food Services .....	4,314,959	4,480,084	4,746,770	5,159,435
Other Services, Except Public Administration .....	6,294,864	6,401,623	6,886,532	7,151,982
Total Private Earnings .....	\$ 157,376,384	\$ 161,534,133	\$ 169,696,030	\$ 177,764,182
Government and Government Enterprises:				
Federal, Civilian .....	\$ 3,007,494	\$ 2,978,551	\$ 3,039,703	\$ 3,169,588
Military .....	748,232	709,513	665,703	623,320
State and Local .....	21,119,824	21,944,845	22,804,710	23,628,074
Total Government and Government Enterprises .....	\$ 24,875,550	\$ 25,632,909	\$ 26,510,116	\$ 27,420,982
Total Nonfarm Earnings .....	\$ 182,251,934	\$ 187,167,042	\$ 196,206,146	\$ 205,185,164
Total Earnings By Industry .....	\$ 188,486,508	\$ 193,222,938	\$ 200,164,076	\$ 208,622,037
Derivation of Personal Income:				
Earnings by Place of Work .....	\$ 188,486,508	\$ 193,222,938	\$ 200,164,076	\$ 208,622,037
Other Personal Income <sup>(1)</sup> .....	65,534,021	62,816,834	68,365,869	71,784,447
Personal Income .....	\$ 254,020,529	\$ 256,039,772	\$ 268,529,945	\$ 280,406,484

<sup>(1)</sup> 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.bea.gov/itable/](http://www.bea.gov/itable/)). The data is updated quarterly. The Annual Comprehensive 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 30, 2022 for calendar year 2021.



2016	2017	2018	2019	2020	2021
\$ 2,134,638	\$ 492,804	\$ 1,852,217	\$ 2,846,797	\$ 4,067,578	\$ 4,076,816
\$ 424,616	\$ 434,528	\$ 481,398	\$ 477,302	\$ 451,016	\$ 432,059
567,153	598,939	759,190	838,794	738,578	931,793
1,872,657	1,831,635	1,908,942	1,964,871	2,118,672	2,169,474
12,845,658	13,656,541	13,978,979	14,825,124	15,329,099	16,473,592
17,438,243	17,929,229	18,601,711	19,143,064	18,895,291	20,085,714
9,357,227	9,404,043	9,604,543	10,220,779	10,387,716	10,385,451
12,945,024	14,803,153	14,349,985	14,830,395	15,728,992	16,164,131
11,789,700	11,927,427	12,326,763	12,583,008	12,653,316	13,555,803
7,336,944	8,010,476	8,380,010	8,958,186	8,532,098	8,786,991
4,689,082	4,911,711	4,899,737	5,103,172	5,533,813	6,414,140
16,837,111	18,327,349	19,603,029	20,294,860	21,534,399	22,605,143
3,983,710	3,996,742	3,629,490	3,773,705	3,598,990	3,988,050
19,890,779	20,579,819	21,484,286	22,009,990	22,302,458	23,827,274
10,879,965	11,677,068	12,000,032	13,531,826	13,308,455	14,304,927
6,924,327	7,654,637	7,593,887	7,823,540	7,770,546	8,592,050
3,085,382	3,157,217	3,251,508	3,417,599	3,403,828	3,553,841
28,175,658	29,831,013	31,256,560	32,320,602	33,280,658	35,282,364
2,212,728	2,274,522	2,631,950	2,567,039	1,829,275	2,332,775
5,517,804	5,810,628	6,015,044	6,210,891	4,726,572	6,607,954
7,369,166	7,766,344	7,956,699	8,338,454	7,940,437	8,382,031
\$ 184,142,934	\$ 194,583,021	\$ 200,713,743	\$ 209,233,201	\$ 210,064,209	\$ 224,875,557
\$ 3,254,830	\$ 3,341,625	\$ 3,501,023	\$ 3,551,617	\$ 3,695,225	\$ 3,797,075
657,201	653,478	706,250	758,605	760,090	783,614
24,423,598	25,166,437	26,343,997	26,752,970	26,959,982	28,037,680
\$ 28,335,629	\$ 29,161,540	\$ 30,551,270	\$ 31,063,192	\$ 31,415,297	\$ 32,618,369
\$ 212,478,563	\$ 223,744,561	\$ 231,265,013	\$ 240,296,393	\$ 241,479,506	\$ 257,493,926
\$ 214,613,201	\$ 224,237,365	\$ 233,117,230	\$ 243,143,190	\$ 245,547,084	\$ 261,570,742
\$ 214,613,201	\$ 224,237,365	\$ 233,117,230	\$ 243,143,190	\$ 245,547,084	\$ 261,570,742
72,636,608	78,903,906	89,610,344	88,658,735	105,237,607	116,713,914
\$ 287,249,809	\$ 303,141,271	\$ 322,727,574	\$ 331,801,925	\$ 350,784,691	\$ 378,284,656

