

**STATE OF MINNESOTA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2001**

PREPARED BY  
DEPARTMENT OF FINANCE  
PAMELA WHEELLOCK, COMMISSIONER  
400 CENTENNIAL BUILDING  
658 CEDAR STREET  
ST. PAUL, MINNESOTA 55155

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

Minnesota Department of Finance  
400 Centennial Office Building  
658 Cedar Street  
St. Paul, Minnesota 55155-1489  
651-297-1326

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

The State of Minnesota Comprehensive Annual Financial Report is available at the following web site:

<http://www.finance.state.mn.us/>

**STATE OF MINNESOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2001**

**TABLE OF CONTENTS**

**INTRODUCTION**

Transmittal Letter from the Commissioner of Finance .....	Page vii
Certificate of Achievement .....	xv
State Organization Chart .....	xvi
Principal State Officials.....	xvii

**FINANCIAL SECTION**

Auditor's Opinion .....	2
-------------------------	---

**GENERAL PURPOSE FINANCIAL STATEMENTS**

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units .....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and Appropriated Special Revenue Funds - Budgetary Basis .....	10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units.....	11
Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units .....	12
Combined Statement of Changes in Plan Net Assets - Pension and Investment Trust Funds .....	15
University of Minnesota Statement of Changes in Fund Balances - Consolidated Totals .....	16
University of Minnesota Statement of Current Funds Revenues, Expenditures and Other Changes .....	17
Notes to the Financial Statements .....	19

**COMBINING FINANCIAL STATEMENTS**

Special Revenue Funds:	
Combining Balance Sheet .....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	70
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Appropriated Special Revenue Funds - Budgetary Basis.....	72
Natural Resources Funds:	
Combining Balance Sheet .....	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	77
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis .....	78
Capital Projects Funds:	
Combining Balance Sheet .....	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	83
Enterprise Funds:	
Combining Balance Sheet .....	86
Combining Statement of Revenues, Expenses and Changes in Retained Earnings .....	88
Combining Statement of Cash Flows.....	90
Internal Service Funds:	
Combining Balance Sheet .....	94
Combining Statement of Revenues, Expenses and Changes in Retained Earnings .....	96
Combining Statement of Cash Flows.....	98
Fiduciary Funds:	
Combining Balance Sheet .....	103
Pension and Investment Trust Funds:	
Combining Statement of Plan Net Assets .....	104
Combining Statement of Changes in Plan Net Assets .....	105

## Table of Contents (Continued)

	Page
Defined Benefit Pension Funds:	
Combining Statement of Plan Net Assets .....	106
Combining Statement of Changes in Plan Net Assets .....	108
Defined Contribution Funds:	
Combining Statement of Plan Net Assets .....	110
Combining Statement of Changes in Plan Net Assets .....	111
Nonexpendable Trust Fund:	
Balance Sheet .....	112
Statement of Revenues, Expenses and Changes in Fund Balance .....	113
Statement of Cash Flows .....	114
Expendable Trust Funds:	
Combining Balance Sheet .....	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	118
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities .....	120
General Fixed Assets Account Group:	
Schedule of General Fixed Assets - By Source .....	122
Schedule of General Fixed Assets - By Function and Activity .....	123
Schedule of Changes in General Fixed Assets - By Function and Activity .....	124
General Long-Term Obligation Account Group:	
Statement of Changes in General Long-Term Obligations .....	126
Component Unit Funds:	
Combining Balance Sheet .....	129
Combining Balance Sheet – Governmental Fund Type .....	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund Type .....	132
Combining Balance Sheet – Proprietary Fund Type .....	134
Combining Statement of Revenues, Expenses and Changes in Retained Earnings – Proprietary Fund Type .....	135
Combining Statement of Cash Flows – Proprietary Fund Type .....	136
<b>GENERAL OBLIGATION DEBT SCHEDULES</b>	
Scheduled Debt Service for Fiscal Years 2002-2021 .....	138
General Obligation Bonds Authorized, Issued and Unissued .....	148

## STATISTICAL SECTION

General Governmental Revenues by Source .....	152
General Governmental Expenditures by Function and Net Transfers-Out .....	152
Assessed Value of Taxable Property .....	154
Market Value of Taxable Property .....	154
Schedule of General Obligation Bonded Debt per Capita .....	155
Schedule of Ratio of Annual Debt Service for General Obligation Bonded Debt to General Expenditures .....	155
Schedules of Revenue Bond Coverage .....	156
Minnesota Commercial Bank Deposits .....	157
Minnesota Population, Per Capita Personal Income and Unemployment Rate .....	157
New Housing Units Authorized in Permit-Issuing Localities .....	157
Employment Mix in Minnesota .....	158
Minnesota Based Companies Included in the Fortune 500 .....	158
Average Daily Public School Membership .....	158
Miscellaneous Statistics .....	160

# INTRODUCTION

---

This page intentionally left blank



# State of Minnesota Department of Finance

400 Centennial Building  
658 Cedar Street  
St. Paul, Minnesota 55155  
Voice: (651) 296-5900  
Fax: (651) 296-8685  
TTY: 1-800-627-3529

June 14, 2002

The Honorable Jesse Ventura, Governor

Members of the Legislature

In accordance with Minnesota Statutes, Section 16A.50, the Department of Finance is pleased to submit the Comprehensive Annual Financial Report for the state of Minnesota for the fiscal year ended June 30, 2001 as restated. 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 year then ended. The report has been prepared in accordance with generally accepted accounting principles (GAAP) for governmental units.

The Department of Finance is responsible for the accuracy, fairness and completeness of the financial statements, including all disclosures, presented in this report. The information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the state's financial activities.

The report is divided into three sections: Introductory Section; Financial Section, including the auditor's opinion and basic financial statements; and the Statistical Section, containing financial and other data for current and prior years. The Notes to the Financial Statements, in the financial section, 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.

## **Financial Reporting Entity**

The financial reporting entity consists of all the funds and account groups of the primary government, as well as its 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 Housing Finance Agency, Higher Education Services Office, Public Facilities Authority, Minnesota Technology, Inc., Metropolitan Council, Rural Finance Authority, Agricultural and Economic Development Board, Export Finance Authority, University of Minnesota, Workers' Compensation Assigned Risk Plan, Minnesota Partnership for Action Against Tobacco, and the National Sports Center Foundation are component units reported discretely. The state has either the ability to impose its will over these agencies or provides substantial funding.

## **Economic Condition and Outlook as of December 7, 2001**

Minnesota's economy continued to outperform the U.S. averages in fiscal year 2001. Personal income grew at an annual rate of 7.2 percent during the fiscal year, 0.6 percentage points greater than the U.S. average. At the close of the fiscal year, the state's unemployment rate was 3.4 percent, 1.1 percentage points lower than the U.S. average of 4.5 percent. In calendar 2000, per capita personal income in Minnesota grew by 5.9 percent, slightly above the U.S. average growth rate of 5.7 percent. Per capita personal income in Minnesota is now 8.4 percent more than the national average. Minnesota ranked 9<sup>th</sup> among all states in personal income per capita in 2000.

Minnesota's labor force participation rates remain among the highest in the nation, and the state's unemployment remains low, but labor markets are no longer as tight as in recent years. Minnesota's unemployment rate crept closer to the national average in fiscal 2001. In fiscal year 2001, Minnesota's unemployment rate averaged just 3.3 percent; the U.S. average was 4.2 percent. Payroll employment grew by nearly 26,000 during the past fiscal year. On a percentage basis, the statewide employment growth rate of 0.8 percent exceeded the national average of 0.4 percent.

Minnesota's economy is projected to grow more slowly than the U.S. economy during fiscal year 2002. Payroll employment through October has fallen more steeply than the U.S. average, and Minnesota wage growth has also been below the national average. Total wage and salary payments in Minnesota are forecast to grow by just 1.0 percent in fiscal 2002 due to slower employment growth and fewer hours worked. Bonuses are also expected to be down significantly. Personal income in Minnesota is expected to grow at a rate of 1.0 percent. Wage growth in Minnesota is projected to recover strongly in fiscal 2003, as the labor market tightens once again.

### **Major Program Initiatives**

- **Minnesota's Tobacco Settlement.** On May 8, 1998, Minnesota settled its lawsuit with the tobacco industry resulting in a new revenue stream for the state. A small portion of the settlement (\$202 million) was dedicated by the courts for specific purposes and will not be a part of the state's general revenues. A larger portion of the settlement (the one-time payments) was dedicated by the Governor and the legislature to be placed into endowments for specific purposes. The balance (the annual payments) will be deposited into the state's General Fund.

Part of the state's settlement is a series of six one-time payments, which end after fiscal year 2003. In 1999 and 2000, the Governor and the legislature created two endowments (medical education and tobacco use prevention) with the first four of the one-time payments. The two remaining one-time payments and the annual, on-going payments are revenues to the General Fund. The value of these payments will level off at \$203 million by fiscal year 2005. All of these payments are counted as General Fund revenues and are subject to the appropriation process.



**Actual and Estimated  
General Fund Non-Dedicated Tobacco Revenues\*  
(In Thousands)**

<u>Fiscal Year</u>	<u>Annual Payments</u>
2000**	\$ 112,400
2001**	132,100
2002	155,900
2003	159,600
2004	200,500
2005	204,700
Total	<u><u>\$ 965,200</u></u>

\* Amounts are based on the November 2001 forecast. This forecast reflects adjustments to the base payments for inflation (upward) and consumption (downward).

\*\* Amounts represent actual payments.

- **K-12 Education.** State aid to education increased by \$360 million (more than 9 percent) in fiscal year 2001. As in previous years, much of the increase was in the general education program, the primary source of general operating funds for school districts. These funds provide the bulk of the basic operating funds for schools, and the increase largely reflects the cost of increasing the per pupil funding allowance by \$224 in fiscal year 2001. This increased the amount per pupil by \$224 for fiscal year 2001 to \$3,964 per pupil unit. This allowance is adjusted by two factors under Minnesota's school finance system. The funding is weighted depending on the grade level of a student, and since fiscal year 2000, a system of "marginal cost funding" is used to adjust for a district's enrollment trends. Major changes are ahead for the state's education finance system, with the 2001 legislature adopting the Governor's recommendation to take over the general education levy, effective fiscal year 2003.
- **Sales Tax Rebate.** A sales tax rebate of \$791 million was approved by the 2001 legislature. This follows a \$636 million rebate in the previous year. The law specifies that the rebate is a reduction of fiscal year 2001 sales tax revenue and appropriated money from the General Fund to make the payments. Payments were based on estimated sales tax paid by individuals, as reported on individual income tax returns.

## Financial Information

The Department of Finance is responsible for the Minnesota Accounting and Procurement System (MAPS) and the information warehouse from which these financial statements were prepared. MAPS is maintained primarily on a budgetary basis of accounting. However, certain accrual information is recorded in MAPS. The budgetary basis recognizes revenues and expenditures essentially on a cash basis, except that encumbrances at year-end are considered expenditures. Since this budgetary basis differs from GAAP, adjustments to accounting data are necessary to provide financial statements in accordance with GAAP. These disparate bases result in budgetary fund balances, which often differ significantly from those calculated under GAAP.

The Department of Finance 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 fiscal period is a biennium. The governor's biennial budget is presented to the legislature in January of odd numbered years for the upcoming biennium. State statutes require a balanced budget. Specific legislative appropriations are required for several funds. These funds include the General, Trunk Highway, Highway User Tax Distribution, State Airports, Environmental, Minnesota Resources, Natural Resources, Game and Fish, Solid Waste, Health Care Access, and Special Compensation funds.

Budgetary control is provided primarily through the accounting system. 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.

- **General Fund.** During fiscal year 2001, the total fund balance, on a GAAP basis, for the General Fund decreased by \$775.2 million to \$1.18 billion. On June 30, 2001, the unreserved, undesignated portion of the fund balance reflected a zero balance, after providing for a \$972.0 million budgetary reserve. This compares with a \$451.2 million unreserved, undesignated fund balance at the end of fiscal year 2000 with a \$972 million budgetary reserve. On a budgetary basis, the June 30, 2001 unrestricted (undesignated) fund balance for the General Fund was \$194.7 million compared with a balance of \$861.1 million at the end of 2000.

General Fund revenues and transfers-in totaled \$12.477 billion for fiscal year 2001, up 3.7 percent from those for fiscal year 2000. General Fund expenditures and transfers-out for the year totaled \$13.104 billion, an increase of 7.7 percent from the previous year. Of this amount, \$8.975 billion (68 percent) is in the form of grants and subsidies to local governments, individuals and non-profit organizations.

- **General Government Functions.** General government functions are funded from the General, special revenue, capital projects, and Debt Service funds. These funds account for the activities of most state operations, including those also financed from transportation, natural resources, and federal revenue sources, plus numerous other smaller revenue sources. The total fund balances for all of these funds decreased by \$305.4 million, with a General Fund balance decrease of \$775.2 million, special revenue funds increase of \$475.8 million, capital projects funds decrease of \$22.6 million and Debt Service Fund increase of \$16.6 million.

The net revenues, expenditures and transfers for these funds are presented below (expressed in thousands). The percent of total and the increases or decreases over fiscal year 2000 are also presented.

Net Revenues:	June 30, 2001	Percent of Net Revenues	Increase (Decrease) Over June 30, 2000	
			Dollars	Percent
Individual Income Taxes	\$ 5,924,978	31.5%	\$ 333,652	6.0%
Corporate Income Taxes	709,702	3.8%	(124,541)	-14.9%
Sales Tax	3,015,094	16.0%	(99,427)	-3.2%
Fuel Taxes	611,528	3.3%	416	0.1%
Other Taxes	2,230,155	11.9%	(124,717)	-5.3%
Federal Revenues	4,495,512	23.9%	289,710	6.9%
Investment/Interest Income	322,354	1.7%	28,214	9.6%
Tuition and Student Fees	360,877	1.9%	16,839	4.9%
Other Revenues	1,133,621	6.0%	151,464	15.4%
Total Net Revenues	<u>\$ 18,803,821</u>	<u>100.0%</u>	<u>\$ 471,610</u>	<u>2.6%</u>

Overall revenues remain consistent. The decrease in corporate income taxes was the result of an unfavorable economic climate. Other revenue consists of license fees, departmental earnings, care and hospitalization and various miscellaneous earnings.

Expenditures and Net Transfers:	June 30, 2001	Percent of Total	Increase (Decrease) Over June 30, 2000	
			Dollars	Percent
Expenditures:				
Protection of Persons and Property	\$ 305,457	1.6%	\$ 36,242	13.5%
Transportation	497,928	2.6%	35,123	7.6%
Resource Management	370,160	1.9%	17,135	4.9%
Economic and Manpower Development	253,438	1.3%	22,514	9.7%
Education	1,125,713	5.8%	67,413	6.4%
Health and Social Services	873,630	4.5%	(46,307)	-5.0%
General Government	423,478	2.2%	52,526	14.2%
Capital Outlay	650,744	3.4%	(27,382)	-4.0%
Debt Service	461,112	2.4%	14,027	3.1%
Grants and Subsidies	13,236,472	68.7%	1,133,217	9.4%
Total Expenditures	<u>\$ 18,198,132</u>	<u>94.4%</u>	<u>\$ 1,304,508</u>	<u>7.7%</u>
Net Transfers-Out	<u>1,072,934</u>	<u>5.6%</u>	<u>(677,532)</u>	<u>-38.7%</u>
Total Expenditures and Net Transfers	<u>\$ 19,271,066</u>	<u>100.0%</u>	<u>\$ 626,976</u>	<u>3.7%</u>

Overall expenditures also remain consistent. The increase in Protection of Persons and Property is due to additional district courts operated by the state. The increase in General Government is primarily due to increased volume of security lending transactions, which incurred rebate and fees.

- Enterprise Fund Operations. Retained earnings for the enterprise funds increased by \$12.9 million to \$188.5 million. Enterprise funds provide services to the general public and are expected to recover full costs, primarily through user charges. Included among the enterprise funds is the State Lottery Fund, whose income of \$57.8 million after taxes was transferred to other state funds. This is consistent with fiscal year 2000. The State Operated Community Services Fund reported net income of \$5.1 million compared with \$1.6 million in fiscal year 2000. This increase is primarily due to a rate increase and expansion of services provided.
- Internal Service Fund Operations. State internal service funds provide a variety of services to state agencies. These include computer services, motor pool, telecommunications, printing, management of the capitol complex buildings and insurance (employee health and life, and auto liability). The objective of these funds is to recover the full costs of services provided to other governmental organizations. The internal service funds reported net income of \$7.7 million for fiscal year 2001 with total operating revenues of \$603.1 million. The internal service funds ended the year with total retained earnings of \$107.9 million, which is up \$7.7 million over last year. This increase is primarily from the Employee Insurance Fund, with net income of \$7.5 million.
- Fiduciary Fund Operations. Contributions to the various pension plans are set in statute at rates expected to fully amortize the unfunded pension benefit obligations of all plans by about 2020, with differing years for each fund. In recent years, contributions have been sufficient to cover the actuarially determined contribution requirements for most funds. Actuarial valuations are performed annually for all defined benefit pension funds, and the results are used to determine any changes needed in the contribution rates.

Grants totaling than \$1,046.5 million were provided from the expendable trust funds, primarily to local governments and individuals. Of this amount, \$439.0 million of the various highway taxes went to cities and counties for roads and bridges. Another \$24.1 million from earnings on the Endowment School Fund assets was distributed to school districts. Most of the remainder of the grants, \$533.1 million, was for unemployment benefits funded by taxes on employers.

- Debt Administration. Minnesota's credit ratings on general obligation bonds continued at AAA by Standard & Poor's Corporation and Fitch Investors Service, Inc., and Aaa by Moody's Investors Service.

The state issued \$285.0 million of new general obligation bonds, and \$224.3 million of general obligation bonds were redeemed during 2001, leaving an outstanding balance of \$2.6 billion.

The state has a debt management policy, which has three goals:

- Maintain AAA/Aaa bond ratings
- Minimize state borrowing costs
- Provide a reasonable financing capacity within a prudent debt limit

The state debt management policy has four guidelines. The first requires that the ratio of budgeted biennial debt service expenditures for general obligation bonded debt, paid by transfers from the General Fund, should not exceed 3.0 percent of total projected biennial General Fund non-dedicated revenues, net of refunds, on a budgetary basis. The ratio of transfers to net non-dedicated revenues for the biennium ending June 30, 2001 is 2.4 percent.

The second and third guidelines state that general obligation bonded debt should not exceed 2.5 percent of the total personal income for the state, and also that the total debt of state agencies and the University of Minnesota should not exceed 3.5 percent of total personal income. These ratios were 1.6 percent and 2.4 percent, respectively, based on debt outstanding at June 30, 2001, and estimated personal income for the year ended on that date.

The fourth guideline states that the total amount of state general obligation debt, moral obligation debt, state bond guarantees, equipment capital leases and real estate leases should not exceed 5.0 percent of the total personal income for the state. The ratio was 3.0 percent based on information at June 30, 2001.

- **Cash Management.** The majority of cash is held in the state treasury and commingled in state bank accounts. The cash in individual funds may be invested separately where permitted by statute. However, cash in most funds is invested as a part of an investment pool. Investment earnings of the pools are allocated to the individual funds where provided by statute. Earnings for all other participants are credited to the General Fund.

Minnesota Statute 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. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amount and the fair value of the collateral.

The State Board of Investment manages the majority of the state's investing. Minnesota Statute broadly restricts investment to obligations and stocks of U.S. and Canadian governments, their agencies and their registered corporations, 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.

- **Risk Management.** The state is prohibited by statute from insuring property against loss. Certain agencies and programs are exempted from this prohibition, these include; the Minnesota Correctional Facility - Stillwater, State Universities, Community Colleges, Family Farm Security Program, Department of Military Affairs, Iron Range Resources and Rehabilitation Board, and the Sibley House. The Commissioner of the Department of Administration may authorize the purchase of insurance on state properties should it be deemed necessary and appropriate to protect buildings and content. All losses of state property are self-insured or are covered by programs of the Risk Management Fund (an internal service fund) or by insurance policies purchased by the Risk Management Fund on behalf of state agencies.

Employee's health and a portion of dental insurance are self-insured. Employee's life and the remaining dental insurance are provided through contracts with outside organizations. Premiums collected for these benefits have been more than sufficient to cover claims submitted.

## **Audits**

The independent Office of the Legislative Auditor performs post-audits of the activities of state agencies. Accordingly, they performed the audit of these financial statements and their opinion is included. They also issue an audit report or management letter to state agencies and a summary report to the legislature.

As a part of the audit of these financial statements, a single audit of federal programs is being conducted by the Office of the Legislative Auditor. This audit meets the requirements of the federal Single Audit Act. The audit covers federal program activities for state agencies for the year ended June 30, 2001. A supplementary report, "Financial and Compliance Report on Federally Assisted Programs" will be available in March 2002.

## **Certificate**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of Minnesota for its comprehensive annual financial report for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

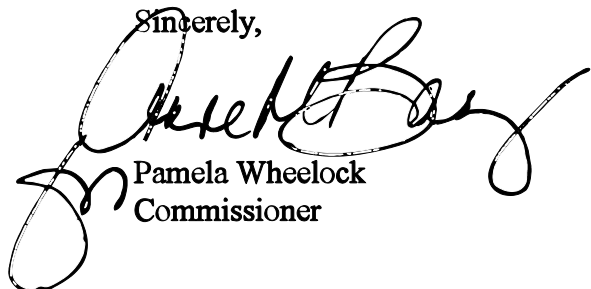
To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The state of Minnesota has received a Certificate of Achievement for each of the last sixteen fiscal years through June 30, 2000. The Department of Finance believes this current report continues to conform to the Certificate of Achievement Program requirements, and is being submitted to the GFOA.

## **Acknowledgments**

Although the Department of Finance 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 for their agencies' funds. I want to express my appreciation for the dedication of the many people in the Department of Finance who helped in the preparation of this report, as well as for the many people in other agencies, without whose efforts this report would not have been possible.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Pamela Wheelock', is written over the typed name and title.

Pamela Wheelock  
Commissioner

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

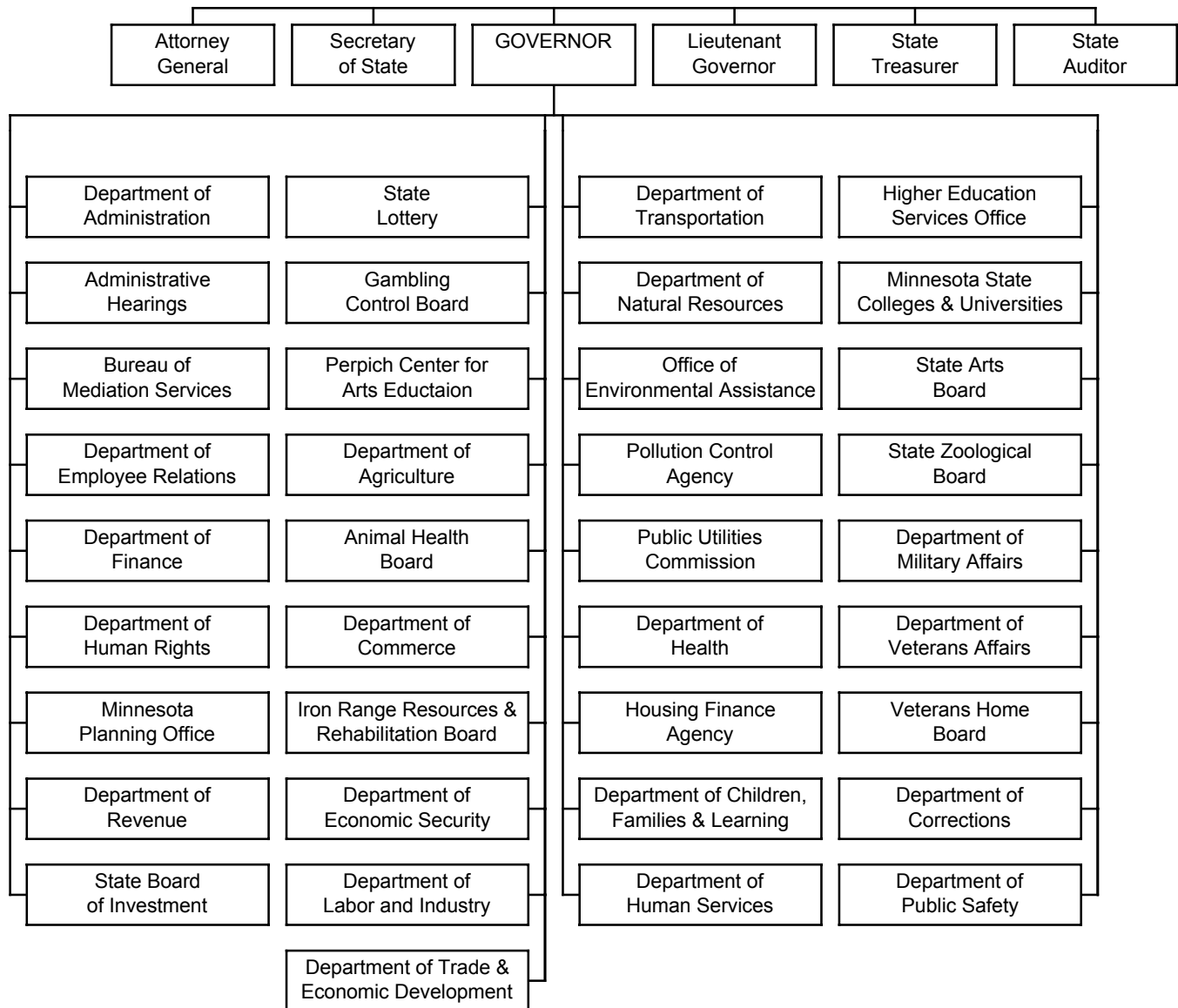
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Timothy A. Dwyer*  
President

*Jeffrey L. Esser*  
Executive Director

# STATE ORGANIZATION CHART





**STATE OF MINNESOTA**  
Principal Officials

**EXECUTIVE BRANCH**

GOVERNOR:	Jesse Ventura
LIEUTENANT GOVERNOR:	Mae Schunk
ATTORNEY GENERAL:	Mike Hatch
STATE TREASURER:	Carol C. Johnson
SECRETARY OF STATE:	Mary Kiffmeyer
STATE AUDITOR:	Judith H. Dutcher

**LEGISLATIVE BRANCH**

SPEAKER OF THE HOUSE OF REPRESENTATIVES  
Steve Sviggum

PRESIDENT OF THE SENATE  
Don Samuelson

**JUDICIAL BRANCH**

CHIEF JUSTICE OF THE SUPREME COURT  
Kathleen Blatz

This page intentionally left blank

# FINANCIAL SECTION

---



## **Independent Auditor's Report**

Members of the Legislature

The Honorable Jesse Ventura, Governor

Ms. Pamela Wheelock, Commissioner of Finance

We have audited the accompanying general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Public Facilities Authority, Metropolitan Council, Minnesota Technology Incorporated, Higher Education Services Office, Minnesota Partnership for Action Against Tobacco, Housing Finance Agency, Minnesota Workers Compensation Assigned Risk Plan, National Sports Center Foundation, and University of Minnesota, which represent 98 percent of the assets and 99 percent of the revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned discretely presented component units, is based solely on the reports of other auditors.

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

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Minnesota as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

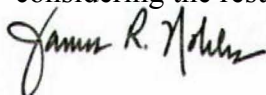
As discussed in Note 15 to the general purpose financial statements, the State of Minnesota implemented two Governmental Accounting Standards Board (GASB) statements during the year ended June 30, 2001. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement No. 36 *Recipient Reporting for Certain Nonexchange Revenues, an amendment to GASB Statement No. 33*, establish accounting and financial reporting standards to guide state and local governments' decisions about *when* (in what fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return.

As discussed in Note 23, a liability for sales tax refunds of \$157 million was discovered subsequent to the issuance of the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. Portions of the general purpose financial statements have been restated to reflect this subsequent discovery. Note 23 discloses the full impact of this liability on the financial statements and the related notes.

The combining and individual fund and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Minnesota. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The accompanying financial information in the Introduction and Statistical Sections as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the State of Minnesota. Such additional information has not been subjected to the auditing procedures applied to the audit of the general purpose financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



James R. Nobles  
Legislative Auditor



Claudia J. Gudvangen, CPA  
Deputy Legislative Auditor

December 7, 2001, except for Note 23, as to which the date is June 14, 2002

This page intentionally left blank

## **General Purpose Financial Statements**

---

# STATE OF MINNESOTA

## COMBINED BALANCE SHEET ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS JUNE 30, 2001 (IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
<b>ASSETS AND OTHER DEBITS</b>				
Cash and Cash Equivalents.....	\$ 2,881,430	\$ 1,736,930	\$ 338,174	\$ 263,052
Investments.....	20,480	10,506	-	133,191
Accounts Receivable.....	571,281	181,966	-	-
Settlement Receivable.....	-	-	-	-
Interfund Receivables.....	86,394	82,347	3,525	-
Due from Other Governmental Units.....	-	-	-	-
Due from Primary Government.....	-	-	-	-
Due from Component Units.....	1,784	354	-	51,979
Accrued Investment/Interest Income.....	49,439	38	-	2,320
Federal Aid Receivable.....	-	595,006	-	-
Inventories.....	-	11,650	-	-
Grant Advances.....	-	-	1,576	-
Food Stamps.....	-	418	-	-
Deferred Costs.....	-	-	-	-
Restricted Assets:				
Cash and Cash Equivalents.....	-	-	-	-
Investments.....	-	-	-	-
Loans Receivable.....	-	-	-	-
Interfund Receivables.....	-	-	-	-
Due from Other Governmental Units.....	-	-	-	-
Other Restricted Assets.....	-	-	-	-
Loans and Notes Receivable.....	5,279	93,979	92,089	-
Advances to Other Funds.....	3,100	-	-	-
Securities Lending Collateral.....	859,743	331,847	-	57,568
Fixed Assets (Net).....	-	-	-	-
Other Assets.....	-	250	-	-
Amount Available for Debt Service.....	-	-	-	-
Amount to be Provided for Debt Service.....	-	-	-	-
Total Assets and Other Debits.....	<u>\$ 4,478,930</u>	<u>\$ 3,045,291</u>	<u>\$ 435,364</u>	<u>\$ 508,110</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
Liabilities:				
Warrants Payable.....	\$ -	\$ -	\$ -	\$ -
Accounts Payable.....	2,107,649	685,916	44,882	49
Interfund Payables.....	27,774	159,048	443	-
Payable to Other Governmental Units.....	-	-	-	-
Due to Component Units.....	101,490	3,917	16,205	-
Due to Primary Government.....	-	-	-	-
Deferred Revenue.....	202,758	46,376	-	-
Payable from Restricted Assets:				
Accounts Payable.....	-	-	-	-
Interfund Payables.....	-	-	-	-
General Obligation Bonds Payable.....	-	-	-	-
Revenue Bonds Payable.....	-	-	-	-
Accrued Bond Interest Payable.....	-	-	-	-
Other Payable from Restricted Assets.....	-	-	-	-
General Obligation Bonds Payable.....	-	-	-	-
Loans and Notes Payable.....	-	-	-	-
Revenue Bonds Payable.....	-	-	-	-
Grants Payable.....	-	-	-	-
Claims Payable.....	-	-	-	-
Compensated Absences Payable.....	-	-	-	-
Advances from Other Funds.....	-	-	-	-
Workers Compensation Liability.....	-	-	-	-
Securities Lending Collateral.....	859,743	331,847	-	57,568
Funds Held in Trust.....	-	-	-	-
Other Liabilities.....	-	31	-	-
Total Liabilities.....	<u>\$ 3,299,414</u>	<u>\$ 1,227,135</u>	<u>\$ 61,530</u>	<u>\$ 57,617</u>
Equity and Other Credits:				
Contributed Capital.....	\$ -	\$ -	\$ -	\$ -
Investment in General Fixed Assets.....	-	-	-	-
Retained Earnings:				
Reserved Retained Earnings.....	-	-	-	-
Unreserved Retained Earnings.....	-	-	-	-
Fund Balances:				
Reserved for Encumbrances.....	148,865	172,771	-	-
Budgetary Reserve.....	972,000	150,000	-	-
Other Reserved Fund Balances.....	8,379	230,498	282,696	450,493
Unreserved Fund Balances:				
Designated Fund Balances.....	50,272	773,794	-	-
Undesignated Fund Balances.....	-	491,093	91,138	-
Total Equity and Other Credits.....	<u>\$ 1,179,516</u>	<u>\$ 1,818,156</u>	<u>\$ 373,834</u>	<u>\$ 450,493</u>
Total Liabilities, Equity and Other Credits.....	<u>\$ 4,478,930</u>	<u>\$ 3,045,291</u>	<u>\$ 435,364</u>	<u>\$ 508,110</u>

The notes are an integral part of the financial statements.



PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		PRIMARY GOVERNMENT TOTALS	COMPONENT UNITS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATION	(MEMORANDUM ONLY)	
\$ 86,876	\$ 129,973	\$ 4,390,783	\$ -	\$ -	\$ 9,827,218	\$ 1,208,919
19,346	20,639	40,000,551	-	-	40,204,713	1,624,969
26,202	37,526	134,507	-	-	951,482	337,660
-	-	-	-	-	-	51,000
6,613	-	73,436	-	-	252,315	3,206
-	-	-	-	-	-	4,432
-	-	-	-	-	-	121,891
-	-	-	-	-	54,117	-
374	413	146,002	-	-	198,586	31,102
-	-	147	-	-	595,153	65,422
18,670	1,330	-	-	-	31,650	35,974
-	-	-	-	-	1,576	-
-	-	-	-	-	418	-
604	1,862	-	-	-	2,466	16,386
-	-	-	-	-	-	605,999
-	-	-	-	-	-	308,191
-	-	-	-	-	-	783,920
-	-	-	-	-	-	4,237
-	-	-	-	-	-	19,767
-	-	-	-	-	-	41,457
36,329	-	23,664	-	-	251,340	2,194,240
-	-	-	-	-	3,100	-
6,278	28,030	3,650,994	-	-	4,934,460	153,077
93,018	36,581	45,112	3,322,006	-	3,496,717	2,883,853
703	-	-	-	-	953	1,011
-	-	-	-	232,230	232,230	36,930
-	-	-	-	4,460,332	4,460,332	163,461
<u>\$ 295,013</u>	<u>\$ 256,354</u>	<u>\$ 48,465,196</u>	<u>\$ 3,322,006</u>	<u>\$ 4,692,562</u>	<u>\$ 65,498,826</u>	<u>\$ 10,697,104</u>
\$ -	\$ -	\$ 363,591	\$ -	\$ -	\$ 363,591	\$ -
30,872	71,609	1,419,927	-	-	4,360,904	277,502
12,816	2,537	49,697	-	-	252,315	7,271
-	-	-	-	-	-	309
-	-	279	-	-	121,891	-
-	-	-	-	-	-	71,218
3,293	2,842	10,182	-	-	265,451	62,114
4,905	-	-	-	-	4,905	38,153
-	-	-	-	-	-	172
-	-	-	-	-	-	43,890
-	-	-	-	-	-	688,193
-	-	-	-	-	-	72,027
1,463	-	-	-	-	1,463	113,472
4,440	-	-	-	2,588,155	2,592,595	759,955
1,965	30,160	-	-	6,483	38,608	364,678
1,410	-	29,000	-	16,100	46,510	2,091,667
-	-	-	-	-	-	9,376
-	-	-	-	1,626,143	1,626,143	352,953
8,175	4,010	1,962	-	302,109	316,256	64,090
-	3,100	-	-	-	3,100	-
-	-	-	-	127,189	127,189	-
6,278	28,030	3,650,994	-	-	4,934,460	153,077
-	-	33,433	-	-	33,433	103,457
1,532	-	1,161	-	26,383	29,107	19,710
<u>\$ 77,149</u>	<u>\$ 142,288</u>	<u>\$ 5,560,226</u>	<u>\$ -</u>	<u>\$ 4,692,562</u>	<u>\$ 15,117,921</u>	<u>\$ 5,293,284</u>
\$ 29,334	\$ 6,139	\$ -	\$ -	\$ -	\$ 35,473	\$ 1,060,493
-	-	-	3,322,006	-	3,322,006	1,130,533
-	90,108	-	-	-	90,108	777,297
188,530	17,819	-	-	-	206,349	786,163
-	-	9,352	-	-	330,988	7,811
-	-	-	-	-	1,122,000	-
-	-	42,100,586	-	-	43,072,652	905,124
-	-	742,918	-	-	1,566,984	508,901
-	-	52,114	-	-	634,345	227,498
<u>\$ 217,864</u>	<u>\$ 114,066</u>	<u>\$ 42,904,970</u>	<u>\$ 3,322,006</u>	<u>\$ -</u>	<u>\$ 50,380,905</u>	<u>\$ 5,403,820</u>
<u>\$ 295,013</u>	<u>\$ 256,354</u>	<u>\$ 48,465,196</u>	<u>\$ 3,322,006</u>	<u>\$ 4,692,562</u>	<u>\$ 65,498,826</u>	<u>\$ 10,697,104</u>

# STATE OF MINNESOTA

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
Net Revenues:				
Individual Income Taxes.....	\$ 5,924,978	\$ -	\$ -	\$ -
Corporate Income Taxes.....	709,702	-	-	-
Sales Taxes.....	2,989,879	23,090	-	2,125
Motor Vehicle License Taxes.....	987	466,398	-	-
Fuel Taxes.....	-	611,528	-	-
Other Taxes.....	1,399,835	362,935	-	2,523
Tobacco Settlement.....	130,254	-	-	-
Federal Revenues.....	50,146	4,445,366	-	-
Licenses and Fees.....	179,635	202,807	-	-
Care and Hospitalization Revenues.....	82,453	885	-	-
Tuition and Student Fees.....	343,551	17,326	-	-
Departmental Services.....	43,198	160,230	-	-
Investment/Interest Income.....	197,781	89,152	461	34,960
Deferred Compensation Contributions.....	-	-	-	-
Securities Lending Income.....	38,101	16,952	-	5,187
Other Revenues.....	154,673	113,647	15	3,061
Net Revenues.....	\$ 12,245,173	\$ 6,510,316	\$ 476	\$ 47,856
Expenditures:				
Current:				
Protection of Persons and Property.....	\$ 164,103	\$ 141,073	\$ 281	\$ -
Transportation.....	22,992	470,610	4,326	-
Resource Management.....	130,726	207,730	31,704	-
Economic and Manpower Development.....	90,347	163,010	81	-
Education.....	1,015,171	97,545	12,997	-
Health and Social Services.....	538,595	334,340	695	-
General Government.....	299,819	39,330	24,937	37
Securities Lending Rebates and Fees.....	37,542	16,702	-	5,111
Total Current Expenditures.....	\$ 2,299,295	\$ 1,470,340	\$ 75,021	\$ 5,148
Capital Outlay.....	18,467	533,136	99,141	-
Debt Service.....	38,205	10,276	68	412,563
Grants and Subsidies.....	8,991,908	4,160,147	84,417	-
Deferred Compensation Withdrawals.....	-	-	-	-
Total Expenditures.....	\$ 11,347,875	\$ 6,173,899	\$ 258,647	\$ 417,711
Excess of Revenues Over (Under)				
Expenditures.....	\$ 897,298	\$ 336,417	\$ (258,171)	\$ (369,855)
Other Financing Sources (Uses):				
General Obligation and Revenue Bonds.....	\$ -	\$ 46,490	\$ 250,500	\$ 4,180
Operating Transfers-In.....	104,605	1,088,325	111,403	371,453
Operating Transfers to Debt Service.....	(351,269)	(9,397)	(10,732)	-
Other Operating Transfers-Out.....	(484,218)	(1,286,796)	(5,369)	-
Transfers-In from Primary Government.....	-	-	-	-
Transfers-Out to Primary Government.....	-	-	-	-
Transfers-In from Component Units.....	127,171	325,000	-	10,858
Transfers-Out to Component Units.....	(920,297)	(33,396)	(110,275)	-
Capital Leases.....	4,893	8,310	-	-
Proceeds of Refunding Bonds.....	-	3,710	-	-
Payment to Refunded Bonds Escrow Agent.....	-	(3,674)	-	-
Net Other Financing Sources (Uses).....	\$ (1,519,115)	\$ 138,572	\$ 235,527	\$ 386,491
Excess of Revenues and Other Sources Over				
(Under) Expenditures and Other Uses.....	\$ (621,817)	\$ 474,989	\$ (22,644)	\$ 16,636
Fund Balances, Beginning, as Reported.....	\$ 1,954,722	\$ 1,342,319	\$ 396,478	\$ 433,857
Prior Period Adjustments.....	-	(5,439)	-	-
Change in Accounting Principle.....	(152,000)	8,217	-	-
Change in Fund Structure.....	(2,160)	-	-	-
Fund Balances, Beginning, as Restated.....	\$ 1,800,562	\$ 1,345,097	\$ 396,478	\$ 433,857
Residual Equity Transfers-In.....	771	354	-	-
Residual Equity Transfers-Out.....	-	-	-	-
Change in Inventory.....	-	(2,284)	-	-
Fund Balances, Ending.....	\$ 1,179,516	\$ 1,818,156	\$ 373,834	\$ 450,493

The notes are an integral part of the financial statements.