**Schedule 6 - Revenue Rates**  
**Tax Rates and Taxable Income Brackets for Calendar Years 2013 through 2022**

<b>Tax Year 2013</b>							
	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	

<b>Tax Year 2014</b>							
	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	

<b>Tax Year 2015</b>							
	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	

<b>Tax Year 2016</b>							
	5.35% Up To	7.05%		7.85%		9.85% Over	
Married Joint .....	\$ 36,820	\$ 36,821	— \$ 146,270	\$ 146,271	— \$ 259,420	\$ 259,420	
Married Separate .....	18,410	18,411	— 73,140	73,141	— 129,710	129,710	
Single .....	25,180	25,181	— 82,740	82,741	— 155,650	155,650	
Head of Household .....	31,010	31,011	— 124,600	124,601	— 207,540	207,540	

<b>Tax Year 2017</b>							
	5.35% Up To	7.05%		7.85%		9.85% Over	
Married Joint .....	\$ 37,110	\$ 37,111	— \$ 147,450	\$ 147,451	— \$ 261,510	\$ 261,510	
Married Separate .....	18,560	18,561	— 73,730	73,731	— 130,760	130,760	
Single .....	25,390	25,391	— 83,400	83,401	— 156,900	156,900	
Head of Household .....	31,260	31,261	— 125,600	125,601	— 209,200	209,200	

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 Calendar Years 2013 through 2022 (continued)**

<b>Tax Year 2018</b>								
	<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

<b>Tax Year 2019</b>								
	<u>5.35% Up To</u>	<u>7.05%</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

<b>Tax Year 2020</b>								
	<u>5.35% Up To</u>	<u>7.05%</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

<b>Tax Year 2021</b>								
	<u>5.35% Up To</u>	<u>6.80%</u>			<u>7.85%</u>			<u>9.85% Over</u>
Married Joint .....	\$ 39,810	\$ 39,811	—	\$ 158,140	\$ 158,141	—	\$ 276,200	\$ 276,200
Married Separate .....	19,905	19,906	—	79,070	79,071	—	138,100	139,100
Single .....	27,230	27,231	—	89,440	89,441	—	166,040	166,040
Head of Household .....	33,520	33,521	—	134,700	134,701	—	220,730	220,730

<b>Tax Year 2022</b>								
	<u>5.35% Up To</u>	<u>6.80%</u>			<u>7.85%</u>			<u>9.85% Over</u>
Married Joint .....	\$ 41,050	\$ 41,051	—	\$ 163,060	\$ 163,061	—	\$ 284,810	\$ 284,810
Married Separate .....	20,525	20,526	—	81,530	81,531	—	142,405	142,405
Single .....	28,080	28,081	—	92,230	92,231	—	171,220	171,220
Head of Household .....	34,570	34,571	—	138,890	138,891	—	227,600	227,600



**Schedule 7 - Principal Tax Payers**  
**Personal Income Tax Filers and Liability by Income Level**  
**Calendar Years 2011 and 2020**

**Calendar Year 2011**

Federal Adjusted Gross Income	Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability <sup>(1)</sup>	Percent of Total
\$ — — \$ 4,999	222,572	8.52 %	\$ 7,177,569	0.09 %
5,000 — 9,999	193,204	7.40 %	5,399,267	0.07 %
10,000 — 19,999	351,967	13.48 %	64,460,996	0.84 %
20,000 — 29,999	299,684	11.48 %	161,704,479	2.11 %
30,000 — 39,999	248,686	9.53 %	255,571,981	3.33 %
40,000 — 49,999	207,599	7.95 %	317,057,855	4.14 %
50,000 — 99,999	655,670	25.12 %	1,885,362,058	24.60 %
100,000 — 249,999	361,253	13.84 %	2,499,256,154	32.61 %
250,000 — 499,999	45,606	1.75 %	894,938,288	11.68 %
500,000 & Over	24,311	0.93 %	1,573,835,708	20.54 %
Total	2,610,552	100.00 %	\$ 7,664,764,355	100.00 %

**Calendar Year 2020**

Federal Adjusted Gross Income	Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability <sup>(1)</sup>	Percent of Total
\$ — — \$ 4,999	210,615	7.21 %	\$ 16,470,996	0.13 %
5,000 — 9,999	161,614	5.53 %	4,408,726	0.04 %
10,000 — 19,999	281,109	9.62 %	42,580,889	0.34 %
20,000 — 29,999	278,896	9.54 %	131,548,805	1.05 %
30,000 — 39,999	284,939	9.75 %	255,123,473	2.03 %
40,000 — 49,999	241,950	8.28 %	335,771,322	2.68 %
50,000 — 99,999	751,661	25.72 %	2,085,417,188	16.61 %
100,000 — 249,999	576,588	19.73 %	4,071,226,668	32.44 %
250,000 — 499,999	90,727	3.10 %	1,842,258,556	14.68 %
500,000 & Over	44,822	1.54 %	3,766,747,841	30.02 %
Total	2,922,921	100.00 %	\$ 12,551,554,464	100.00 %

<sup>(1)</sup> Minnesota Income Tax Liability before refundable tax credits.

Source: Minnesota Department of Revenue, Individual Income Tax Sample. Calendar year 2020 is the most recent year available.

**Schedule 8 - Ratios of Outstanding and General Bonded Debt**  
**Last Ten Fiscal Years**  
**(In Thousands)**

	2013	2014	2015	2016
<b>Governmental Activities:</b>				
General Obligation Bonds <sup>(1)</sup> .....	\$ 6,157,536	\$ 6,649,907	\$ 6,885,776	\$ 7,043,943
Revenue Bonds <sup>(1)</sup> .....	10,260	47,255	44,757	42,103
State Appropriation Bonds <sup>(1)</sup> .....	774,770	1,230,408	1,175,677	1,128,706
Loans .....	35,982	28,610	24,966	23,337
Capital Leases .....	115,300	106,821	98,512	89,854
Certificates of Participation <sup>(1)</sup> .....	49,440	41,981	125,875	115,870
Total Governmental Activities .....	<u>\$ 7,143,288</u>	<u>\$ 8,104,982</u>	<u>\$ 8,355,563</u>	<u>\$ 8,443,813</u>
<b>Business-type Activities:</b>				
General Obligation Bonds <sup>(1)</sup> .....	\$ 250,321	\$ 256,886	\$ 260,431	\$ 253,671
Revenue Bonds <sup>(1)</sup> .....	470,498	444,231	460,484	431,289
Loans .....	4,414	3,635	3,794	4,842
Capital Leases .....	35,281	30,519	25,968	21,635
Total Business-type Activities .....	<u>\$ 760,514</u>	<u>\$ 735,271</u>	<u>\$ 750,677</u>	<u>\$ 711,437</u>
Total Debt to the Primary Government .....	<u>\$ 7,903,802</u>	<u>\$ 8,840,253</u>	<u>\$ 9,106,240</u>	<u>\$ 9,155,250</u>
Less: Set Aside to Repay General Debt .....	<u>\$ (383,740)</u>	<u>\$ (604,165)</u>	<u>\$ (605,850)</u>	<u>\$ (613,385)</u>
Net Debt to the Primary Government .....	<u><u>\$ 7,520,062</u></u>	<u><u>\$ 8,236,088</u></u>	<u><u>\$ 8,500,390</u></u>	<u><u>\$ 8,541,865</u></u>
<b>Personal Income:</b>				
Total Personal Income .....	\$254,020,529	\$256,039,772	\$268,529,945	\$280,406,484
Ratio of Total Debt to Personal Income .....	3.11 %	3.45 %	3.39 %	3.26 %
Per Capita Total Outstanding Debt (Actual Dollars) .....	\$ 1,469	\$ 1,631	\$ 1,670	\$ 1,670
Ratio of Net General Obligation Debt to Personal Income .....	2.37 %	2.46 %	2.44 %	2.38 %
Per Capita Net General Obligation Debt (Actual Dollars) .....	\$ 1,120	\$ 1,163	\$ 1,199	\$ 1,219