FIDUCIARY FUND TYPE	PRIMARY GOVERNMENT TOTALS (MEMORANDUM ONLY)	COMPONENT UNITS
EXPENDABLE TRUST		
\$ -	\$ 5,924,978	\$ -
-	709,702	-
-	3,015,094	-
-	467,385	-
-	611,528	-
336,780	2,102,073	50,836
229,959	360,213	3,300
19,183	4,514,695	6,267
-	382,442	-
-	83,338	-
-	360,877	-
-	203,428	-
(23,748)	298,606	8,627
93,937	93,937	-
15,110	75,350	1,412
55,239	326,635	63,862
<u>\$ 726,460</u>	<u>\$ 19,530,281</u>	<u>\$ 134,304</u>
\$ 232	\$ 305,689	\$ -
7,678	505,606	57,280
5,775	375,935	32,026
6,428	259,866	12,695
12,385	1,138,098	3,158
969	874,599	42,248
571	364,694	39,799
14,479	73,834	1,403
<u>\$ 48,517</u>	<u>\$ 3,898,321</u>	<u>\$ 188,609</u>
1,278	652,022	9,902
-	461,112	30,315
1,046,513	14,282,985	161,035
87,193	87,193	-
<u>\$ 1,183,501</u>	<u>\$ 19,381,633</u>	<u>\$ 389,861</u>
<u>\$ (457,041)</u>	<u>\$ 148,648</u>	<u>\$ (255,557)</u>
\$ -	\$ 301,170	\$ 56,065
582,923	2,258,709	4,283
-	(371,398)	-
(19,723)	(1,796,106)	(6,736)
-	-	213,992
-	-	(9,952)
-	463,029	-
(22,463)	(1,086,431)	-
-	13,203	-
-	3,710	-
-	(3,674)	-
<u>\$ 540,737</u>	<u>\$ (217,788)</u>	<u>\$ 257,652</u>
\$ 83,696	\$ (69,140)	\$ 2,095
\$ 2,932,942	\$ 7,060,318	\$ 508,484
-	(5,439)	-
101,393	(42,390)	-
-	(2,160)	-
<u>\$ 3,034,335</u>	<u>\$ 7,010,329</u>	<u>\$ 508,484</u>
-	1,125	-
-	-	(22,024)
-	(2,284)	-
<u>\$ 3,118,031</u>	<u>\$ 6,940,030</u>	<u>\$ 488,555</u>

# STATE OF MINNESOTA

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND AND APPROPRIATED SPECIAL REVENUE FUNDS BUDGETARY BASIS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Net Revenues:						
Individual Income Taxes.....	\$ 5,884,200	\$ 5,904,466	\$ 20,266	\$ -	\$ -	\$ -
Corporate Income Taxes.....	787,323	728,971	(58,352)	-	-	-
Sales Taxes.....	3,053,242	2,992,014	(61,228)	25,048	23,090	(1,958)
Motor Vehicle License Taxes.....	-	-	-	445,890	454,553	8,663
Fuel Taxes.....	-	-	-	613,704	611,093	(2,611)
Tobacco Taxes.....	-	-	-	7,166	7,059	(107)
Other Taxes.....	1,389,867	1,418,321	28,454	292,153	303,768	11,615
Federal Revenues.....	-	-	-	391,144	406,227	15,083
Licenses and Fees.....	-	-	-	60,763	61,725	962
Care and Hospitalization Revenues.....	21,991	27,029	5,038	-	-	-
Tuition and Student Fees.....	295,688	312,442	16,754	-	-	-
Departmental Services.....	58,286	37,307	(20,979)	105,976	87,889	(18,087)
Investment/Interest Income.....	181,000	200,223	19,223	63,383	71,506	8,123
Other Revenues.....	486,466	738,275	251,809	46,776	61,483	14,707
Net Revenues.....	\$ 12,158,063	\$ 12,359,048	\$ 200,985	\$ 2,052,003	\$ 2,088,393	\$ 36,390
Expenditures:						
Protection of Persons and Property.....	\$ 231,305	\$ 222,188	\$ 9,117	\$ 101,425	\$ 100,620	\$ 805
Transportation.....	71,227	40,020	31,207	1,260,254	1,145,004	115,250
Resource Management.....	211,174	210,007	1,167	186,225	179,020	7,205
Economic and Manpower Development.....	232,342	221,667	10,675	155,584	153,924	1,660
Education.....	6,057,301	5,951,085	106,216	239	239	-
Health and Social Services.....	3,339,567	3,302,278	37,289	211,513	190,909	20,604
General Government.....	1,709,790	1,630,823	78,967	21,775	17,038	4,737
Total Expenditures.....	\$ 11,852,706	\$ 11,578,068	\$ 274,638	\$ 1,937,015	\$ 1,786,754	\$ 150,261
Excess of Revenues Over (Under)						
Expenditures.....	\$ 305,357	\$ 780,980	\$ 475,623	\$ 114,988	\$ 301,639	\$ 186,651
Other Financing Sources (Uses):						
General Obligation Bonds.....	\$ -	\$ -	\$ -	\$ 100,100	\$ 30,000	\$ (70,100)
Operating Transfers-In.....	239,589	265,311	25,722	891,959	897,064	5,105
Operating Transfers to Debt Service.....	(315,087)	(315,087)	-	(6,420)	(6,420)	-
Other Operating Transfers-Out.....	(448,014)	(448,014)	-	(1,246,137)	(1,246,137)	-
Transfers-In from Component Units.....	-	-	-	325,000	325,000	-
Transfers-Out to Component Units.....	(920,297)	(920,297)	-	(3,187)	(3,187)	-
Net Other Financing Sources (Uses).....	\$ (1,443,809)	\$ (1,418,087)	\$ 25,722	\$ 61,315	\$ (3,680)	\$ (64,995)
Excess of Revenues and Other Sources Over						
(Under) Expenditures and Other Uses.....	\$ (1,138,452)	\$ (637,107)	\$ 501,345	\$ 176,303	\$ 297,959	\$ 121,656
Fund Balances, Beginning, as Reported .....	\$ 2,248,221	\$ 2,248,221	\$ -	\$ 716,921	\$ 716,921	\$ -
Prior Period Adjustments.....	-	(15,696)	(15,696)	-	16,351	16,351
Fund Balances, Beginning, as Restated.....	\$ 2,248,221	\$ 2,232,525	\$ (15,696)	\$ 716,921	\$ 733,272	\$ 16,351
Budgetary Fund Balances, Ending.....	\$ 1,109,769	\$ 1,595,418	\$ 485,649	\$ 893,224	\$ 1,031,231	\$ 138,007
Less: Appropriation Carryover.....	-	448,885	(448,885)	-	416,547	(416,547)
Less: Budgetary Reserve.....	972,000	972,000	-	150,000	150,000	-
Undesignated Fund Balances, Ending.....	\$ 137,769	\$ 174,533	\$ 36,764	\$ 743,224	\$ 464,684	\$ (278,540)

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS/FUND BALANCES  
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS  
AND DISCRETELY PRESENTED COMPONENT UNITS  
YEAR ENDED JUNE 30, 2001  
(IN THOUSANDS)**

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	PRIMARY GOVERNMENT TOTALS (MEMORANDUM ONLY)	COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST		
Operating Revenues:					
Net Sales.....	\$ 423,209	\$ 17,411	\$ 15,036	\$ 455,656	\$ 21,418
Interest Income.....	1,088	-	-	1,088	171,144
Investment Income.....	-	-	(14,345)	(14,345)	104,532
Rental and Service Fees.....	128,978	128,816	-	257,794	199,040
Insurance Premiums.....	17,628	450,678	-	468,306	31,321
Other Income.....	5,333	6,168	32	11,533	7,752
Total Operating Revenues.....	\$ 576,236	\$ 603,073	\$ 723	\$ 1,180,032	\$ 535,207
Less: Cost of Goods Sold.....	297,192	12,275	-	309,467	-
Gross Margin.....	\$ 279,044	\$ 590,798	\$ 723	\$ 870,565	\$ 535,207
Operating Expenses:					
Interest and Financing Costs.....	\$ -	\$ -	\$ -	\$ -	\$ 160,645
Purchased Services.....	72,999	128,920	121	202,040	68,896
Salaries and Fringe Benefits.....	95,338	37,570	6,060	138,968	196,555
Claims.....	16,119	384,993	-	401,112	(5,920)
Depreciation.....	8,789	11,967	-	20,756	71,289
Amortization.....	-	222	-	222	413
Supplies and Materials.....	11,152	6,159	-	17,311	23,895
Indirect Costs.....	2,515	3,148	-	5,663	18,622
Other Expenses.....	8,046	1,723	-	9,769	36,929
Total Operating Expenses.....	\$ 214,958	\$ 574,702	\$ 6,181	\$ 795,841	\$ 571,324
Operating Income (Loss).....	\$ 64,086	\$ 16,096	\$ (5,458)	\$ 74,724	\$ (36,117)
Nonoperating Revenues (Expenses)					
Investment Income.....	\$ 9,206	\$ 10,417	\$ -	\$ 19,623	\$ 54,579
Grants and Subsidies.....	1,290	-	-	1,290	183,255
Securities Lending Income.....	303	1,372	3,094	4,769	2,126
Other Nonoperating Revenues.....	694	-	-	694	82,965
Interest and Financing Costs.....	(3,704)	(1,497)	-	(5,201)	(21,941)
Rebate Costs.....	(3,036)	(6,326)	-	(9,362)	-
Grants, Aids and Subsidies.....	-	-	-	-	(216,449)
Securities Lending Rebates and Fees.....	(297)	(1,352)	(2,954)	(4,603)	(2,098)
Other Nonoperating Expenses.....	(409)	-	-	(409)	(80)
Gain (Loss) on Sale of Fixed Assets.....	8	173	128	309	(188)
Net Nonoperating Revenues (Expenses).....	\$ 4,055	\$ 2,787	\$ 268	\$ 7,110	\$ 82,169
Income Before Operating Transfers.....	\$ 68,141	\$ 18,883	\$ (5,190)	\$ 81,834	\$ 46,052
Operating Transfers-In.....	5,560	2,376	-	7,936	2,455
Operating Transfers to Debt Service.....	(55)	-	-	(55)	-
Other Operating Transfers-Out.....	(61,119)	(13,562)	(24,405)	(99,086)	(2)
Transfers-In from Primary Government.....	-	-	-	-	104,657
Transfers-Out to Primary Government.....	-	-	-	-	(450,240)
Net Income (Loss).....	\$ 12,527	\$ 7,697	\$ (29,595)	\$ (9,371)	\$ (297,078)
Depreciation on Fixed Assets Acquired with Contributed Capital.....	352	-	-	352	34,275
Increase (Decrease) in Retained Earnings/Fund Balances.....	\$ 12,879	\$ 7,697	\$ (29,595)	\$ (9,019)	\$ (262,803)
Retained Earnings/Fund Balances, Beginning.....	\$ 175,651	\$ 100,230	\$ 593,852	\$ 869,733	\$ 1,826,263
Retained Earnings/Fund Balances, Ending.....	\$ 188,530	\$ 107,927	\$ 564,257	\$ 860,714	\$ 1,563,460

The notes are an integral part of the financial statements

STATE OF MINNESOTA

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 2001**  
**(IN THOUSANDS)**

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	PRIMARY GOVERNMENT	COMPONENT
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)	UNITS
Cash Flows from Operating Activities:					
Receipts from Customers.....	\$ 595,090	\$ 592,073	\$ 15,072	\$ 1,202,235	\$ 364,484
Receipts from Loans.....	-	-	-	-	310,631
Repayments of Program Loans.....	-	-	-	-	61,576
Receipts from Other Revenue.....	4,768	5,252	-	10,020	110
Payments to Claimants.....	(262,184)	(382,893)	-	(645,077)	-
Payments to Suppliers.....	(171,199)	(148,369)	(122)	(319,690)	(145,925)
Payments to Employees.....	(97,862)	(38,728)	(111)	(136,701)	(217,969)
Payments for Loans.....	-	-	-	-	(470,058)
Payments to Other Service Providers.....	(6,336)	(1,716)	-	(8,052)	(34,655)
Net Cash Flows from Operating Activities.....	\$ 62,277	\$ 25,619	\$ 14,839	\$ 102,735	\$ (131,806)
Cash Flows from Noncapital Financing Activities:					
Grant Receipts.....	\$ 1,289	\$ -	\$ -	\$ 1,289	\$ 388,676
Grant Disbursements.....	(610)	-	-	(610)	(223,077)
Transfers-In.....	8,741	2,376	-	11,117	73,803
Transfers-Out.....	(61,984)	(13,562)	(28,832)	(104,378)	(435,002)
Advances to Other Funds.....	(575)	-	-	(575)	-
Advances From Other Funds.....	-	6,975	-	6,975	-
Rebate Costs.....	(1,955)	(4,427)	-	(6,382)	-
Proceeds from Bond Sales.....	-	-	-	-	472,506
Repayment of Debt.....	-	-	-	-	(397,587)
Bond Issuance Costs.....	-	-	-	-	(556)
Interest Paid.....	-	-	-	-	(150,743)
Repayments of Advances to Other Funds.....	75	28	-	103	-
Repayments of Advances from Other Funds.....	-	(5,703)	-	(5,703)	-
Net Cash Flows from Noncapital Financing Activities.....	\$ (55,019)	\$ (14,313)	\$ (28,832)	\$ (98,164)	\$ (271,980)
Cash Flows from Capital and Related Financing Activities:					
Investment in Fixed Assets.....	\$ (6,373)	\$ (18,383)	\$ -	\$ (24,756)	\$ (127,670)
Proceeds (Costs) of the Disposal of Fixed Assets.....	1,042	1,468	642	3,152	285
Capital Contributions.....	-	-	-	-	103,716
Proceeds from Capital Lease.....	-	10	-	10	-
Capital Lease Payments.....	(274)	(76)	-	(350)	-
Proceeds from Loans.....	-	16,988	-	16,988	-
Repayment of Loan Principal.....	(256)	(13,023)	-	(13,279)	-
Proceeds from Bond Sales.....	-	-	-	-	70,467
Repayment of Bond Principal.....	(27,683)	-	-	(27,683)	(76,185)
Interest Paid.....	(3,704)	(1,481)	-	(5,185)	(27,395)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (37,248)	\$ (14,497)	\$ 642	\$ (51,103)	\$ (56,782)
Cash Flows from Investing Activities:					
Proceeds from Sales & Maturities of Investments.....	\$ 68,673	\$ 2,496	\$ 28,910	\$ 100,079	\$ 1,543,868
Purchase of Investments.....	(35,206)	(2,500)	(37,680)	(75,386)	(1,045,522)
Investment Earnings.....	9,365	9,576	63,383	82,324	156,332
Net Cash Flows from Investing Activities.....	\$ 42,832	\$ 9,572	\$ 54,613	\$ 107,017	\$ 654,678
Net Increase (Decrease) in Cash & Cash Equivalents.....	\$ 12,842	\$ 6,381	\$ 41,262	\$ 60,485	\$ 194,110
Cash and Cash Equivalents, Beginning, as Reported.....	\$ 71,874	\$ 123,592	\$ 27,060	\$ 222,526	\$ 1,100,052
Change in Fund Structure.....	2,160	-	-	2,160	-
Cash and Cash Equivalents, Beginning, as Restated.....	\$ 74,034	\$ 123,592	\$ 27,060	\$ 224,686	\$ 1,100,052
Cash and Cash Equivalents, Ending.....	\$ 86,876	\$ 129,973	\$ 68,322	\$ 285,171	\$ 1,294,162

# STATE OF MINNESOTA

## COMBINED STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	PRIMARY GOVERNMENT	COMPONENT
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)	UNITS
<b>Reconciliation of Operating Income (Loss) to</b>					
<b>Net Cash Flows from Operating Activities:</b>					
Operating Income (Loss).....	\$ 64,086	\$ 16,096	\$ (5,458)	\$ 74,724	\$ (36,117)
Adjustments to Reconcile Operating Income to					
Net Cash Flows from Operating Activities:					
Depreciation.....	\$ 9,104	\$ 12,176	\$ -	\$ 21,280	\$ 71,289
Amortization.....	-	222	-	222	413
Investment Income.....	-	-	14,345	14,345	(104,282)
Interest and Financing Costs.....	-	-	-	-	154,347
Loan Principal Repayments.....	4,477	-	-	4,477	78,904
Loans Issued.....	(6,261)	-	-	(6,261)	(228,259)
Provision for Loan Defaults.....	553	-	-	553	594
Customer Deposits.....	-	-	-	-	2,949
Net Nonoperating Revenues (Expenses).....	219	-	-	219	831
Change in Assets and Liabilities:					
Accounts Receivable.....	(5,632)	(9,062)	4	(14,690)	(8,950)
Inventories.....	(4,226)	(154)	-	(4,380)	120
Other Assets.....	149	(330)	-	(181)	25,586
Accounts Payable.....	(1,164)	6,495	5,948	11,279	(25,583)
Deferred Revenue.....	348	(219)	-	129	(2,510)
Claims and Judgments Payable.....	-	-	-	-	(41,000)
Other Liabilities.....	624	395	-	1,019	(20,138)
Net Reconciling Items to be Added to (Deducted from) Operating Income.....	\$ (1,809)	\$ 9,523	\$ 20,297	\$ 28,011	\$ (95,689)
Net Cash Flows from Operating Activities.....	\$ 62,277	\$ 25,619	\$ 14,839	\$ 102,735	\$ (131,806)

### Noncash Investing, Capital, and Financing Activities

Depreciation reported on the Statement of Cash Flows exceeds that reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for the Enterprise and Internal Service Funds because a portion of the depreciation is included in the Cost of Goods Sold.

Depreciation on Fixed Assets Acquired with Contributed Capital	\$ 352	\$ -	\$ -	\$ 352	\$ 34,275
Fixed Assets Acquired Through Leases	-	944	-	944	-
Addition of Long-Term Assets	-	-	-	-	2,270
Disposal of Fixed Assets	-	80	-	80	(45)
Change in Fair Value of Investments	339	-	(38,507)	(38,168)	(55,674)

### Reconciliation of Cash and Cash Equivalents to the Combined Balance Sheet

Cash and Cash Equivalents for the Nonexpendable Trust Funds and the Component Units as of June 30, 2001, on the Combined Statement of Cash Flows is reconciled to the Cash and Cash Equivalents on the Combined Balance Sheet as follows

### Cash and Cash Equivalents June 30, 2001 (In Thousands)

<b>Fiduciary Funds:</b>	
Pension Trust Funds.....	\$ 2,509,364
Investment Trust Funds.....	25,291
Nonexpendable Trust Funds.....	68,322
Expendable Trust Funds.....	1,346,387
Agency Funds.....	441,419
Total Fiduciary Funds.....	\$ 4,390,783
<b>Component Units:</b>	
Governmental Funds.....	\$ 94,700
Proprietary Funds.....	1,294,162
University Fund.....	426,056
Total Component Units.....	\$ 1,814,918

The notes are an integral part of the financial statements

This page intentionally left blank



# STATE OF MINNESOTA

## COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS PENSION AND INVESTMENT TRUST FUNDS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	PENSION TRUST FUNDS			INVESTMENT TRUST	TOTAL
	DEFINED BENEFIT	DEFINED CONTRIBUTION	TOTAL PENSION TRUST	SUPPLEMENTAL RETIREMENT	
Additions:					
Contributions:					
Employer.....	\$ 489,363	\$ 27,744	\$ 517,107	\$ -	\$ 517,107
Member.....	443,298	23,041	466,339	-	466,339
Contributions from Other Sources.....	2,610	-	2,610	-	2,610
Participating Plans.....	-	-	-	6,957	6,957
Total Contributions.....	\$ 935,271	\$ 50,785	\$ 986,056	\$ 6,957	\$ 993,013
Net Investment Income:					
Investment Income.....	\$ (2,936,294)	\$ (83,245)	\$ (3,019,539)	\$ (35,286)	\$ (3,054,825)
Less: Investment Expense.....	(28,337)	-	(28,337)	(285)	(28,622)
Net Investment Income.....	\$ (2,964,631)	\$ (83,245)	\$ (3,047,876)	\$ (35,571)	\$ (3,083,447)
Securities Lending Revenues (Expenses):					
Securities Lending Income.....	\$ 226,841	\$ 2,309	\$ 229,150	\$ 2,284	\$ 231,434
Borrower Rebates.....	(201,386)	(2,082)	(203,468)	(2,066)	(205,534)
Management Fees.....	(6,555)	(55)	(6,610)	(52)	(6,662)
Net Securities Lending Revenue.....	\$ 18,900	\$ 172	\$ 19,072	\$ 166	\$ 19,238
Total Investment Income.....	\$ (2,945,731)	\$ (83,073)	\$ (3,028,804)	\$ (35,405)	\$ (3,064,209)
Transfers From Other Funds.....	\$ 8,331	\$ 1,264	\$ 9,595	\$ -	\$ 9,595
Other Additions.....	7,439	21,656	29,095	-	29,095
Total Additions.....	\$ (1,994,690)	\$ (9,368)	\$ (2,004,058)	\$ (28,448)	\$ (2,032,506)
Deductions:					
Benefits.....	\$ 1,978,848	\$ -	\$ 1,978,848	\$ -	\$ 1,978,848
Refunds/Withdrawals.....	40,395	61,498	101,893	15,099	116,992
Administrative Expenses.....	39,465	256	39,721	-	39,721
Transfers to Other Funds.....	2,395	7,200	9,595	-	9,595
Total Deductions.....	\$ 2,061,103	\$ 68,954	\$ 2,130,057	\$ 15,099	\$ 2,145,156
Net Increase (Decrease).....	\$ (4,055,793)	\$ (78,322)	\$ (4,134,115)	\$ (43,547)	\$ (4,177,662)
Net Assets Held in Trust for Pension Benefits and Pool Participants, Beginning.....	\$ 42,095,205	\$ 850,078	\$ 42,945,283	\$ 455,061	\$ 43,400,344
Net Assets Held in Trust for Pension Benefits and Pool Participants, Ending.....	\$ 38,039,412	\$ 771,756	\$ 38,811,168	\$ 411,514	\$ 39,222,682

The notes are an integral part of the financial statements.

# STATE OF MINNESOTA

## UNIVERSITY OF MINNESOTA STATEMENT OF CHANGES IN FUND BALANCES - CONSOLIDATED TOTALS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	CONSOLIDATED TOTALS
Revenues and Other Additions:	
Unrestricted Revenues.....	\$ 721,212
Federal Appropriations.....	17,057
Transfers from Primary Government.....	729,358
Federal Grants and Contracts.....	308,056
State Grants and Contracts.....	35,967
Other Government Grants and Contracts.....	4,390
Private Gifts, Grants, and Contracts.....	271,866
Endowment Income.....	15,800
Investment Income.....	3,751
Realized Gains and Adjustments to Market Value, Net.....	(122,572)
Student Loan Interest.....	2,062
Expended for Plant Facilities.....	308,202
Retirement of Indebtedness.....	5,007
Other Additions.....	943
Total Revenues and Other Additions.....	<u>\$ 2,301,099</u>
Expenditures and Other Deductions:	
Education and General.....	\$ 1,722,137
Auxiliary Enterprises.....	156,065
Indirect Costs Recovered.....	68,428
Adjustments to Carrying Value of Loans.....	4
Administrative and Collection Costs.....	705
Expended for Plant Facilities.....	251,072
Transfer to Primary Government.....	2,837
Retirement of Indebtedness.....	5,007
Debt Incurred.....	7,445
Interest on Indebtedness.....	21,760
Depreciation of Investment in Plant.....	116,677
Disposal of Plant.....	12,719
Total Expenditures and Other Deductions.....	<u>\$ 2,364,856</u>
Net Increase for the Year .....	<u>\$ (63,757)</u>
Fund Balance and Investment in Fixed Assets, Beginning, as Reported.....	\$ 2,328,035
Prior Period Adjustment.....	14,228
Change in Accounting Principle.....	2,553
Fund Balance and Investment in Fixed Assets, Beginning, as Restated.....	<u>\$ 2,344,816</u>
Fund Balance and Investment in Fixed Assets, Ending.....	<u><u>\$ 2,281,059</u></u>
Fund Balance and Investment in Fixed Assets:	
Investment in Fixed Assets	\$ 1,120,280
Fund Balance	1,160,779
Total	<u><u>\$ 2,281,059</u></u>

The notes are an integral part of the financial statements.

# STATE OF MINNESOTA

## UNIVERSITY OF MINNESOTA STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	UNRESTRICTED	RESTRICTED	TOTAL
Revenues and Transfers from Primary Government:			
Tuition and Fees.....	\$ 305,801	\$ -	\$ 305,801
Federal Appropriations.....	-	17,057	17,057
Transfers from Primary Government.....	531,036	85,171	616,207
Federal Grants and Contracts.....	59,305	251,021	310,326
State Grants and Contracts.....	1,345	75,467	76,812
Other Government Grants and Contracts.....	677	4,451	5,128
Private Gifts, Grants and Contracts.....	14,734	239,719	254,453
Endowment Income.....	181	15,744	15,925
Investment Income.....	26,816	1,496	28,312
Realized Gains (Losses) and Adjustments to Market Value, Net.....	3,522	(107)	3,415
Sales and Services of Educational Activities.....	103,046	-	103,046
Sales and Services of Auxiliary Enterprises.....	205,785	-	205,785
Total Revenues and Transfers from Primary Government.....	\$ 1,252,248	\$ 690,019	\$ 1,942,267
Expenditures and Mandatory Transfers:			
Education and General:			
Instruction.....	\$ 449,184	\$ 124,496	\$ 573,680
Research.....	24,313	333,518	357,831
Public Service.....	36,249	119,090	155,339
Academic Support.....	189,367	44,493	233,860
Student Services.....	58,986	6,224	65,210
Institutional Support.....	96,613	6,020	102,633
Operation and Maintenance of Plant.....	128,781	415	129,196
Scholarship and Fellowships.....	45,601	58,787	104,388
Education and General Expenditures.....	\$ 1,029,094	\$ 693,043	\$ 1,722,137
Mandatory Transfers for:			
Principal and Interest.....	\$ 6,440	\$ 81	\$ 6,521
Student Aid Matching.....	803	(628)	175
Total Education and General.....	\$ 1,036,337	\$ 692,496	\$ 1,728,833
Auxiliary Enterprises:			
Expenditures.....	\$ 154,255	\$ 1,810	\$ 156,065
Mandatory Transfers for:			
Principal and Interest.....	960	-	960
Total Auxiliary Enterprises.....	\$ 155,215	\$ 1,810	\$ 157,025
Total Current Expenditures and Mandatory Transfers.....	\$ 1,191,552	\$ 694,306	\$ 1,885,858
Other Transfers, Additions (Deductions):			
Refunded to Grantors.....	\$ -	\$ (2,540)	\$ (2,540)
Nonmandatory Transfers.....	(52,334)	2,365	(49,969)
Total Other Transfers, Additions (Deductions).....	\$ (52,334)	\$ (175)	\$ (52,509)
Prior Period Adjustment.....	\$ 14,228	\$ -	\$ 14,228
Change in Accounting Principle.....	-	2,553	2,553
Net Increase (Decrease) for the Year.....	\$ 22,590	\$ (1,909)	\$ 20,681

The notes are an integral part of the financial statements.

This page intentionally left blank

## NOTES TO THE FINANCIAL STATEMENTS

### JUNE 30, 2001

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

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

##### **Basis of Presentation**

The reporting policies of the state of Minnesota conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

##### **Financial Reporting Entity of the State of Minnesota**

This report includes the various state departments, agencies, institutions and organizational units, which are controlled by or dependent upon the Minnesota legislature and/or its constitutional officers. The state, a primary government, has also considered for inclusion all potential component units for which it may be financially accountable and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. GASB has set forth criteria to be used in determining financial accountability. 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. As required by GAAP, these financial statements include the state of Minnesota (the primary government) and its component units.

Discretely presented component units - These are entities that are legally separate from the state, but for which the state is financially accountable, or their relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. These component units are reported in a separate column and separately identified in the note disclosures because of their separate legal status.

- *Metropolitan Council (MC)* (governmental and proprietary fund types) - 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 council members are appointed by the governor with the chair responsible for the council activities. MC includes the Metropolitan Sports Facilities Commission as a component unit. MC's fiscal year ends December 31.
- *Minnesota Technology Incorporated (MTI)* (governmental fund type) - MTI fosters long-term economic growth and job creation by stimulating innovation and the development of new products, services and production processes through technology transfer, applied research and financial assistance. The state's General Fund provides most of the funding for MTI.
- *Higher Education Services Office (HESO)* (governmental and proprietary fund types) - HESO makes and guarantees loans to qualified post-secondary students. HESO provides the state grant and loan program services for which the state provides administrative funding. Revenue bonds are issued in HESO's name with limitations set by the legislature.
- *Export Finance Authority (EFA)* (governmental fund type) - EFA aids and facilitates the financing of exports from the state. Excess revenue is transferred to the state's General Fund.
- *Agricultural and Economic Development Board (AEDB)* (governmental fund type) - AEDB provides services to state government by administering state programs for agricultural and economic development. AEDB may issue revenue bonds for the purpose of financing development projects.

- *Rural Finance Authority (RFA)* (governmental fund type) - RFA administers a number of state agriculture programs, including the homestead redemption program, loan restructuring program and agricultural improvement program. RFA is under the administrative control of a commissioner appointed by the governor. The state has issued general obligation bond debt for the programs administered by RFA.
- *Minnesota Partnership for Action Against Tobacco (MPAAT)* (governmental fund type) - MPAAT issues grants to health, community and academic organizations throughout Minnesota in support of research and cessation activities that will encourage and help tobacco users quit. MPAAT is funded by a tobacco lawsuit settlement with the state of Minnesota.
- *Housing Finance Agency (HFA)* (proprietary fund type) - HFA provides money for loans and technical assistance for the construction and rehabilitation of housing for families of low and moderate incomes. HFA is under the administrative control of a commissioner appointed by the governor. HFA issues bonds in its own name.
- *Public Facilities Authority (PFA)* (governmental and proprietary fund types) - PFA provides assistance to municipalities, primarily for wastewater treatment construction projects. A state agency provides administrative services to PFA. The state provides funding for PFA. The board members determine the funding for local government projects.
- *Workers' Compensation Assigned Risk Plan (WCARP)* (proprietary fund type) - WCARP is the source of workers' compensation and employers' liability coverage for Minnesota employers unable to obtain an insurance policy through the voluntary market. The state Commissioner of the Department of Commerce 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. WCARP's fiscal year ends December 31.
- *National Sports Center Foundation (NSCF)* (proprietary fund type) - NSCF is under contract with the Minnesota Amateur Sports Commission to operate the National Sports Center facility primarily for holding youth-oriented athletic and other non-athletic functions and events. NSCF is responsible for certain improvements to the facility and the operating costs of the facility. The commission approves the foundation's spending budget, approves all rates and fees and owns any reserve funds. The facility belongs to the state. The foundation's fiscal year ends December 31.
- *University of Minnesota (U of M)* (college and university fund type) - The U of M was established permanently by the Minnesota constitution. The state appropriates a large percentage of the U of M's operating budget. The legislature elects the 12-member board of regents, which governs the U of M, but the state does not have direct authority over the U of M's management. The state has issued debt for U of M capital projects.

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

Metropolitan Council  
Mears Park Centre  
230 East Fifth Street  
St. Paul, Minnesota 55101

Minnesota Technology Incorporated  
400 Mill Place, 111 Third Avenue South  
Minneapolis, Minnesota 55401

Public Facilities Authority  
Department of Trade & Economic Development  
500 Metro Square Bldg., 121 East Seventh Place  
St. Paul, Minnesota 55101

Higher Education Services Office  
1450 Energy Park Drive, Suite 350  
St. Paul, Minnesota 55108

Agricultural & Economic Development Board  
Dept. of Trade & Economic Development  
500 Metro Square Bldg., 121 East Seventh Place  
St. Paul, Minnesota 55101

Export Finance Authority  
Dept. of Trade & Economic Development  
1000 World Center, 30 East Seventh Street  
St. Paul, Minnesota 55101

Rural Finance Authority  
Department of Agriculture  
90 West Plato Boulevard  
St. Paul, Minnesota 55107

Workers' Compensation Assigned Risk Plan  
Park Glen Management Company  
4500 Park Glen Road, Suite 410  
Minneapolis, Minnesota 55416

Minnesota Partnership for Action Against Tobacco  
590 Park Street  
Suite 400  
St. Paul, Minnesota 55103

National Sports Center Foundation  
National Sports Center  
1700 105 Avenue Northeast  
Blaine, Minnesota 55449

Housing Finance Agency  
400 Sibley Street, Suite 300  
St. Paul, Minnesota 55101

University of Minnesota  
301 Morrill Hall, 100 Church Street Southeast  
Minneapolis, Minnesota 55455

Related entities - These are entities for which the state is accountable because the state appoints a voting majority of the board, but for which the state does not have financial accountability. The following are related entities not included in the reporting entity:

- *Higher Education Facilities Authority* - The governor appoints a majority of the board. The Authority can issue revenue bonds and notes in its name. The state has no statutory authority to affect the operations of the Authority.
- *Joint Underwriting Association* - The governor 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.
- *Medical Malpractice Joint Underwriting Association* - The governor 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.
- *State Fund Mutual Insurance Company* - The governor appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments.
- *Workers' Compensation Reinsurance Association* - The governor appoints 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 part of the primary government, also prepare and publish their own financial reports, which may contain differences in presentation resulting from differing reporting emphasis. Copies of these financial reports may be obtained directly from each organization.

State Lottery  
2645 Long Lake Road  
Roseville, Minnesota 55113

Minnesota State Retirement System  
60 Empire Drive, Suite 300  
St. Paul, Minnesota 55103

Public Employees Retirement Association  
60 Empire Drive, Suite 200  
St. Paul, Minnesota 55103

Teachers Retirement Association  
60 Empire Drive, Suite 400  
St. Paul, Minnesota 55103

State Board of Investment  
60 Empire Drive  
Suite 355  
St. Paul, Minnesota 55103

Minnesota State Colleges and Universities  
Financial Reporting Unit  
30 E. 7<sup>th</sup> St. World Trade Center, Suite 500  
St. Paul, Minnesota 55101

### **Classification of Funds**

The financial activity of the state is organized using individual funds and account groups. 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 funds presented are classified as follows:

**Governmental Funds** - 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. Included in this classification are the General Fund (which accounts for all financial resources except those required to be accounted for in another fund), special revenue, capital projects and debt service fund types. The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects). The capital project funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds. The Debt Service Fund accounts for the accumulation of resources for, and the payment of, most general obligation long-term debt principal and interest.

**Proprietary Funds** - These funds account for all assets, liabilities and equities of the fund, and match revenues and expenses to determine net income and capital maintenance. The fund types included in this category are the enterprise and internal service funds.

**Fiduciary Funds** - These funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Included in this fund category are expendable and nonexpendable trust, pension and investment trust and agency fund types. Depending on their nature, fiduciary funds are classified as governmental (expendable trust funds) or proprietary funds (pension, investment and nonexpendable trust funds) for accounting measurement purposes. Agency funds are custodial in nature; thus, they do not measure results of operations.

**Account Groups** - These account for the fixed asset acquisitions and the general obligation long-term indebtedness for all governmental fund types.

**Component Units** - These account for the assets, liabilities and operations of discretely presented component units. Statements other than balance sheets are combined with statements of funds using a similar basis of accounting.

### **Basis of Accounting**

All proprietary, pension, investment and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized as they are incurred. The accrual basis of accounting is also used for contributions, benefits and refunds paid for defined benefit and defined contribution pension plans. All proprietary funds, except the Workers' Compensation Assigned Risk Plan (WCARP) (component unit), follow applicable GASB guidance or Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with, or contradict, GASB pronouncements. WCARP has elected to follow all applicable FASB statements issued after November 30, 1989 that do not contradict GASB pronouncements.

All governmental, expendable trust and agency funds are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting includes the following recognition principles:



Revenues - Individual income, sales and unemployment compensation taxes and federal grants are the major revenue sources susceptible to accrual. Tax revenues 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. *Available* means the revenue is collectible by the close of the books in September. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the claim is received and the state's liability is measurable. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are incurred. Revenues collected on an advance basis, including certain federal grant revenues to which the state does not yet have legal entitlement, are reported as deferred revenue until the related commitment arises, at which time revenue is recognized.

Derived tax revenues are recognized in accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". This statement requires that revenues be recognized in the accounting period when the underlying exchange, upon which the tax is based, has occurred. Derived tax revenues include sales, income, gasoline, medical providers and miscellaneous taxes, which are accrued in the fiscal period when the taxes become both measurable and available to finance state expenditures.

Expenditures and related liabilities - Expenditures and related liabilities are recognized when fund obligations are incurred as a result of the receipt of the goods and services, except principal and interest on long-term debt, which are recorded when due. Grant expenditures are discussed separately.

Encumbrances - Encumbrance accounting is used for budgetary control and reporting purposes only. In the financial statements, encumbrances are recorded on the balance sheet as a reservation of fund balance to the extent of fund balance availability for completing the transactions in a subsequent year, except for those long-term commitments which rely significantly on future resources, as discussed in Note 10.

College and university type - College and university type (University of Minnesota) is accounted for on the accrual basis of accounting in accordance with accounting principles outlined in the American Institute of Certified Public Accountants' audit guide, Audits of Colleges and Universities, and guidelines suggested by the National Association of College and University Business Officers. Under these standards, two types of operating statements are prepared, which should not be combined with governmental or proprietary statements. Only the combined totals are presented for the statement of revenues, expenses and changes in fund balance.

The above guidelines normally permit recognition of revenues and receivables when the state appropriates funds. For consistency in reporting intra-entity transactions, the state does not apply this guideline to transactions between the primary government and the college and university type.

### **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 either on a reimbursement basis or an entitlement basis. 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.

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 specific services to eligible recipients or makes eligible types of expenditures.

### **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 at the time of termination from state employment. For governmental funds, the liability for compensated absences is reported in the General Long-Term Obligation Account Group. All other fund types report this liability as a liability of the specific fund.

## **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 management pools and money market funds that are used essentially as demand deposit accounts are also included in cash equivalents.