<sup>(1)</sup> 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.bea.gov/itable/](http://www.bea.gov/itable/)). The data is updated quarterly. The Annual Comprehensive 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 30, 2022 for calendar year 2021.

2017	2018	2019	2020	2021	2022
\$ 6,999,510	\$ 6,867,284	\$ 6,924,502	\$ 7,025,411	\$ 6,915,311	\$ 7,376,400
39,365	36,795	34,150	31,410	28,580	25,645
1,090,895	1,048,439	997,488	944,767	956,012	954,340
23,252	41,770	51,182	55,395	51,608	45,828
80,881	71,576	61,864	51,702	41,047	333,823
104,875	93,425	81,709	79,038	76,257	73,361
<u>\$ 8,338,778</u>	<u>\$ 8,159,289</u>	<u>\$ 8,150,895</u>	<u>\$ 8,187,723</u>	<u>\$ 8,068,815</u>	<u>\$ 8,809,397</u>
\$ 238,637	\$ 227,901	\$ 223,190	\$ 214,906	\$ 199,199	\$ 186,863
392,070	351,871	309,803	266,519	232,993	205,979
2,552	11,030	10,358	13,398	1,150,619	23,576
26,996	13,741	9,494	5,351	4,364	32,058
<u>\$ 660,255</u>	<u>\$ 604,543</u>	<u>\$ 552,845</u>	<u>\$ 500,174</u>	<u>\$ 1,587,175</u>	<u>\$ 448,476</u>
<u>\$ 8,999,033</u>	<u>\$ 8,763,832</u>	<u>\$ 8,703,740</u>	<u>\$ 8,687,897</u>	<u>\$ 9,655,990</u>	<u>\$ 9,257,873</u>
<u>\$ (625,870)</u>	<u>\$ (611,595)</u>	<u>\$ (619,740)</u>	<u>\$ (615,705)</u>	<u>\$ (574,475)</u>	<u>\$ (591,806)</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>	<u><u>\$ 9,081,515</u></u>	<u><u>\$ 8,666,067</u></u>
\$287,249,809	\$303,141,271	\$322,727,574	\$331,801,925	\$350,784,691	\$378,284,656
3.13 %	2.89 %	2.70 %	2.62 %	2.75 %	2.45 %
\$ 1,630	\$ 1,571	\$ 1,551	\$ 1,540	\$ 1,707	\$ 1,622
2.30 %	2.14 %	2.02 %	2.00 %	1.86 %	1.84 %
\$ 1,198	\$ 1,163	\$ 1,163	\$ 1,175	\$ 1,156	\$ 1,222

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

	2013	2014	2015	2016
<b>State University Board Revenue</b>				
<b>Segment of College and University Enterprise Fund</b>				
Gross Revenues <sup>(1)</sup>	\$ 109,368	\$ 109,857	\$ 112,662	\$ 119,182
Less: Operating Expenses <sup>(2)</sup>	(78,410)	(81,624)	(78,856)	(80,031)
Net Available Revenue	<u>\$ 30,958</u>	<u>\$ 28,233</u>	<u>\$ 33,806</u>	<u>\$ 39,151</u>
Debt Service:				
Principal	\$ 11,575	\$ 12,425	\$ 14,060	\$ 14,385
Interest	11,129	12,452	11,847	12,342
Total Debt Service	<u>\$ 22,704</u>	<u>\$ 24,877</u>	<u>\$ 25,907</u>	<u>\$ 26,727</u>
Coverage	1.36	1.13	1.30	1.46
<b>Itasca Community College Student Housing<sup>(3)</sup></b>				
<b>Segments of College and University Enterprise Fund</b>				
Gross Revenues <sup>(1)</sup>	\$ 450	\$ 473	\$ 478	\$ 495
Less: Operating Expenses <sup>(2)</sup>	(205)	(230)	(203)	(209)
Net Available Revenue	<u>\$ 245</u>	<u>\$ 243</u>	<u>\$ 275</u>	<u>\$ 286</u>
Debt Service:				
Principal	\$ 95	\$ 130	\$ 120	\$ 120
Interest	71	49	48	46
Total Debt Service	<u>\$ 166</u>	<u>\$ 179</u>	<u>\$ 168</u>	<u>\$ 166</u>
Coverage	1.48	1.36	1.64	1.72
<b>911 Services Fund<sup>(4)</sup></b>				
911 Services Fees	\$ 63,222	\$ 63,684	\$ 57,381	\$ 68,500
Less: Operating Expenses <sup>(2)</sup>	(26,019)	(26,191)	(24,741)	(24,695)
Net Available Revenue	<u>\$ 37,203</u>	<u>\$ 37,493</u>	<u>\$ 32,640</u>	<u>\$ 43,805</u>
Debt Service:				
Principal	\$ 11,380	\$ 11,820	\$ 12,310	\$ 12,810
Interest	6,918	6,443	5,924	5,403
Total Debt Service	<u>\$ 18,298</u>	<u>\$ 18,263</u>	<u>\$ 18,234</u>	<u>\$ 18,213</u>
Coverage	2.03	2.05	1.79	2.41

<sup>(1)</sup> 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.

<sup>(2)</sup> Depreciation, amortization, bad debt, interest and financing expenses are not included.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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. The bonds were paid in full during fiscal year 2021.

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



2017	2018	2019	2020	2021	2022
\$ 120,261	\$ 116,988	\$ 118,060	\$ 98,172	\$ 82,216	\$ 96,380
(85,050)	(84,176)	(76,509)	(76,121)	(68,991)	(68,897)
<u>\$ 35,211</u>	<u>\$ 32,812</u>	<u>\$ 41,551</u>	<u>\$ 22,051</u>	<u>\$ 13,225</u>	<u>\$ 27,483</u>
\$ 16,315	\$ 17,755	\$ 18,665	\$ 17,560	\$ 20,145	\$ 20,910
10,503	11,378	10,529	10,017	9,256	8,568
<u>\$ 26,818</u>	<u>\$ 29,133</u>	<u>\$ 29,194</u>	<u>\$ 27,577</u>	<u>\$ 29,401</u>	<u>\$ 29,478</u>
1.31	1.13	1.42	0.80	0.45	0.93
\$ 493	\$ 481	\$ 487	\$ 380	\$ 362	\$ 494
(245)	(260)	(207)	(233)	(301)	(269)
<u>\$ 248</u>	<u>\$ 221</u>	<u>\$ 280</u>	<u>\$ 147</u>	<u>\$ 61</u>	<u>\$ 225</u>
\$ 130	\$ 130	\$ 130	\$ 135	\$ 135	\$ 140
44	42	40	37	34	30
<u>\$ 174</u>	<u>\$ 172</u>	<u>\$ 170</u>	<u>\$ 172</u>	<u>\$ 169</u>	<u>\$ 170</u>
1.43	1.28	1.65	0.85	0.36	1.32
\$ 76,324	\$ 79,130	\$ 81,354	\$ 75,032	\$ 79,441	\$ 71,286
(25,244)	(22,430)	(19,561)	(23,542)	(24,900)	(23,119)
<u>\$ 51,080</u>	<u>\$ 56,700</u>	<u>\$ 61,793</u>	<u>\$ 51,490</u>	<u>\$ 54,541</u>	<u>\$ 48,167</u>
\$ 20,320	\$ 19,430	\$ 20,400	\$ 21,420	\$ 10,145	\$ —
2,675	3,570	2,598	1,578	507	—
<u>\$ 22,995</u>	<u>\$ 23,000</u>	<u>\$ 22,998</u>	<u>\$ 22,998</u>	<u>\$ 10,652</u>	<u>\$ —</u>
2.22	2.47	2.69	2.24	5.12	—