Investments - Investments are reported at fair value. The basis for determining the fair value of investments that is not based on market quotations includes analysis of future cash flows, audited financial statements and independent appraisals. Investments in derivatives are generally made to manage the overall risk of the individual manager's portfolios to a level satisfactory to the investment management firm and in accordance with the firm's contract with the Minnesota State Board of Investment.

## **Inventories**

Inventories for governmental funds are recorded as expenditures when purchased and are not a resource available for appropriation. There are exceptions to this. For the Trunk Highway Fund (special revenue), inventories are valued using the weighted-average cost. Northeast Minnesota Economic Protection (expendable trust) fund inventory consists of repossessed properties held for resale and are valued at market. Inventories for proprietary funds are expensed when consumed. Inventories maintained by the various funds are determined by annual and periodic physical counts. Inventories of the enterprise funds are valued using the first-in first-out, average cost and specific cost methods. Inventories of the internal service funds are valued using the first-in first-out method.

## **Restricted Assets**

Mandatory asset segregations are presented in various enterprise funds as restricted assets. Such segregations are required by bond covenants and other external restrictions. The excess of restricted assets over liabilities payable from restricted assets will first be used for bonds payable. The remainder, if any, is included in reserved retained earnings.

## **Securities Lending**

Securities on loan for cash collateral and the liabilities resulting from the security lending transactions are reported on the balance sheet. Securities lending income and rebate and management fees are reported separately on the "Statement of Revenues, Expenditures and Changes in Fund Balances", "Statement of Revenues, Expenses and Changes in Retained Earnings" or the "Statement of Changes in Plan Net Assets" as appropriate for the various fund types.

## **Fixed Assets**

Governmental Fund Types - Fixed assets for these funds are reported in the General Fixed Assets Account Group. General fixed assets are recorded at cost or, for donated assets, at fair value at the date of acquisition. An inventory of land and buildings for the general fixed assets was completed in 1985. Historical cost records for older fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used in these situations. 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. Public domain (infrastructure) general fixed assets, such as highways, curbs, bridges and lighting systems, are not capitalized. Depreciation is not applied to the general fixed assets nor is interest capitalized during construction.

Proprietary and Fiduciary Fund Types - Fixed assets for these funds are stated at cost or, for donated assets, at fair value at date of acquisition. Fixed assets for these fund types are depreciated or amortized on a straight-line basis over the useful life of the assets. Estimated useful lives are as follows:

Buildings	40-50 years
Improvements (large)	20-50 years
Improvements (small)	3-10 years
Equipment	3-12 years

Depreciation on fixed assets acquired with resources externally restricted for that purpose is closed to contributed capital after being recognized in operations.

Depreciation reported on the Statement of Cash Flows exceeds depreciation expense reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for enterprise and internal service funds because a portion of depreciation expense is included in the cost of goods sold amount.

### **General Long-Term Liabilities**

All unmatured long-term indebtedness not reported in a proprietary or fiduciary fund is accounted for in the General Long-Term Obligation Account Group. Included among these liabilities are the non-current portions of liabilities resulting from debt issuances, compensated absences, closure and postclosure care for landfills, workers' compensation claims, post retirement benefits and arbitrage rebate requirements (see Note 7).

### **Deferred Costs**

In governmental fund types, bond discounts, premiums and issuance costs are recognized in the current period. In the proprietary funds, these costs are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method, which approximates the effective interest method. The deferred costs reported are primarily for bond issuance costs of the enterprise funds.

### **Deferred Compensation Plan**

The state offers a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The plan is available to all public employees in the state and is administered by Great West Life and Annuity. The State Board of Investment (SBI) and two insurance companies manage investments. The portion of the plan where participants have selected investment options provided by the two insurance companies is excluded from the state's financial statements because the funds are not under the state's control. The portion of the plan where participants have selected investment options provided by SBI is accounted for in the State Deferred Compensation Fund, an expendable trust fund, with its investments reported at fair value.

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 will be held in trust, in custodial accounts or in qualifying contracts as required by federal law. The state is not liable for any investment losses under the plan, but does have the duty of due care of a prudent investor for investments managed by SBI.

### **Budgeting and Budgetary Control**

Minnesota 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 are available for either year of the biennium. The governor's budget for the biennium is developed by the Department of Finance and presented to the legislature for approval. Specific appropriations are required for all expenditures from the General Fund and all special revenue funds except the Federal, Petroleum Tank Cleanup, Maximum Effort School Loan, Iron Range Resources and Rehabilitation, 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 in their departments.

Standard practice is that unencumbered appropriation balances cancel to the fund at the end of the fiscal year. However, if specifically provided for in law, or if statutory authority is invoked by the agency, the unencumbered balance may be carried forward between fiscal years. The budget and the state accounting system are maintained essentially on a cash basis with the exception that, at year-end, encumbered amounts are included in the expenditures of the year appropriated for budgetary reporting. The accounting system controls expenditures by appropriation line item as established in the legally adopted appropriation bills. There are no instances where

expenditures exceed the authorized limits at the legal level of budgetary control. A separate report showing the detail of legal level of budgetary control and actual expenditures is available from the Department of Finance.

### **Memorandum Only Totals Column**

The totals columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that the totals are presented only to facilitate financial analysis. The information in these columns does not present consolidated financial position, results of operations or cash flows.

### **Fund Name Change**

Within the enterprise fund type, the Chemical Dependency Treatment Fund has been renamed the Behavioral Services Fund due to an increased scope of activity. Within the expendable trust fund type, the Reemployment Insurance Fund has been renamed the Unemployment Insurance Fund.

## **2. CASH AND INVESTMENTS**

### **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. The cash in individual funds may be invested separately where permitted by statute, but 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. Investment earnings of the primary government's pools are allocated to the individual funds where provided by statute. Earnings for all other participants are credited to the General Fund.

The following table summarizes the state's cash and cash equivalents, including amounts reported as restricted assets at December 31, 2000 or June 30, 2001, whichever is applicable (in thousands). Cash with the U.S. Treasury is available for the cash demands of the Unemployment Insurance Fund (expendable trust fund).

	Primary	Component
<u>Carrying Amount</u>	<u>Government</u>	<u>Units</u>
Cash in Bank	\$ 89,428	\$ 11,063
Cash on Hand and Imprest Cash	2,449	-
Cash with Fiscal Agent	13,793	-
Cash with U.S. Treasury	556,610	-
Cash Equivalent Investments:		
Cash Management Investment Pools	9,073,196	159,315
Cash Equivalent Investments	91,742	1,644,540
Total Cash and Cash Equivalents	<u>\$ 9,827,218</u>	<u>\$ 1,814,918</u>

### **Deposits**

At June 30, 2001, the primary government's bank balance was \$80,028,000. For component units at December 31, 2000 or June 30, 2001, whichever is applicable, the bank balances were \$28,876,000. These bank balances were adjusted by items in transit to arrive at the state's cash in bank balance. The bank balances were fully covered by federal depository insurance or collateral held by the state's agent in the state's name or held by the component unit in the component unit's name (lowest risk category). Minnesota Statutes, Section 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. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amount and the fair value of the collateral. During the year, certain bank accounts administered by Minnesota State Colleges and Universities (MnSCU) carried balances exceeding the legally secured amount. MnSCU bank balances increase significantly at the beginning of the fall and spring semesters resulting in under collateralized balances. Under collateralized MnSCU balances reached a maximum of \$13.6 million in January 2001.

## Investments

The Minnesota State Board of Investment (SBI) manages the majority of the state's investing. Minnesota Statutes, Section 11A.24 broadly restricts investments of the primary government to obligations and stocks of United States and Canadian governments, their agencies and their 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. In accordance with Minnesota Statute, SBI has the authority to enter into, and has entered into, derivative transactions including put and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. Any agreements for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or security. As of June 30, 2001, the state's exposure to market risk is minimal as the derivatives outstanding represent approximately one percent of the total investment balance.

Primary Government Investments at June 30, 2001 (In Thousands)	
Investment Type	Fair Value
Repurchase Agreements	\$ 334,219
Commercial Paper	4,027,428
Short Term Corporate Notes	2,900
U.S. Treasury Obligations	1,496,406
Mortgaged Backed	6,644,062
Corporate Obligations	5,060,069
Foreign & Other Obligations	488,433
Corporate Stocks	25,229,531
Other Equity	3,060,210
Total Investments in Risk Category 1	\$ 46,343,258
Trustee Managed Pools (not categorized)	3,026,393
Total Investments	<u>\$ 49,369,651</u>

Component Units Investments at December 31, 2000 and June 30, 2001 (In Thousands)	
Investment Type	Fair Value
Repurchase Agreements	\$ 223,638
Commercial Paper	453,630
U.S. Treasury Obligations	570,969
Mortgaged Backed	500,388
Corporate Obligations	978,499
Municipal and Other Obligations	115,266
Corporate Stocks	668,325
Other Equity	48,627
Total Investments	\$ 3,559,342
Trustee Managed Pools/Mutual Funds	177,673
Total Investments	<u>\$ 3,737,015</u>

The previous tables show the state's investments, including cash equivalents, at their carrying and fair values. All primary government and component unit investments are classified as risk category 1. Risk category 1 includes securities which are insured or registered or are held by the government or its agent in the government's name. Risk category 2 investments include uninsured and unregistered securities held by the counter party's trust department or agent in the government's name. Investments in risk category 3 include uninsured and unregistered securities held by the counter party or by its trust department or agent, but not in the government's name.

State statutes do not prohibit Minnesota from participating in securities lending transactions. Minnesota has, by way of Custodial Trust Agreements, authorized State Street Bank and Trust Company (State Street) and Wells Fargo Bank, Minnesota, N.A., (Wells Fargo) to act as agents in lending Minnesota securities to broker-dealers and banks pursuant to a form of loan agreement.

During the fiscal year, State Street and Wells Fargo lent on behalf of Minnesota, certain securities held by State Street or Wells Fargo as custodian and received cash (both United States and foreign currency) and securities issued or guaranteed by the United States government, sovereign debt of foreign countries and irrevocable bank letters of credit as collateral. Neither State Street nor Wells Fargo has the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than one hundred percent (100%) of the fair value of the loaned securities.

Minnesota did not impose any restrictions during the fiscal year on the amount of the loans that either State Street or Wells Fargo made on its behalf. State Street and Wells Fargo indemnified Minnesota by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return a loaned security or pay distributions thereon. No borrower failed to return loaned securities or pay distributions thereon during the fiscal year. In addition, there were no losses during the fiscal year resulting from default of the borrowers.

During the fiscal year, Minnesota and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in the separately managed funds of the Minnesota State Board of Investment.

Primary Government  
Securities Lending Analysis at June 30, 2001  
(In Thousands)

	<u>Wells Fargo</u>	<u>State Street</u>
Fair Value of Securities on Loan	\$ 1,434,148	\$ 3,655,809
Collateral Held	\$ 1,452,041	\$ 4,448,469
Average Duration	47 days	73 days
Average Weighted Maturity	47 days	529 days

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, 2001, Minnesota had no credit risk exposure to borrowers because the amounts the state owed the borrowers exceeded the amounts the borrowers owed the state.

Funds not invested by SBI are primarily MnSCU agency funds. Investments for these funds must also conform to the above statutes and may be further restricted by bond indentures.

### 3. CAMBRIDGE BANK LITIGATION FUNDS

Revenue bonds were issued to satisfy the claims and judgments resulting from litigation. The Cambridge Litigation Revenue Fund, the Cambridge Litigation Revenue Bond Fund and the Cambridge Litigation Revenue Bond Debt Service Fund are used to record revenues, bond proceeds, claims and judgments and debt service payments. These funds are presented as part of the General Fund and the Debt Service Fund (governmental funds).

The General Fund, as presented herein, includes the Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund, which were established and maintained in the state treasury and on the state's books and records as a separate special revenue fund, pursuant to Minnesota Statutes, Section 16A.67. The Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund were established by the Commissioner of Finance's order dated May 1, 1996, which was entitled "Order of the Minnesota Commissioner of Finance for Issuance and Sale of \$200,000,000 state revenue bonds, Series 1996A" (the "Order"). The funds are required to be

maintained until the state revenue bonds, Series 1996A, and any other revenue bonds hereafter issued and made payable from the Cambridge Litigation Revenue Bond Fund (the “Revenue Bonds”) are paid or discharged in accordance with the Order. The Cambridge Litigation Revenue Fund is used to record receipts of certain non-tax revenues (comprising departmental earnings, medical payments and non-dedicated lottery revenues, all as defined in the Order), revenue bond proceeds and investment earnings, and the disbursement of revenue bond proceeds to pay costs of a judgment against the state and related claims described below, and the transfer of revenues and investment earnings first to the Cambridge Litigation Revenue Bond Debt Service Fund to pay debt service on the revenue bonds, and second to the General Fund to pay costs of state government.

The terms, departmental earnings, medical payments and non-dedicated lottery revenues are defined in the Order substantially as follows:

- *Departmental Earnings* are certain license fees, service fees and other charges imposed by or pursuant to the state law, which are collected from the general public and regulated businesses and professions. The use of these fees is not otherwise restricted by federal law and is not determined to constitute a tax of statewide application on any class of property, income, transaction or privilege. In addition, these fees, penalties and interest may not be dedicated to another fund.
- *Medical Payments* are all amounts paid to the state by non-state resources for payment, or as reimbursement for payment by the state from its General Fund, of costs incurred for the care and treatment of mentally ill and developmentally disabled persons at regional treatment centers.
- *Non-dedicated Lottery Revenues* are all lottery net income not dedicated and required by the State Constitution, Article XI, Section 14 to be transferred to the Environment and Natural Resources Trust Fund (expendable trust fund).

For the fiscal year ended June 30, 2001, the funding received by and transferred from the Cambridge Litigation Revenue Fund, including revenues, investment earnings and the moneys received by and disbursed from the Cambridge Litigation Revenue Bond Fund, were as follows:

Cambridge Litigation Revenue Bond Fund	
(In Thousands)	
Net Revenues:	
License and Fees	\$ 104,667
Care & Hospitalization	58,359
Department Services	29,992
Penalties & Fines	1,545
Investment/Interest Income	<u>575</u>
Net Revenues	\$ 195,138
Other Financing Sources (Uses):	
Operating Transfers	\$ 30,084
Transfers to Debt Service	
and General Funds	<u>(215,483)</u>
Net Other Financing Sources (Uses)	\$ (185,399)
Excess of Revenues and Other Sources	
Over (Under) Expenditures and Other Uses	<u>\$ 9,739</u>

The 1997 legislature appropriated \$16,600,000 from the General Fund to pay any additional claims. The total remaining claims have been paid by the General Fund as of June 30, 2001. The principal and interest on claims paid during fiscal year 2001 totaled \$872,000 and \$1,206,000 respectively.

The Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund, while maintained and administered as separate funds on the official books and records of the state as covenanted and agreed in the Order, have been presented as part of the General Fund for financial reporting purposes for the following reasons. First, the purpose for which the revenue bonds were issued is to fund a portion of the judgment entered against the state in Cambridge State Bank vs. James, 514 N.W.2d 565 (Minn. 1994) and related claims, wherein the Minnesota

Supreme Court held that certain banks were entitled to a refund of taxes paid on income from federal obligations. The judgment and related claims are obligations of the General Fund and have been recorded as an accrued liability in the General Long-Term Obligation Account Group. Second, the revenues appropriated to the Cambridge Litigation Revenue Fund, prior to the establishment of the Cambridge Litigation Revenue Fund, have been revenues of the General Fund. Third, revenues appropriated to the Cambridge Litigation Revenue Fund, which are not required to be transferred to the Cambridge Litigation Revenue Bond Debt Service Fund to pay debt service on the revenue bonds, are required to be and have been transferred to the General Fund, and once so transferred, are available only for General Fund purposes.

#### 4. INTERFUND ACTIVITY

##### Primary Government

Primary Government Interfund receivables and payables at June 30, 2001, including the current portion of interfund advances, are summarized as follows (in thousands):

Primary Government					
Fund	Receivables	Payables	Fund	Receivables	Payables
General Fund	\$ 86,394	\$ 27,774	Fiduciary Funds:		
Special Revenue Funds:			Pension Trust Funds:		
Trunk Highway	\$ 47,141	\$ -	Defined Benefit Pension Funds:		
Highway User Tax Distribution	11,725	86,783	Public Employees Retirement	\$ 1,134	\$ 824
Federal	4,640	46,251	Public Employees Correctional	90	454
Maximum Effort School Loan	-	192	Police and Fire	730	595
Natural Resources	9,488	-	State Employees Retirement	2,396	427
Health Care Access	1,040	11,674	State Patrol Retirement	1	89
Environmental	-	1,200	Correctional Employees Retirement	115	239
Miscellaneous Special Revenue	8,313	12,948	Judicial Retirement	-	40
Total Special Revenue Funds	\$ 82,347	\$ 159,048	Elective State Officers	202	1
Capital Projects Funds:			Legislative Retirement	6,989	29
General Projects	\$ 3,525	\$ -	Defined Contribution Funds:		
Transportation	-	28	Unclassified Employees Retirement	311	2,000
Building	-	415	Public Employees Retirement	4	85
Total Capital Projects Funds	\$ 3,525	\$ 443	Nonexpendable Trust Fund:		
Enterprise Funds:			Permanent School	-	12,147
State Colleges & Universities Revenue	\$ 1,572	\$ 869	Expendable Trust Funds:		
State Lottery	-	11,080	Municipal State-Aid Street	6,483	-
Colleges & Universities Enterprise Act.	4,514	700	County State-Aid Highway	24,785	-
Private Employers Insurance	-	167	Endowment School	6,198	-
Enterprise Activities	527	-	Endowment	1,878	2,469
Total Enterprise Funds	\$ 6,613	\$ 12,816	Environment & Natural Resources	4,411	-
Internal Service Funds:			Medical Education And Research	5,072	-
State Printer	\$ -	\$ 527	Tobacco Use Prevention	7,932	-
Central Motor Pool	-	1,995	Unemployment Insurance	-	4,016
Plant Management	-	15	Agency Fund:		
Total Internal Service Funds	\$ -	\$ 2,537	Miscellaneous Agency	4,705	26,282
			Total Fiduciary Funds	\$ 73,436	\$ 49,697
			Total Primary Government	\$ 252,315	\$ 252,315

The noncurrent portion of interfund advances for the primary government at June 30, 2001 is summarized as follows (in thousands):

	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 3,100	\$ -
Internal Service Fund:		
Central Motor Pool	-	3,100
Total All Funds	\$ 3,100	\$ 3,100



## Component Units

Interfund receivables and payables at June 30, 2001, within component units and between the primary government and component units, are summarized as follows (in thousands):

### Component Units

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Governmental Funds:		
Metropolitan Council	\$ 1,677	\$ 7,271
Proprietary Funds:		
Metropolitan Council-Unrestricted	1,529	-
Metropolitan Council-Restricted	4,237	172
Totals	<u>\$ 7,443</u>	<u>\$ 7,443</u>

### Primary Government and Component Units

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
Component Units		
Proprietary Funds:		
Workers' Compensation		
Assigned Risk Plan	\$ -	\$ 17,101
College and University Funds:		
University of Minnesota	121,356	51,979
Governmental Funds:		
Minnesota Technology Incorporated	535	900
Higher Education Services Office	-	113
Export Finance Authority	-	1,125
Total Component Units	<u>\$ 121,891</u>	<u>\$ 71,218</u>
Primary Government		
Governmental Funds:		
General Fund	\$ 1,784	\$ 101,490
Federal Fund	-	2,730
Health Care Access Fund	-	495
Minnesota Resources Fund	-	36
Environmental Fund	-	52
Miscellaneous Special Revenue Fund	354	604
General Projects Fund	-	592
Building Fund	-	15,613
Environment and Natural Resources Fund	-	279
Debt Service Fund	51,979	-
Total Primary Government	<u>\$ 54,117</u>	<u>\$ 121,891</u>
Total	<u>\$ 176,008</u>	<u>\$ 193,109</u>

Due to primary government exceeds due from component units by \$17,101,000 for the Workers' Compensation Assigned Risk Plan because the plan's fiscal year end differs from the primary government.

Transfers-out to component units exceeds transfers-in from primary government by \$38,424,000. Of this amount, \$15,000,000 and \$23,424,000 were reported as transfers-out to component units in the General Fund and Building Fund (capital project fund), respectively, and recorded as contributed capital in the Public Facilities Authority Fund (proprietary fund type) and Metropolitan Council (proprietary fund type).

Residual equity transfers-out exceed similar transfers-in by \$20,899,000 because of differing reporting focuses for Metropolitan Council proprietary and governmental fund types. These residual equity transfers from governmental fund types are reported as part of the increase to contributed capital in the proprietary fund types.

## 5. LOANS, NOTES AND FINANCING LEASES RECEIVABLE

Loans, notes and financing leases receivable, net of allowances for possible losses, as of June 30, 2001, consisted of the following (in thousands):

	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Fund	Fiduciary Fund
Student Loan Program	\$ 137	\$ -	\$ -	\$ 36,329	\$ -
Economic Development	276	7,368	82,624	-	22,901
School Districts	-	15,468	-	-	-
Energy	-	1,446	7,111	-	-
Agricultural	3,360	31,360	2,307	-	-
Transportation	-	24,944	-	-	763
Resources	1,481	11,499	47	-	-
Other	25	1,894	-	-	-
Total	<u>\$ 5,279</u>	<u>\$ 93,979</u>	<u>\$ 92,089</u>	<u>\$ 36,329</u>	<u>\$ 23,664</u>

	Component Units	
	Non-restricted	Restricted
Metropolitan Council (Governmental)	\$ 17,155	\$ -
Agricultural and Economic Development Board	22,644	-
Rural Finance Authority	55,132	-
Housing Finance Authority	1,714,341	-
Public Facilities Authority (Proprietary)	-	783,920
Higher Education Services Office (Proprietary)	319,190	-
University of Minnesota	65,778	-
Total	<u>\$ 2,194,240</u>	<u>\$ 783,920</u>

## 6. FIXED ASSETS

### Primary Government

#### Summary of Changes in General Fixed Assets (In Thousands)

	Beginning Balances	Additions	Deductions	Completed Construction	Other Adjustments	Ending Balances
Land	\$ 338,826	\$ 8,870	\$ 3,134	\$ -	\$ (1,317)	\$ 343,245
Buildings	2,246,489	29,783	27,037	155,286	(132,733)	2,271,788
Equipment	500,699	43,136	24,705	-	(145,103)	374,027
Construction in Progress	359,877	132,986	-	(155,286)	(4,631)	332,946
Total	<u>\$ 3,445,891</u>	<u>\$ 214,775</u>	<u>\$ 54,876</u>	<u>\$ -</u>	<u>\$ (283,784)</u>	<u>\$ 3,322,006</u>

Capital outlay expenditures in the governmental and expendable trust funds totaled \$652,022,000 for fiscal year 2001. Of this amount, \$469,269,000 was for infrastructure fixed assets, which are not included in general fixed assets. Donations of general fixed assets received during fiscal year 2001 are valued at \$11,395,000.

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 2001 consisted of equipment with a cost of \$98,023,000 and buildings with a cost of \$1,781,000.

Authorizations and commitments as of June 30, 2001 for the largest construction in progress projects consisted of the following (in thousands):

	Administration Projects	Educational Buildings	Natural Resources	Veterans Affairs	Corrections Facilities	Human Services
Authorization	\$ 101,700	\$172,834,584	\$ 7,100	\$ 50,475	\$ 111,218	\$20,422
Expended through June 30, 2001	39,242	58,668,186	5,954	39,036	94,175	11,843
Available Authorization	<u>\$ 62,458</u>	<u>\$114,166,398</u>	<u>\$ 1,146</u>	<u>\$ 11,439</u>	<u>\$ 17,043</u>	<u>\$ 8,579</u>

Proprietary and fiduciary fund type fixed assets consisted of the following as of June 30, 2001 (in thousands):

	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Combined Totals
Land	\$ 789	\$ -	\$ 15,754	\$ 16,543
Buildings	117,613	-	21,941	139,554
Land and Building Improvements	63,407	6,560	-	69,967
Equipment	27,108	90,131	10,476	127,715
Total	\$ 208,917	\$ 96,691	\$ 48,171	\$ 353,779
Less: Accumulated Depreciation	115,899	60,110	3,059	179,068
Net Total	<u>\$ 93,018</u>	<u>\$ 36,581</u>	<u>\$ 45,112</u>	<u>\$ 174,711</u>

Land in the Permanent School Fund (nonexpendable trust fund) totaling 2,510,635 acres was donated by the federal government and valued at the estimated fair value at the time of donation.

## Component Units

Component Unit fixed assets consisted of the following as of the end of each unit's respective fiscal year (in thousands):

	Governmental Type				Proprietary Type			College and University Type	
	Metropolitan Council	Minnesota Technology Incorporated	Higher Education Services Office	Housing Finance Agency	Metropolitan Council	National Sports Center Foundation	Higher Education Services Office	University of Minnesota	Combined Totals
Land	\$ -	\$ -	\$ -	\$ -	\$ 28,335	\$ 2,500	\$ -	\$ 34,117	\$ 64,952
Buildings and Improvements	-	-	-	-	1,658,347	629	-	2,117,944	3,776,920
Equipment	10,168	2,499	191	2,348	347,395	796	92	581,334	944,823
Other Fixed Assets	-	-	-	-	-	-	-	173,667	173,667
Total	\$ 10,168	\$ 2,499	\$ 191	\$ 2,348	\$ 2,034,077	\$ 3,925	\$ 92	\$ 2,907,062	\$4,960,362
Less: Accumulated Depreciation	-	2,248	106	1,365	752,436	699	72	1,319,583	2,076,509
Net Total	<u>\$ 10,168</u>	<u>\$ 251</u>	<u>\$ 85</u>	<u>\$ 983</u>	<u>\$ 1,281,641</u>	<u>\$ 3,226</u>	<u>\$ 20</u>	<u>\$ 1,587,479</u>	<u>\$2,883,853</u>

## 7. GENERAL LONG-TERM OBLIGATIONS

### Primary Government

The following table is a summary of general long-term obligations at June 30, 2001 and the changes during fiscal year 2001 (in thousands):

	Beginning Balances	Increases	Decreases	Ending Balances
Liabilities For:				
General Obligation Bonds	\$ 2,527,281	\$ 285,000	\$ 224,126	\$ 2,588,155
Loans	5,241	6,483	5,241	6,483
Revenue Bonds	56,595	12,290	52,785	16,100
Claims	306,948	1,338,462	19,267	1,626,143
Compensated Absences	276,358	47,418	21,667	302,109
Workers' Compensation	136,660	3,258	12,729	127,189
Capital Leases	21,578	13,203	8,424	26,357
Arbitrage	-	26	-	26
Totals	<u>\$ 3,330,661</u>	<u>\$ 1,706,140</u>	<u>\$ 344,239</u>	<u>\$ 4,692,562</u>

The resources to repay the various general long-term obligations have been, or will be, provided from the fund types as follows (in thousands):

	General Fund	Special Revenue Funds	Total
Liabilities For:			
General Obligation Bonds	\$ 2,469,778	\$ 118,377	\$ 2,588,155
Loans	6,483	-	6,483
Revenue bonds	100	16,000	16,100
Claims	125,249	1,500,894	1,626,143
Compensated Absences	190,573	111,536	302,109
Workers' Compensation	99,808	27,381	127,189
Capital Leases	10,932	15,425	26,357
Arbitrage	26	-	26
Totals	<u>\$ 2,902,949</u>	<u>\$ 1,789,613</u>	<u>\$ 4,692,562</u>

The following table shows principal and interest payment schedules for general obligation bonds, revenue bonds, loans and capital leases (in thousands). There are no payment schedules for claims, compensated absences or workers' compensation.

Principal and Interest Payment						
Fiscal Year (s)	General Obligation Bonds	Loans	Revenue Bonds	Capital Leases	Arbitrage	Totals
2002	\$ 355,891	\$ 2,520	\$ 1,420	\$ 9,788	\$ 26	\$ 369,645
2003	337,738	1,714	1,415	7,481	-	348,348
2004	310,838	1,167	1,397	5,030	-	318,432
2005	287,626	635	1,379	3,748	-	293,388
2006	272,086	309	1,655	2,107	-	276,157
Thereafter	2,012,446	138	25,677	-	-	2,038,261
Total Payments	\$ 3,576,625	\$ 6,483	\$ 32,943	\$ 28,154	\$ 26	\$ 3,644,231
Interest	988,470	-	16,843	1,797	-	1,007,110
Total Principal	<u>\$ 2,588,155</u>	<u>\$ 6,483</u>	<u>\$ 16,100</u>	<u>\$ 26,357</u>	<u>\$ 26</u>	<u>\$ 2,637,121</u>

Minnesota Statutes, Section 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 was enacted requiring the appropriation.

In fiscal year 2001, the Department of Finance made the necessary transfers to the Debt Service Fund as follows (in thousands):

General Fund	\$ 351,269
Special Revenue Funds:	
Trunk Highway Fund	\$ 6,352
Natural Resources Funds	68
Maximum Effort School Loan Fund	1,633
Miscellaneous Special Revenue Fund	<u>1,344</u>
Total Special Revenue Funds	\$ 9,397
Capital Projects Funds:	
Building Fund	\$ 10,725
General Projects Fund	<u>7</u>
Total Capital Projects Funds	\$ 10,732
Enterprise Fund:	
Behavioral Services	55
Component Units:	
Rural Finance Authority	\$ 8,021
University of Minnesota	<u>2,837</u>
Total Component Units	\$ 10,858
Total Operating Transfers to Debt Service Fund	<u>\$ 382,311</u>

The amount shown in the Debt Service Fund as reserved for debt requirements differs from that shown in the General Long-Term Obligation Account Group as Amount Available in Debt Service Fund because the Debt Service Fund amount includes amounts for both principal and interest on general obligation bonds while the General Long-Term Obligation Account Group includes only the amount for bond principal.

#### General Obligation Bond Issues

On November 1, 2000, \$255,000,000 in general obligation state various purpose and state refunding bonds and \$30,000,000 in general obligation state trunk highway bonds were issued at a true interest rate of 5.05 percent. During fiscal year 2001, \$224,126,000 in general obligation bonds principal was repaid.

In previous years, the state issued general obligation refunding bonds to refund obligations of certain bond issues. The proceeds of the bond issues were placed in special escrow accounts and invested in government securities. These investments have been certified to be sufficient to pay all principal and interest on the bonds when due. Accordingly, the original refunded bonds have been eliminated, and the new advance refunding bonds have been added to the General Long-Term Obligation Account Group.

The balance outstanding for all extinguished debt at June 30, 2001 was \$261,700,000, which is shown below. The state remains contingently liable to pay the refunded general obligation bonds.

Outstanding Defeased Debt  
(In Thousands)

Refunding Date	Refunding Amount	Refunded Amount	Outstanding Amount	Refunded Bond Call Date
August 1, 1993	\$ 146,995	\$ 133,770	\$ 95,900	August 1, 2001
November 1, 1993	91,720	81,650	81,650	August 1, 2002
November 1, 1998	99,700	96,100	84,150	October 1, 2004
Total	<u>\$ 338,415</u>	<u>\$ 311,520</u>	<u>\$ 261,700</u>	

In addition, \$2,040,000 of state guaranteed bonds are being held in escrow because the bond proceeds exceeded the cost of the project.

Additional Escrow Defeased Amount  
(In Thousands)

	Outstanding Amount	Refunded Bond Call Date
State Guaranteed Bonds	\$ 2,040	August 1, 2005

The following table is a schedule of general obligation bonds authorized, but unissued, and bonds outstanding at June 30, 2001. This schedule includes general obligation bonds that were sold for the State Operated Community Services Fund (enterprise fund).

General Obligation Bonds Authorized, but Unissued and Bonds Outstanding  
(In Thousands)

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates Range - %
State Building	\$ 279,339	\$ 1,429,646	3.75 - 7.56
State Operated Community Services	2,845	4,440	3.75 - 7.56
State Transportation	13,725	95,590	4.69 - 7.56
Waste Management	2,000	5,080	5.00 - 7.56
Water Pollution Control	11,707	113,025	4.58 - 7.56
Maximum Effort School Loan	-	78,570	5.00 - 7.56
Reinvest in Minnesota	685	11,660	5.00 - 6.90
Rural Finance Administration	2,900	69,725	5.00 - 6.98
Refunding Bonds	-	562,709	3.97 - 6.95
Exchange Bonds	-	3,144	0.05
Municipal Energy Building	575	6,925	5.00 - 7.56
Game and Fish Building	-	87	5.33 - 6.95
Trunk Highway	70,100	39,720	3.75 - 6.95
Airport Facilities	81,275	40,950	4.40 - 7.95
Landfill	52,460	30,020	4.54 - 5.76
Various Purpose	335,725	101,304	
Totals	<u>\$ 853,336</u>	<u>\$ 2,592,595</u>	

## Loans Payable

Loans payable consist of loans granted by energy companies to improve energy efficiency in Minnesota State Colleges and Universities (MnSCU) buildings. These loans are interest free.

## Revenue Bonds Payable

Revenue bonds payable of \$16,100,000 reported in the General Long-Term Obligation Account group consist of \$100,000 for airport facilities secured by St. Louis County and \$16,000,000 for the financing of the Giants Ridge recreational area.

On November 1, 2000, \$16,000,000 in state revenue bonds were issued at a true interest rate of 7.48 percent. In addition, \$3,710,000 of these bonds were refunded. The entire refunding bonds proceeds of \$3,674,000 from the Iron Range Resources and Rehabilitation fund (special revenue) have been placed in a special escrow account. This amount has been certified as sufficient to pay all principle and interest on the bonds when due. Accordingly, the original refunded bonds have been eliminated, and the new advance refunding bonds have been added to the General Long-Term Obligation Account Group.

Outstanding Defeased Debt (In Thousands)				
<u>Refunding Date</u>	<u>Refunding Amount</u>	<u>Refunded Amount</u>	<u>Outstanding Amount</u>	<u>Refunded Bond Call Date</u>
November 1, 2000	\$ 3,710	\$ 3,710	\$ 3,710	October 1, 2012

## Claims

Municipal solid waste landfills liability of \$269,213,000 for closure and postclosure care is reported for the landfill cleanup program payable from the Solid Waste Fund (special revenue fund) and the General Fund.

Claims of \$58,322,000 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 \$33,016,000 are for certain employees who qualify for post-retirement benefits upon retirement at age 55 under terms of their employment contract. See Note 17 for the amount paid in fiscal year 2001.

The remaining claim amount of \$1,265,592,000 is 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 undiscounted 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 2045 for supplementary benefits and 2033 for second injuries.

## Compensated Absences

The compensated absences liability for governmental funds of \$302,109,000 is primarily for vacation leave and vested sick leave, which are payable as severance pay under specific conditions. Both amounts are paid only when an employee terminates from state employment. This obligation will be liquidated using future resources at unspecified times.

## Workers' Compensation

The liability for workers' compensation of \$127,189,000 is based on claims filed for injuries to state employees occurring prior to June 30, 2001 and is an undiscounted estimate of future payments. The liability will be liquidated using future resources at unspecified times.

## Leases

Capital leases payable are for those leases that meet the criteria in GASB Statement No. 1, "Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide". See Note 8 for the minimum future payments under operating leases.

## Arbitrage Liabilities

The arbitrage rebate payable to the federal government of \$26,000 is required by the Tax Reform Act of 1986 and U.S. Treasury regulations and penalties. It is the estimate of the excess earnings on tax-exempt bond proceeds and debt service reserves. Interest earnings on bond proceeds are used primarily for debt service payments. The arbitrage rebate will be paid through an appropriation from the General Fund. There is no reservation of assets for this liability.

## Revenue Bonds Payable - Fiduciary Funds

The following defined benefit funds have the authority to issue, and have issued, revenue bonds, which are not general obligations of the state, but are solely secured by certain pledged assets of the funds. On June 1, 2000, \$29,000,000 of revenue bonds were issued. The pledged assets include certain payments made by the State Employees Retirement Fund (SERF), Teachers Retirement Fund (TRF), and Public Employees Retirement Fund (PERF). Minnesota Statutes, Section 356.89 authorized the issuance of these revenue bonds to finance the construction of an administrative office building. The debt service payments on the revenue bonds will be allocated to each fund based on the percentage interest each fund has in the facility. The repayment schedule for the combined three funds follows:

Long-Term Debt Repayment Schedule  
Fiduciary Funds -June 30, 2001  
(In Thousands)

Revenue Bonds-SERF, TRF & PERF

<u>Fiscal Year(s)</u>	<u>Amount</u>
2002	\$ 2,092
2003	2,092
2004	2,095
2005	2,094
2006	2,092
Thereafter	<u>50,353</u>
Total Payments	\$ 60,818
Less: Interest	<u>31,818</u>
Total Principal	<u><u>\$ 29,000</u></u>

## Component Units

The Metropolitan Council (MC) (governmental fund type) issues general obligation bonds for parks, solid waste, sewers and transportation, backed by MC's full faith and credit and taxing powers. MC had \$160,579,000 in general obligation bonds outstanding on December 31, 2000.



The Agricultural and Economic Development Board (AEDB) issues revenue bonds for agricultural and economic projects.

Long-Term Debt Repayment Schedule  
Component Units - Government Funds  
(In Thousands)

	General Obligation Bonds		Revenue Bonds	
	MC		AEDB	
Year Ending December 31	Amount	Year Ending June 30	Amount	
2001	\$ 26,529	2002	\$ 3,906	
2002	27,949	2003	4,614	
2003	23,593	2004	4,614	
2004	21,186	2005	4,596	
2005	15,451	2006	4,497	
Thereafter	87,818	Thereafter	36,637	
Total	\$ 202,526		\$ 58,864	
Less: Interest	41,947		21,419	
Bond Principal	<u>\$ 160,579</u>		<u>\$ 37,445</u>	

## 8. LEASE AGREEMENTS

### Operating Leases

The state and its component units are committed under various leases primarily for building and office space. For accounting purposes, these leases are considered to be operating leases. Lease expenditures for the year ended June 30, 2001 totaled approximately \$69,711,000 and \$19,041,000 for the primary government and component units respectively. Lease expenditures for the year ended December 31, 2000 totaled approximately \$1,733,000 for component units.

Future Minimum Lease Payments  
(In Thousands)

Primary Government		Component Units			
Year Ending June 30	Amount	Year Ending June 30	Amount	Year Ending December 31	Amount
2002	\$ 62,929	2002	\$ 15,384	2001	\$ 1,446
2003	50,960	2003	11,522	2002	1,391
2004	37,533	2004	8,970	2003	1,197
2005	26,630	2005	8,797	2004	1,197
2006	20,477	2006	6,819	2005	1,197
Thereafter	41,206	Thereafter	33,629	Thereafter	-
Total	<u>\$ 239,735</u>	Total	<u>\$ 85,121</u>	Total	<u>\$ 6,428</u>

## **Capital Leases**

The state and its component units have entered into several capital lease agreements to purchase equipment. The leases meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The terms of each agreement provide options to purchase the equipment at any time during the lease period.

In the governmental funds, equipment purchased through capital lease agreements is included with the general fixed assets. The state's liability for these capital leases is included in general long-term obligations (see Note 7).

## **9. LONG-TERM OBLIGATIONS - PROPRIETARY FUNDS**

### **Revenue and General Obligation Bonds**

#### **Primary Government**

The enterprise funds listed below have the authority to issue, and have issued, revenue bonds which are not general obligations of the state, but are payable solely from rentals, revenues and other income, charges and monies that were pledged for repayment. Premiums and discounts on revenue bonds are amortized using the interest method over the life of the bonds to which they relate.

The Minnesota State Colleges and Universities (MnSCU), which is included in the College and Universities Enterprise Activities (CUEA), financed the construction of a dormitory and a modular housing project through the Higher Education Facilities Authority. MnSCU reports the \$1,410,000 debt for these two projects in CUEA.