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

	2013	2014	2015	2016
<b>D.J. Johnson Economic Protection Trust Fund<sup>(5)</sup></b>				
Taconite Production Tax .....	\$ 5,723	\$ 2,074	\$ 1,542	\$ 1,540
Net Available Revenue .....	<u>\$ 5,723</u>	<u>\$ 2,074</u>	<u>\$ 1,542</u>	<u>\$ 1,540</u>
Debt Service:				
Principle <sup>(4)</sup> .....	\$ 572	\$ 477	\$ 973	\$ 974
Interest .....	123	417	853	547
Total Debt Service .....	<u>\$ 695</u>	<u>\$ 894</u>	<u>\$ 1,826</u>	<u>\$ 1,521</u>
Coverage .....	8.23	2.32	0.84	1.01
<b>Iron Range Resources and Rehabilitation Agency (IRRR)<sup>(5)</sup></b>				
Taconite Production Tax .....	\$ 706	\$ 2,074	\$ 2,452	\$ 2,450
Net Available Revenue .....	<u>\$ 706</u>	<u>\$ 2,074</u>	<u>\$ 2,452</u>	<u>\$ 2,450</u>
Debt Service:				
Principle .....	\$ 572	\$ 478	\$ 1,452	\$ 1,431
Interest .....	124	615	1,343	992
Total Debt Service .....	<u>\$ 696</u>	<u>\$ 1,093</u>	<u>\$ 2,795</u>	<u>\$ 2,423</u>
Coverage .....	1.01	1.90	0.88	1.01

<sup>(5)</sup> 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.

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

2017	2018	2019	2020	2021	2022
\$ 1,540	\$ 1,539	\$ 1,539	\$ 1,257	\$ 1,262	\$ —
<u>\$ 1,540</u>	<u>\$ 1,539</u>	<u>\$ 1,539</u>	<u>\$ 1,257</u>	<u>\$ 1,262</u>	<u>\$ —</u>
\$ 1,007	\$ 1,037	\$ 1,063	\$ 1,105	\$ 1,141	\$ 1,183
518	487	458	417	379	341
<u>\$ 1,525</u>	<u>\$ 1,524</u>	<u>\$ 1,521</u>	<u>\$ 1,522</u>	<u>\$ 1,520</u>	<u>\$ 1,524</u>
1.01	1.01	1.01	0.83	0.83	—
\$ 2,452	\$ 2,451	\$ 2,451	\$ 2,733	\$ 2,732	\$ 2,731
<u>\$ 2,452</u>	<u>\$ 2,451</u>	<u>\$ 2,451</u>	<u>\$ 2,733</u>	<u>\$ 2,732</u>	<u>\$ 2,731</u>
\$ 1,483	\$ 1,533	\$ 1,582	\$ 1,635	\$ 1,689	\$ 1,752
944	896	840	789	731	674
<u>\$ 2,427</u>	<u>\$ 2,429</u>	<u>\$ 2,422</u>	<u>\$ 2,424</u>	<u>\$ 2,420</u>	<u>\$ 2,426</u>
1.01	1.01	1.01	1.13	1.13	1.13

**Schedule 10 - Demographic and Economic Statistics**  
**Last Ten Calendar Years**

Year	Population <sup>(1)</sup>	Income (Thousands) <sup>(1)</sup>	Per Capita Personal Income <sup>(1)</sup>	Median Age <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
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%
2020	5,657,342	\$ 350,784,691	\$ 62,005	38.4	6.2%
2021	5,707,390	\$ 378,284,656	\$ 66,280	38.8	3.4%

Sources:

<sup>(1)</sup> U.S. Department of Commerce, Bureau of Economic Analysis (BEA), table SAINC5N: Personal Income by Major Component and Earnings by NAICS Industry ([www.bea.gov/itable/](http://www.bea.gov/itable/)). The data is updated quarterly. The Annual Comprehensive 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 30, 2022 for calendar year 2021.

<sup>(2)</sup> U.S. Census Bureau

<sup>(3)</sup> Minnesota Department of Employment and Economic Development

**Schedule 11 - Principal Employers  
Calendar Year 2021 and Nine Years Ago**

Employer	2012			2021		
	Employees <sup>(1)</sup>	Rank	Percent of Total State Employment	Employees <sup>(2)</sup>	Rank	Percent of Total State Employment
State of Minnesota	54,764	1	1.98%	40,912	2	1.43%
Mayo Clinic	41,431	2	1.50%	47,500	1	1.66%
Target Corp.	31,100	3	1.13%	31,000	4	1.08%
United States Government	30,567	4	1.11%	35,301	3	1.23%
Allina Health System	25,176	5	0.91%	28,751	6	1.01%
University of Minnesota	25,000	6	0.91%	26,600	7	0.93%
Fairview Health Services	22,168	7	0.80%	30,370	5	1.06%
Health Partners Inc.	21,255	8	0.77%	24,777	8	0.87%
Wal-Mart Stores Inc.	20,689	9	0.75%			0.00%
Wells Fargo Bank Minnesota	20,000	10	0.72%	18,000	9	0.63%
United Health Group Inc.			0.00%	17,500	10	0.61%
Total	<u>292,150</u>			<u>300,711</u>		
Total State Employment <sup>(3)</sup>	<u>2,760,401</u>			<u>2,860,746</u>		

Note: No value indicates the employer is not a principal employer for the year stated.

Source:

<sup>(1)</sup> 2012 State of Minnesota Annual Comprehensive Report

<sup>(2)</sup> Minneapolis/St. Paul Business Journal Book of Lists published May 21, 2021

<sup>(3)</sup> State of Minnesota Full-Time Employee data 2021 provided by the Minnesota Department of Employment and Economic Development.

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

	2013	2014	2015	2016
Primary Government:				
Agricultural, Environmental and Energy Resources .....	4,543	4,532	4,622	4,576
Economic and Workforce Development .....	2,468	2,378	2,373	2,332
General Education .....	898	915	900	846
General Government .....	7,228	7,552	7,606	8,666
Health and Human Services .....	9,143	9,613	9,909	9,062
Higher Education .....	15,584	15,481	15,090	14,810
Public Safety and Corrections .....	6,521	6,519	6,598	6,761
Transportation .....	4,915	4,970	4,815	4,654
Total .....	51,300	51,960	51,913	51,707

Sources: Minnesota Management & Budget  
Minnesota State Colleges and Universities

2017	2018	2019	2020	2021	2022
4,459	4,454	4,471	4,453	4,312	4,313
2,242	2,184	2,176	2,188	2,266	2,273
859	849	861	860	805	838
9,347	9,511	9,813	10,204	10,160	10,196
9,452	9,837	10,119	10,288	10,232	10,020
14,576	14,385	14,376	14,341	19,331	19,013
6,728	6,817	6,915	6,936	6,832	6,661
4,793	4,979	5,145	5,210	5,189	5,105
52,456	53,016	53,876	54,480	59,127	58,419