In addition, the State Operated Community Services (SOCS) has been appropriated money to provide group residential housing for individuals with developmental disabilities. The state has issued general obligation bonds to finance these projects. The debt service costs on the bonds sold to finance these projects must be paid in accordance with Minnesota Statutes, Section 16A.643 from the group residential housing fees charged.

#### **Component Units (proprietary funds)**

The Housing Finance Agency (HFA) is authorized by Minnesota Statutes, Sections 462A.21-.22 to issue bonds and notes for the purpose of providing funds for rehabilitation, construction and mortgage loans, or for refunding 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 \$2,400,000,000, according to Minnesota Statutes, Section 462A.22.

The Public Facilities Authority (PFA) is authorized by Minnesota Statutes, Section 446A.072 to issue revenue bonds for the purpose of making loans to municipalities for wastewater treatment facilities. The amount outstanding on these bonds at any time shall not exceed \$850,000,000, according to Minnesota Statutes, Section 446A.12.

The Higher Education Services Office (HESO) is authorized by Minnesota Statutes, Sections 136A.171-.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, may not exceed \$550,000,000, according to Minnesota Statutes, Section 136A.171.

The University of Minnesota (U of M) issues revenue bonds and general obligation bonds for capital projects.

The Metropolitan Council (MC) issues environmental services general obligation bonds backed by MC in full faith and credit and taxing powers.

Primary Government

Proprietary Funds - June 30, 2001  
(In Thousands)

Fiscal Year(s)	Revenue Bonds	General Obligation Bonds
	CUEA	SOCS
2002	\$ 225	\$ 413
2003	226	413
2004	225	413
2005	225	413
2006	223	413
Thereafter	851	4,473
Total Payments	\$ 1,975	\$ 6,538
Less: Interest	565	2,098
Total Principal	<u>\$ 1,410</u>	<u>\$ 4,440</u>

Component Units

Long-Term Debt Repayment Schedule  
Component Units - June 30, 2001  
(In Thousands)

Fiscal Year(s)	Revenue Bonds				General Obligation Bonds	
	HFA	PFA	HESO	U of M	MC*	U of M
2001	\$ -	\$ -	\$ -	\$ -	\$ 30,586	\$ -
2002	394,996	65,450	5,286	1,411	27,091	36,474
2003	140,328	64,954	5,286	1,397	25,292	37,103
2004	142,043	64,806	5,286	1,407	23,833	116,228
2005	141,580	62,045	5,286	1,409	22,788	31,331
2006	141,315	62,962	5,286	1,407	13,376	31,018
Thereafter	2,897,857	614,366	213,337	9,376	76,105	456,430
Total Payments	\$ 3,858,119	\$ 934,583	\$ 239,767	\$ 16,407	\$ 219,071	\$ 708,584
Unamortized						
(Discount)/Premium	-	1,678	888	-	(1,766)	-
Less: Interest	1,892,457	300,743	110,955	4,872	49,476	233,147
Total Principal	<u>\$ 1,965,662</u>	<u>\$ 635,518</u>	<u>\$ 129,700</u>	<u>\$ 11,535</u>	<u>\$ 167,829</u>	<u>\$ 475,437</u>

\* MC fiscal year ended December 31, 2000

**Bond Defeasances**

Primary Government

State Colleges and Universities Revenue Fund (enterprise fund) had \$27,390,000 in bonds that were defeased and not reflected in the financial statements as of June 30, 2001. The bonds were defeased by placing investments in an irrevocable trust to provide for all future debt service of the bonds.

Component Units

Public Facilities Authority (proprietary fund type) had \$82,535,000 various refunding series bonds that were defeased and not reflected in the financial statements as of June 30, 2001.

## 10. LONG-TERM COMMITMENTS

Long-term commitments consist of grant agreements, construction and other contracts. These commitments will be partially funded by current reserves for long-term commitments with the remaining resources provided by future bond proceeds, mining tax revenues and federal grants. Long-term commitments as of June 30, 2001 were as follows (in thousands):

Special Revenue Fund:	
Trunk Highway Fund	\$ 564,918
Capital Projects Funds:	
General Projects Fund	120,347
Transportation Fund	9,855
Building Fund	<u>337,496</u>
Total Primary Government	<u>\$ 1,032,616</u>
Component Unit:	
University of Minnesota	<u>\$ 431,605</u>

## 11. CONTINGENT LIABILITIES – LITIGATION

- 1) 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 fiscal years ending June 30, 2002 and June 30, 2003 were \$875,000 for each year. The maximum limits of liability for tort claims are \$300,000 for any one claim and \$1,000,000 for any number of claims arising out of a single occurrence.
- 2) 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 monies of over \$10,000,000 in excess of current levels.
  - a. At any one time, there are hundreds of Department of Transportation 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 \$10 million. Liability arising out of decisions unfavorable to the state may impact the state's trunk highway fund.
  - b. At any one time, there are claims and cases pending against various state agencies, including but not limited to, the Departments of Administration and Transportation and the Minnesota State Colleges and Universities, and other state agencies which may be potentially responsible parties for the cleanup of hazardous and other contaminated waste sites under federal and state superfund and other environmental laws. In the aggregate, it is possible that the potential liability of the state for such claims may exceed \$10 million because all parties are jointly and severally liable under federal and state superfund laws. Liability out of decisions unfavorable to the state may impact the trunk highway fund for claims against the Department of Transportation and the state's General Fund for claims against other state agencies.
  - c. *Amoco, et al. v. Commissioner of Revenue*. Minnesota Tax Court. These cases involve nine related corporations that are challenging the State's corporate franchise tax. The major issues involve; (i) whether the State's gasoline tax law prevents the State from imposing any other kind of tax on Amoco, (ii) whether Amoco and its affiliates are engaged in a unitary business so that the income of all affiliates may be combined and a proportionate share taxed by the State, and (iii) whether the franchise tax discriminates against combined groups conducting business overseas through U.S. domestic corporations and in favor of combined groups conducting their overseas operations through non-U.S.

corporations. Resolution of this matter is not expected before the end of 2001. The amount in controversy is \$29 million. An adverse precedent, however, would result in substantial additional liability as to these and other taxpayers.

- d. *Danny's Tranny's, Inc., and all other similarly situated v. State of Minnesota et al.* Ramsey County District Court. This is a class action against the State of Minnesota, the Commissioners of Commerce and Finance, and the Minnesota Workers' Compensation Assigned Risk Plan Review Board challenging the constitutionality of legislation passed in the 2000 legislative session. The legislation at issue appropriated surplus funds in the Minnesota Workers' Compensation Assigned Risk Plan and transferred \$450 million to various State agencies and funds. Plaintiffs contend the surplus funds rightfully belong to employers who paid premiums to the Minnesota Workers' Compensation Assigned Risk Plan, and allege the appropriation of the money violates their constitutional rights. The amount in controversy is the transferred amount of the surplus that was contained in the Minnesota Workers' Compensation Assigned Risk Plan. In a judgment entered October 18, 2001, the district court upheld all but \$32 million (plus one year of interest) of the disputed \$450 million in transfers, and denied class certification. Appeals were filed on December 7, 2001. It is unclear whether the \$32 million award would have to be paid to employers from the State's general fund or from the remaining excess surplus in the Minnesota Workers' Compensation Assigned Risk Plan, which presently is over \$100 million.
- e. *Great Lakes Gas Transmission, LP v. Commissioner of Revenue.* Minnesota Supreme Court. This action involves the imposition and collection of a sales/use tax on the purchase of natural gas. The taxpayer claims that; (i) it did not make a taxable purchase of the gas, (ii) the sales/use tax violates the interstate commerce clause and equal protection guarantees, (iii) the sales/use tax is preempted by federal law, and (iv) the gas is exempt from the sales/use tax because it is consumed in industrial production. The Minnesota Tax Court held that natural gas burned to power pipeline compressors is exempt from sales/use tax as fuel consumed in industrial production and ordered a refund of the tax paid. The Commissioner of Revenue has appealed the Minnesota Tax Court's decision to the Minnesota Supreme Court, which heard oral argument on October 2, 2001. The refund amount requested for all pipelines is estimated to be \$11.4 million plus interest. A decision regarding the appeal is expected by early 2002.
- f. *U.S. West Communications, Inc. v. Commissioner of Revenue; and Qwest Corporation, f/k/a U.S. West Communications, Inc. v. Commissioner of Revenue.* Minnesota Tax Court. Plaintiffs, a regional telecommunication public utility and its successor in interest, claim that they are entitled to capital equipment refunds of sales taxes paid in an amount of \$5.4 million plus interest in the first case and in an amount of \$21 million plus interest in the second case. The claims are based on the theory that the Plaintiffs use the telecommunications equipment they purchase or install in Minnesota for the tax-exempt purpose of "manufacturing, fabricating or refining" of "tangible personal property." The first case covers a seven-month period ending June 1996, and the second case covers a thirty-month period ending December 1998. A determination in the Plaintiffs' favor would result in a potential tax refund liability well in excess of \$10 million when applied as precedent to Plaintiffs' subsequent tax periods, as well as to the potential refund claims of other telecommunications companies. Since the filing of these cases, several other telecommunications companies have filed similar suits. To date, the total for all such suits is \$47 million. An adverse decision would impact the State's General Fund. The Minnesota Tax Court ruled in favor of the Commissioner of Revenue on April 2, 2001, and Plaintiffs appealed that decision to the Minnesota Supreme Court, which heard oral argument on October 4, 2001. A decision regarding the appeal is expected by early 2002.

## 12. CONTINGENT LIABILITIES - OTHER

### Primary Government

#### Pension Trust Funds

In addition to the pension trust funds included in the reporting entity (see Note 16), the state is funding a portion of the unfunded liability for other public employee pension funds. Therefore, the state may be contingently liable for

the unfunded liability of these funds. The pension trust funds involved, the year-end for which the most current data is available and the unfunded liabilities are described below (in thousands):

Minneapolis Employee Retirement Fund	June 30, 2001	\$ 108,813
Minneapolis Teachers Retirement Fund	June 30, 2001	\$ 548,381
St. Paul Teachers Retirement Fund	June 30, 2001	\$ 191,886
Local Police and Fire Funds	December 31, 2000	\$ 34,867

The unfunded liability of the Local Police and Fire Fund for 2000 consists of four local plans.

The pension trust funds for which the state has custodial responsibility, but for which the state is not contingently liable, include the Public Employees Retirement, Police and Fire and Public Employees Correctional funds.

All of the unfunded liabilities shown above were computed using the entry age normal actuarial cost (level normal cost) method. Assumptions include 6 and 5 percent interest rates, and 4 and 3.5 percent annual salary growth rates for the Minneapolis Employee Retirement Fund and the Local Police and Fire funds, respectively. Additional annual contributions are provided to reduce the current unfunded liabilities. It has been the intent of the legislature, in establishing contribution rates, to provide sufficient resources to retire or fully fund the liabilities for the Local Police and Fire funds by June 30, 2009 and by June 30, 2020 for the Minneapolis Employees Retirement Fund.

#### Petroleum Tank Environmental Cleanup

The Petroleum Tank Release Cleanup Act, Minnesota Statutes, Chapter 115C.09, requires the state to reimburse owners for most of their costs to clean up contamination from petroleum tank leaks and spills. The payments will come from the Petroleum Tank Cleanup Fund (Petrofund) (special revenue fund). A significant number of unreported tank contamination sites and cleanup costs presently exist which will require Petrofund expenditures. As of June 30, 2001, the Petrofund has reimbursed eligible applicants approximately \$307 million since program inception in 1987. The estimated total payments from the program, which terminates on June 30, 2005, are between \$370-\$400 million for investigative and cleanup costs.

#### Solid Waste Fund

The Closed Landfill Program provides environmental response to qualified, state-permitted, closed landfills. Currently, 103 closed sites are in the program. Up to eight additional sites may enter the program in the near future. The state becomes responsible for the long-term care of these closed municipal solid waste facilities only after certain eligibility requirements are met. The state is responsible, in perpetuity, for performing cleanup and final closure work as well as all maintenance and monitoring functions at these qualifying sites. Funding for the state's perpetual obligation at these landfills comes from the Solid Waste Fund (special revenue fund), which includes revenues from the Solid Waste Management Tax, insurance recovery proceeds, and financial assurance from previous owners and operators. Additional revenue from the sale of state general obligation bonds is used for design and construction work at the publicly-owned landfills in the program. As of June 30, 2001, \$124.2 million has been expended by the Solid Waste and bond funds. Estimates indicate that the total of all program payments may reach \$594 million. These estimates include costs for planned response actions, amounts representing future unknown additional remedies which have some probability of occurring, future replacement of some remedial systems, and reimbursements. Actual costs may be higher than estimated because of inflation, changes in technology, inclusion of additional qualifying sites, changes in regulations or future unanticipated response actions.

#### Component Units

The *Metropolitan Council* enters into contracts for various purposes, including transit services and construction projects, among others. As of December 31, 2000, unpaid commitments were approximately \$117.6 million for transit services, while future commitments were \$297.2 million for metro transit-light rail, \$34.7 million for regional transit services and \$20.7 million for construction contracts.

The *Workers' Compensation Assigned Risk Plan (WCARP)* contracts with five servicing contractors to provide policy issuance, premium accounting and claim settlement services in exchange for a service fee based upon a

standard written premium. Contingent liabilities exist with respect to performance of the above services to the extent that the servicing carriers are unable to meet their obligations under terms of the general service agreement.

WCARP, through Employers Life Insurance Company of Wausau, has purchased annuities to settle certain claims with the claimant as payee, but for which WCARP remains contingently liable. WCARP eliminated its loss reserves for these claims at the time the annuities were purchased. A contingent liability exists to the extent that the issuer of the annuity contracts becomes unable to fulfill its contractual obligations. The present value of annuity contracts in force at December 31, 2000 was approximately \$4.9 million.

WCARP had a change in estimates of insured events in prior years. This decrease resulted in a reduction in the estimate of the ultimate cost of losses incurred, thus a negative expense of \$15.5 million for this fiscal year. This decrease was due primarily to the release of reserves attributed to improvement in claim experience, as well as changes in economic, social, and legal trends since the loss of reserves were originally established.

The *University of Minnesota (U of M)* has approximately \$263.6 million of construction projects in process, principally buildings, that have been included in the assets of the plant funds at June 30, 2001. The estimated cost to complete these facilities is \$431.6 million, which is to be funded from plant fund assets and \$113.8 million in appropriations available from the state of Minnesota.

The U of M owns certain steam production facilities that produce steam for heating and cooling for the Twin Cities campuses. By agreement, these facilities are managed, operated and maintained by an unaffiliated company. The term of the agreement is 25 years and commenced on July 1, 1992. Under the agreement, the U of M must make minimum fixed payments for certain operating and maintenance costs as well as contingent payments based on monthly usage. The minimum fixed amount of the required payments at June 30, 2001 is as follows (in thousands):

Fiscal Year	
<u>Ending June 30</u>	<u>Total</u>
2002	\$ 6,048
2003	6,048
2004	6,048
2005	6,048
2006	6,048
Thereafter	<u>66,536</u>
Total	<u>\$ 96,776</u>

### **Other Contingent Liabilities**

The 1993 Legislature established a School District Credit Enhancement Program. The legislation authorized and directed the Commissioner of Finance to issue a warrant and authorized the commissioner of Children, Families and Learning (CFL) to pay debt service coming due, under certain circumstances and subject to the availability of funds. Payments are made on behalf of the school district if the district cannot pay for: 1) the school district tax and the state-aid anticipation certificates of indebtedness, 2) certificates of indebtedness and capital notes for equipment, 3) certificates of participation, and 4) school district general obligation bonds. The school district must notify the commissioner of CFL that the district does not have sufficient money in its debt service fund for this purpose. Payment can also be made if the paying agent informs the commissioner of CFL that it has not received timely payments from the school district to be used to pay debt service. The school district must repay (with interest) amounts paid on the district's behalf. Repayment can be either through a reduction of subsequent state-aid payments or by the levy of an ad valorem tax, which may be made with the approval of the commissioner of CFL. As of October 1, 2001, approximately \$8.0 billion in principal and interest of bonds, certificates of indebtedness and capital notes was enrolled in the program. The state has not had to make any debt service payments on behalf of school districts under the program and does not expect to make any payments in the future.

### 13. NORTHWEST AIRLINES MAINTENANCE FACILITIES

Minnesota Laws 1991, Chapter 350 authorized the state to issue up to \$50,000,000 of revenue bonds secured by the state's full faith and credit to finance the construction and equipping of an engine repair facility in Hibbing, and up to \$125,000,000 to finance the construction and equipping of an aircraft maintenance facility in Duluth. By agreement dated December 21, 1994 with Northwest Airlines, Inc. (NWA), the intended lessee of both facilities and certain other parties, it was agreed that the Hibbing facility would not be constructed and that the state would use its best efforts to issue revenue bonds secured by the state's full faith and credit for the Duluth facility. The state issued \$47,670,000 of revenue bonds in May 1995. As of June 30, 2001, \$41,050,000 of the revenue bonds remained outstanding, of which \$23,630,000 is payable primarily from lease payments of NWA, and \$17,420,000 is payable primarily from tax increment revenues derived from the Duluth facility and other revenues of the city of Duluth.

In the event these revenues are insufficient to make payment, the state will have the right to apply certain state-aid payments otherwise payable to the city of Duluth to the payment of these bonds, or to reimburse itself from these funds for making payments on the bonds. Of the \$41,050,000 revenue bonds issued by the state, \$40,950,000 is secured by the state's full faith and credit, and \$100,000 is secured by the full faith and credit of St. Louis County. The bonds are structured so that the initial bonds, together with expected later refundings, will provide financing over a 30-year amortization period. On July 1, 1999, \$3,435,000 of the revenue bonds was defeased, thereby reducing the amount of the stated outstanding balance. The defeased funds are to be held in escrow. The invested funds will be sufficient to pay the principal of, and interest on, the bonds to their earliest call date or, for the bonds secured by the full faith and credit of St. Louis County, to pay the principal on bonds coming due on August 1, 2004. The 1997 Minnesota legislature cancelled \$48,765,000 of the bonding authorization for the engine repair facility. Pursuant to Minnesota Statutes, Section 16A.642 an additional \$81,275,000 of the bonding authorization was cancelled on July 1, 2001.

### 14. EQUITY

#### Contributed Capital

Details of the changes in the contributed capital of the primary government enterprise and internal service funds and component unit proprietary funds are as follows (in thousands):

Source	Primary Government			Component Units
	Enterprise Funds	Internal Service Funds	Total	Proprietary Funds
Contributed Capital, Beginning	\$ 25,848	\$ 6,064	\$ 31,912	\$ 962,334
Additions:				
Federal Grants	-	-	-	52,918
Other Contributions	3,839	75	3,914	79,516
Reductions:				
Amortization/Depreciation on Fixed Assets				
Acquired with Contributed Capital	(352)	-	(352)	(34,275)
Other Reductions	(1)	-	(1)	-
Contributed Capital, Ending	<u>\$ 29,334</u>	<u>\$ 6,139</u>	<u>\$ 35,473</u>	<u>\$ 1,060,493</u>



## Retained Earnings

The following table identifies in greater detail the retained earnings of the reporting entity (in thousands):

	Proprietary Fund Types		
	Enterprise	Internal Service	Component Units
Retained Earnings:			
Reserved for Debt Requirements	\$ -	\$ -	\$ 598,534
Reserved per State Law	-	-	178,763
Reserved for Claims	-	90,108	-
Total Reserved Retained Earnings	\$ -	\$ 90,108	\$ 777,297
Unreserved Retained Earnings	188,530	17,819	786,163
Total Retained Earnings	<u>\$ 188,530</u>	<u>\$ 107,927</u>	<u>\$ 1,563,460</u>

## Reserved Retained Earnings

### Primary Government

*Reserved for Claims* represents the accrued amount for claims incurred, but not reported for the Public Employees Insurance Program Fund and the Risk Management Fund.

### Component Units

*Reserved Retained Earnings per State Law* consists of \$178,763,000 in the Housing Finance Agency Fund. This reserve is the unused portion of state appropriations provided for specific programs. These programs are primarily for interest rate reductions on housing mortgages and home improvement loans.

## Fund Balances

The following table identifies in greater detail the fund balances of the reporting entity (in thousands):

	Governmental Fund Types					Fiduciary Fund Types	University Fund Type
	General	Special Revenue	Capital Projects	Debt Service	Component Units	Trust and Agency	University of Minnesota
Fund Balances:							
Reserved for Encumbrances	\$ 148,865	\$ 172,771	\$ -	\$ -	\$ 7,811	\$ 9,352	\$ -
Reserved for Inventory	-	11,650	-	-	-	-	-
Reserved for Long-Term Receivables	5,279	87,867	92,089	51,979	94,931	23,664	-
Reserved for Long-Term Commitments	-	125,301	190,607	-	40,988	-	-
Reserved for Local Governments	-	-	-	-	-	510,615	-
Reserved for Trust Principal	-	-	-	-	-	1,693,402	-
Reserved for Debt Requirements	-	-	-	398,514	-	-	-
Reserved for Pension Benefits/ Pool Participants	-	-	-	-	-	39,872,905	-
Budgetary Reserve	972,000	150,000	-	-	-	-	-
Reserved for Long-Term Advances	3,100	-	-	-	-	-	-
Reserved for Other	-	5,680	-	-	-	-	769,205
Total Reserved Fund Balances	<u>\$ 1,129,244</u>	<u>\$ 553,269</u>	<u>\$ 282,696</u>	<u>\$ 450,493</u>	<u>\$ 143,730</u>	<u>\$ 42,109,938</u>	<u>\$ 769,205</u>
Unreserved Fund Balances:							
Designated for Appropriation Carryover	\$ 50,272	\$ 441,759	\$ -	\$ -	\$ -	\$ -	\$ -
Designated for Fund Purposes	-	332,035	-	-	298,672	742,918	210,229
Total Designated Fund Balance	<u>\$ 50,272</u>	<u>\$ 773,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,672</u>	<u>\$ 742,918</u>	<u>\$ 210,229</u>
Undesignated	-	491,093	91,138	-	46,153	52,114	181,345
Total Unreserved Fund Balances	<u>\$ 50,272</u>	<u>\$ 1,264,887</u>	<u>\$ 91,138</u>	<u>\$ -</u>	<u>\$ 344,825</u>	<u>\$ 795,032</u>	<u>\$ 391,574</u>
Total Fund Balance	<u>\$ 1,179,516</u>	<u>\$ 1,818,156</u>	<u>\$ 373,834</u>	<u>\$ 450,493</u>	<u>\$ 488,555</u>	<u>\$ 42,904,970</u>	<u>\$ 1,160,779</u>

## Reserved Fund Balance

The reserved portion of the fund balances indicates that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use.

*Budgetary Reserve* in the General Fund consists of two different accounts. The budget reserve account is appropriated by the legislature for use only when it appears that probable receipts will be less than anticipated and the amount available for the remainder of the biennium will be less than needed for budgeted expenditures. In this circumstance, state law requires that the commissioner of Finance, with the approval of the governor and after consulting with legislative leadership, transfer the amounts necessary from the reserve to the unreserved fund balance. The cash flow account is used to meet cash flow deficiencies resulting from the uneven distribution of revenue collections and required expenditures during a fiscal year.

*Budgetary Reserve* in the Health Care Access Fund (special revenue fund) is a statutory reserve established to preserve basic health care services when federal funding is significantly reduced. This reserve is limited to \$150,000,000.

*Reserved for Local Governments* is the equity amount in three expendable trust funds required by the state constitution to be paid to local governments. The funds are the Municipal State-Aid Street, County State-Aid Highway and Endowment School funds. The payments to these local governments are for street and highway projects (to municipalities and counties) and to subsidize education in local school districts.

*Reserved for Other* of \$5,680,000 in the special revenue fund (Federal Fund) consists primarily of petroleum overcharge fines allocated by the federal courts to be used for energy conservation programs.

*Reserved for Other* - University of Minnesota (component unit) of \$769,205,000 consists primarily of current externally restricted operating funds along with restricted plant funds that may be utilized only in accordance with the purposes established by the source of the funds.

## Unreserved Fund Balance

### *Primary Government*

The unreserved portion of the fund balances consists of designated fund balances indicating tentative managerial plans for future use of resources and undesignated fund balances indicating those unreserved financial resources available for appropriation. A portion of the undesignated fund balances in the Natural Resources (special revenue) funds may be appropriated only for specific programs.

*Designated for Fund Purposes* consists of fund balances for non-appropriated funds to be used for the following purposes (in thousands):

	Special Revenue Funds	Expendable Trust Funds
Education	\$ 11,511	\$ 15,041
Economic Development	164,441	708,951
Health and Social Services	86,045	-
Transportation	6,803	-
Resource Management	22,915	18,926
Protection of Persons and Property	21,724	-
General Government	18,596	-
Totals	<u>\$ 332,035</u>	<u>\$ 742,918</u>

The total Designated for Fund Purposes of Governmental Component Units and the University of Minnesota of \$298,672,000 and \$210,229,000 respectively, is to be used primarily for debt service.

## 15. PRIOR PERIOD ADJUSTMENTS AND OTHER CHANGES IN ACCOUNTING PRINCIPLES

### **Prior Period Adjustments**

#### Primary Government

The Miscellaneous Special Revenue Fund includes a prior period adjustment of \$5,439,000 due to the restructuring of a loan program, the Rural Challenge Grant Program. Loans previously administered by the Department of Trade and Economic Development are being administered by regional organizations. The state retains a general oversight role regarding the use of funds.

#### Component Unit

The operations of the University Hospital and Clinic (U of M) and certain assets and liabilities were transferred to Fairview Hospital and Healthcare Services on December 31, 1996. Recoveries and adjustments to previously recorded losses on this transfer total \$14,228,000 for the year ended June 30, 2001, representing a Medicare reimbursement for the loss on property, plant, and equipment.

### **Change in Accounting Principle**

#### Primary Government

The state implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Transactions", an amendment to Statement No. 33, for fiscal year 2001. These statements establish accounting and financial reporting standards to guide state and local governments decisions about when (in which fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. In a nonexchange transaction, a government gives, or receives, value without directly receiving, or giving, equal value in return.

GASB Statement No. 33 required that the Unemployment Insurance Fund restate revenues, receivables and payables for unemployment taxes assessed on employee wages earned during the quarter ended June 30, 2000, but not paid to the fund until fiscal year 2001. Under the restatement, unemployment tax revenue is recognized in the year that the underlying wages were earned. The restatement resulted in increases in unreserved fund balance of \$101.4 million, receivables of \$63.7 million and payables of \$3.1 million, and a decrease in revenue of \$40.8 million. In addition, the Miscellaneous Special Revenue Fund had an increase of \$8.2 million to fund balance because part of the revenue flows through this fund.

Refer to Note 23 regarding a change in accounting principle for sales tax revenue and liability in the General Fund.

#### Component Unit

The University of Minnesota (U of M) also implemented GASB Statement No. 33 in fiscal year 2001. Restatement of the prior year U of M financial statements for the adoption of GASB Statement No. 33 was determined impractical. As a result, net assets at July 1, 2000 were increased by \$2,553,000 for the cumulative effect of these changes on years prior to 2001. The current-year impact on net assets of the adoption of this statement is a decrease of \$8,096,000.

### **Changes in Fund Structure**

#### Primary Government

The Traumatic Brain Injury (TBI) activity previously reported as part of the General Fund is now reported as part of the Behavioral Services Fund. Based on re-evaluation of the fund structure, this activity has been reclassified as an enterprise fund. The net effect of this change for the Behavioral Services Fund is an increase of \$2,160,000 on the cash flow statement. TBI had no beginning retained earnings. The General Fund is reporting a Change in Fund Structure adjustment of \$2,160,000, which increases the Behavioral Services contributed capital. Other contributed capital came from the General Fixed Assets Account Group.

## 16. PENSION AND INVESTMENT TRUST FUNDS

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

Three plan administrators, who prepare and publish their own stand-alone comprehensive annual financial reports, including financial statements and required supplementary information, 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. See Summary of Significant Accounting and Reporting Policies (Note 1) for addresses.

### **Plan Administrator**

Public Employees Retirement Association (PERA)

Teachers Retirement Association (TRA)

Minnesota State Retirement System (MSRS)

### **Plans Covered**

Public Employees Retirement Fund  
Police and Fire Fund  
Public Employees Correctional Fund  
Public Employees Defined  
Contribution Retirement Fund

Teachers Retirement Fund

State Employees Fund  
State Patrol Fund  
Correctional Employees Fund  
Judicial Fund  
Elective State Officers Fund  
Legislative Fund  
Unclassified Employee Retirement Fund

Wells Fargo is the plan administrator for the College and University Retirement Fund. Wells Fargo prepares, but does not publish, its financial report. Copies of this report may be obtained from the Department of Finance.

### **Defined Benefit Pension Funds**

#### **Plan Descriptions and Contribution Information**

##### ■ Multiple employer, cost-sharing plans:

The State Employees Retirement Fund (SERF) covers those employees of the state, University of Minnesota and certain other entities not covered by other pension funds. Thirty-two employers participate in this plan. Normal retirement age is 65. The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarial reduction for early retirement. The applicable rates are 1.2 percent and 1.7 percent. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.

The Teachers Retirement Fund (TRF) covers teachers and other related professionals employed by school districts or by the state. Four hundred sixty-three employers participate in this plan. Normal retirement is age 65. The annuity formula for each type of membership is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for basic members are 2.2 and 2.7 percent, and for coordinated members, 1.2 and 1.7 percent. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund. Currently, TRF does not have an unfunded actuarial accrued liability.

The Public Employees Retirement Fund (PERF) covers employees of various governmental subdivisions, including counties, cities, school districts and related organizations. Approximately 2,000 employers participate in this plan. There are two types of membership: basic and coordinated. Normal retirement age is 65. The

annuity formula for each type of membership is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for basic members are 2.2 and 2.7 percent, and for coordinated members, 1.2 and 1.7 percent. The state is not an employer of the participants in the plan, but performs only in a fiduciary capacity and is not responsible for the unfunded accrued liability of this fund.

The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental subdivisions. Normal retirement age is 55. The annuity formula for each member is 3 percent of average salary for each year of service in that plan. Prior to 1981, these employees were not covered by a local relief association. The fund covers all those hired since 1980. The state is not an employer of participants in the plan, but performs in a fiduciary capacity. Approximately 500 employers participate in this plan.

The Public Employees Correctional Fund (PECF) covers employees in county correctional facilities who have direct contact with inmates. Approximately 80 employers participate in this plan. Normal retirement age is 55. The annuity formula for each member is 1.9 percent of average salary for each year of service in that plan. The state is not an employer of participants in the plan, but performs in a fiduciary capacity.

■ Single employer (state of Minnesota) plans:

The State Patrol Retirement Fund (SPRF) covers state patrol officers, crime bureau officers and various conservation officers who perform enforcement duties. Normal retirement age is 55. The annuity is 3.0 percent for each year of service.

The Correctional Employees Retirement Fund (CERF) covers state employees who have direct responsibility for inmates at Minnesota correctional facilities. Normal retirement age is 55. The annuity is 2.4 percent for each year of service.

The Judicial Retirement Fund (JRF) covers judges of the supreme court, district courts, county courts, probate courts and various court referees. Normal retirement age is 65. The annuity is 2.7 percent for each year of service (3.2 percent for each year after June 30, 1980).

The Elective State Officers Fund (ESOF) covers the state's constitutional officers. Vesting occurs after eight years. Normal retirement age is 62. The annuity is 2.5 percent for each year of service. The EOSF is excluded from the Single Employers Plan Disclosures since the remaining active employees have retired, terminated or elected coverage under another plan. This plan is closed to new entrants according to Minnesota Statutes, Chapter 352C.

The Legislative Retirement Fund (LRF) covers members of the state's house of representatives and senate. Vesting occurs after six years. Normal retirement age is 62. The annuity is 2.5 percent for each year of service.

	Funding Policy Information					
	Single Employer					Multiple Employer
	CERF	SPRF	JRF	ESOF	LRF	SERF      TRF
Statutory Authority, Minnesota, Chapter	352	352B	490	352C	3A	352      354
Required Contribution Rate of Active Members (%)	5.69	8.40	8.00	9.00	9.00	4.00      5.00
Required Contribution Rate of Employer (%)	7.98	12.60	20.50	N/A	N/A	4.00      5.00

Cost Sharing Plan Required Contributions  
(In Thousands)

		<u>SERF</u>	<u>TRF</u>
Required Contributions:			
Employee *	2001	\$74,364	\$145,075
	2000	\$70,378	\$138,696
	1999	\$66,823	\$132,040
Employer *	2001	\$73,362	\$139,799
	2000	\$69,322	\$134,419
	1999	\$65,979	\$130,525

\* Contributions were 100 percent of required contributions.

Single Employer Plan Disclosures For Current Year  
(In Thousands)

	<u>SPRF</u>	<u>CERF</u>	<u>JRF</u>	<u>LRF</u>
Annual Required Contributions (ARC)*	\$ 7,575	\$ 16,594	\$ 7,635	\$ 3,273
Interest on Net Pension Obligation (NPO)*	(888)	(745)	(1,082)	(170)
Amort adj to ARC*	-	-	894	136
Annual Pension Cost Contributions	\$ 6,687	\$ 15,849	\$ 7,447	\$ 3,239
	10,311	16,648	7,952	5,566
Increase (Decrease) in NPO	\$ (3,624)	\$ (799)	\$ (505)	\$ (2,327)
NPO, Beginning (Asset)	(10,449)	(8,769)	(12,733)	(2,007)
NPO, Ending (Asset)	<u>\$ (14,073)</u>	<u>\$ (9,568)</u>	<u>\$ (13,238)</u>	<u>\$ (4,334)</u>

\* Components of Annual Pension Cost

Single Employer Plan Disclosures  
(In Thousands)

		<u>SPRF</u>	<u>CERF</u>	<u>JRF</u>	<u>LRF</u>
Annual Pension Cost (APC)	2001	\$ 6,687	\$ 15,849	\$ 7,447	\$ 3,239
	2000	6,363	14,985	7,029	3,062
	1999	6,410	13,786	8,999	3,535
Percentage of ARC Contributed	2001	136%	100%	104%	170%
	2000	159%	104%	107%	121%
	1999	149%	106%	101%	78%
NPO (end of year)	2001	\$ (14,073)	\$ (9,568)	\$ (13,238)	\$ (4,334)
	2000	(10,449)	(8,769)	(12,733)	(2,007)
	1999	(6,699)	(8,244)	(12,257)	(1,354)

### *Actuarial Assumptions for Single Employers*

- The actuarial cost method used by all plans is the Entry Age Normal method.
- The method used to determine actuarial valuation of assets is cost plus one-third unrealized gains or losses.
- Minnesota statutes or valuation standards do not require an inflation rate assumption to cost the plans.
- Investment returns for pre-retirement and post-retirement are 8.5 percent and 6.0 percent, respectively, for SPRF, CERF and JRF; and 8.5 percent and 5.0 percent, respectively for LRF and ESOF.
- Projected salary increases are graded from 7.75 percent to 5.25 percent for SPRF and CERF. For LRF, ESOF and JRF, projected salary increases are a level 5.0 percent.
- The payment of earnings on retired reserves in excess of 6.0 percent is accounted for by 6.0 percent post-retirement assumptions for all plans. Under the LRF and ESOF plans, for those persons not yet in pay status, a 5% post-retirement discount rate is used to account for the one-time adjustment applicable at retirement.
- The level percentage of projected payroll is the amortization method used, except for the ESOF plan which uses the level dollar amortization method.
- The amortization period is through July 1, 2020.
- The amortization period is closed.

### Required Supplementary Information Schedule of Funding Progress (In Thousands)

		SPRF	CERF	JRF	LRF
Actuarial Valuation Date	2001	7/1/2001	7/1/2001	7/1/2001	7/1/2001
	2000	7/1/2000	7/1/2000	7/1/2000	7/1/2000
	1999	7/1/1999	7/1/1999	7/1/1999	7/1/1999
Actuarial Value of Plan Assets	2001	\$ 572,815	\$ 431,134	\$ 123,589	\$ 42,608
	2000	\$ 528,573	\$ 386,964	\$ 111,113	\$ 37,265
	1999	\$ 472,687	\$ 335,408	\$ 97,692	\$ 33,474
Actuarial Accrued Liability	2001	\$ 489,483	\$ 398,633	\$ 165,244	\$ 75,072
	2000	\$ 458,384	\$ 359,885	\$ 153,660	\$ 69,364
	1999	\$ 406,215	\$ 307,408	\$ 139,587	\$ 66,418
Total Unfunded Actuarial Liability (Asset)	2001	\$ (83,332)	\$ (32,501)	\$ 41,655	\$ 32,464
	2000	\$ (70,189)	\$ (27,079)	\$ 42,547	\$ 32,099
	1999	\$ (66,472)	\$ (28,000)	\$ 41,895	\$ 32,944
Funded Ratio*	2001	117%	108%	75%	57%
	2000	115%	108%	72%	54%
	1999	116%	109%	70%	50%
Annual Covered Payroll	2001	\$ 48,935	\$ 120,947	\$ 28,246	\$ 5,858
	2000	\$ 48,167	\$ 112,587	\$ 26,315	\$ 5,808
	1999	\$ 45,333	\$ 106,131	\$ 32,940	\$ 7,490
Ratio of Unfunded Actuarial Liability to Annual Covered Payroll	2001	(170%)	(27%)	147%	554%
	2000	(146%)	(24%)	162%	553%
	1999	(147%)	(26%)	127%	440%

\* Actuarial value of assets as a % of actuarial accrued liability.

## Defined Contribution Funds

The defined contribution funds presented in the financial statements include various statewide public employee retirement funds under which the benefits to be received are limited to an annuity, which can be purchased with the combined contributions of both the employee and employer. Accordingly, there is no unfunded liability for these funds; therefore, there is no actuarial valuation of accrued benefit liability nor any actuarially required contribution.

### Plan Descriptions and Contribution Information

The Unclassified Employee Retirement Fund, authorized by Minnesota Statutes, Chapter 352D, covers only those state employees who are included either by statute or policy in the "unclassified service" of the state. Statutory contribution rates are 4.0 percent for employee and 6.0 percent for employer. Vesting occurs immediately, and normal retirement age is 55. Annuity is based on age and value of the participant's account. Eighteen employers participate in this plan.

The College and University Retirement fund, authorized by Minnesota Statutes, Chapter 354B and Chapter 354C, cover unclassified teachers, librarians, administrators and certain other staff members who have been employed full-time for a minimum of two academic years. The plan administrator is Wells Fargo. Participation is mandatory for qualified employees. These funds consist of an Individual Retirement Account Plan (IRAP) and a Supplemental Retirement Plan (SRP). Two member groups participate in the IRAP, one for faculty and one for managerial employees. For the faculty, the employer and employee statutory contribution rates are 6.0 and 4.5 percent respectively, while for the managerial employees the employer rate is 6.0 percent and the employee rate is 4.0 percent. For the SRP, the statutory contribution rate is 5 percent of salary between \$6,000 and \$15,000. Vesting occurs immediately, and normal retirement is age 55. One employer participates in this plan. Total current membership in the plan is approximately 14,500.

The Public Employee Defined Contribution Retirement Fund (PEDCR) is authorized by Minnesota Statutes, Chapter 353D. The plan covers local units of government of which current or former elected officials elect to participate (with the exception of elected county sheriffs), emergency medical service personnel employed by or providing service to any of the participating ambulance services and physicians employed at public facilities. The plan administrator is the Public Employee Retirement Association. Plan benefits depend solely on amounts contributed to the plan plus investment earnings less administrative expenses. There is no vesting period required to receive benefits from this plan. PEDCR Fund covers approximately 1,000 units of government. There are 4,716 members in the plan.

### Defined Contribution Plans Contributions Made for Fiscal Year 2001 (In Thousands)

	PERA Defined Contribution <u>Fund</u>	Unclassified Employee <u>Retirement Fund</u>	Colleges and Universities <u>Retirement Fund</u>
Employee Contributions	\$875	\$4,560	\$17,606
Employer Contributions	\$971	\$6,120	\$20,653

## Investment Trust Funds

The Supplemental Retirement Fund (investment trust fund) is administered by the State Board of Investment, which issues a separate report (see Note 1 for address). This fund is an investment pool for external participants, which are locally administered retirement funds and a deferred compensation plan.



## Component Units

The following component units are participants in the SERF, P&FF and the Unclassified Employees Retirement funds:

Agricultural and Economic Development Board  
 Export Finance Authority  
 Higher Education Services Office  
 Housing Finance Agency  
 Metropolitan Council  
 Minnesota Technology Incorporated  
 Public Facilities Authority  
 Rural Finance Authority  
 University of Minnesota

## 17. POST-RETIREMENT BENEFITS

For certain employees, post-retirement benefits are available upon retirement at age 55 under terms of their employment contract. Through fiscal year 2001, the employees involved were primarily conservation officers, correctional counselors at state correctional facilities, highway patrol officers and Minnesota State Colleges and Universities (MnSCU) faculty entitled to early retirement incentives. If these employees elect retirement at age 55, the state pays the employer's share of health insurance benefits until the employees reach age 65.

Periodically, the legislature has provided early retirement incentives for other employees meeting specific requirements. The specific circumstances usually require the employee to retire within a narrow time frame, whereby the state will pay the employer's share of health insurance benefits until the employee reaches age 65. The 1993 and 1995 legislatures approved incentive windows from May 17, 1993 through January 30, 1994, and from May 23, 1994 through January 30, 1995, respectively.

The cost of these benefits, which is recognized when paid, was \$6,496,529 during fiscal year 2001. Approximately 1,100 former employees currently receive this benefit. The long-term liability is reported in the general long-term obligation account group.

## 18. SEGMENT INFORMATION AND CONDENSED BALANCE SHEET

Significant enterprise fund financial data for the year ended June 30, 2001 follows.

### Primary Government

	Enterprise Funds Segment Information (In Thousands)									
	State Colleges & Universities Revenue	State Lottery	Colleges & University Enterprise Activities	Minnesota Correctional Industries	Behavioral Services	Public Employees' Insurance	Private Employers Insurance	Enterprise Activities	State Operated Community Services	Total
Operating Revenues	\$ 50,170	\$ 342,382	\$ 67,750	\$ 22,499	\$ 19,119	\$ 18,023	\$ 565	\$ 7,529	\$ 48,199	\$ 576,236
Depreciation/Amortization Expense	5,529	1,508	604	162	208	1	-	42	735	8,789
Operating Income (Loss)	2,298	55,268	2,671	(1,507)	1,888	(2,602)	(8)	3,192	2,886	64,086
Nonoperating Revenues (Expenses):										
Investment Income	3,740	2,303	1,609	272	296	267	10	-	709	9,206
Grants (Revenue)	-	-	1,223	-	67	-	-	-	-	1,290
Other Nonoperating Expense	(2,933)	-	(682)	(44)	(56)	(51)	(4)	(3,036)	(632)	(7,438)
Net Operating Transfers-In (Out)	-	(57,790)	(1,398)	1,674	(55)	-	-	-	1,955	(55,614)
Net Income (Loss)	3,580	-	3,423	448	2,198	(2,334)	-	156	5,056	12,527
Changes in Contributed Capital	(353)	-	-	1	3,837	-	-	-	1	3,486
Fixed Assets:										
Additions	5,002	520	-	440	80	-	-	10	321	6,373
Net Working Capital	14,117	(2,081)	27,171	15,051	11,165	672	-	4,292	21,971	92,358
Total Assets	95,809	27,025	84,036	21,332	14,906	5,086	205	7,962	38,652	295,013
Total Fund Equity	<u>\$ 90,012</u>	<u>\$ -</u>	<u>\$ 75,941</u>	<u>\$ 17,759</u>	<u>\$ 10,386</u>	<u>\$ 652</u>	<u>\$ -</u>	<u>\$ 4,206</u>	<u>\$ 18,908</u>	<u>\$ 217,864</u>

The following table shows significant component unit financial data for the year ended June 30, 2001.

Component Units Condensed Statements - Governmental Funds (In Thousands)									
	PFA	MC*	MTI	HESO	EFA	AEDB	RFA	MPAAT	Totals
Balance Sheet:									
Current Assets	\$ 27,437	\$ 36,106	\$ 5,001	\$ 3,483	\$ 1,125	\$ 21,257	\$ 11,494	\$ 51,925	\$ 157,828
Non-Current Assets	-	180,428	616	-	-	38,557	56,995	130,644	407,240
Due from Other Governmental Units	-	3,526	-	-	-	-	-	-	3,526
Due from Primary Government	-	-	535	-	-	-	-	-	535
Fixed Assets	-	10,168	251	85	-	-	-	-	10,504
Amount Available for Debt Service	-	36,930	-	-	-	-	-	-	36,930
Amount to be Provided for Debt Service	-	126,016	-	-	-	37,445	-	-	163,461
Total Assets and Other Debits	<u>\$ 27,437</u>	<u>\$ 393,174</u>	<u>\$ 6,403</u>	<u>\$ 3,568</u>	<u>\$ 1,125</u>	<u>\$ 97,259</u>	<u>\$ 68,489</u>	<u>\$ 182,569</u>	<u>\$ 780,024</u>
Current Liabilities	\$ 1,586	\$ 31,267	\$ 185	\$ 2,728	-	\$ 1,015	\$ 96	\$ 1,629	\$ 38,506
Due to Other Governmental Units	-	309	-	-	-	-	-	-	309
Due to Primary Government	-	-	900	113	1,125	-	-	-	2,138
Long-Term Liabilities	-	196,429	1,002	313	-	37,445	1,863	3,211	240,263
Total Liabilities	<u>\$ 1,586</u>	<u>\$ 228,005</u>	<u>\$ 2,087</u>	<u>\$ 3,154</u>	<u>\$ 1,125</u>	<u>\$ 38,460</u>	<u>\$ 1,959</u>	<u>\$ 4,840</u>	<u>\$ 281,216</u>
Total Equity	<u>\$ 25,851</u>	<u>\$ 165,169</u>	<u>\$ 4,316</u>	<u>\$ 414</u>	<u>\$ -</u>	<u>\$ 58,799</u>	<u>\$ 66,530</u>	<u>\$ 177,729</u>	<u>\$ 498,808</u>
Operating Statement:									
Revenues	\$ 643	\$ 126,916	\$ 3,498	\$ 3,712	\$ 65	\$ 3,925	\$ 4,068	\$ (8,523)	\$ 134,304
Current Expenditures	-	(156,829)	(9,766)	(9,289)	-	(1,547)	(92)	(11,086)	(188,609)
Non-Current Expenditures:									
Capital Outlay	-	(9,902)	-	-	-	-	-	-	(9,902)
Debt Service	-	(24,633)	-	-	-	(5,682)	-	-	(30,315)
Grants & Subsidies	(15,876)	-	-	(145,159)	-	-	-	-	(161,035)
Total Non-Current Expenditures	<u>\$ (15,876)</u>	<u>\$ (34,535)</u>	<u>\$ -</u>	<u>\$ (145,159)</u>	<u>\$ -</u>	<u>\$ (5,682)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (201,252)</u>
Total Expenditures	<u>\$ (15,876)</u>	<u>\$ (191,364)</u>	<u>\$ (9,766)</u>	<u>\$ (154,448)</u>	<u>\$ -</u>	<u>\$ (7,229)</u>	<u>\$ (92)</u>	<u>\$ (11,086)</u>	<u>\$ (389,861)</u>
Excess of Revenues Over Expenditures	<u>\$ (15,233)</u>	<u>\$ (64,448)</u>	<u>\$ (6,268)</u>	<u>\$ (150,736)</u>	<u>\$ 65</u>	<u>\$ (3,304)</u>	<u>\$ 3,976</u>	<u>\$ (19,609)</u>	<u>\$ (255,557)</u>
Other Financing Sources (Uses):									
Bond Proceeds	\$ -	\$ 51,565	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ -	\$ 56,065
Transfers-In from Primary Government	3,000	53,443	6,840	150,709	-	-	-	-	213,992
Transfers-Out to Primary Government	-	-	(900)	-	-	(1,031)	(8,021)	-	(9,952)
Operating Transfers-In	-	4,283	-	-	-	-	-	-	4,283
Other Operating Transfers-Out	-	(6,736)	-	-	-	-	-	-	(6,736)
Total Other Financing Sources (Uses)	<u>\$ 3,000</u>	<u>\$ 102,555</u>	<u>\$ 5,940</u>	<u>\$ 150,709</u>	<u>\$ -</u>	<u>\$ (1,031)</u>	<u>\$ (3,521)</u>	<u>\$ -</u>	<u>\$ 257,652</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (12,233)</u>	<u>\$ 38,107</u>	<u>\$ (328)</u>	<u>\$ (27)</u>	<u>\$ 65</u>	<u>\$ (4,335)</u>	<u>\$ 455</u>	<u>\$ (19,609)</u>	<u>\$ 2,095</u>

\* December 31 year end

## Component Units - Governmental Funds

Public Facilities Authority (PFA)  
Metropolitan Council (MC)  
Minnesota Technology Incorporated (MTI)  
Higher Education Services Office (HESO)  
Export Finance Authority (EFA)  
Agricultural and Economic Development Board (AEDB)  
Rural Finance Authority (RFA)  
Minnesota Partnership for Action Against Tobacco (MPAAT)

Component Units  
Condensed Statements - Proprietary Funds  
(In Thousands)

	HFA	PFA	MC*	WCARP*	NSCF*	HESO	Totals
Balance Sheet:							
Current Assets	\$ 632,848	\$ -	\$ 100,591	\$ 208,744	\$ 742	\$ 20,690	\$ 963,615
Non-Current Assets	1,949,164	21,366	33,008	319,704	-	381,803	2,705,045
Due from Other Governmental Units	-	-	906	-	-	-	906
Restricted Assets	309,227	1,221,980	203,952	-	-	15,572	1,750,731
Fixed Assets	983	-	1,281,641	-	3,226	20	1,285,870
Total Assets	<u>\$ 2,892,222</u>	<u>\$ 1,243,346</u>	<u>\$ 1,620,098</u>	<u>\$ 528,448</u>	<u>\$ 3,968</u>	<u>\$ 418,085</u>	<u>\$ 6,706,167</u>
Current Liabilities	\$ 7,703	\$ 4,252	\$ 50,132	\$ 20,749	\$ 861	\$ 524	\$ 84,221
Due to Primary Government	-	-	-	17,101	-	-	17,101
Restricted Liabilities	106,955	646,395	202,376	-	-	181	955,907
Long-Term Liabilities	2,017,255	27,599	512,371	334,000	2,841	130,919	3,024,985
Total Liabilities	<u>\$ 2,131,913</u>	<u>\$ 678,246</u>	<u>\$ 764,879</u>	<u>\$ 371,850</u>	<u>\$ 3,702</u>	<u>\$ 131,624</u>	<u>\$ 4,082,214</u>
Total Equity	<u>\$ 760,309</u>	<u>\$ 565,100</u>	<u>\$ 855,219</u>	<u>\$ 156,598</u>	<u>\$ 266</u>	<u>\$ 286,461</u>	<u>\$ 2,623,953</u>
Operating Statement:							
Revenues	\$ 202,428	\$ 57,914	\$ 211,051	\$ 31,321	\$ 7,128	\$ 25,365	\$ 535,207
Operating Expenditures	(162,227)	(36,141)	(343,837)	(4,758)	(7,852)	(16,509)	(571,324)
Operating Income (Loss)	\$ 40,201	\$ 21,773	\$ (132,786)	\$ 26,563	\$ (724)	\$ 8,856	\$ (36,117)
Nonoperating Revenues (Expenses)	(32,730)	(451)	80,862	27,038	789	6,661	82,169
Operating Transfers-In	-	-	2,455	-	-	-	2,455
Transfer-in from Primary Government	73,270	-	31,387	-	-	-	104,657
Operating Transfers-Out	-	-	(2)	-	-	-	(2)
Transfer-Out to Primary Government	(240)	-	-	(450,000)	-	-	(450,240)
Depreciation on Fixed Assets Acquired with Contributed Capital	-	-	34,275	-	-	-	34,275
Increase (Decrease) in Retained Earnings	<u>\$ 80,501</u>	<u>\$ 21,322</u>	<u>\$ 16,191</u>	<u>\$ (396,399)</u>	<u>\$ 65</u>	<u>\$ 15,517</u>	<u>\$ (262,803)</u>
Changes in Contributed Capital	<u>\$ -</u>	<u>\$ 39,582</u>	<u>\$ 58,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,159</u>

\* December 31 year end

### Component Units - Proprietary Funds

Housing Finance Agency (HFA)  
Public Facilities Authority (PFA)  
Metropolitan Council (MC)  
Workers' Compensation Assigned Risk Plan (WCARP)  
National Sports Center Foundation (NSCF)  
Higher Education Services Office (HESO)

Component Units  
Combined Condensed Balance Sheet - All Fund Types  
(In Thousands)

	Governmental Totals	Proprietary Totals	University of Minnesota	Total Component Units
Balance Sheet:				
Current Assets	\$ 157,828	\$ 963,615	\$ 628,226	\$ 1,749,669
Non-Current Assets	407,240	2,705,045	861,012	3,973,297
Due from other Governmental Units	3,526	906	-	4,432
Due from Primary Government	535	-	121,356	121,891
Restricted Assets	-	1,750,731	12,840	1,763,571
Fixed Assets	10,504	1,285,870	1,587,479	2,883,853
Amount Available for Debt Service	36,930	-	-	36,930
Amount to be Provided for Debt Service	163,461	-	-	163,461
Total Assets	<u>\$ 780,024</u>	<u>\$ 6,706,167</u>	<u>\$ 3,210,913</u>	<u>\$ 10,697,104</u>
Current Liabilities	\$ 38,506	\$ 84,221	\$ 224,160	\$ 346,887
Due to Other Governmental Units	309	-	-	309
Due to Primary Government	2,138	17,101	51,979	71,218
Restricted Liabilities	-	955,907	-	955,907
Long-term Liabilities	240,263	3,024,985	653,715	3,918,963
Total Liabilities	<u>\$ 281,216</u>	<u>\$ 4,082,214</u>	<u>\$ 929,854</u>	<u>\$ 5,293,284</u>
Total Equity	<u>\$ 498,808</u>	<u>\$ 2,623,953</u>	<u>\$ 2,281,059</u>	<u>\$ 5,403,820</u>

Investments are shown as non-current assets.

## 19. 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 or omissions; and to employer obligations. The state manages these risks through the Risk Management Fund (internal service fund), a self-insurance fund, and other self-insurance mechanisms. All health plans are self-insured.

#### Risk Management Fund

State agencies may elect to participate in the Risk Management Fund, which offers liability and property coverage. The agency pays a premium to participate in this coverage. All state agencies are required to purchase automobile liability coverage from the fund.

The property coverage offers an agency a deductible between \$1,000 and \$100,000. The fund covers the balance of the claim up to \$500,000. The primary reinsurer covers losses up to \$25,000,000 after which the excess loss is shared among three reinsurers up to \$400,000,000. The liability coverage is up to the statutory limit of \$300,000 per person for property damage or \$750,000 for bodily injury per occurrence. Once annual losses paid by the Risk Management Fund reach \$3,500,000, the reinsurer will step in and cover those losses in excess of each covered agency's deductible. Once this limit is reached, the fund has to pay a \$10,000 maintenance deductible for each claim.

The Risk Management Fund purchases insurance policies for state agencies seeking other types of coverage. This type of policy covers risks for which the state is not able to self-insure and includes aviation, medical malpractice and foster care liability. The premiums for these policies are billed back to agencies at cost.

Statutory provisions prohibit the state from insuring property against loss. Certain agencies and programs are exempted from this prohibition. These include the Minnesota Correctional Facility - Stillwater, Minnesota State Colleges and Universities, Family Farm Security Program, Department of Military Affairs, Iron Range Resources and Rehabilitation Board and the Sibley House. The Commissioner of the Department of Administration may authorize the purchase of insurance on state properties should it be deemed necessary and appropriate to protect buildings and contents. All losses of state property are self-insured, covered by programs of the Risk Management Fund or covered by insurance policies purchased by the Risk Management Fund on behalf of state agencies.

#### Tort Claims

Tort claims against the state are limited by statute to \$300,000 per person for property damage or \$1,000,000 per person for bodily injury per occurrence. These risks are covered through self-insurance. Each state agency is responsible to pay for the cost of claims from its operating budget of various funds. The 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 legislature.

#### Workers' Compensation

The state, as a self-insured employer, assumes all risks for workers' compensation related claims and is required by state law to be a member of the Workers' Compensation Reinsurance Association (WRCA). The WRCA reimburses the state for catastrophic workers' compensation claims that exceed the current retention amount of \$1,320,000. The recovery of claim costs that are less than the WCRA retention amount is the responsibility of each state agency. These costs are paid from each agency's operating budget. During fiscal year 2001, a significant change in claim liability occurred as a result of several unanticipated events that contributed to an estimated \$11 million reduction in outstanding liabilities. These events included full or partial settlement of claims, the deaths of former employees thus reducing future liabilities and the recalculation of new claim-based revised financial data.

#### State Employee Group Insurance Program

The State Employee Group Insurance Program (SEGIP) was created by the Minnesota State Legislature as an employee insurance trust fund to provide eligible employees and other eligible persons with life insurance and hospital, medical, and dental benefits coverage through provider organizations. The trust fund is not associated with a public risk pool. The fund type used to account for SEGIP fiscal activities is an internal service fund dedicated solely for the purpose of this program. A contingency reserve is maintained within the trust fund 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 for medical, dental, life, and disability coverage through a network of providers throughout the state.

In January 2000, the Fund became fully self-insured for medical coverage and now assumes all liability for medical claims. The self-funded programs within the fund establish claims liabilities based on estimates of the ultimate costs 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 provided by the insurance carriers and reviewed by the program managers 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. The risk pool was created by the Minnesota State Legislature to provide public employees and other eligible persons with life insurance and hospital, medical and dental benefit 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 Laws of Minnesota, 1987 codified as Minnesota Statutes, Section 43A.16. The PEIP became a self-funded program again in 1998 after a brief period as a fully funded entity.

PEIP's membership as of June 30, 2001 was 4,158 members and 4,798 dependents. The members of the pool include 20 schools, 78 cities/townships, 4 counties and 27 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 and will reinsure for claims through its administrators/managed care organizations for Stop-Loss coverage for claims in excess of \$50,000. The employers' premium would be increased the next plan-year and over several plan-years, if necessary, to recover costs in case of a deficiency. Investment income is not anticipated in calculating premium deficiencies. In the event the assets of the pool would be exhausted, members would not be responsible for the pool's liabilities.

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. The estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. The pool uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits the recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the pool as direct insurer of the risks reinsured.

The following table presents changes in the balances of self-insured claims liabilities during the fiscal years ended June 30, 2001 and 2000:

	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
<b>Risk Management Fund</b>				
Fiscal Year Ended 6/30/00	\$ 6,129,000	\$ 1,873,000	\$ 2,420,000	\$ 5,582,000
Fiscal Year Ended 6/30/01	\$ 5,582,000	\$ 4,572,000	\$ 3,771,000	\$ 6,383,000
<b>Tort Claims (*)</b>				
Fiscal Year Ended 6/30/00	\$ -	\$ 514,000	\$ 514,000	\$ -
Fiscal Year Ended 6/30/01	\$ -	\$ 1,812,000	\$ 1,812,000	\$ -
<b>Workers' Compensation</b>				
Fiscal Year Ended 6/30/00	\$ 116,135,000	\$ 33,645,000	\$ 13,120,000	\$ 136,660,000
Fiscal Year Ended 6/30/01	\$ 136,660,000	\$ 3,258,000	\$ 12,729,000	\$ 127,189,000
<b>State Employee Insurance Plans</b>				
Fiscal Year Ended 6/30/00	\$ 21,353,000	\$ 321,061,000	\$ 302,808,000	\$ 39,606,000
Fiscal Year Ended 6/30/01	\$ 39,606,000	\$ 384,872,000	\$ 379,923,000	\$ 44,555,000
<b>Public Employee Insurance Program</b>				
Fiscal Year Ended 6/30/00	\$ 836,000	\$ 9,643,000	\$ 9,403,000	\$ 1,076,000
Fiscal Year Ended 6/30/01	\$ 1,076,000	\$ 16,849,000	\$ 15,300,000	\$ 2,625,000

\* The Office of the Attorney General does not recognize liabilities for Tort Claims. Claims have never exceeded funding appropriated by the legislature.

## Component Units

### Metropolitan Council

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

## *Liability*

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, Section 466.04 generally limits the MC's 2000 tort exposure to \$300,000 per claim and \$1,000,000 per occurrence for a claim arising on or after January 1, 2000. For claims arising earlier, the limits are \$200,000 per claim and \$750,000 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.

## *Workers' Compensation*

MC has self-administered workers' compensation claims for all divisions. Liabilities are reported when information is available that suggests there has been an occurrence with probable loss incurred. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are re-evaluated periodically to consider recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a discount rate of 5.22 percent.

The self-insurance retention limit for workers' compensation is \$1,240,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses MC.

## *University of Minnesota*

The University is self-insured for medical malpractice, general liability, directors and officers liability and automobile liability through RUMINCO, Ltd., a wholly owned single parent captive insurance company. Claims are reported to a third-party administrator, which pays expenses and sets up reserves. The total estimated expense of a claim is estimated and booked as a liability when it is probable 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.

The University 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 the University's liability for workers' compensation is compiled and recorded, but the liability is not funded in a separate reserve.

The following table presents changes in the balances of claims liabilities during the fiscal years ended December 31, 2000 and 1999 or June 30, 2001 and 2000, as applicable:

	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
Metropolitan Council				
Fiscal Year Ended 12/31/99	\$ 15,417,000	\$ 8,290,000	\$ 6,001,000	\$ 17,706,000
Fiscal Year Ended 12/31/00	\$ 17,706,000	\$ 7,132,000	\$ 7,781,000	\$ 17,057,000
University of Minnesota - RUMINCO, Ltd.				
Fiscal Year Ended 6/30/00	\$ 11,580,000	\$ 250,000	\$ 2,355,000	\$ 9,475,000
Fiscal Year Ended 6/30/01	\$ 9,475,000	\$ 1,596,000	\$ 2,918,000	\$ 8,153,000
University of Minnesota - Workers' Compensation				
Fiscal Year Ended 6/30/00	\$ 14,700,000	\$ 1,854,000	\$ 2,554,000	\$ 14,000,000
Fiscal Year Ended 6/30/01	\$ 14,000,000	\$ (1,629,000)	\$ 1,571,000	\$ 10,800,000

## 20. 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds. This inequality results primarily from differences in the recognition of accruals, reimbursements, deferred revenue, intrafund and loan 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 encumbered. A reconciliation of the fund balances under the two bases for the General Fund and special revenue funds is provided in the table "Reconciliation of GAAP Basis Fund Balances to Budgetary Basis Fund Balances".

A major difference between GAAP and the budgetary fund balances for special revenue funds is an entity difference for those funds, which do not require legal appropriations. A reconciliation of this entity difference is presented below (in thousands). Other differences in basis of accounting and perspective (fund structure) are included in the subsequent table.

Total GAAP Basis Fund Balances -	
All Special Revenue Funds	\$ 1,818,156
Special Revenue Funds not requiring	
Legal appropriation	<u>(516,323)</u>
Total GAAP Fund Balance -	
Appropriated Special Revenue Funds	<u>\$ 1,301,833</u>

	Special Revenue Funds									
	General Fund	Trunk Highway	Highway User Tax Distribution	State Airports	Solid Waste	Health Care Access	Natural Resources	Special Compensation	Environmental	Total Special Revenue
GAAP Basis Fund Balances	\$ 1,179,516	\$ 448,396	\$ 50	\$ 36,346	\$ 89,990	\$ 317,796	\$ 61,047	\$ 318,925	\$ 29,283	\$ 1,301,833
Less: Reserved Fund Balances	1,129,244	189,233	50	17,300	1,115	155,846	19,411	784	13,149	396,888
Less: Designated Fund Balances	50,272	79,131	-	3,322	500	-	6,449	310,495	14,189	414,086
Undesignated Fund Balances	\$ -	\$ 180,032	\$ -	\$ 15,724	\$ 88,375	\$ 161,950	\$ 35,187	\$ 7,646	\$ 1,945	\$ 490,859
Basis of Accounting Differences										
Revenue Accruals/										
Adjustments:										
Taxes Receivable	\$ (448,882)	\$ -	\$ (149)	\$ -	\$ -	\$ (35,148)	\$ -	\$ -	\$ (124)	\$ (35,421)
Human Services Receivable	(17,014)	-	-	-	-	(19)	-	-	-	(19)
Deferred Revenue	140,770	-	-	-	-	2,855	-	-	-	2,855
Other Receivables	(3,816)	-	-	-	-	107	(821)	-	-	(714)
Expenditure Accruals/										
Adjustments:										
Family Support,										
Medical Assist., and MAXIS	214,527	-	-	-	-	-	-	47	-	47
Police and Fire Aid	57,584	-	-	-	-	-	-	-	-	-
Education Aids	454,836	-	-	-	-	-	-	-	-	-
Other Payables	38,663	11,405	-	867	-	18,840	(51)	-	-	31,061
Other Financial Sources (Uses):										
Transfers-In	(7,254)	(30,430)	-	-	-	-	(2,697)	-	-	(33,127)
Transfers-Out	-	-	5,719	-	-	(93)	-	-	-	5,626
Reserved Fund Balances:										
Long-Term Receivables	-	-	-	3,241	-	249	-	-	-	3,490
Fund Structure Differences										
Terminally Funded										
Pension Plan	7,191	-	-	-	-	-	-	-	-	-
Cambridge Bank										
Fund Consolidation	(5,592)	-	-	-	-	-	-	-	-	-
Other	(14,867)	-	-	-	-	27	-	-	-	27
Prospective Differences:										
Reduction of Designated for										
Appropriation Carryover	(241,613)	-	-	-	-	-	-	-	-	-
Budgetary Basis:										
Undesignated Fund Balances	\$ 174,533	\$ 161,007	\$ 5,570	\$ 19,832	\$ 88,375	\$ 148,768	\$ 31,618	\$ 7,693	\$ 1,821	\$ 464,684



## 21. SUBSEQUENT EVENTS

### Primary Government

On October 17, 2001, \$330,000,000 of general obligation state various purpose bonds and \$25,000,000 of general obligation state trunk highway bonds were sold at a true interest rate of 4.30 percent. The bonds were issued to finance the cost of capital improvements. These bonds are backed by the full faith and credit and taxing powers of the state of Minnesota.

On October 24, 2001, \$4,000,000 of general obligation taxable state various purpose bonds were sold at a true interest rate of 5.41 percent. The bonds were issued to finance the cost of capital improvements. These bonds are backed by the full faith and credit and taxing powers of the state of Minnesota.

As required by the constitution and statutes, transfers from primary government and component unit funds presented below were made on November 30, 2001 to the separately invested Debt Service Fund to cover the principal and interest maturing through July 1, 2003 (in thousands):

General Fund	\$295,745
Natural Resources Fund	13
Trunk Highway Fund	7,449
Maximum Effort School Loan Fund	1,037
University of Minnesota	<u>7,581</u>
Total Transfers to Debt Service	<u>\$311,825</u>

A sales tax rebate not to exceed \$852.08 million was approved by the 2001 legislature. The law specifies that the rebate is a reduction of fiscal year 2001 sales tax revenues. The amount necessary to pay the sales tax rebate and interest is appropriated from the General Fund to the Commissioner of Revenue in fiscal year 2001 and is available to claim by taxpayers until June 30, 2003. A sales tax rebate of \$791.3 million was recorded in the financial statements as a reduction of the sales tax revenue and an increase in accounts payable in the General Fund as of June 30, 2001. The majority of the sales tax rebate accrued in fiscal year 2001 was issued to taxpayers in August 2001. Of this amount, approximately \$25 million was collected by the state through revenue recapture programs.

### Component Units

In March 2001, \$32,000,000 of general obligation sewer refunding bonds, which refund the 2002-09 maturities of the \$62,375,000 General Obligation Sewer Refunding Bonds, were issued by the Metropolitan Council (proprietary fund type). In January 2001, the Metropolitan Council (proprietary fund type) secured a full funding grant agreement from the Federal Transit Administration for the construction of the Hiawatha light rail project. The Metropolitan Council has a December 31 year end.

In October 2001, the Public Facilities Authority (proprietary fund type) issued \$94,000,000 in revenue bonds for the purpose of funding loans.

In 2001, the Workers' Compensation Assigned Risk Plan (WCARP) received a notice of a \$17,881,000 refund of excess ceded reinsurance premiums from the Workers' Compensation Reinsurance Association, which will be received and recorded in 2001. WCARP has a December 31 year end.

## 22. NEW REPORTING STANDARDS

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", followed in November 1999 by Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities". These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. When implemented, the statements will require new information to be reported and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The state is required to implement Statement No. 34 for the fiscal year ending June 30, 2002. Minnesota State Colleges and Universities and the University of Minnesota will concurrently implement Statement No. 35. The state has not yet determined the full impact that adopting GASB Statements Nos. 34 and 35 will have on the financial statements.

23. RESTATEMENT – CHANGE IN ACCOUNTING PRINCIPLE

A liability for sales tax refunds of \$157 million was discovered subsequent to the issuance of the Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2001. The liability is required to be recorded as a result of implementing GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”. The liability has been reflected in this restated CAFR as a \$5 million reduction to sales tax revenue and a change in accounting principle of \$152 million in the General Fund. In addition to the Combined Balance Sheet All Fund Types, Account Groups and Discretely Presented Component Units and the Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units, this change has been reflected in the transmittal letter, Note 14 “Equity”, Note 20 “Budgetary Basis vs. GAAP” and the Statistical Section “General Governmental Revenues by Source”.

## **Combining Financial Statements**

---

This page intentionally left blank

## SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specific purposes. Descriptions of the individual funds in this category are presented below.

The *Trunk Highway Fund* is supported by revenues from the Highway User Tax Distribution Fund and federal grants to provide planning, design, construction and maintenance of the state trunk highway system.

The *Highway User Tax Distribution Fund* receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

The *State Airports 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.

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

The *Petroleum Tank Cleanup Fund* receives funding from a fee imposed on petroleum distributors for the purpose of reimbursing responsible parties for most of their costs to clean up environmental contamination from petroleum tanks.

The *Solid Waste Fund* receives funding from a fee imposed on solid waste haulers to clean up closed municipal landfills.

The *Health Care Access Fund* receives taxes on health service providers and premiums for programs which will help contain the costs of health care, make reforms in health insurance, and provide competitively priced insurance for people unable to obtain affordable coverage.

The *Natural Resources Funds* include three funds created to preserve and improve the state's natural resources.

*Minnesota Resources Fund* receives a portion of the cigarette and tobacco taxes which are appropriated for various natural resource development purposes.

The *Natural Resources Fund* receives taxes from fuel used in recreational vehicles, and fees and donations which are used to fund management of the related natural resource programs.

*Game and Fish Fund* receives revenues from license fees and fines related to hunting and fishing which are spent for related purposes.

The *Maximum Effort School Loan Fund* receives bond proceeds and reimbursements from school districts to help finance school district construction projects.

The *Special Compensation Fund* receives assessments on all insurers for administration of the state workers' compensation program, including enforcement, for reimbursement of certain supplemental benefits, and for payment of claims to employees of uninsured and bankrupt firms.

The *Environmental Fund* accounts for activities that monitor and control environmental problems using taxes and fees from activities and industries contributing to environmental problems.

The *Iron Range Resources and Rehabilitation Fund* receives revenues from taconite taxes which are used to promote economic development in northeastern Minnesota.

The *Miscellaneous Special Revenue Fund* includes numerous smaller accounts whose revenues are dedicated to a variety of specific purposes.

# STATE OF MINNESOTA

## SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2001 (IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	FEDERAL	PETROLEUM TANK CLEANUP	SOLID WASTE
<b>ASSETS</b>						
Cash and Cash Equivalents.....	\$ 415,626	\$ 17,023	\$ 33,969	\$ 1,508	\$ 31,431	\$ 82,772
Investments.....	-	-	-	-	-	-
Accounts Receivable.....	20,005	59,417	596	15,284	67	9,393
Interfund Receivables.....	47,141	11,725	-	4,640	-	-
Due from Component Units.....	-	-	-	-	-	-
Accrued Investment/Interest Income.....	-	-	-	-	-	-
Federal Aid Receivable.....	21,512	-	-	571,772	-	-
Inventories.....	11,650	-	-	-	-	-
Food Stamps.....	-	-	-	418	-	-
Loans Receivable.....	-	-	3,243	1,446	410	-
Securities Lending Collateral.....	85,786	3,746	7,530	2,988	6,954	18,326
Other Assets.....	-	-	-	195	-	-
<b>Total Assets.....</b>	<b>\$ 601,720</b>	<b>\$ 91,911</b>	<b>\$ 45,338</b>	<b>\$ 598,251</b>	<b>\$ 38,862</b>	<b>\$ 110,491</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable.....	\$ 67,513	\$ 1,096	\$ 1,462	\$ 509,444	\$ 13,649	\$ 2,175
Interfund Payables.....	-	86,783	-	46,251	-	-
Due to Component Units.....	-	-	-	2,730	-	-
Deferred Revenue.....	25	236	-	29,681	-	-
Securities Lending Collateral.....	85,786	3,746	7,530	2,988	6,954	18,326
Other Liabilities.....	-	-	-	31	-	-
<b>Total Liabilities.....</b>	<b>\$ 153,324</b>	<b>\$ 91,861</b>	<b>\$ 8,992</b>	<b>\$ 591,125</b>	<b>\$ 20,603</b>	<b>\$ 20,501</b>
<b>Fund Balances:</b>						
<b>Reserved Fund Balances:</b>						
Reserved for Encumbrances.....	\$ 61,307	\$ 50	\$ 14,059	\$ -	\$ 10,108	\$ 1,115
Budgetary Reserve.....	-	-	-	-	-	-
Reserved for Inventory.....	11,650	-	-	-	-	-
Reserved for Long-Term Receivables.....	-	-	3,241	1,446	410	-
Reserved for Long-Term Commitments.....	116,276	-	-	-	-	-
Reserved for Other.....	-	-	-	5,680	-	-
<b>Total Reserved Fund Balances.....</b>	<b>\$ 189,233</b>	<b>\$ 50</b>	<b>\$ 17,300</b>	<b>\$ 7,126</b>	<b>\$ 10,518</b>	<b>\$ 1,115</b>
<b>Unreserved Fund Balances:</b>						
Designated for Appropriation Carryover.....	\$ 79,131	\$ -	\$ 3,322	\$ -	\$ -	\$ 500
Designated for Fund Purposes.....	-	-	-	-	7,741	-
Undesignated.....	180,032	-	15,724	-	-	88,375
<b>Total Unreserved Fund Balances.....</b>	<b>\$ 259,163</b>	<b>\$ -</b>	<b>\$ 19,046</b>	<b>\$ -</b>	<b>\$ 7,741</b>	<b>\$ 88,875</b>
<b>Total Fund Balances.....</b>	<b>\$ 448,396</b>	<b>\$ 50</b>	<b>\$ 36,346</b>	<b>\$ 7,126</b>	<b>\$ 18,259</b>	<b>\$ 89,990</b>
<b>Total Liabilities and Fund Balances....</b>	<b>\$ 601,720</b>	<b>\$ 91,911</b>	<b>\$ 45,338</b>	<b>\$ 598,251</b>	<b>\$ 38,862</b>	<b>\$ 110,491</b>

HEALTH CARE ACCESS	NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL COMPENSATION	ENVIRONMENTAL	IRON RANGE RESOURCES & REHABILITATION	MISCELLANEOUS SPECIAL REVENUE	TOTAL
\$ 317,246	\$ 55,604	\$ -	\$ 324,494	\$ 28,043	\$ 55,728	\$ 373,486	\$ 1,736,930
-	-	-	-	7,806	2,700	-	10,506
35,272	3,716	-	7,394	2,311	188	28,323	181,966
1,040	9,488	-	-	-	-	8,313	82,347
-	-	-	-	-	-	354	354
-	-	6	-	14	-	18	38
-	1,722	-	-	-	-	-	595,006
-	-	-	-	-	-	-	11,650
-	-	-	-	-	-	-	418
189	-	15,468	-	766	383	72,074	93,979
70,301	9,806	226	71,909	5,065	9,059	40,151	331,847
-	-	-	-	-	-	55	250
<u>\$ 424,048</u>	<u>\$ 80,336</u>	<u>\$ 15,700</u>	<u>\$ 403,797</u>	<u>\$ 44,005</u>	<u>\$ 68,058</u>	<u>\$ 522,774</u>	<u>\$ 3,045,291</u>
\$ 20,927	\$ 9,447	\$ -	\$ 6,127	\$ 7,027	\$ 1,807	\$ 45,242	\$ 685,916
11,674	-	192	-	1,200	-	12,948	159,048
495	36	-	-	52	-	604	3,917
2,855	-	5,365	6,836	1,378	-	-	46,376
70,301	9,806	226	71,909	5,065	9,059	40,151	331,847
-	-	-	-	-	-	-	31
<u>\$ 106,252</u>	<u>\$ 19,289</u>	<u>\$ 5,783</u>	<u>\$ 84,872</u>	<u>\$ 14,722</u>	<u>\$ 10,866</u>	<u>\$ 98,945</u>	<u>\$ 1,227,135</u>
\$ 5,657	\$ 19,411	\$ -	\$ 784	\$ 3,358	\$ 16,684	\$ 40,238	\$ 172,771
150,000	-	-	-	-	-	-	150,000
-	-	-	-	-	-	-	11,650
189	-	9,683	-	766	383	71,749	87,867
-	-	-	-	9,025	-	-	125,301
-	-	-	-	-	-	-	5,680
<u>\$ 155,846</u>	<u>\$ 19,411</u>	<u>\$ 9,683</u>	<u>\$ 784</u>	<u>\$ 13,149</u>	<u>\$ 17,067</u>	<u>\$ 111,987</u>	<u>\$ 553,269</u>
\$ -	\$ 6,449	\$ -	\$ 310,495	\$ 14,189	\$ 27,673	\$ -	\$ 441,759
-	-	-	-	-	12,452	311,842	332,035
161,950	35,187	234	7,646	1,945	-	-	491,093
<u>\$ 161,950</u>	<u>\$ 41,636</u>	<u>\$ 234</u>	<u>\$ 318,141</u>	<u>\$ 16,134</u>	<u>\$ 40,125</u>	<u>\$ 311,842</u>	<u>\$ 1,264,887</u>
<u>\$ 317,796</u>	<u>\$ 61,047</u>	<u>\$ 9,917</u>	<u>\$ 318,925</u>	<u>\$ 29,283</u>	<u>\$ 57,192</u>	<u>\$ 423,829</u>	<u>\$ 1,818,156</u>
<u>\$ 424,048</u>	<u>\$ 80,336</u>	<u>\$ 15,700</u>	<u>\$ 403,797</u>	<u>\$ 44,005</u>	<u>\$ 68,058</u>	<u>\$ 522,774</u>	<u>\$ 3,045,291</u>

# STATE OF MINNESOTA

## SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	FEDERAL	PETROLEUM TANK CLEANUP	SOLID WASTE
Net Revenues:						
Sales Taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor Vehicle License Taxes.....	-	466,398	-	-	-	-
Fuel Taxes.....	-	608,415	3,113	-	-	-
Other Taxes.....	-	-	15,016	-	-	27,120
Federal Revenues.....	313,992	-	-	4,100,676	-	-
Licenses and Fees.....	29,597	7,011	550	-	26,693	-
Care and Hospitalization Revenues.....	-	-	-	-	-	-
Tuition and Student Fees.....	-	-	-	-	-	-
Departmental Services.....	2,840	124	-	15,957	-	-
Investment/Interest Income.....	18,988	2,242	1,790	1,055	1,466	4,023
Penalties and Fines.....	5,050	568	-	-	116	-
Securities Lending Income.....	3,696	419	348	159	286	783
Other Revenues.....	29,150	112	738	3,964	10	21,074
Net Revenues.....	\$ 403,313	\$ 1,085,289	\$ 21,555	\$ 4,121,811	\$ 28,571	\$ 53,000
Expenditures:						
Current:						
Protection of Persons and Property.....	\$ 83,563	\$ 15,086	\$ -	\$ 27,461	\$ -	\$ -
Transportation.....	455,728	590	7,497	6,612	-	-
Resource Management.....	-	-	-	20,230	21,515	19,455
Economic and Manpower Development.....	5	-	-	78,962	-	-
Education.....	4	-	-	62,903	-	-
Health and Social Services.....	4	-	-	192,055	-	207
General Government.....	629	2,198	-	4,520	126	530
Securities Lending Rebates and Fees.....	3,642	413	343	157	282	771
Total Current Expenditures.....	\$ 543,575	\$ 18,287	\$ 7,840	\$ 392,900	\$ 21,923	\$ 20,963
Capital Outlay.....	515,065	-	-	4,206	-	86
Debt Service.....	7,484	-	-	93	-	-
Grants and Subsidies.....	869	-	8,782	3,696,757	3,712	17
Total Expenditures.....	\$ 1,066,993	\$ 18,287	\$ 16,622	\$ 4,093,956	\$ 25,635	\$ 21,066
Excess of Revenues Over (Under) Expenditures.....	\$ (663,680)	\$ 1,067,002	\$ 4,933	\$ 27,855	\$ 2,936	\$ 31,934
Other Financing Sources (Uses):						
General Obligation and Revenue Bonds.....	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers-In.....	727,299	161,529	61	592	-	-
Operating Transfers to Debt Service.....	(6,352)	-	-	-	-	-
Other Operating Transfers-Out.....	(166)	(1,230,365)	-	(7,322)	-	(5,721)
Transfers-In from Component Units.....	-	-	-	-	-	-
Transfers-Out to Component Units.....	-	-	-	(21,693)	-	-
Capital Leases.....	-	-	-	-	-	-
Proceeds of Refunding Bonds.....	-	-	-	-	-	-
Payment to Refunded Bonds Escrow Agent.....	-	-	-	-	-	-
Net Other Financing Sources (Uses).....	\$ 750,781	\$ (1,068,836)	\$ 61	\$ (28,423)	\$ -	\$ (5,721)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 87,101	\$ (1,834)	\$ 4,994	\$ (568)	\$ 2,936	\$ 26,213
Fund Balances, Beginning, as Reported.....	\$ 363,579	\$ 1,884	\$ 31,352	\$ 7,694	\$ 15,323	\$ 63,777
Prior Period Adjustments.....	-	-	-	-	-	-
Change in Accounting Principle.....	-	-	-	-	-	-
Fund Balances, Beginning, as Restated.....	\$ 363,579	\$ 1,884	\$ 31,352	\$ 7,694	\$ 15,323	\$ 63,777
Residual Equity Transfers-In.....	-	-	-	-	-	-
Change in Inventory.....	(2,284)	-	-	-	-	-
Fund Balances, Ending.....	\$ 448,396	\$ 50	\$ 36,346	\$ 7,126	\$ 18,259	\$ 89,990



HEALTH CARE ACCESS	NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL COMPENSATION	ENVIRONMENTAL	IRON RANGE RESOURCES & REHABILITATION	MISCELLANEOUS SPECIAL REVENUE	TOTAL
\$ -	\$ 23,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,090
-	-	-	-	-	-	-	466,398
-	-	-	-	-	-	-	611,528
171,794	7,058	-	86,904	5,267	19,827	29,949	362,935
-	14,957	-	-	-	-	15,741	4,445,366
-	60,131	-	-	20,366	-	58,459	202,807
-	-	-	-	-	-	885	885
-	-	-	-	-	-	17,326	17,326
21,882	1,296	-	-	118	4,304	113,709	160,230
19,434	2,393	1,013	21,048	(212)	2,855	13,057	89,152
-	563	-	-	2,418	-	4,043	12,758
3,780	475	13	4,098	263	493	2,139	16,952
2,952	919	4	5,560	16	654	35,736	100,889
<u>\$ 219,842</u>	<u>\$ 110,882</u>	<u>\$ 1,030</u>	<u>\$ 117,610</u>	<u>\$ 28,236</u>	<u>\$ 28,133</u>	<u>\$ 291,044</u>	<u>\$ 6,510,316</u>
\$ -	\$ -	\$ -	\$ -	\$ 46	\$ -	\$ 14,917	\$ 141,073
-	-	-	-	25	-	158	470,610
-	93,635	-	-	24,316	620	27,959	207,730
-	-	-	23,548	792	21,490	38,213	163,010
-	154	-	-	-	-	34,484	97,545
19,872	117	-	-	-	-	122,085	334,340
1,878	171	-	7,040	254	-	21,984	39,330
3,725	468	13	4,038	260	482	2,108	16,702
<u>\$ 25,475</u>	<u>\$ 94,545</u>	<u>\$ 13</u>	<u>\$ 34,626</u>	<u>\$ 25,693</u>	<u>\$ 22,592</u>	<u>\$ 261,908</u>	<u>\$ 1,470,340</u>
-	4,734	-	-	3	1,996	7,046	533,136
637	135	-	-	-	1,410	517	10,276
183,370	10,950	1,342	90,690	7,038	15,860	140,760	4,160,147
<u>\$ 209,482</u>	<u>\$ 110,364</u>	<u>\$ 1,355</u>	<u>\$ 125,316</u>	<u>\$ 32,734</u>	<u>\$ 41,858</u>	<u>\$ 410,231</u>	<u>\$ 6,173,899</u>
<u>\$ 10,360</u>	<u>\$ 518</u>	<u>\$ (325)</u>	<u>\$ (7,706)</u>	<u>\$ (4,498)</u>	<u>\$ (13,725)</u>	<u>\$ (119,187)</u>	<u>\$ 336,417</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,290	\$ 4,200	\$ 46,490
873	13,884	4,000	-	5,721	551	173,815	1,088,325
-	(68)	(1,633)	-	-	-	(1,344)	(9,397)
(26,696)	-	-	-	(2,065)	-	(14,461)	(1,286,796)
-	-	-	325,000	-	-	-	325,000
(3,134)	(5,199)	-	-	(667)	-	(2,703)	(33,396)
-	-	-	-	-	-	8,310	8,310
-	-	-	-	-	3,710	-	3,710
-	-	-	-	-	(3,674)	-	(3,674)
<u>\$ (28,957)</u>	<u>\$ 8,617</u>	<u>\$ 2,367</u>	<u>\$ 325,000</u>	<u>\$ 2,989</u>	<u>\$ 12,877</u>	<u>\$ 167,817</u>	<u>\$ 138,572</u>
<u>\$ (18,597)</u>	<u>\$ 9,135</u>	<u>\$ 2,042</u>	<u>\$ 317,294</u>	<u>\$ (1,509)</u>	<u>\$ (848)</u>	<u>\$ 48,630</u>	<u>\$ 474,989</u>
\$ 336,393	\$ 51,912	\$ 7,875	\$ 1,631	\$ 30,792	\$ 58,040	\$ 372,067	\$ 1,342,319
-	-	-	-	-	-	(5,439)	(5,439)
-	-	-	-	-	-	8,217	8,217
<u>\$ 336,393</u>	<u>\$ 51,912</u>	<u>\$ 7,875</u>	<u>\$ 1,631</u>	<u>\$ 30,792</u>	<u>\$ 58,040</u>	<u>\$ 374,845</u>	<u>\$ 1,345,097</u>
-	-	-	-	-	-	354	354
-	-	-	-	-	-	-	(2,284)
<u>\$ 317,796</u>	<u>\$ 61,047</u>	<u>\$ 9,917</u>	<u>\$ 318,925</u>	<u>\$ 29,283</u>	<u>\$ 57,192</u>	<u>\$ 423,829</u>	<u>\$ 1,818,156</u>

# STATE OF MINNESOTA

## APPROPRIATED SPECIAL REVENUE FUNDS COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL BUDGETARY BASIS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	TRUNK HIGHWAY			HIGHWAY USER TAX DISTRIBUTION		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Net Revenues:						
Sales Taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor Vehicle License Taxes.....	-	-	-	445,890	454,553	8,663
Fuel Taxes.....	-	-	-	609,489	607,549	(1,940)
Tobacco Taxes.....	-	-	-	-	-	-
Other Taxes.....	-	-	-	-	-	-
Federal Revenues.....	375,895	390,978	15,083	-	-	-
Licenses and Fees.....	-	-	-	-	-	-
Departmental Services.....	38,479	33,619	(4,860)	8,937	7,134	(1,803)
Investment/Interest Income.....	14,000	19,043	5,043	1,388	2,249	861
Other Revenues.....	31,124	32,117	993	1,136	680	(456)
Net Revenues.....	\$ 459,498	\$ 475,757	\$ 16,259	\$ 1,066,840	\$ 1,072,165	\$ 5,325
Expenditures:						
Protection of Persons and Property.....	\$ 86,116	\$ 85,486	\$ 630	\$ 15,263	\$ 15,088	\$ 175
Transportation.....	1,236,413	1,123,141	113,272	590	590	-
Resource Management.....	-	-	-	-	-	-
Economic and Manpower Development.....	3	3	-	-	-	-
Education.....	25	25	-	-	-	-
Health and Social Services.....	-	-	-	-	-	-
General Government.....	7,431	4,117	3,314	2,866	2,219	647
Total Expenditures.....	\$ 1,329,988	\$ 1,212,772	\$ 117,216	\$ 18,719	\$ 17,897	\$ 822
Excess of Revenues Over (Under)						
Expenditures.....	\$ (870,490)	\$ (737,015)	\$ 133,475	\$ 1,048,121	\$ 1,054,268	\$ 6,147
Other Financing Sources (Uses):						
General Obligation Bonds.....	\$ 100,100	\$ 30,000	\$ (70,100)	\$ -	\$ -	\$ -
Operating Transfers-In.....	714,520	719,546	5,026	161,529	161,529	-
Operating Transfers to Debt Service.....	(6,352)	(6,352)	-	-	-	-
Other Operating Transfers-Out.....	(166)	(166)	-	(1,211,246)	(1,211,246)	-
Transfers-In from Component Units.....	-	-	-	-	-	-
Transfers-Out to Component Units.....	-	-	-	-	-	-
Net Other Financing Sources (Uses).....	\$ 808,102	\$ 743,028	\$ (65,074)	\$ (1,049,717)	\$ (1,049,717)	\$ -
Excess of Revenues and Other						
Sources Over (Under) Expenditures						
and Other Uses.....	\$ (62,388)	\$ 6,013	\$ 68,401	\$ (1,596)	\$ 4,551	\$ 6,147
Fund Balances, Beginning,as Reported.....	\$ 225,905	\$ 225,905	\$ -	\$ 1,596	\$ 1,596	\$ -
Prior Period Adjustments.....	-	11,803	11,803	-	24	24
Fund Balances, Beginning,as Restated.....	\$ 225,905	\$ 237,708	\$ 11,803	\$ 1,596	\$ 1,620	\$ 24
Fund Balances, Ending.....	\$ 163,517	\$ 243,721	\$ 80,204	\$ -	\$ 6,171	\$ 6,171
Less: Appropriation Carryover.....	-	82,714	(82,714)	-	601	(601)
Less: Budgetary Reserve.....	-	-	-	-	-	-
Undesignated Fund Balances, Ending.....	\$ 163,517	\$ 161,007	\$ (2,510)	\$ -	\$ 5,570	\$ 5,570

STATE AIRPORTS			SOLID WASTE			HEALTH CARE ACCESS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,215	3,544	(671)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,450	15,016	2,566	27,113	27,058	(55)	163,309	167,314	4,005
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,590	612	(978)	-	-	-	35,907	26,039	(9,868)
1,008	1,795	787	3,767	4,031	264	19,457	19,474	17
103	737	634	3,883	21,076	17,193	-	-	-
\$ 19,366	\$ 21,704	\$ 2,338	\$ 34,763	\$ 52,165	\$ 17,402	\$ 218,673	\$ 212,827	\$ (5,846)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23,226	21,248	1,978	-	-	-	-	-	-
-	-	-	21,299	20,799	500	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	278	213	65	211,117	190,578	20,539
105	-	105	839	540	299	2,682	2,641	41
\$ 23,331	\$ 21,248	\$ 2,083	\$ 22,416	\$ 21,552	\$ 864	\$ 213,799	\$ 193,219	\$ 20,580
\$ (3,965)	\$ 456	\$ 4,421	\$ 12,347	\$ 30,613	\$ 18,266	\$ 4,874	\$ 19,608	\$ 14,734
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61	61	-	-	-	-	873	873	-
-	-	-	-	-	-	-	-	-
(150)	(150)	-	(5,721)	(5,721)	-	(26,789)	(26,789)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(2,837)	(2,837)	-
\$ (89)	\$ (89)	\$ -	\$ (5,721)	\$ (5,721)	\$ -	\$ (28,753)	\$ (28,753)	\$ -
\$ (4,054)	\$ 367	\$ 4,421	\$ 6,626	\$ 24,892	\$ 18,266	\$ (23,879)	\$ (9,145)	\$ 14,734
\$ 20,330	\$ 20,330	\$ -	\$ 63,535	\$ 63,535	\$ -	\$ 307,425	\$ 307,425	\$ -
-	734	734	-	448	448	-	488	488
\$ 20,330	\$ 21,064	\$ 734	\$ 63,535	\$ 63,983	\$ 448	\$ 307,425	\$ 307,913	\$ 488
\$ 16,276	\$ 21,431	\$ 5,155	\$ 70,161	\$ 88,875	\$ 18,714	\$ 283,546	\$ 298,768	\$ 15,222
-	1,599	(1,599)	-	500	(500)	-	-	-
-	-	-	-	-	-	150,000	150,000	-
\$ 16,276	\$ 19,832	\$ 3,556	\$ 70,161	\$ 88,375	\$ 18,214	\$ 133,546	\$ 148,768	\$ 15,222

CONTINUED

# STATE OF MINNESOTA

## APPROPRIATED SPECIAL REVENUE FUNDS COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL BUDGETARY BASIS - CONTINUED YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	NATURAL RESOURCES			SPECIAL COMPENSATION		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Net Revenues:						
Sales Taxes.....	\$ 25,048	\$ 23,090	\$ (1,958)	\$ -	\$ -	\$ -
Motor Vehicle License Taxes.....	-	-	-	-	-	-
Fuel Taxes.....	-	-	-	-	-	-
Tobacco Taxes.....	7,166	7,059	(107)	-	-	-
Other Taxes.....	-	-	-	84,681	89,257	4,576
Federal Revenues.....	15,249	15,249	-	-	-	-
Licenses and Fees.....	60,763	61,725	962	-	-	-
Departmental Services.....	-	-	-	-	-	-
Investment/Interest Income.....	2,330	2,466	136	20,521	21,108	587
Other Revenues.....	1,127	1,157	30	6,247	3,290	(2,957)
Net Revenues.....	\$ 111,683	\$ 110,746	\$ (937)	\$ 111,449	\$ 113,655	\$ 2,206
Expenditures:						
Protection of Persons and Property.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation.....	-	-	-	-	-	-
Resource Management.....	134,514	128,408	6,106	-	-	-
Economic and Manpower Development.....	180	62	118	153,941	152,399	1,542
Education.....	214	214	-	-	-	-
Health and Social Services.....	118	118	-	-	-	-
General Government.....	221	205	16	7,272	7,063	209
Total Expenditures.....	\$ 135,247	\$ 129,007	\$ 6,240	\$ 161,213	\$ 159,462	\$ 1,751
Excess of Revenues Over (Under)						
Expenditures.....	\$ (23,564)	\$ (18,261)	\$ 5,303	\$ (49,764)	\$ (45,807)	\$ 3,957
Other Financing Sources (Uses):						
General Obligation Bonds.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers-In.....	14,355	14,434	79	-	-	-
Operating Transfers to Debt Service.....	(68)	(68)	-	-	-	-
Other Operating Transfers-Out.....	-	-	-	-	-	-
Transfers-In from Component Units.....	-	-	-	325,000	325,000	-
Transfers-Out to Component Units.....	(350)	(350)	-	-	-	-
Net Other Financing Sources (Uses).....	\$ 13,937	\$ 14,016	\$ 79	\$ 325,000	\$ 325,000	\$ -
Excess of Revenues and Other						
Sources Over (Under) Expenditures						
and Other Uses.....	\$ (9,627)	\$ (4,245)	\$ 5,382	\$ 275,236	\$ 279,193	\$ 3,957
Fund Balances, Beginning,as Reported.....	\$ 39,776	\$ 39,776	\$ -	\$ 39,251	\$ 39,251	\$ -
Prior Period Adjustments.....	-	2,536	2,536	-	(256)	(256)
Fund Balances, Beginning,as Restated.....	\$ 39,776	\$ 42,312	\$ 2,536	\$ 39,251	\$ 38,995	\$ (256)
Total Fund Balances, Ending.....	\$ 30,149	\$ 38,067	\$ 7,918	\$ 314,487	\$ 318,188	\$ 3,701
Less: Appropriation Carryover.....	-	6,449	(6,449)	-	310,495	(310,495)
Less: Budgetary Reserve.....	-	-	-	-	-	-
Undesignated Fund Balances, Ending.....	\$ 30,149	\$ 31,618	\$ 1,469	\$ 314,487	\$ 7,693	\$ (306,794)

ENVIRONMENTAL			COMBINED TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ 25,048	\$ 23,090	\$ (1,958)
-	-	-	445,890	454,553	8,663
-	-	-	613,704	611,093	(2,611)
-	-	-	7,166	7,059	(107)
4,600	5,123	523	292,153	303,768	11,615
-	-	-	391,144	406,227	15,083
-	-	-	60,763	61,725	962
21,063	20,485	(578)	105,976	87,889	(18,087)
912	1,340	428	63,383	71,506	8,123
3,156	2,426	(730)	46,776	61,483	14,707
<u>\$ 29,731</u>	<u>\$ 29,374</u>	<u>\$ (357)</u>	<u>\$ 2,052,003</u>	<u>\$ 2,088,393</u>	<u>\$ 36,390</u>
\$ 46	\$ 46	\$ -	\$ 101,425	\$ 100,620	\$ 805
25	25	-	1,260,254	1,145,004	115,250
30,412	29,813	599	186,225	179,020	7,205
1,460	1,460	-	155,584	153,924	1,660
-	-	-	239	239	-
-	-	-	211,513	190,909	20,604
359	253	106	21,775	17,038	4,737
<u>\$ 32,302</u>	<u>\$ 31,597</u>	<u>\$ 705</u>	<u>\$ 1,937,015</u>	<u>\$ 1,786,754</u>	<u>\$ 150,261</u>
<u>\$ (2,571)</u>	<u>\$ (2,223)</u>	<u>\$ 348</u>	<u>\$ 114,988</u>	<u>\$ 301,639</u>	<u>\$ 186,651</u>
\$ -	\$ -	\$ -	\$ 100,100	\$ 30,000	\$ (70,100)
621	621	-	891,959	897,064	5,105
-	-	-	(6,420)	(6,420)	-
(2,065)	(2,065)	-	(1,246,137)	(1,246,137)	-
-	-	-	325,000	325,000	-
-	-	-	(3,187)	(3,187)	-
<u>\$ (1,444)</u>	<u>\$ (1,444)</u>	<u>\$ -</u>	<u>\$ 61,315</u>	<u>\$ (3,680)</u>	<u>\$ (64,995)</u>
<u>\$ (4,015)</u>	<u>\$ (3,667)</u>	<u>\$ 348</u>	<u>\$ 176,303</u>	<u>\$ 297,959</u>	<u>\$ 121,656</u>
\$ 19,103	\$ 19,103	\$ -	\$ 716,921	\$ 716,921	\$ -
-	574	574	-	16,351	16,351
<u>\$ 19,103</u>	<u>\$ 19,677</u>	<u>\$ 574</u>	<u>\$ 716,921</u>	<u>\$ 733,272</u>	<u>\$ 16,351</u>
\$ 15,088	\$ 16,010	\$ 922	\$ 893,224	\$ 1,031,231	\$ 138,007
-	14,189	(14,189)	-	416,547	(416,547)
-	-	-	150,000	150,000	-
<u>\$ 15,088</u>	<u>\$ 1,821</u>	<u>\$ (13,267)</u>	<u>\$ 743,224</u>	<u>\$ 464,684</u>	<u>\$ (278,540)</u>

# STATE OF MINNESOTA

## NATURAL RESOURCES FUNDS COMBINING BALANCE SHEET JUNE 30, 2001 (IN THOUSANDS)

	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 6,668	\$ 17,572	\$ 31,364	\$ 55,604
Accounts Receivable.....	1,015	1,175	1,526	3,716
Interfund Receivables.....	-	9,488	-	9,488
Federal Aid Receivable.....	-	-	1,722	1,722
Securities Lending Collateral.....	1,476	1,389	6,941	9,806
	<u>1,476</u>	<u>1,389</u>	<u>6,941</u>	<u>9,806</u>
Total Assets.....	<u>\$ 9,159</u>	<u>\$ 29,624</u>	<u>\$ 41,553</u>	<u>\$ 80,336</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 670	\$ 3,021	\$ 5,756	\$ 9,447
Due to Component Units.....	36	-	-	36
Securities Lending Collateral.....	1,476	1,389	6,941	9,806
	<u>1,476</u>	<u>1,389</u>	<u>6,941</u>	<u>9,806</u>
Total Liabilities.....	<u>\$ 2,182</u>	<u>\$ 4,410</u>	<u>\$ 12,697</u>	<u>\$ 19,289</u>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances:</b>				
Reserved for Encumbrances.....	\$ 3,440	\$ 5,506	\$ 10,465	\$ 19,411
	<u>3,440</u>	<u>5,506</u>	<u>10,465</u>	<u>19,411</u>
Total Reserved Fund Balances.....	<u>\$ 3,440</u>	<u>\$ 5,506</u>	<u>\$ 10,465</u>	<u>\$ 19,411</u>
<b>Unreserved Fund Balances:</b>				
Designated for Appropriation Carryover.....	\$ 2,144	\$ 3,106	\$ 1,199	\$ 6,449
Undesignated.....	1,393	16,602	17,192	35,187
	<u>1,393</u>	<u>16,602</u>	<u>17,192</u>	<u>35,187</u>
Total Unreserved Fund Balances.....	<u>\$ 3,537</u>	<u>\$ 19,708</u>	<u>\$ 18,391</u>	<u>\$ 41,636</u>
Total Fund Balances.....	<u>\$ 6,977</u>	<u>\$ 25,214</u>	<u>\$ 28,856</u>	<u>\$ 61,047</u>
Total Liabilities and Fund Balances.....	<u>\$ 9,159</u>	<u>\$ 29,624</u>	<u>\$ 41,553</u>	<u>\$ 80,336</u>

# STATE OF MINNESOTA

## NATURAL RESOURCES FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	TOTAL
Net Revenues:				
Sales Taxes.....	\$ -	\$ 11,545	\$ 11,545	\$ 23,090
Tobacco Taxes.....	7,058	-	-	7,058
Federal Revenues.....	-	-	14,957	14,957
Licenses and Fees.....	-	12,522	47,609	60,131
Departmental Services.....	-	406	890	1,296
Investment Income.....	261	495	1,637	2,393
Penalties and Fines.....	-	119	444	563
Securities Lending Income.....	51	93	331	475
Other Revenues.....	1	838	80	919
Net Revenues.....	\$ 7,371	\$ 26,018	\$ 77,493	\$ 110,882
Expenditures:				
Current:				
Resource Management.....	\$ 19	\$ 23,737	\$ 69,879	\$ 93,635
Education.....	-	154	-	154
Health and Social Services.....	117	-	-	117
General Government.....	171	-	-	171
Securities Lending Rebates and Fees.....	50	91	327	468
Total Current Expenditures.....	\$ 357	\$ 23,982	\$ 70,206	\$ 94,545
Capital Outlay.....	-	653	4,081	4,734
Debt Service.....	-	-	135	135
Grants and Subsidies.....	1,882	7,816	1,252	10,950
Total Expenditures.....	\$ 2,239	\$ 32,451	\$ 75,674	\$ 110,364
Excess of Revenues Over (Under) Expenditures.....	\$ 5,132	\$ (6,433)	\$ 1,819	\$ 518
Other Financing Sources (Uses):				
Operating Transfers-In.....	\$ -	\$ 13,136	\$ 748	\$ 13,884
Operating Transfers to Debt Service.....	-	(47)	(21)	(68)
Transfers-Out to Component Units.....	(386)	(4,813)	-	(5,199)
Net Other Financing Sources (Uses).....	\$ (386)	\$ 8,276	\$ 727	\$ 8,617
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 4,746	\$ 1,843	\$ 2,546	\$ 9,135
Fund Balances, Beginning.....	\$ 2,231	\$ 23,371	\$ 26,310	\$ 51,912
Fund Balances, Ending.....	\$ 6,977	\$ 25,214	\$ 28,856	\$ 61,047

# STATE OF MINNESOTA

## NATURAL RESOURCES FUNDS COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL BUDGETARY BASIS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	MINNESOTA RESOURCES			NATURAL RESOURCES		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Net Revenues:						
Sales Taxes.....	\$ -	\$ -	\$ -	\$ 12,524	\$ 11,545	\$ (979)
Tobacco Taxes.....	7,166	7,059	(107)	-	-	-
Federal Revenues.....	-	-	-	-	-	-
Licenses and Fees.....	-	-	-	11,452	13,399	1,947
Investment Income.....	195	262	67	325	496	171
Other Revenues.....	-	-	-	1,024	1,109	85
Net Revenues.....	\$ 7,361	\$ 7,321	\$ (40)	\$ 25,325	\$ 26,549	\$ 1,224
Expenditures:						
Resource Management.....	\$ 5,769	\$ 4,049	\$ 1,720	\$ 41,779	\$ 40,194	\$ 1,585
Economic and Manpower Development.....	180	62	118	-	-	-
Education.....	60	60	-	154	154	-
Health and Social Services.....	118	118	-	-	-	-
General Government.....	221	205	16	-	-	-
Total Expenditures.....	\$ 6,348	\$ 4,494	\$ 1,854	\$ 41,933	\$ 40,348	\$ 1,585
Excess of Revenues Over (Under) Expenditures.....	\$ 1,013	\$ 2,827	\$ 1,814	\$ (16,608)	\$ (13,799)	\$ 2,809
Other Financing Sources (Uses):						
Operating Transfers-In.....	\$ -	\$ -	\$ -	\$ 13,607	\$ 13,686	\$ 79
Operating Transfers to Debt Service.....	-	-	-	(47)	(47)	-
Transfers-Out to Component Units.....	(350)	(350)	-	-	-	-
Net Other Financing Sources (Uses).....	\$ (350)	\$ (350)	\$ -	\$ 13,560	\$ 13,639	\$ 79
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 663	\$ 2,477	\$ 1,814	\$ (3,048)	\$ (160)	\$ 2,888
Fund Balances, Beginning, as Reported.....	\$ (124)	\$ (124)	\$ -	\$ 15,650	\$ 15,650	\$ -
Prior Period Adjustments.....	-	1,218	1,218	-	1,252	1,252
Fund Balances, Beginning, as Restated.....	\$ (124)	\$ 1,094	\$ 1,218	\$ 15,650	\$ 16,902	\$ 1,252
Fund Balances, Ending.....	\$ 539	\$ 3,571	\$ 3,032	\$ 12,602	\$ 16,742	\$ 4,140
Less Appropriation Carryover.....	-	2,144	(2,144)	-	3,106	(3,106)
Undesignated Fund Balances, Ending.....	\$ 539	\$ 1,427	\$ 888	\$ 12,602	\$ 13,636	\$ 1,034



GAME AND FISH			COMBINED TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 12,524	\$ 11,545	\$ (979)	\$ 25,048	\$ 23,090	\$ (1,958)
-	-	-	7,166	7,059	(107)
15,249	15,249	-	15,249	15,249	-
49,311	48,326	(985)	60,763	61,725	962
1,810	1,708	(102)	2,330	2,466	136
103	48	(55)	1,127	1,157	30
\$ 78,997	\$ 76,876	\$ (2,121)	\$ 111,683	\$ 110,746	\$ (937)
\$ 86,966	\$ 84,165	\$ 2,801	\$ 134,514	\$ 128,408	\$ 6,106
-	-	-	180	62	118
-	-	-	214	214	-
-	-	-	118	118	-
-	-	-	221	205	16
\$ 86,966	\$ 84,165	\$ 2,801	\$ 135,247	\$ 129,007	\$ 6,240
\$ (7,969)	\$ (7,289)	\$ 680	\$ (23,564)	\$ (18,261)	\$ 5,303
\$ 748	\$ 748	\$ -	\$ 14,355	\$ 14,434	\$ 79
(21)	(21)	-	(68)	(68)	-
-	-	-	(350)	(350)	-
\$ 727	\$ 727	\$ -	\$ 13,937	\$ 14,016	\$ 79
\$ (7,242)	\$ (6,562)	\$ 680	\$ (9,627)	\$ (4,245)	\$ 5,382
\$ 24,250	\$ 24,250	\$ -	\$ 39,776	\$ 39,776	\$ -
-	66	66	-	2,536	2,536
\$ 24,250	\$ 24,316	\$ 66	\$ 39,776	\$ 42,312	\$ 2,536
\$ 17,008	\$ 17,754	\$ 746	\$ 30,149	\$ 38,067	\$ 7,918
-	1,199	(1,199)	-	6,449	(6,449)
\$ 17,008	\$ 16,555	\$ (453)	\$ 30,149	\$ 31,618	\$ 1,469

This page intentionally left blank

## CAPITAL PROJECTS FUNDS

These funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and fiduciary funds). Descriptions of individual funds in this category are presented below.

The *General Project Fund* receives monies appropriated from the General Fund for maintenance, building, or capital improvement projects.

The *Transportation Fund* receives proceeds of transportation bonds, General Fund appropriations and federal grants for the construction or reconstruction of state and locally owned bridges.

The *Building Fund* receives revenue from the sale of state bonds to provide funds for the maintenance, acquisition and betterment of state lands and buildings and to make grants and loans to local governments for the acquisition and betterment of other public land and buildings.

# STATE OF MINNESOTA

## CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2001 (IN THOUSANDS)

	GENERAL PROJECTS	TRANSPORTATION	BUILDING	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 249,739	\$ 4,699	\$ 83,736	\$ 338,174
Interfund Receivables.....	3,525	-	-	3,525
Grant Advances.....	-	-	1,576	1,576
Loans Receivable.....	50,354	-	41,735	92,089
Total Assets.....	<u>\$ 303,618</u>	<u>\$ 4,699</u>	<u>\$ 127,047</u>	<u>\$ 435,364</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 16,306	\$ 56	\$ 28,520	\$ 44,882
Interfund Payables.....	-	28	415	443
Due to Component Units.....	592	-	15,613	16,205
Total Liabilities.....	<u>\$ 16,898</u>	<u>\$ 84</u>	<u>\$ 44,548</u>	<u>\$ 61,530</u>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances:</b>				
Reserved for Long-Term Receivables.....	\$ 50,354	\$ -	\$ 41,735	\$ 92,089
Reserved for Long-Term Commitments.....	145,228	4,615	40,764	190,607
Total Reserved Fund Balances.....	<u>\$ 195,582</u>	<u>\$ 4,615</u>	<u>\$ 82,499</u>	<u>\$ 282,696</u>
<b>Unreserved Fund Balances:</b>				
Undesignated.....	\$ 91,138	\$ -	\$ -	\$ 91,138
Total Fund Balances.....	<u>\$ 286,720</u>	<u>\$ 4,615</u>	<u>\$ 82,499</u>	<u>\$ 373,834</u>
Total Liabilities and Fund Balances.....	<u>\$ 303,618</u>	<u>\$ 4,699</u>	<u>\$ 127,047</u>	<u>\$ 435,364</u>

# STATE OF MINNESOTA

## CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	GENERAL PROJECTS	TRANSPORTATION	BUILDING	TOTAL
Net Revenues:				
Investment/Interest Income.....	\$ -	\$ -	\$ 461	\$ 461
Other Revenues.....	-	-	15	15
Net Revenues.....	\$ -	\$ -	\$ 476	\$ 476
Expenditures:				
Current:				
Protection of Persons and Property.....	\$ 252	\$ -	\$ 29	\$ 281
Transportation.....	64	55	4,207	4,326
Resource Management.....	14,446	-	17,258	31,704
Economic and Manpower Development.....	69	-	12	81
Education.....	2,359	-	10,638	12,997
Health and Social Services.....	695	-	-	695
General Government.....	8,478	-	16,459	24,937
Total Current Expenditures.....	\$ 26,363	\$ 55	\$ 48,603	\$ 75,021
Capital Outlay.....	8,526	-	90,615	99,141
Debt Service.....	68	-	-	68
Grants and Subsidies.....	47,886	10,447	26,084	84,417
Total Expenditures.....	\$ 82,843	\$ 10,502	\$ 165,302	\$ 258,647
Excess of Revenues Over (Under) Expenditures.....	\$ (82,843)	\$ (10,502)	\$ (164,826)	\$ (258,171)
Other Financing Sources (Uses):				
General Obligation Bonds.....	\$ -	\$ 7,100	\$ 243,400	\$ 250,500
Operating Transfers-In.....	111,403	-	-	111,403
Operating Transfers to Debt Service.....	(7)	-	(10,725)	(10,732)
Other Operating Transfers-Out.....	(362)	(962)	(4,045)	(5,369)
Transfers-Out to Component Units.....	(4,016)	(3,227)	(103,032)	(110,275)
Net Other Financing Sources (Uses).....	\$ 107,018	\$ 2,911	\$ 125,598	\$ 235,527
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 24,175	\$ (7,591)	\$ (39,228)	\$ (22,644)
Fund Balances, Beginning.....	\$ 262,545	\$ 12,206	\$ 121,727	\$ 396,478
Fund Balances, Ending.....	\$ 286,720	\$ 4,615	\$ 82,499	\$ 373,834

This page intentionally left blank

## ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges; or where the state has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Descriptions of the individual funds in this category are presented below.

The *State Colleges and Universities Revenue Fund* constructs, maintains and operates college buildings for residence hall, student union or food service purposes.

The *State Lottery Fund* accounts for the operations of the state lottery. The net proceeds are transferred to the Environment and Natural Resources Trust Fund (40 percent), with the remainder transferred to the General Fund.

The *College and University Enterprise Activities Fund* includes the auxiliary enterprises and student loan programs operated by the state universities, community and technical colleges.

The *Minnesota Correctional Industries Fund* facilitates offender rehabilitation by providing facilities and assistance for manufacturing and marketing goods primarily to governmental entities.

The *Behavioral Services Fund* accounts for the activity of state regional treatment centers for chemical dependency treatment services and for the activity of state neurorehabilitation services.

The *Public Employees Insurance Fund* provides life insurance and hospital, medical, and dental benefit coverage to public employees and other eligible persons.

The *Private Employers Insurance Fund* provides group health insurance coverage for small business employers.

The *Enterprise Activities Fund* includes various minor activities providing services to the general public or local governmental units.

The *State Operated Community Services Fund* provides waiver residential and day treatment and rehabilitation services for individuals with developmental disabilities.

# STATE OF MINNESOTA

## ENTERPRISE FUNDS COMBINING BALANCE SHEET JUNE 30, 2001 (IN THOUSANDS)

	STATE COLLEGES & UNIVERSITIES REVENUE	STATE LOTTERY	COLLEGE & UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 13,476	\$ 15,827	\$ 16,227	\$ 4,694
Investments.....	5,608	3,029	10,709	-
Accounts Receivable.....	1,433	3,572	3,263	3,387
Interfund Receivables.....	1,572	-	4,514	-
Accrued Investment/Interest Income.....	186	85	103	-
Inventories.....	-	843	8,377	8,736
Deferred Costs.....	-	389	77	-
Restricted Assets:				
Investments.....	-	-	-	-
Loans Receivable.....	-	-	36,329	-
Securities Lending Collateral.....	-	-	-	903
Fixed Assets (Net).....	73,534	3,280	4,317	3,029
Other Assets.....	-	-	120	583
<b>Total Assets.....</b>	<b>\$ 95,809</b>	<b>\$ 27,025</b>	<b>\$ 84,036</b>	<b>\$ 21,332</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ -	\$ 11,551	\$ 4,443	\$ 1,766
Interfund Payables.....	869	11,080	700	-
Deferred Revenue.....	1,681	166	247	-
Payable from Restricted Assets:				
Accounts Payable.....	1,784	3,121	-	-
Compensated Absences Payable.....	1,463	-	-	-
General Obligation Bonds Payable.....	-	-	-	-
Notes and Leases Payable.....	-	-	98	-
Revenue Bonds Payable.....	-	-	1,410	-
Compensated Absences Payable.....	-	1,107	886	880
Securities Lending Collateral.....	-	-	-	903
Other Liabilities.....	-	-	311	24
<b>Total Liabilities.....</b>	<b>\$ 5,797</b>	<b>\$ 27,025</b>	<b>\$ 8,095</b>	<b>\$ 3,573</b>
<b>Fund Equity:</b>				
Contributed Capital.....	\$ 856	\$ -	\$ -	\$ 6,578
Retained Earnings:				
Unreserved.....	\$ 89,156	\$ -	\$ 75,941	\$ 11,181
<b>Total Retained Earnings.....</b>	<b>\$ 89,156</b>	<b>\$ -</b>	<b>\$ 75,941</b>	<b>\$ 11,181</b>
<b>Total Fund Equity.....</b>	<b>\$ 90,012</b>	<b>\$ -</b>	<b>\$ 75,941</b>	<b>\$ 17,759</b>
<b>Total Liabilities and Fund Equity.....</b>	<b>\$ 95,809</b>	<b>\$ 27,025</b>	<b>\$ 84,036</b>	<b>\$ 21,332</b>



BEHAVIORAL SERVICES	PUBLIC EMPLOYEES INSURANCE	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ 6,131	\$ 3,646	\$ 166	\$ 4,441	\$ 22,268	\$ 86,876
-	-	-	-	-	19,346
5,771	631	3	2,114	6,028	26,202
-	-	-	527	-	6,613
-	-	-	-	-	374
-	-	-	714	-	18,670
-	-	-	8	130	604
-	-	-	-	-	-
-	-	-	-	-	36,329
1,356	808	36	-	3,175	6,278
1,648	1	-	158	7,051	93,018
-	-	-	-	-	703
<u>\$ 14,906</u>	<u>\$ 5,086</u>	<u>\$ 205</u>	<u>\$ 7,962</u>	<u>\$ 38,652</u>	<u>\$ 295,013</u>
\$ 737	\$ 2,580	\$ 2	\$ 3,338	\$ 6,455	\$ 30,872
-	-	167	-	-	12,816
-	1,025	-	174	-	3,293
-	-	-	-	-	4,905
-	-	-	-	-	1,463
-	-	-	-	4,440	4,440
-	-	-	-	1,867	1,965
-	-	-	-	-	1,410
1,230	21	-	244	3,807	8,175
1,356	808	36	-	3,175	6,278
1,197	-	-	-	-	1,532
<u>\$ 4,520</u>	<u>\$ 4,434</u>	<u>\$ 205</u>	<u>\$ 3,756</u>	<u>\$ 19,744</u>	<u>\$ 77,149</u>
\$ 9,573	\$ -	\$ -	\$ 769	\$ 11,558	\$ 29,334
\$ 813	\$ 652	\$ -	\$ 3,437	\$ 7,350	\$ 188,530
\$ 813	\$ 652	\$ -	\$ 3,437	\$ 7,350	\$ 188,530
\$ 10,386	\$ 652	\$ -	\$ 4,206	\$ 18,908	\$ 217,864
<u>\$ 14,906</u>	<u>\$ 5,086</u>	<u>\$ 205</u>	<u>\$ 7,962</u>	<u>\$ 38,652</u>	<u>\$ 295,013</u>

# STATE OF MINNESOTA

## ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	STATE COLLEGES & UNIVERSITIES REVENUE	STATE LOTTERY	COLLEGE & UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES
Operating Revenues:				
Net Sales.....	\$ -	\$ 342,382	\$ 57,676	\$ 20,387
Interest Income.....	-	-	1,088	-
Rental and Service Fees.....	50,170	-	6,192	993
Insurance Premiums.....	-	-	-	-
Other Income.....	-	-	2,794	1,119
Total Operating Revenues.....	\$ 50,170	\$ 342,382	\$ 67,750	\$ 22,499
Less: Cost of Goods Sold.....	-	242,097	35,478	18,569
Gross Margin.....	\$ 50,170	\$ 100,285	\$ 32,272	\$ 3,930
Operating Expenses:				
Purchased Services.....	\$ 24,252	\$ 30,281	\$ 9,933	\$ 167
Salaries and Fringe Benefits.....	14,829	11,163	11,004	3,697
Claims.....	-	-	-	-
Depreciation.....	5,529	1,508	604	162
Supplies and Materials.....	3,262	911	3,478	264
Indirect Costs.....	-	-	-	469
Other Expenses.....	-	1,154	4,582	678
Total Operating Expenses.....	\$ 47,872	\$ 45,017	\$ 29,601	\$ 5,437
Operating Income (Loss).....	\$ 2,298	\$ 55,268	\$ 2,671	\$ (1,507)
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ 3,740	\$ 2,303	\$ 1,609	\$ 272
Grants and Subsidies.....	-	-	1,223	-
Securities Lending Income.....	-	-	-	53
Other Nonoperating Revenues.....	475	219	-	-
Interest and Financing Costs.....	(2,933)	-	(275)	-
Rebate Costs.....	-	-	-	-
Securities Lending Rebates and Fees.....	-	-	-	(52)
Other Nonoperating Expenses.....	-	-	(407)	-
Gain (Loss) on Sale of Fixed Assets.....	-	-	-	8
Total Nonoperating Revenues (Expenses).....	\$ 1,282	\$ 2,522	\$ 2,150	\$ 281
Income (Loss) Before Operating Transfers.....	\$ 3,580	\$ 57,790	\$ 4,821	\$ (1,226)
Operating Transfers-In.....	-	-	1,931	1,674
Operating Transfers to Debt Service.....	-	-	-	-
Other Operating Transfers-Out.....	-	(57,790)	(3,329)	-
Net Income (Loss) .....	\$ 3,580	\$ -	\$ 3,423	\$ 448
Depreciation on Fixed Assets Acquired with Contributed Capital.....	352	-	-	-
Increase (Decrease) in Retained Earnings.....	\$ 3,932	\$ -	\$ 3,423	\$ 448
Retained Earnings, Beginning.....	\$ 85,224	\$ -	\$ 72,518	\$ 10,733
Retained Earnings, Ending.....	\$ 89,156	\$ -	\$ 75,941	\$ 11,181

BEHAVIORAL SERVICES	PUBLIC EMPLOYEES INSURANCE	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ -	\$ -	\$ -	\$ 2,764	\$ -	\$ 423,209
-	-	-	-	-	1,088
19,109	-	-	4,765	47,749	128,978
-	17,628	-	-	-	17,628
10	395	565	-	450	5,333
\$ 19,119	\$ 18,023	\$ 565	\$ 7,529	\$ 48,199	\$ 576,236
-	-	-	1,048	-	297,192
\$ 19,119	\$ 18,023	\$ 565	\$ 6,481	\$ 48,199	\$ 279,044
\$ 544	\$ 4,269	\$ 571	\$ 1,111	\$ 1,871	\$ 72,999
14,364	188	-	1,861	38,232	95,338
-	16,119	-	-	-	16,119
208	1	-	42	735	8,789
1,604	1	-	145	1,487	11,152
366	9	2	130	1,539	2,515
145	38	-	-	1,449	8,046
\$ 17,231	\$ 20,625	\$ 573	\$ 3,289	\$ 45,313	\$ 214,958
\$ 1,888	\$ (2,602)	\$ (8)	\$ 3,192	\$ 2,886	\$ 64,086
\$ 296	\$ 267	\$ 10	\$ -	\$ 709	\$ 9,206
67	-	-	-	-	1,290
58	52	2	-	138	303
-	-	-	-	-	694
-	-	-	-	(496)	(3,704)
-	-	-	(3,036)	-	(3,036)
(56)	(51)	(2)	-	(136)	(297)
-	-	(2)	-	-	(409)
-	-	-	-	-	8
\$ 365	\$ 268	\$ 8	\$ (3,036)	\$ 215	\$ 4,055
\$ 2,253	\$ (2,334)	\$ -	\$ 156	\$ 3,101	\$ 68,141
-	-	-	-	1,955	5,560
(55)	-	-	-	-	(55)
-	-	-	-	-	(61,119)
\$ 2,198	\$ (2,334)	\$ -	\$ 156	\$ 5,056	\$ 12,527
-	-	-	-	-	352
\$ 2,198	\$ (2,334)	\$ -	\$ 156	\$ 5,056	\$ 12,879
\$ (1,385)	\$ 2,986	\$ -	\$ 3,281	\$ 2,294	\$ 175,651
\$ 813	\$ 652	\$ -	\$ 3,437	\$ 7,350	\$ 188,530

# STATE OF MINNESOTA

## ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	STATE COLLEGES & UNIVERSITIES REVENUE	STATE LOTTERY	COLLEGE & UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers.....	\$ 49,949	\$ 366,629	\$ 71,311	\$ 22,514
Receipts from Other Revenue.....	-	-	-	-
Payments to Claimants.....	-	(246,885)	-	-
Payments to Suppliers.....	(26,352)	(56,816)	(55,213)	(17,279)
Payments to Employees.....	(14,847)	(11,089)	(10,710)	(7,977)
Payments to Other Service Providers.....	-	-	(6,261)	(14)
<b>Net Cash Flows from Operating Activities.....</b>	<b>\$ 8,750</b>	<b>\$ 51,839</b>	<b>\$ (873)</b>	<b>\$ (2,756)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Grant Receipts.....	\$ -	\$ -	\$ 1,222	\$ -
Grant Disbursements.....	-	-	(610)	-
Transfers-In.....	-	-	5,112	1,674
Transfers-Out.....	-	(57,201)	(4,728)	-
Advances to Other Funds.....	-	-	-	-
Rebate Costs.....	-	-	-	-
Repayments of Advances to Other Funds.....	-	-	-	-
<b>Net Cash Flows from Noncapital Financing Activities.....</b>	<b>\$ -</b>	<b>\$ (57,201)</b>	<b>\$ 996</b>	<b>\$ 1,674</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Investment in Fixed Assets.....	\$ (5,002)	\$ (520)	\$ -	\$ (440)
Proceeds (Costs) of Disposal of Fixed Assets.....	1,015	-	-	22
Capital Lease Payments.....	-	-	-	-
Repayment of Loan Principal.....	-	-	(243)	-
Repayment of Bond Principal.....	(27,390)	-	(110)	-
Interest Paid.....	(2,933)	-	(275)	-
<b>Net Cash Flows from Capital and Related Financing Activities.....</b>	<b>\$ (34,310)</b>	<b>\$ (520)</b>	<b>\$ (628)</b>	<b>\$ (418)</b>
<b>Cash Flows from Investing Activities:</b>				
Proceeds from Sales & Maturities of Investments.....	\$ 62,024	\$ 232	\$ 6,417	\$ -
Purchase of Investments.....	(27,748)	-	(7,458)	-
Investment Earnings.....	4,329	1,963	1,513	273
<b>Net Cash Flows from Investing Activities.....</b>	<b>\$ 38,605</b>	<b>\$ 2,195</b>	<b>\$ 472</b>	<b>\$ 273</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents.....</b>	<b>\$ 13,045</b>	<b>\$ (3,687)</b>	<b>\$ (33)</b>	<b>\$ (1,227)</b>
Cash and Cash Equivalents, Beginning, as Reported.....	\$ 431	\$ 19,514	\$ 16,260	\$ 5,921
Change in Fund Structure.....	-	-	-	-
Cash and Cash Equivalents, Beginning, as Restated.....	\$ 431	\$ 19,514	\$ 16,260	\$ 5,921
Cash and Cash Equivalents, Ending.....	<u>\$ 13,476</u>	<u>\$ 15,827</u>	<u>\$ 16,227</u>	<u>\$ 4,694</u>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Flows from Operating Activities:</b>				
Operating Income (Loss).....	\$ 2,298	\$ 55,268	\$ 2,671	\$ (1,507)
<b>Adjustments to Reconcile Operating Income to</b>				
<b>Net Cash Flows from Operating Activities:</b>				
Depreciation.....	\$ 5,529	\$ 1,508	\$ 604	\$ 477
Loan Principal Repayments.....	-	-	4,477	-
Loans Issued.....	-	-	(6,261)	-
Provision for Loan Defaults.....	553	-	-	-
Net Nonoperating Revenues (Expenses).....	-	219	-	-
<b>Change in Assets and Liabilities:</b>				
Accounts Receivable.....	(584)	-	(1,310)	16
Inventories.....	-	(410)	(1,789)	(2,098)
Other Assets.....	(573)	189	742	(97)
Accounts Payable.....	878	(4,935)	1,019	425
Compensated Absences Payable.....	(21)	-	39	28
Deferred Revenues.....	(189)	-	65	-
Other Liabilities.....	859	-	(1,130)	-
<b>Net Reconciling Items to be Added to</b>				
<b>(Deducted from) Operating Income.....</b>	<b>\$ 6,452</b>	<b>\$ (3,429)</b>	<b>\$ (3,544)</b>	<b>\$ (1,249)</b>
<b>Net Cash Flows from Operating Activities.....</b>	<b>\$ 8,750</b>	<b>\$ 51,839</b>	<b>\$ (873)</b>	<b>\$ (2,756)</b>
<b>Noncash Investing, Capital and Financing Activities</b>				
Depreciation on Fixed Assets Acquired with Contributed Capital.....	\$ 352	\$ -	\$ -	\$ -
Change in Fair Value of Investments.....	-	339	-	-

BEHAVIORAL SERVICES	PUBLIC EMPLOYEES INSURANCE	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ 16,944	\$ 18,479	\$ -	\$ 3,136	\$ 46,128	\$ 595,090
39	72	565	3,644	448	4,768
-	(15,299)	-	-	-	(262,184)
(2,698)	(4,211)	(598)	(2,338)	(5,694)	(171,199)
(14,005)	(186)	-	(1,838)	(37,210)	(97,862)
-	(61)	-	-	-	(6,336)
<u>\$ 280</u>	<u>\$ (1,206)</u>	<u>\$ (33)</u>	<u>\$ 2,604</u>	<u>\$ 3,672</u>	<u>\$ 62,277</u>
\$ 67	\$ -	\$ -	\$ -	\$ -	\$ 1,289
-	-	-	-	-	(610)
-	-	-	-	1,955	8,741
(55)	-	-	-	-	(61,984)
-	-	-	(575)	-	(575)
-	-	-	(1,955)	-	(1,955)
-	-	-	75	-	75
<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,455)</u>	<u>\$ 1,955</u>	<u>\$ (55,019)</u>
\$ (80)	\$ -	\$ -	\$ (10)	\$ (321)	\$ (6,373)
-	-	-	5	-	1,042
-	-	-	-	(274)	(274)
(13)	-	-	-	-	(256)
-	-	-	-	(183)	(27,683)
-	-	-	-	(496)	(3,704)
<u>\$ (93)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ (1,274)</u>	<u>\$ (37,248)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,673
-	-	-	-	-	(35,206)
298	267	11	-	711	9,365
<u>\$ 298</u>	<u>\$ 267</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 711</u>	<u>\$ 42,832</u>
<u>\$ 497</u>	<u>\$ (939)</u>	<u>\$ (22)</u>	<u>\$ 144</u>	<u>\$ 5,064</u>	<u>\$ 12,842</u>
\$ 3,474	\$ 4,585	\$ 188	\$ 4,297	\$ 17,204	\$ 71,874
2,160	-	-	-	-	2,160
<u>\$ 5,634</u>	<u>\$ 4,585</u>	<u>\$ 188</u>	<u>\$ 4,297</u>	<u>\$ 17,204</u>	<u>\$ 74,034</u>
<u>\$ 6,131</u>	<u>\$ 3,646</u>	<u>\$ 166</u>	<u>\$ 4,441</u>	<u>\$ 22,268</u>	<u>\$ 86,876</u>
<u>\$ 1,888</u>	<u>\$ (2,602)</u>	<u>\$ (8)</u>	<u>\$ 3,192</u>	<u>\$ 2,886</u>	<u>\$ 64,086</u>
\$ 208	\$ 1	\$ -	\$ 42	\$ 735	\$ 9,104
-	-	-	-	-	4,477
-	-	-	-	-	(6,261)
-	-	-	-	-	553
-	-	-	-	-	219
(1,803)	(308)	(3)	(771)	(869)	(5,632)
-	-	-	71	-	(4,226)
(112)	-	-	-	-	149
(230)	1,228	(127)	47	531	(1,164)
169	1	-	25	388	629
-	474	-	(2)	-	348
160	-	105	-	1	(5)
<u>\$ (1,608)</u>	<u>\$ 1,396</u>	<u>\$ (25)</u>	<u>\$ (588)</u>	<u>\$ 786</u>	<u>\$ (1,809)</u>
<u>\$ 280</u>	<u>\$ (1,206)</u>	<u>\$ (33)</u>	<u>\$ 2,604</u>	<u>\$ 3,672</u>	<u>\$ 62,277</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352
-	-	-	-	-	339

This page intentionally left blank

## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by one state agency to other state agencies on a cost-reimbursement basis. Descriptions of individual funds in this category are presented below.

The *Intertechnologies Fund* accounts for the operation of statewide communication and information systems.

The *Central Stores Fund* accounts for the operation of centralized supplies purchasing, storage and distribution.

The *State Printer Fund* accounts for the operation of print shops.

The *Central Motor Pool Fund* accounts for the operation of a fleet of passenger vehicles and the state vehicle maintenance garage.

The *Plant Management Fund* accounts for the cost of maintenance and operation of state owned buildings and grounds in the capitol complex.

The *Employee Insurance Fund* accounts for employee health and life insurance premiums and makes payments based on insurance benefits provided to employees.

The *Risk Management Fund* accounts for the providing of liability insurance, primarily automobile, to state agencies.

The *Central Services Fund* accounts for miscellaneous centralized support services provided to state agencies.

# STATE OF MINNESOTA

## INTERNAL SERVICE FUNDS COMBINING BALANCE SHEET JUNE 30, 2001 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 12,231	\$ 440	\$ 538	\$ 782
Investments.....	-	-	-	-
Accounts Receivable.....	10,309	757	404	1,107
Accrued Investment/Interest Income.....	-	-	-	-
Inventories.....	-	812	210	39
Prepaid Expenses.....	1,691	-	-	-
Securities Lending Collateral.....	-	-	-	-
Fixed Assets (Net).....	10,197	1	1,954	22,648
Total Assets.....	<u>\$ 34,428</u>	<u>\$ 2,010</u>	<u>\$ 3,106</u>	<u>\$ 24,576</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 8,697	\$ 351	\$ 270	\$ 678
Interfund Payables.....	-	-	527	1,995
Deferred Revenue.....	-	14	6	179
Loans Payable.....	11,129	-	408	17,815
Compensated Absences Payable.....	2,151	94	300	82
Advances from Other Funds.....	-	-	-	3,100
Securities Lending Collateral.....	-	-	-	-
Total Liabilities.....	<u>\$ 21,977</u>	<u>\$ 459</u>	<u>\$ 1,511</u>	<u>\$ 23,849</u>
<b>Fund Equity:</b>				
Contributed Capital.....	<u>\$ 2,348</u>	<u>\$ 691</u>	<u>\$ 1,507</u>	<u>\$ 502</u>
<b>Retained Earnings:</b>				
Reserved for Claims.....	\$ -	\$ -	\$ -	\$ -
Unreserved.....	10,103	860	88	225
Total Retained Earnings.....	<u>\$ 10,103</u>	<u>\$ 860</u>	<u>\$ 88</u>	<u>\$ 225</u>
Total Fund Equity.....	<u>\$ 12,451</u>	<u>\$ 1,551</u>	<u>\$ 1,595</u>	<u>\$ 727</u>
Total Liabilities and Fund Equity.....	<u>\$ 34,428</u>	<u>\$ 2,010</u>	<u>\$ 3,106</u>	<u>\$ 24,576</u>



PLANT MANAGEMENT	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTAL
\$ 7,721	\$ 95,182	\$ 12,330	\$ 749	\$ 129,973
-	20,639	-	-	20,639
678	23,791	92	388	37,526
-	413	-	-	413
253	-	-	16	1,330
-	-	171	-	1,862
-	25,299	2,731	-	28,030
1,558	92	-	131	36,581
<u>\$ 10,210</u>	<u>\$ 165,416</u>	<u>\$ 15,324</u>	<u>\$ 1,284</u>	<u>\$ 256,354</u>
\$ 1,829	\$ 53,135	\$ 6,524	\$ 125	\$ 71,609
15	-	-	-	2,537
-	2,348	293	2	2,842
735	-	-	73	30,160
830	252	50	251	4,010
-	-	-	-	3,100
-	25,299	2,731	-	28,030
<u>\$ 3,409</u>	<u>\$ 81,034</u>	<u>\$ 9,598</u>	<u>\$ 451</u>	<u>\$ 142,288</u>
<u>\$ 664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427</u>	<u>\$ 6,139</u>
\$ -	\$ 84,382	\$ 5,726	\$ -	\$ 90,108
6,137	-	-	406	17,819
<u>\$ 6,137</u>	<u>\$ 84,382</u>	<u>\$ 5,726</u>	<u>\$ 406</u>	<u>\$ 107,927</u>
<u>\$ 6,801</u>	<u>\$ 84,382</u>	<u>\$ 5,726</u>	<u>\$ 833</u>	<u>\$ 114,066</u>
<u>\$ 10,210</u>	<u>\$ 165,416</u>	<u>\$ 15,324</u>	<u>\$ 1,284</u>	<u>\$ 256,354</u>

# STATE OF MINNESOTA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Operating Revenues:				
Net Sales.....	\$ -	\$ 8,459	\$ 6,471	\$ -
Rental and Service Fees.....	80,299	-	-	10,023
Insurance Premiums.....	-	-	-	-
Other Income.....	123	-	1	373
Total Operating Revenues.....	\$ 80,422	\$ 8,459	\$ 6,472	\$ 10,396
Less: Cost of Goods Sold.....	-	6,740	5,267	-
Gross Margin.....	\$ 80,422	\$ 1,719	\$ 1,205	\$ 10,396
Operating Expenses:				
Purchased Services.....	\$ 45,890	\$ 672	\$ 479	\$ 1,596
Salaries and Fringe Benefits.....	19,512	629	758	1,084
Claims.....	-	-	-	-
Depreciation.....	6,282	5	69	5,001
Amortization.....	208	-	14	-
Supplies and Materials.....	1,805	32	30	2,872
Indirect Costs.....	1,014	223	226	374
Other Expenses.....	297	-	-	-
Total Operating Expenses.....	\$ 75,008	\$ 1,561	\$ 1,576	\$ 10,927
Operating Income (Loss).....	\$ 5,414	\$ 158	\$ (371)	\$ (531)
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ 576	\$ -	\$ 11	\$ 657
Securities Lending Income.....	-	-	-	-
Interest and Financing Costs.....	(579)	-	(14)	(886)
Rebate Costs.....	(5,185)	-	-	(72)
Securities Lending Rebates and Fees.....	-	-	-	-
Gain (Loss) on Sale of Fixed Assets.....	(7)	-	10	177
Net Nonoperating Revenues (Expenses).....	\$ (5,195)	\$ -	\$ 7	\$ (124)
Income (Loss) Before Operating Transfers.....	\$ 219	\$ 158	\$ (364)	\$ (655)
Operating Transfers-In.....	-	-	-	-
Operating Transfers-Out.....	-	-	-	-
Net Income (Loss).....	\$ 219	\$ 158	\$ (364)	\$ (655)
Retained Earnings, Beginning.....	\$ 9,884	\$ 702	\$ 452	\$ 880
Retained Earnings, Ending.....	\$ 10,103	\$ 860	\$ 88	\$ 225

97

# STATE OF MINNESOTA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers.....	\$ 78,797	\$ 8,298	\$ 6,485	\$ 10,161
Receipts from Other.....	-	-	-	-
Payments to Claimants.....	-	-	-	-
Payments to Suppliers.....	(49,056)	(7,693)	(4,282)	(4,821)
Payments to Employees.....	(19,119)	(628)	(2,497)	(1,078)
Payments to Other Service Providers.....	-	-	-	-
<b>Net Cash Flows from Operating Activities.....</b>	<b>\$ 10,622</b>	<b>\$ (23)</b>	<b>\$ (294)</b>	<b>\$ 4,262</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers-In.....	\$ -	\$ -	\$ -	\$ -
Transfers-Out.....	-	-	-	-
Advances from Other Funds.....	-	-	575	6,400
Repayments of Advances to Other Funds.....	-	-	28	-
Repayments of Advances from Other Funds.....	-	-	(48)	(5,600)
Rebate Costs.....	(3,285)	-	-	(72)
<b>Net Cash Flows from Noncapital Financing Activities.....</b>	<b>\$ (3,285)</b>	<b>\$ -</b>	<b>\$ 555</b>	<b>\$ 728</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Investment in Fixed Assets.....	\$ (5,552)	\$ -	\$ (758)	\$ (11,958)
Proceeds from Sale of Fixed Assets.....	-	-	-	1,442
Proceeds from Capital Lease.....	10	-	-	-
Capital Lease Payments.....	-	-	(76)	-
Proceeds from Loans.....	5,054	-	-	11,934
Repayment of Loan Principal.....	(5,999)	-	(109)	(6,426)
Interest Paid.....	(585)	-	(13)	(865)
<b>Net Cash Flows from Capital and Related Financing Activities.....</b>	<b>\$ (7,072)</b>	<b>\$ -</b>	<b>\$ (956)</b>	<b>\$ (5,873)</b>
<b>Cash Flows from Investing Activities:</b>				
Proceeds from Sales and Maturities of Investments.....	\$ -	\$ -	\$ -	\$ -
Purchase of Investments.....	-	-	-	-
Investment Earnings.....	576	-	11	657
<b>Net Cash Flows from Investing Activities.....</b>	<b>\$ 576</b>	<b>\$ -</b>	<b>\$ 11</b>	<b>\$ 657</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents.....</b>	<b>\$ 841</b>	<b>\$ (23)</b>	<b>\$ (684)</b>	<b>\$ (226)</b>
<b>Cash and Cash Equivalents, Beginning.....</b>	<b>\$ 11,390</b>	<b>\$ 463</b>	<b>\$ 1,222</b>	<b>\$ 1,008</b>
<b>Cash and Cash Equivalents, Ending.....</b>	<b>\$ 12,231</b>	<b>\$ 440</b>	<b>\$ 538</b>	<b>\$ 782</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:</b>				
Operating Income (Loss).....	\$ 5,414	\$ 158	\$ (371)	\$ (531)
<b>Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:</b>				
Depreciation.....	\$ 6,282	\$ 5	\$ 278	\$ 5,001
Amortization.....	208	-	14	-
<b>Change in Assets and Liabilities:</b>				
Accounts Receivable.....	(1,389)	(153)	14	(113)
Inventories.....	-	(37)	(99)	4
Other Assets.....	(258)	-	2	-
Accounts Payable.....	322	10	(151)	24
Compensated Absences Payable.....	279	1	16	2
Deferred Revenues.....	(236)	(7)	3	(125)
Other Liabilities.....	-	-	-	-
<b>Net Reconciling Items to be Added to (Deducted from) Operating Income.....</b>	<b>\$ 5,208</b>	<b>\$ (181)</b>	<b>\$ 77</b>	<b>\$ 4,793</b>
<b>Net Cash Flows from Operating Activities.....</b>	<b>\$ 10,622</b>	<b>\$ (23)</b>	<b>\$ (294)</b>	<b>\$ 4,262</b>
<b>Noncash Investing, Capital and Financing Activities:</b>				
Fixed Assets Acquired Through Leases.....	\$ 216	\$ -	\$ 345	\$ 383
Disposal of Fixed Assets.....	75	-	-	-

[illegible]

This page intentionally left blank

## FIDUCIARY FUNDS

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Descriptions of the generic fund types within this category and specific funds within each fund type are presented below.

*PENSION TRUST FUNDS* are funds administered by independent boards for which the state performs a fiduciary role. These funds are categorized by function into two types.

Defined Benefit Pension Funds include those retirement funds for which the participant's retirement annuity is based on a statutory formula utilizing such factors as age, average salary, and length of service. Individual funds in this category include those described below.

The *Public Employees Retirement Fund* includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

The *Police and Fire Fund* includes resources accumulated to pay present and future retirement annuities to eligible police officers and firefighters.

The *Public Employees Correctional Fund* includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

The *Teachers Retirement Fund* includes resources accumulated to pay present and future retirement annuities for members of both the basic and coordinated teachers retirement plans.

The *State Employees Retirement Fund* includes resources accumulated to pay present and future retirement annuities to state and University of Minnesota employees not covered by other pension funds.

The *State Patrol Retirement Fund* includes resources accumulated to pay present and future retirement annuities to eligible state patrol officers, conservation officers and crime bureau personnel.

The *Correctional Employees Retirement Fund* includes resources accumulated to pay present and future retirement annuities to state employees who have direct responsibility for offenders at Minnesota correctional facilities.

The *Judicial Retirement 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.

The *Elective State Officers Fund* includes resources accumulated to pay present and future retirement annuities for the state's constitutional officers.

The *Legislative Retirement Fund* includes resources accumulated to pay present and future retirement annuities for members of the state legislature.

Defined Contribution Funds include those retirement funds for which the amount of the participant's retirement annuity is primarily determined by the employer/employee contributions. Other factors such as age and length of service may provide minimum eligibility qualifications. Descriptions of the individual funds in this category are presented below.

The *Defined Contribution Fund* is an IRC Section 401(a) deferred compensation plan administered by the Public Employees Retirement Association.

The *Unclassified Employees Retirement Fund* includes the aggregate of unclassified employee share accounts which are either refunded or used to purchase a retirement annuity upon termination of service.

The *College and University Retirement Fund* includes the aggregate of share accounts derived from contributions received from eligible state university and community college employees along with matching state contributions. The plan administrator is Wells Fargo.

*INVESTMENT TRUST FUND* provides an investment vehicle for the assets of various public retirement plans and funds.

*NONEXPENDABLE TRUST FUND* is a fund whose principal may not be expended.

The *Permanent School Fund* is a constitutionally established trust fund which receives revenue from investments and the sale of state land and timber. The investment earnings are transferred to the Endowment School Fund for distribution to school districts.

*EXPENDABLE TRUST FUNDS* are funds whose resources, including principal and interest, may be expended. Descriptions of the individual funds in this category are presented below.

The *Municipal State-Aid Street Fund* receives 8.95 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

The *County State-Aid Highway Fund* receives 30.75 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

The *Endowment School Fund* receives revenue from the investments of the Permanent School Fund for distribution to school districts.

The *Endowment Fund* receives gifts, donations and endowments which may be expended only for those purposes specified by the donors.

The *Environment and Natural Resources Trust Fund* receives the investment earnings and a portion of the net lottery proceeds in accordance with a plan approved by the Minnesota Future Resource Commission.

The *Northeast Minnesota Economic Protection 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.

The *Unemployment Insurance Fund* receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

The *State Deferred Compensation Fund* includes the portion of the plan where participants have selected investment options provided by the State Board of Investment.

The *Medical Education and Research Fund* receives funds from health care assistance programs funded by the state and federal governments. These funds are used for medical education activities in the state of Minnesota.

The *Tobacco Use Prevention Fund* receives tobacco settlement payments as a result of a lawsuit. This money is to be used to fund initiatives to reduce tobacco use by young people and to promote activities to achieve this goal.

*AGENCY FUNDS* are funds which hold monies in an agency capacity for various governmental units, individuals or funds. Individual fund descriptions follow.

The *Disbursement Clearing Fund* is a clearing fund that accounts for state warrants issued and redeemed.

The *Miscellaneous Agency Fund* includes the amounts held in trust by the state for other governmental units, funds or individuals.



# STATE OF MINNESOTA

## FIDUCIARY FUNDS COMBINING BALANCE SHEET JUNE 30, 2001 (IN THOUSANDS)

ASSETS	PENSION TRUST	INVESTMENT TRUST	NON- EXPENDABLE TRUST	EXPENDABLE TRUST	AGENCY	TOTAL
Cash and Cash Equivalents.....	\$ 2,509,364	\$ 25,291	\$ 68,322	\$ 1,346,387	\$ 441,419	\$ 4,390,783
Investments.....	37,462,743	395,671	486,311	1,652,342	3,484	40,000,551
Accounts Receivable.....	28,864	6,747	3,299	86,196	9,401	134,507
Interfund Receivables.....	11,972	-	-	56,759	4,705	73,436
Accrued Investment/Interest Income.....	133,027	1,597	3,093	8,284	1	146,002
Federal Aid Receivable.....	-	-	-	147	-	147
Loans and Notes Receivable.....	-	-	-	23,664	-	23,664
Securities Lending Collateral.....	3,325,966	29,784	42,310	247,412	5,522	3,650,994
Fixed Assets (Net).....	29,699	-	15,413	-	-	45,112
Total Assets.....	<u>\$ 43,501,635</u>	<u>\$ 459,090</u>	<u>\$ 618,748</u>	<u>\$ 3,421,191</u>	<u>\$ 464,532</u>	<u>\$ 48,465,196</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants Payable.....	\$ -	\$ -	\$ -	\$ -	\$ 363,591	\$ 363,591
Accounts Payable.....	1,328,433	17,792	34	37,964	35,704	1,419,927
Interfund Payables.....	4,783	-	12,147	6,485	26,282	49,697
Due to Component Units.....	-	-	-	279	-	279
Deferred Revenue.....	10	-	-	10,172	-	10,182
Revenue Bonds Payable.....	29,000	-	-	-	-	29,000
Compensated Absences Payable.....	1,114	-	-	848	-	1,962
Other Payables.....	1,161	-	-	-	-	1,161
Securities Lending Collateral.....	3,325,966	29,784	42,310	247,412	5,522	3,650,994
Funds Held in Trust.....	-	-	-	-	33,433	33,433
Total Liabilities.....	<u>\$ 4,690,467</u>	<u>\$ 47,576</u>	<u>\$ 54,491</u>	<u>\$ 303,160</u>	<u>\$ 464,532</u>	<u>\$ 5,560,226</u>
Fund Balances:						
Reserved Fund Balances:						
Reserved for Encumbrances.....	\$ -	\$ -	\$ -	\$ 9,352	\$ -	\$ 9,352
Reserved for Long-Term Receivables.....	-	-	-	23,664	-	23,664
Reserved for Local Governments.....	-	-	-	510,615	-	510,615
Reserved for Deferred Compensation Benefits.....	-	-	-	650,223	-	650,223
Reserved for Trust Principal.....	-	-	564,257	1,129,145	-	1,693,402
Reserved for Pension Benefits/Pool Participants.....	38,811,168	411,514	-	-	-	39,222,682
Total Reserved Fund Balances.....	<u>\$ 38,811,168</u>	<u>\$ 411,514</u>	<u>\$ 564,257</u>	<u>\$ 2,322,999</u>	<u>\$ -</u>	<u>\$ 42,109,938</u>
Unreserved Fund Balances:						
Designated for Fund Purposes.....	\$ -	\$ -	\$ -	\$ 742,918	\$ -	\$ 742,918
Undesignated.....	-	-	-	52,114	-	52,114
Total Fund Balances.....	<u>\$ 38,811,168</u>	<u>\$ 411,514</u>	<u>\$ 564,257</u>	<u>\$ 3,118,031</u>	<u>\$ -</u>	<u>\$ 42,904,970</u>
Total Liabilities and Fund Balances.....	<u>\$ 43,501,635</u>	<u>\$ 459,090</u>	<u>\$ 618,748</u>	<u>\$ 3,421,191</u>	<u>\$ 464,532</u>	<u>\$ 48,465,196</u>

# STATE OF MINNESOTA

## PENSION AND INVESTMENT TRUST FUNDS COMBINING STATEMENT OF PLAN NET ASSETS JUNE 30, 2001 (IN THOUSANDS)

	PENSION TRUST FUNDS			INVESTMENT	TOTAL
	DEFINED BENEFIT	DEFINED CONTRIBUTION	TOTAL PENSION TRUST	TRUST SUPPLEMENTAL RETIREMENT	
<b>ASSETS</b>					
Cash and Cash Equivalents.....	\$ 85,460	\$ 4,764	\$ 90,224	\$ -	\$ 90,224
Investment Pools, at fair value:					
Cash Equivalent Investments.....	\$ 2,372,892	\$ 46,248	\$ 2,419,140	\$ 25,291	\$ 2,444,431
Investments:					
Commercial Paper.....	\$ 35,472	\$ 52	\$ 35,524	\$ 301	\$ 35,825
US Treasury Obligations.....	1,167,538	11,672	1,179,210	14,219	1,193,429
Mortgaged Backed.....	4,941,604	51,485	4,993,089	60,782	5,053,871
Corporate Obligations.....	3,766,807	60,349	3,827,156	48,190	3,875,346
Foreign and Other Obligations.....	407,443	578	408,021	3,190	411,211
Corporate Stocks.....	23,361,284	598,598	23,959,882	268,719	24,228,601
Other Equity.....	3,059,846	15	3,059,861	270	3,060,131
Total Investments.....	\$ 36,739,994	\$ 722,749	\$ 37,462,743	\$ 395,671	\$ 37,858,414
Accrued Interest and Dividends.....	\$ 131,041	\$ 1,561	\$ 132,602	\$ -	\$ 132,602
Net Receivables (Payables).....	(1,310,876)	(2,092)	(1,312,968)	-	(1,312,968)
Total Investment Pool Participation.....	\$ 37,933,051	\$ 768,466	\$ 38,701,517	\$ 420,962	\$ 39,122,479
Receivables:					
Employer Contributions.....	\$ 11,129	\$ -	\$ 11,129	\$ -	\$ 11,129
Member Contributions.....	2,356	-	2,356	-	2,356
Accounts Receivable.....	-	257	257	-	257
Interfund Receivables.....	11,657	315	11,972	-	11,972
Other Receivables.....	15,058	64	15,122	6,747	21,869
Accrued Interest and Dividends.....	425	-	425	1,597	2,022
Total Receivables.....	\$ 40,625	\$ 636	\$ 41,261	\$ 8,344	\$ 49,605
Securities Lending Collateral.....	\$ 3,295,830	\$ 30,136	\$ 3,325,966	\$ 29,784	\$ 3,355,750
Fixed Assets (Net).....	29,699	-	29,699	-	29,699
Total Assets.....	\$ 41,384,665	\$ 804,002	\$ 42,188,667	\$ 459,090	\$ 42,647,757
<b>LIABILITIES</b>					
Accounts Payable.....	\$ 15,440	\$ 25	\$ 15,465	\$ 17,792	\$ 33,257
Interfund Payables.....	2,698	2,085	4,783	-	4,783
Deferred Revenue.....	10	-	10	-	10
Accrued Expense.....	1,077	-	1,077	-	1,077
Revenue Bonds Payable.....	29,000	-	29,000	-	29,000
Bond Interest.....	84	-	84	-	84
Compensated Absences Payable.....	1,114	-	1,114	-	1,114
Securities Lending Collateral.....	3,295,830	30,136	3,325,966	29,784	3,355,750
Total Liabilities.....	\$ 3,345,253	\$ 32,246	\$ 3,377,499	\$ 47,576	\$ 3,425,075
Net Assets Held in Trust for Pension Benefits and Pool Participants.....	\$ 38,039,412	\$ 771,756	\$ 38,811,168	\$ 411,514	\$ 39,222,682

# STATE OF MINNESOTA

## PENSION AND INVESTMENT TRUST FUNDS COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	PENSION TRUST FUNDS			INVESTMENT TRUST	TOTAL
	DEFINED BENEFIT	DEFINED CONTRIBUTION	TOTAL PENSION TRUST	SUPPLEMENTAL RETIREMENT	
Additions:					
Contributions:					
Employer.....	\$ 489,363	\$ 27,744	\$ 517,107	\$ -	\$ 517,107
Member.....	443,298	23,041	466,339	-	466,339
Contributions From Other Sources.....	2,610	-	2,610	-	2,610
Participating Plans.....	-	-	-	6,957	6,957
Total Contributions.....	\$ 935,271	\$ 50,785	\$ 986,056	\$ 6,957	\$ 993,013
Net Investment Income:					
Investment Income.....	\$ (2,936,294)	\$ (83,245)	\$ (3,019,539)	\$ (35,286)	\$ (3,054,825)
Less: Investment Expense.....	(28,337)	-	(28,337)	(285)	(28,622)
Net Investment Income.....	\$ (2,964,631)	\$ (83,245)	\$ (3,047,876)	\$ (35,571)	\$ (3,083,447)
Securities Lending Revenues (Expenses):					
Securities Lending Income.....	\$ 226,841	\$ 2,309	\$ 229,150	\$ 2,284	\$ 231,434
Borrower Rebates.....	(201,386)	(2,082)	(203,468)	(2,066)	(205,534)
Management Fees.....	(6,555)	(55)	(6,610)	(52)	(6,662)
Net Securities Lending Revenue.....	\$ 18,900	\$ 172	\$ 19,072	\$ 166	\$ 19,238
Total Investment Income.....	\$ (2,945,731)	\$ (83,073)	\$ (3,028,804)	\$ (35,405)	\$ (3,064,209)
Transfers From Other Funds.....	\$ 8,331	\$ 1,264	\$ 9,595	\$ -	\$ 9,595
Other Additions.....	7,439	21,656	29,095	-	29,095
Total Additions.....	\$ (1,994,690)	\$ (9,368)	\$ (2,004,058)	\$ (28,448)	\$ (2,032,506)
Deductions:					
Benefits.....	\$ 1,978,848	\$ -	\$ 1,978,848	\$ -	\$ 1,978,848
Refunds/Withdrawals.....	40,395	61,498	101,893	15,099	116,992
Administrative Expenses.....	39,465	256	39,721	-	39,721
Transfers to Other Funds.....	2,395	7,200	9,595	-	9,595
Total Deductions.....	\$ 2,061,103	\$ 68,954	\$ 2,130,057	\$ 15,099	\$ 2,145,156
Net Increase (Decrease).....	\$ (4,055,793)	\$ (78,322)	\$ (4,134,115)	\$ (43,547)	\$ (4,177,662)
Net Assets Held in Trust for Pension Benefits and Pool Participants, Beginning.....	\$ 42,095,205	\$ 850,078	\$ 42,945,283	\$ 455,061	\$ 43,400,344
Net Assets Held in Trust for Pension Benefits and Pool Participants, Ending.....	\$ 38,039,412	\$ 771,756	\$ 38,811,168	\$ 411,514	\$ 39,222,682

# STATE OF MINNESOTA

## DEFINED BENEFIT PENSION FUNDS COMBINING STATEMENT OF PLAN NET ASSETS JUNE 30, 2001 (IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL	TEACHERS RETIREMENT
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 5,302	\$ 848	\$ 35	\$ 3,027
Investment Pools, at fair value:				
Cash Equivalent Investments.....	\$ 635,857	\$ 265,269	\$ 4,894	\$ 1,012,061
Investments:				
Commercial Paper.....	\$ 9,332	\$ 3,866	\$ 17	\$ 14,941
US Treasury Obligations.....	307,164	127,240	545	491,798
Mortgaged Backed.....	1,300,076	538,537	2,309	2,081,553
Corporate Obligations.....	991,001	410,507	1,760	1,586,692
Foreign and Other Obligations.....	107,193	44,404	191	171,626
Corporate Stocks.....	6,124,952	2,561,997	11,469	9,798,530
Other Equity.....	751,413	361,243	2,442	1,238,077
Total Investments.....	\$ 9,591,131	\$ 4,047,794	\$ 18,733	\$ 15,383,217
Accrued Interest and Dividends.....	\$ 34,468	\$ 14,286	\$ 62	\$ 55,185
Net Receivables (Payables).....	(345,024)	(142,750)	(609)	(552,463)
Total Investment Pool Participation.....	\$ 9,916,432	\$ 4,184,599	\$ 23,080	\$ 15,898,000
Receivables:				
Employer Contributions.....	\$ -	\$ -	\$ -	\$ 8,627
Member Contributions.....	-	-	-	-
Interfund Receivables.....	1,134	730	90	-
Other Receivables.....	11,758	2,606	419	9
Accrued Interest and Dividends.....	-	-	-	273
Total Receivables.....	\$ 12,892	\$ 3,336	\$ 509	\$ 8,909
Securities Lending Collateral.....	\$ 866,387	\$ 359,474	\$ 3,392	\$ 1,382,346
Fixed Assets, net of accumulated depreciation.....	11,984	-	-	12,154
Total Assets.....	\$ 10,812,997	\$ 4,548,257	\$ 27,016	\$ 17,304,436
<b>LIABILITIES</b>				
Accounts Payable.....	\$ 3,607	\$ 2,405	\$ 9	\$ 6,526
Interfund Payables.....	824	595	454	-
Compensated Absences Payable.....	590	-	-	524
Deferred Revenue.....	-	-	-	-
Accrued Expense.....	-	-	-	1,077
Revenue Bonds Payable.....	11,513	-	-	11,571
Bond Interest.....	-	-	-	56
Securities Lending Collateral.....	866,387	359,474	3,392	1,382,346
Total Liabilities.....	\$ 882,921	\$ 362,474	\$ 3,855	\$ 1,402,100
Net Assets Held in Trust for Pension Benefits.....	\$ 9,930,076	\$ 4,185,783	\$ 23,161	\$ 15,902,336

A Schedule of Funding Progress for State Patrol Retirement, Correctional Employees Retirement, Judicial Retirement, and Legislative Retirement is presented in Note 16.

MINNESOTA STATE RETIREMENT SYSTEM						
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	TOTAL
\$ 56,862	\$ 4,493	\$ 6,201	\$ 8,692	\$ -	\$ -	\$ 85,460
\$ 391,041	\$ 31,860	\$ 22,684	\$ 6,929	\$ -	\$ 2,297	\$ 2,372,892
\$ 6,300	\$ 506	\$ 367	\$ 108	\$ -	\$ 35	\$ 35,472
207,362	16,658	12,070	3,547	-	1,154	1,167,538
877,641	70,504	51,085	15,014	-	4,885	4,941,604
668,995	53,743	38,940	11,445	-	3,724	3,766,807
72,364	5,814	4,212	1,237	-	402	407,443
4,195,592	332,305	245,022	69,286	-	22,131	23,361,284
620,563	41,343	37,633	5,965	-	1,167	3,059,846
\$ 6,648,817	\$ 520,873	\$ 389,329	\$ 106,602	\$ -	\$ 33,498	\$ 36,739,994
\$ 23,288	\$ 1,869	\$ 1,356	\$ 398	\$ -	\$ 129	\$ 131,041
(232,495)	(18,710)	(13,527)	(3,995)	-	(1,303)	(1,310,876)
\$ 6,830,651	\$ 535,892	\$ 399,842	\$ 109,934	\$ -	\$ 34,621	\$ 37,933,051
\$ 2,022	\$ 183	\$ 297	\$ -	\$ -	\$ -	\$ 11,129
2,022	122	212	-	-	-	2,356
2,396	1	115	-	202	6,989	11,657
242	10	4	10	-	-	15,058
133	8	9	2	-	-	425
\$ 6,815	\$ 324	\$ 637	\$ 12	\$ 202	\$ 6,989	\$ 40,625
\$ 587,960	\$ 46,757	\$ 34,301	\$ 12,063	\$ -	\$ 3,150	\$ 3,295,830
5,561	-	-	-	-	-	29,699
\$ 7,487,849	\$ 587,466	\$ 440,981	\$ 130,701	\$ 202	\$ 44,760	\$ 41,384,665
\$ 2,660	\$ 109	\$ 114	\$ 10	\$ -	\$ -	\$ 15,440
427	89	239	40	1	29	2,698
-	-	-	-	-	-	1,114
-	-	-	10	-	-	10
-	-	-	-	-	-	1,077
5,916	-	-	-	-	-	29,000
28	-	-	-	-	-	84
587,960	46,757	34,301	12,063	-	3,150	3,295,830
\$ 596,991	\$ 46,955	\$ 34,654	\$ 12,123	\$ 1	\$ 3,179	\$ 3,345,253
\$ 6,890,858	\$ 540,511	\$ 406,327	\$ 118,578	\$ 201	\$ 41,581	\$ 38,039,412

# STATE OF MINNESOTA

## DEFINED BENEFIT PENSION FUNDS COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL	TEACHERS RETIREMENT
Additions:				
Contributions:				
Employer.....	\$ 188,208	\$ 52,960	\$ 8,054	\$ 139,799
Member.....	173,380	31,341	5,308	145,075
Contributions from Other Sources.....	-	-	-	389
Total Contributions.....	\$ 361,588	\$ 84,301	\$ 13,362	\$ 285,263
Net Investment Income:				
Investment Income.....	\$ (752,644)	\$ (333,013)	\$ (747)	\$ (1,241,105)
Less: Investment Expense.....	(6,711)	(3,480)	(16)	(11,053)
Net Investment Income.....	\$ (759,355)	\$ (336,493)	\$ (763)	\$ (1,252,158)
Securities Lending Revenues (Expenses):				
Securities Lending Income.....	\$ 59,671	\$ 24,802	\$ 186	\$ 95,032
Borrower Rebates.....	(52,922)	(21,988)	(168)	(84,509)
Management Fees.....	(1,739)	(726)	(4)	(2,705)
Net Securities Lending Revenue.....	\$ 5,010	\$ 2,088	\$ 14	\$ 7,818
Total Investment Income.....	\$ (754,345)	\$ (334,405)	\$ (749)	\$ (1,244,340)
Transfers from Other Funds.....	\$ -	\$ -	\$ -	\$ -
Other Additions.....	1,907	2,744	20	2,768
Total Additions.....	\$ (390,850)	\$ (247,360)	\$ 12,633	\$ (956,309)
Deductions:				
Benefits.....	\$ 592,210	\$ 192,246	\$ 173	\$ 861,399
Refunds.....	18,768	3,358	160	7,609
Administrative Expenses.....	10,785	1,087	131	21,927
Transfers to Other Funds.....	-	-	-	-
Total Deductions.....	\$ 621,763	\$ 196,691	\$ 464	\$ 890,935
Net Increase (Decrease).....	\$ (1,012,613)	\$ (444,051)	\$ 12,169	\$ (1,847,244)
Net Assets Held in Trust for Pension Benefits, Beginning.....	\$ 10,942,689	\$ 4,629,834	\$ 10,992	\$ 17,749,580
Net Assets Held in Trust for Pension Benefits, Ending.....	\$ 9,930,076	\$ 4,185,783	\$ 23,161	\$ 15,902,336

MINNESOTA STATE RETIREMENT SYSTEM						
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	TOTAL
\$ 73,362	\$ 6,166	\$ 9,652	\$ 5,790	\$ 333	\$ 5,039	\$ 489,363
74,364	4,145	6,996	2,162	-	527	443,298
208	-	-	2,013	-	-	2,610
<u>\$ 147,934</u>	<u>\$ 10,311</u>	<u>\$ 16,648</u>	<u>\$ 9,965</u>	<u>\$ 333</u>	<u>\$ 5,566</u>	<u>\$ 935,271</u>
\$ (526,219)	\$ (40,824)	\$ (30,898)	\$ (8,411)	\$ -	\$ (2,433)	\$ (2,936,294)
(6,283)	(374)	(384)	(36)	-	-	(28,337)
<u>\$ (532,502)</u>	<u>\$ (41,198)</u>	<u>\$ (31,282)</u>	<u>\$ (8,447)</u>	<u>\$ -</u>	<u>\$ (2,433)</u>	<u>\$ (2,964,631)</u>
\$ 40,566	\$ 3,227	\$ 2,367	\$ 773	\$ -	\$ 217	\$ 226,841
(35,957)	(2,862)	(2,098)	(689)	-	(193)	(201,386)
(1,190)	(94)	(70)	(21)	-	(6)	(6,555)
<u>\$ 3,419</u>	<u>\$ 271</u>	<u>\$ 199</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 18,900</u>
\$ (529,083)	\$ (40,927)	\$ (31,083)	\$ (8,384)	\$ -	\$ (2,415)	\$ (2,945,731)
\$ 7,200	\$ 1	\$ 1,128	\$ -	\$ -	\$ 2	\$ 8,331
-	-	-	-	-	-	7,439
<u>\$ (373,949)</u>	<u>\$ (30,615)</u>	<u>\$ (13,307)</u>	<u>\$ 1,581</u>	<u>\$ 333</u>	<u>\$ 3,153</u>	<u>\$ (1,994,690)</u>
\$ 270,558	\$ 29,935	\$ 14,911	\$ 12,228	\$ 330	\$ 4,858	\$ 1,978,848
9,750	1	660	17	-	72	40,395
4,547	339	499	90	-	60	39,465
2,389	-	2	4	-	-	2,395
<u>\$ 287,244</u>	<u>\$ 30,275</u>	<u>\$ 16,072</u>	<u>\$ 12,339</u>	<u>\$ 330</u>	<u>\$ 4,990</u>	<u>\$ 2,061,103</u>
\$ (661,193)	\$ (60,890)	\$ (29,379)	\$ (10,758)	\$ 3	\$ (1,837)	\$ (4,055,793)
\$ 7,552,051	\$ 601,401	\$ 435,706	\$ 129,336	\$ 198	\$ 43,418	\$ 42,095,205
<u>\$ 6,890,858</u>	<u>\$ 540,511</u>	<u>\$ 406,327</u>	<u>\$ 118,578</u>	<u>\$ 201</u>	<u>\$ 41,581</u>	<u>\$ 38,039,412</u>

# STATE OF MINNESOTA

## DEFINED CONTRIBUTION FUNDS COMBINING STATEMENT OF PLAN NET ASSETS JUNE 30, 2001 (IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION	MINNESOTA STATE RETIREMENT SYSTEM	COLLEGE AND UNIVERSITY RETIREMENT	TOTAL
ASSETS	DEFINED CONTRIBUTION	UNCLASSIFIED EMPLOYEES RETIREMENT		
Cash and Cash Equivalents.....	\$ 9	\$ 4,253	\$ 502	\$ 4,764
Investment Pools, at fair value:				
Cash Equivalent Investments.....	\$ 1,785	\$ 24,860	\$ 19,603	\$ 46,248
Investments:				
Commercial Paper.....	\$ 3	\$ 32	\$ 17	\$ 52
US Treasury Obligations.....	326	5,149	6,197	11,672
Mortgaged Backed.....	1,468	22,818	27,199	51,485
Corporate Obligations.....	2,334	29,367	28,648	60,349
Foreign and Other Obligations.....	31	370	177	578
Corporate Stocks.....	10,604	168,578	419,416	598,598
Other Equity.....	-	-	15	15
Total Investments.....	\$ 14,766	\$ 226,314	\$ 481,669	\$ 722,749
Accrued Interest and Dividends.....	\$ 48	\$ 728	\$ 785	\$ 1,561
Net Receivables (Payables).....	(109)	(1,281)	(702)	(2,092)
Total Investment Pool Participation.....	\$ 16,490	\$ 250,621	\$ 501,355	\$ 768,466
Receivables:				
Accounts Receivable.....	\$ -	\$ 257	\$ -	\$ 257
Interfund Receivables.....	4	311	-	315
Other Receivables.....	51	13	-	64
Total Receivables.....	\$ 55	\$ 581	\$ -	\$ 636
Securities Lending Collateral.....	\$ 910	\$ 14,701	\$ 14,525	\$ 30,136
Total Assets.....	\$ 17,464	\$ 270,156	\$ 516,382	\$ 804,002
LIABILITIES				
Accounts Payable.....	\$ -	\$ -	\$ 25	\$ 25
Interfund Payables.....	85	2,000	-	2,085
Securities Lending Collateral.....	910	14,701	14,525	30,136
Total Liabilities.....	\$ 995	\$ 16,701	\$ 14,550	\$ 32,246
Net Assets Held in Trust for Pension Benefits.....	\$ 16,469	\$ 253,455	\$ 501,832	\$ 771,756



# STATE OF MINNESOTA

## DEFINED CONTRIBUTION FUNDS COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION	MINNESOTA STATE RETIREMENT SYSTEM	COLLEGE AND UNIVERSITY RETIREMENT	TOTAL
	DEFINED CONTRIBUTION	UNCLASSIFIED EMPLOYEES RETIREMENT		
Additions:				
Contributions:				
Employer.....	\$ 971	\$ 6,120	\$ 20,653	\$ 27,744
Member.....	875	4,560	17,606	23,041
Total Contributions.....	\$ 1,846	\$ 10,680	\$ 38,259	\$ 50,785
Investment Income.....	\$ (1,378)	\$ (23,050)	\$ (58,817)	\$ (83,245)
Securities Lending Revenues (Expenses):				
Securities Lending Income.....	\$ 69	\$ 1,116	\$ 1,124	\$ 2,309
Borrower Rebates.....	(62)	(1,002)	(1,018)	(2,082)
Management Fees.....	(2)	(28)	(25)	(55)
Net Securities Lending Revenue.....	\$ 5	\$ 86	\$ 81	\$ 172
Total Investment Income.....	\$ (1,373)	\$ (22,964)	\$ (58,736)	\$ (83,073)
Transfers from Other Funds.....	\$ -	\$ 1,264	\$ -	\$ 1,264
Other Additions.....	1	1	21,654	21,656
Total Additions.....	\$ 474	\$ (11,019)	\$ 1,177	\$ (9,368)
Deductions:				
Refunds/Withdrawals.....	\$ 847	\$ 8,227	\$ 52,424	\$ 61,498
Administrative Expenses.....	85	171	-	256
Transfers to Other Funds.....	-	7,200	-	7,200
Total Deductions.....	\$ 932	\$ 15,598	\$ 52,424	\$ 68,954
Net Increase (Decrease).....	\$ (458)	\$ (26,617)	\$ (51,247)	\$ (78,322)
Net Assets Held in Trust for Pension Benefits, Beginning.....	\$ 16,927	\$ 280,072	\$ 553,079	\$ 850,078
Net Assets Held in Trust for Pension Benefits, Ending.....	\$ 16,469	\$ 253,455	\$ 501,832	\$ 771,756

# STATE OF MINNESOTA

## NONEXPENDABLE TRUST FUND BALANCE SHEET JUNE 30, 2001 (IN THOUSANDS)

	PERMANENT SCHOOL
ASSETS	
Cash and Cash Equivalents.....	\$ 68,322
Investments.....	486,311
Accounts Receivable.....	3,299
Accrued Investment Income.....	3,093
Securities Lending Collateral.....	42,310
Fixed Assets (Net).....	15,413
Total Assets.....	<u>\$ 618,748</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable.....	\$ 34
Interfund Payables.....	12,147
Securities Lending Collateral.....	42,310
Total Liabilities.....	<u>\$ 54,491</u>
Fund Balances:	
Reserved for Trust Principal.....	<u>\$ 564,257</u>
Total Fund Balance.....	<u>\$ 564,257</u>
Total Liabilities and Fund Balances.....	<u>\$ 618,748</u>

## STATE OF MINNESOTA

---

### NONEXPENDABLE TRUST FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

---

	PERMANENT SCHOOL
Operating Revenues:	
Net Sales.....	\$ 15,036
Investment Income.....	(14,345)
Other Revenue.....	32
Total Operating Revenues.....	<u>\$ 723</u>
Operating Expenses:	
Purchased Services.....	\$ 121
Salaries and Fringe Benefits.....	6,060
Total Operating Expenses.....	<u>\$ 6,181</u>
Operating Income.....	<u>\$ (5,458)</u>
Nonoperating Revenues (Expenses):	
Securities Lending Income.....	\$ 3,094
Securities Lending Rebates and Fees.....	(2,954)
Gain on Sale of Fixed Assets.....	128
Total Nonoperating Revenues.....	<u>\$ 268</u>
Income Before Operating Transfers.....	\$ (5,190)
Operating Transfers-Out.....	<u>(24,405)</u>
Net Income.....	<u>\$ (29,595)</u>
Fund Balance, Beginning.....	<u>\$ 593,852</u>
Fund Balance, Ending.....	<u><u>\$ 564,257</u></u>

# STATE OF MINNESOTA

## NONEXPENDABLE TRUST FUND STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	PERMANENT SCHOOL
Cash Flows from Operating Activities:	
Receipts from Customers.....	\$ 15,072
Receipts from Other Revenue.....	-
Payments to Suppliers.....	(122)
Payments to Employees.....	(111)
Payments to Other Service Providers.....	-
Net Cash Flows from Operating Activities.....	\$ 14,839
Cash Flows from Noncapital Financing Activities:	
Transfers-Out.....	\$ (28,832)
Net Cash Flows from Noncapital Financing Activities.....	\$ (28,832)
Cash Flows from Capital and Related Financing Activities:	
Proceeds from the Sale of Fixed Assets.....	\$ 642
Net Cash Flows from Capital and Related Financing Activities.....	\$ 642
Cash Flows from Investing Activities:	
Proceeds from Sales & Maturities of Investments.....	\$ 28,910
Purchase of Investments.....	(37,680)
Investment Earnings.....	63,383
Net Cash Flows from Investing Activities.....	\$ 54,613
Net Increase (Decrease) in Cash & Cash Equivalents.....	\$ 41,262
Cash and Cash Equivalents, Beginning.....	\$ 27,060
Cash and Cash Equivalents, Ending.....	\$ 68,322
<b>Reconciliation of Operating Income (Loss) to</b>	
<b>Net Cash Flows from Operating Activities:</b>	
Operating Income (Loss).....	\$ (5,458)
Adjustments to Reconcile Operating Income to	
Net Cash Flows from Operating Activities:	
Investment Income.....	\$ 14,345
Change in Assets and Liabilities:	
Accounts Receivable.....	4
Accounts Payable.....	5,948
Net Reconciling Items to be Added to	
(Deducted from) Operating Income.....	\$ 20,297
Net Cash Flows from Operating Activities.....	\$ 14,839
<b>Noncash Investing, Capital and Financing Activities:</b>	
Change in Fair Value of Investments	\$ (38,507)

This page intentionally left blank

# STATE OF MINNESOTA

## EXPENDABLE TRUST FUNDS COMBINING BALANCE SHEET JUNE 30, 2001 (IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL	ENDOWMENT	ENVIRONMENT AND NATURAL RESOURCES TRUST
<b>ASSETS</b>					
Cash and Cash Equivalents.....	\$ 152,102	\$ 325,023	\$ -	\$ 15,243	\$ 46,864
Investments.....	-	-	-	5,211	263,793
Accounts Receivable.....	94	2,369	-	948	-
Interfund Receivables.....	6,483	24,785	6,198	1,878	4,411
Accrued Investment/Interest Income.....	-	-	-	3	1,205
Federal Aid Receivable.....	-	-	-	-	-
Loans and Notes Receivable.....	-	-	-	-	-
Securities Lending Collateral.....	33,715	72,038	-	3,469	17,989
<b>Total Assets.....</b>	<b>\$ 192,394</b>	<b>\$ 424,215</b>	<b>\$ 6,198</b>	<b>\$ 26,752</b>	<b>\$ 334,262</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable.....	\$ 184	\$ 3,702	\$ -	\$ 1,287	\$ 1,189
Interfund Payables.....	-	-	-	2,469	-
Due to Component Units.....	-	-	-	-	279
Deferred Revenue.....	-	-	-	2,884	-
Compensated Absences Payable.....	174	349	-	96	136
Securities Lending Collateral.....	33,715	72,038	-	3,469	17,989
<b>Total Liabilities.....</b>	<b>\$ 34,073</b>	<b>\$ 76,089</b>	<b>\$ -</b>	<b>\$ 10,205</b>	<b>\$ 19,593</b>
<b>Fund Balances:</b>					
<b>Reserved Fund Balances:</b>					
Reserved for Encumbrances.....	\$ 487	\$ 1,543	\$ -	\$ 881	\$ 3,551
Reserved for Long-Term Receivables.....	-	-	-	-	-
Reserved for Local Governments.....	157,834	346,583	6,198	-	-
Reserved for Deferred Compensation Benefits.....	-	-	-	-	-
Reserved for Trust Principal.....	-	-	-	-	291,525
<b>Total Reserved Fund Balances.....</b>	<b>\$ 158,321</b>	<b>\$ 348,126</b>	<b>\$ 6,198</b>	<b>\$ 881</b>	<b>\$ 295,076</b>
<b>Unreserved Fund Balances:</b>					
Designated for Fund Purposes.....	\$ -	\$ -	\$ -	\$ 15,041	\$ 18,926
Undesignated.....	-	-	-	625	667
<b>Total Fund Balances.....</b>	<b>\$ 158,321</b>	<b>\$ 348,126</b>	<b>\$ 6,198</b>	<b>\$ 16,547</b>	<b>\$ 314,669</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 192,394</b>	<b>\$ 424,215</b>	<b>\$ 6,198</b>	<b>\$ 26,752</b>	<b>\$ 334,262</b>

NORTHEAST MINNESOTA ECONOMIC PROTECTION	UNEMPLOYMENT INSURANCE	MINNESOTA STATE RETIREMENT SYSTEM STATE DEFERRED COMPENSATION	MEDICAL EDUCATION AND RESEARCH	TOBACCO USE PREVENTION	TOTAL
\$ 66,993	\$ 556,610	\$ 93,975	\$ 37,051	\$ 52,526	\$ 1,346,387
39,933	-	558,853	300,391	484,161	1,652,342
81	79,055	3,630	19	-	86,196
-	-	-	5,072	7,932	56,759
243	-	1,790	1,921	3,122	8,284
-	147	-	-	-	147
23,664	-	-	-	-	23,664
17,188	-	32,168	27,566	43,279	247,412
<u>\$ 148,102</u>	<u>\$ 635,812</u>	<u>\$ 690,416</u>	<u>\$ 372,020</u>	<u>\$ 591,020</u>	<u>\$ 3,421,191</u>
\$ 500	\$ 20,708	\$ 8,025	\$ -	\$ 2,369	\$ 37,964
-	4,016	-	-	-	6,485
-	-	-	-	-	279
-	3,358	-	1,533	2,397	10,172
84	-	-	-	9	848
17,188	-	32,168	27,566	43,279	247,412
<u>\$ 17,772</u>	<u>\$ 28,082</u>	<u>\$ 40,193</u>	<u>\$ 29,099</u>	<u>\$ 48,054</u>	<u>\$ 303,160</u>
\$ 2,890	\$ -	\$ -	\$ -	\$ -	\$ 9,352
23,664	-	-	-	-	23,664
-	-	-	-	-	510,615
-	-	650,223	-	-	650,223
-	-	-	326,598	511,022	1,129,145
<u>\$ 26,554</u>	<u>\$ -</u>	<u>\$ 650,223</u>	<u>\$ 326,598</u>	<u>\$ 511,022</u>	<u>\$ 2,322,999</u>
\$ 101,221	\$ 607,730	\$ -	\$ -	\$ -	\$ 742,918
2,555	-	-	16,323	31,944	52,114
<u>\$ 130,330</u>	<u>\$ 607,730</u>	<u>\$ 650,223</u>	<u>\$ 342,921</u>	<u>\$ 542,966</u>	<u>\$ 3,118,031</u>
\$ 148,102	\$ 635,812	\$ 690,416	\$ 372,020	\$ 591,020	\$ 3,421,191

# STATE OF MINNESOTA

## EXPENDABLE TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL	ENDOWMENT	ENVIRONMENT AND NATURAL RESOURCES TRUST
Net Revenues:					
Unemployment Taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -
Mining Taxes.....	-	-	-	-	-
Tobacco Settlement.....	-	-	-	-	-
Federal Revenues.....	-	-	-	-	-
Investment/Interest Income.....	7,561	17,622	-	802	(22,963)
Gifts and Donations.....	-	-	-	16,029	-
Deferred Compensation Contributions.....	-	-	-	-	-
Securities Lending Income.....	1,472	3,431	-	160	1,265
Other Revenues.....	-	-	-	11,057	5
Net Revenues.....	\$ 9,033	\$ 21,053	\$ -	\$ 28,048	\$ (21,693)
Expenditures:					
Current:					
Protection of Persons and Property.....	\$ -	\$ -	\$ -	\$ 232	\$ -
Transportation.....	1,824	5,854	-	-	-
Resource Management.....	-	-	-	2,553	3,222
Economic and Manpower Development.....	-	-	-	587	133
Education.....	-	-	-	12,385	-
Health and Social Services.....	-	-	-	858	-
General Government.....	-	-	-	195	355
Securities Lending Rebates and Fees.....	1,450	3,381	-	158	1,200
Total Current Expenditures.....	\$ 3,274	\$ 9,235	\$ -	\$ 16,968	\$ 4,910
Capital Outlay.....	-	-	-	789	476
Grants and Subsidies.....	83,451	355,542	24,053	11,252	4,148
Deferred Compensation Withdrawals.....	-	-	-	-	-
Total Expenditures.....	\$ 86,725	\$ 364,777	\$ 24,053	\$ 29,009	\$ 9,534
Excess of Revenues Over (Under) Expenditures.....	\$ (77,692)	\$ (343,724)	\$ (24,053)	\$ (961)	\$ (31,227)
Other Financing Sources (Uses):					
Operating Transfers-In.....	\$ 114,654	\$ 419,155	\$ 24,405	\$ 2,348	\$ 22,361
Operating Transfers-Out.....	-	(9,500)	-	(1,812)	-
Transfers-Out to Component Units.....	-	-	-	-	(2,394)
Net Other Financing Sources (Uses).....	\$ 114,654	\$ 409,655	\$ 24,405	\$ 536	\$ 19,967
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 36,962	\$ 65,931	\$ 352	\$ (425)	\$ (11,260)
Fund Balances, Beginning, as Reported.....	\$ 121,359	\$ 282,195	\$ 5,846	\$ 16,972	\$ 325,929
Change in Accounting Principle.....	-	-	-	-	-
Fund Balances, Beginning, as Restated.....	\$ 121,359	\$ 282,195	\$ 5,846	\$ 16,972	\$ 325,929
Fund Balances, Ending.....	\$ 158,321	\$ 348,126	\$ 6,198	\$ 16,547	\$ 314,669



NORTHEAST MINNESOTA ECONOMIC PROTECTION	UNEMPLOYMENT INSURANCE	MINNESOTA STATE RETIREMENT SYSTEM STATE DEFERRED COMPENSATION	MEDICAL EDUCATION AND RESEARCH	TOBACCO USE PREVENTION	TOTAL
\$ -	\$ 334,770	\$ -	\$ -	\$ -	\$ 334,770
2,010	-	-	-	-	2,010
-	-	-	89,684	140,275	229,959
-	5,319	-	13,864	-	19,183
2,526	43,192	(55,866)	(6,585)	(10,037)	(23,748)
-	-	-	-	-	16,029
-	-	93,937	-	-	93,937
959	-	2,380	2,109	3,334	15,110
57	554	-	27,537	-	39,210
\$ 5,552	\$ 383,835	\$ 40,451	\$ 126,609	\$ 133,572	\$ 726,460
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232
-	-	-	-	-	7,678
-	-	-	-	-	5,775
5,708	-	-	-	-	6,428
-	-	-	-	-	12,385
-	-	-	-	111	969
-	-	-	-	21	571
936	-	2,191	2,002	3,161	14,479
\$ 6,644	\$ -	\$ 2,191	\$ 2,002	\$ 3,293	\$ 48,517
13	-	-	-	-	1,278
2,759	533,119	-	18,798	13,391	1,046,513
-	-	87,193	-	-	87,193
\$ 9,416	\$ 533,119	\$ 89,384	\$ 20,800	\$ 16,684	\$ 1,183,501
\$ (3,864)	\$ (149,284)	\$ (48,933)	\$ 105,809	\$ 116,888	\$ (457,041)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,923
-	-	-	(8,411)	-	(19,723)
-	-	-	(19,737)	(332)	(22,463)
\$ -	\$ -	\$ -	\$ (28,148)	\$ (332)	\$ 540,737
\$ (3,864)	\$ (149,284)	\$ (48,933)	\$ 77,661	\$ 116,556	\$ 83,696
\$ 134,194	\$ 655,621	\$ 699,156	\$ 265,260	\$ 426,410	\$ 2,932,942
-	101,393	-	-	-	101,393
\$ 134,194	\$ 757,014	\$ 699,156	\$ 265,260	\$ 426,410	\$ 3,034,335
\$ 130,330	\$ 607,730	\$ 650,223	\$ 342,921	\$ 542,966	\$ 3,118,031

# STATE OF MINNESOTA

## AGENCY FUNDS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2001

(IN THOUSANDS)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>DISBURSEMENT CLEARING</b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 203,144	\$ 12,571,568	\$ 12,411,121	\$ 363,591
Total Assets.....	<u>\$ 203,144</u>	<u>\$ 12,571,568</u>	<u>\$ 12,411,121</u>	<u>\$ 363,591</u>
LIABILITIES				
Warrants Payable.....	\$ 203,144	\$ 12,571,568	\$ 12,411,121	\$ 363,591
Total Liabilities.....	<u>\$ 203,144</u>	<u>\$ 12,571,568</u>	<u>\$ 12,411,121</u>	<u>\$ 363,591</u>
<b>MISCELLANEOUS AGENCY</b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 49,795	\$ 1,649,966	\$ 1,621,933	\$ 77,828
Investments.....	11,866	3,484	11,866	3,484
Accounts Receivable.....	28,511	9,401	28,511	9,401
Interfund Receivables.....	5,775	4,705	5,775	4,705
Accrued Investment Income.....	181	1	181	1
Securities Lending Collateral.....	-	5,522	-	5,522
Total Assets.....	<u>\$ 96,128</u>	<u>\$ 1,673,079</u>	<u>\$ 1,668,266</u>	<u>\$ 100,941</u>
LIABILITIES				
Accounts Payable.....	\$ 46,903	\$ 37,223	\$ 48,422	\$ 35,704
Interfund Payables.....	19,910	26,282	19,910	26,282
Securities Lending Collateral.....	-	5,522	-	5,522
Funds Held in Trust.....	29,315	1,741,411	1,737,293	33,433
Total Liabilities.....	<u>\$ 96,128</u>	<u>\$ 1,810,438</u>	<u>\$ 1,805,625</u>	<u>\$ 100,941</u>
<b>TOTAL AGENCY FUNDS</b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 252,939	\$ 14,221,534	\$ 14,033,054	\$ 441,419
Investments.....	11,866	3,484	11,866	3,484
Accounts Receivable.....	28,511	9,401	28,511	9,401
Interfund Receivables.....	5,775	4,705	5,775	4,705
Accrued Investment Income.....	181	1	181	1
Securities Lending Collateral.....	-	5,522	-	5,522
Total Assets.....	<u>\$ 299,272</u>	<u>\$ 14,244,647</u>	<u>\$ 14,079,387</u>	<u>\$ 464,532</u>
LIABILITIES				
Warrants Payable.....	\$ 203,144	\$ 12,571,568	\$ 12,411,121	\$ 363,591
Accounts Payable.....	46,903	37,223	48,422	35,704
Interfund Payables.....	19,910	26,282	19,910	26,282
Securities Lending Collateral.....	-	5,522	-	5,522
Funds Held in Trust.....	29,315	1,741,411	1,737,293	33,433
Total Liabilities.....	<u>\$ 299,272</u>	<u>\$ 14,382,006</u>	<u>\$ 14,216,746</u>	<u>\$ 464,532</u>

## **GENERAL FIXED ASSETS ACCOUNT GROUP**

The *General Fixed Assets Account Group* is maintained to account for fixed assets acquired or constructed for use by the state, other than those accounted for in proprietary and fiduciary funds.

# STATE OF MINNESOTA

## SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE JUNE 30, 2001 (IN THOUSANDS)

### GENERAL FIXED ASSETS

Land.....	\$ 343,245
Buildings.....	2,271,788
Equipment.....	374,027
Construction in Progress.....	332,946

Total General Fixed Assets..... \$ 3,322,006

### INVESTMENT IN GENERAL FIXED ASSETS

Investment in Assets Acquired Prior to July 1, 1984 - Source Unidentified.....	\$ 757,565
---	------------

#### Expenditures from:

General Fund..... 626,875

#### Special Revenue Funds:

Trunk Highway Fund..... 364,449

Highway User Tax Distribution Fund..... 148

State Airports Fund..... 4,005

Federal Fund..... 145,927

Environmental Fund..... 18,425

Petroleum Tank Cleanup Fund..... 51

Natural Resources Funds..... 30,388

Special Compensation Fund..... 102

Health Care Access Fund..... 344

Iron Range Resources and Rehabilitation Fund..... 27,620

Miscellaneous Special Revenue Fund..... 40,044

#### Capital Projects Funds:

General Project Fund..... 44,151

Building Fund..... 1,188,931

#### Expendable Trust Funds:

Endowment Fund..... 2,285

Northeast Minnesota Economic Protection Fund..... 7,095

Donations..... 63,601

Total Investment in General Fixed Assets..... \$ 3,322,006

# STATE OF MINNESOTA

## SCHEDULE OF GENERAL FIXED ASSETS

### BY FUNCTION AND ACTIVITY

JUNE 30, 2001

(IN THOUSANDS)

FUNCTION AND ACTIVITY	LAND	BUILDINGS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Protection of Persons and Property:					
Military Affairs.....	\$ 4,650	\$ 129,416	\$ 81	\$ 1,933	\$ 136,080
Public Safety.....	-	-	12,535	-	12,535
Other Agencies.....	-	-	1,353	-	1,353
Total Protection of Persons and Property.....	\$ 4,650	\$ 129,416	\$ 13,969	\$ 1,933	\$ 149,968
Transportation:					
Transportation.....	\$ 6,305	\$ 159,055	\$ 158,500	\$ 41,724	\$ 365,584
Total Transportation.....	\$ 6,305	\$ 159,055	\$ 158,500	\$ 41,724	\$ 365,584
Resource Management:					
Natural Resources.....	\$ 254,905	\$ 19,670	\$ 26,431	\$ 6,579	\$ 307,585
Pollution Control.....	2,735	-	2,328	-	5,063
Other Agencies.....	-	-	-	-	-
Total Resource Management.....	\$ 257,640	\$ 19,670	\$ 28,759	\$ 6,579	\$ 312,648
Economic and Manpower Development:					
Agriculture.....	\$ -	\$ -	\$ 1,548	\$ -	\$ 1,548
Commerce.....	-	-	902	-	902
Economic Security.....	1,976	7,206	2,756	-	11,938
Trade and Economic Development.....	-	-	446	-	446
Labor and Industry.....	-	-	599	-	599
Iron Range Resources and Rehabilitation.....	1,215	39,886	2,242	1,572	44,915
Public Service.....	-	-	-	-	-
Amateur Sports Commission.....	4,162	26,472	-	-	30,634
Other Agencies.....	-	-	-	-	-
Total Economic and Manpower Development.....	\$ 7,353	\$ 73,564	\$ 8,493	\$ 1,572	\$ 90,982
Education:					
Center for Arts Education.....	\$ 1,955	\$ 9,575	\$ -	\$ 937	\$ 12,467
Minnesota State Colleges and Universities.....	47,194	1,100,624	122,416	54,520	1,324,754
Education (K-12).....	20	10,446	2,081	-	12,547
Zoological Garden.....	1,175	68,141	888	-	70,204
Total Education.....	\$ 50,344	\$ 1,188,786	\$ 125,385	\$ 55,457	\$ 1,419,972
Health and Social Services:					
Health.....	\$ -	\$ -	\$ 3,409	\$ -	\$ 3,409
Human Services.....	1,651	171,501	17,819	23,190	214,161
Veterans Affairs and Veterans Home Board.....	294	41,092	1,260	39,032	81,678
Corrections.....	494	230,261	4,676	100,480	335,911
Other Agencies.....	29	-	1,284	-	1,313
Total Health and Social Services.....	\$ 2,468	\$ 442,854	\$ 28,448	\$ 162,702	\$ 636,472
General Government:					
Administration (1).....	\$ 14,485	\$ 258,443	\$ 493	\$ 62,979	\$ 336,400
Attorney General.....	-	-	257	-	257
Employee Relations.....	-	-	169	-	169
Office of Strategic and Long Range Planning.....	-	-	62	-	62
Governor.....	-	-	41	-	41
Legislature.....	-	-	-	-	-
Secretary of State.....	-	-	936	-	936
Supreme Court.....	-	-	2,884	-	2,884
Revenue.....	-	-	4,489	-	4,489
Other Agencies.....	-	-	1,142	-	1,142
Total General Government.....	\$ 14,485	\$ 258,443	\$ 10,473	\$ 62,979	\$ 346,380
Total General Fixed Assets.....	\$ 343,245	\$ 2,271,788	\$ 374,027	\$ 332,946	\$ 3,322,006

(1) Consists primarily of buildings and land located in the capitol complex area.

# STATE OF MINNESOTA

## SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

FUNCTION AND ACTIVITY	GENERAL FIXED ASSETS BEGINNING	ADDITIONS	DEDUCTIONS/ NET TRANSFERS	ADJUSTMENTS	GENERAL FIXED ASSETS ENDING
Protection of Persons and Property:					
Military Affairs.....	\$ 162,711	\$ 9,804	\$ 8,903	\$ (27,532)	\$ 136,080
Public Safety.....	28,451	693	1,661	(14,948)	12,535
Other Agencies.....	2,123	-	-	(770)	1,353
Total Protection of Persons and Property.....	\$ 193,285	\$ 10,497	\$ 10,564	\$ (43,250)	\$ 149,968
Transportation:					
Transportation.....	\$ 434,418	\$ 55,294	\$ 18,959	\$ (105,169)	\$ 365,584
Total Transportation.....	\$ 434,418	\$ 55,294	\$ 18,959	\$ (105,169)	\$ 365,584
Resource Management:					
Natural Resources.....	\$ 350,115	\$ 23,148	\$ 198	\$ (65,480)	\$ 307,585
Pollution Control.....	7,311	149	286	(2,111)	5,063
Other Agencies.....	16	-	-	(16)	-
Total