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

	2013	2014	2015	2016
<b>Agricultural, Environmental and Energy Resources:</b>				
Recreational Fishing Licenses Issued/License Year .....	1,340,327	1,364,293	1,363,641	1,375,334
Watercraft Licenses Issued/Calendar Year .....	957,061	958,111	960,418	976,329
Acres of State Land Managed by Forestry/Fiscal Year .....	4,008,450	4,014,742	4,014,641	4,030,652
Farms/Calendar Year .....	74,400	74,000	73,600	73,300
Acres of Farmland/Calendar Year (1,000 Acres) .....	25,900	25,900	25,900	25,900
Agricultural Production-Crops/Calendar Year (Dollars in thousands) .....	\$ 12,763,802	\$ 8,981,160	\$ 9,359,125	\$ 8,720,433
Agricultural Production-Livestock/Calendar Year (Dollars in thousands) .....	\$ 7,621,957	\$ 9,614,139	\$ 7,858,145	\$ 7,560,945
<b>Economic and Workforce Development:</b>				
Unemployment Claims Filed <sup>(2)</sup> .....	282,339	268,800	242,214	240,570
Workplace Injuries Reported .....	34,303	34,963	33,786	33,915
<b>General Education:<sup>(1)</sup></b>				
Pre-kindergarten (handicapped only) through Grade 12 Students .....	831,722	837,616	845,527	852,399
School Districts .....	336	332	332	332
Charter Schools .....	148	150	157	165
Special Education Age 0-21 Child Count .....	128,812	129,669	130,886	133,742
<b>General Government:</b>				
Individual Income Tax Payers/Calendar Year .....	2,794,748	2,854,888	2,894,528	2,942,829
Corporate Income Tax Returns/Calendar Year .....	36,223	35,857	35,534	35,613
Sales Tax Permit Holders/Calendar Year .....	284,000	155,000	155,000	160,000
<b>Health and Human Services:</b>				
Average Monthly Cash Recipients .....	181,900	176,300	166,428	163,859
Average Monthly Health Care Enrollees .....	864,365	929,455	1,139,325	1,191,630
Health Care Providers .....	4,780	4,931	4,724	4,533
<b>Higher Education:</b>				
Full Year Student Equivalents .....	149,905	144,524	138,657	135,192
Number of Students Graduated .....	39,800	39,148	38,220	37,427
Square Footage of Buildings .....	27,968,002	27,998,859	28,042,641	28,473,676
<b>Public Safety and Corrections:</b>				
Incarcerated Inmates .....	9,452	9,768	9,947	10,105
Offenders on Supervision .....	19,968	19,343	20,418	20,011
Correctional Facilities .....	10	10	10	10
Reassignment of Minnesota Certificates of Title .....	1,625,547	1,420,951	1,177,543	1,343,989
Crashes Investigated by State Patrol .....	23,229	25,670	23,278	25,113
<b>Transportation:</b>				
Miles of Paved Highways .....	29,323	29,288	29,288	29,288
Number of Trunk Highway Bridges .....	3,017	3,032	3,036	3,022
Acres of Right-of-Way .....	255,714	255,453	256,265	256,483

<sup>(1)</sup> Current year amounts are estimated.

<sup>(2)</sup> Increase in 2020 due to the Covid-19 pandemic.

Notes: Of the \$21.8 billion in capital assets owned by the state as of June 30, 2022, \$14.8 billion (67.7 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.



2017	2018	2019	2020	2021	2022
1,398,604	1,345,199	1,316,656	1,483,113	984,538	N/A
989,301	977,780	981,926	984,538	1,008,222	N/A
4,200,338	4,202,557	4,205,684	4,204,167	4,205,320	4,227,726
72,845	72,745	67,812	67,294	66,779	66,690
25,775	25,770	25,367	25,379	25,284	25,298
\$ 8,290,126	\$ 8,627,695	\$ 8,963,847	\$ 9,721,016	\$ 10,654,872	\$ 12,185,480
\$ 7,520,072	\$ 7,796,953	\$ 7,548,137	\$ 6,910,187	\$ 7,480,650	\$ 9,358,959
225,711	208,174	202,300	923,535	654,798	293,098
33,006	33,252	32,949	32,461	48,477	52,031
861,191	870,737	876,334	877,523	878,524	874,991
332	330	331	331	330	329
165	164	164	162	173	180
137,601	142,270	147,605	152,016	149,382	151,532
2,936,859	2,985,941	3,029,630	3,066,503	3,119,096	3,101,460
33,872	32,879	34,469	35,057	35,340	35,743
160,000	160,000	315,000	315,000	315,000	345,000
168,518	164,703	156,672	155,874	169,895	148,382
1,169,864	1,189,240	1,170,116	1,158,037	1,291,455	1,403,022
4,582	4,805	5,101	5,787	5,468	5,652
131,640	128,830	126,094	122,483	115,766	108,034
36,846	36,128	35,969	33,893	33,540	33,648
28,675,891	28,587,383	28,550,290	28,552,287	28,548,068	28,567,003
9,869	9,963	9,479	9,381	7,593	7,511
20,168	20,291	20,533	20,444	18,701	18,887
10	10	10	10	10	10
1,399,009	1,341,378	1,721,593	1,347,515	1,010,522	1,516,223
28,200	29,845	29,198	22,976	20,757	24,545
29,290	29,263	29,233	29,169	29,169	29,203
3,017	3,033	3,036	3,034	3,034	3,046
256,958	256,715	256,679	256,679	257,223	258,698

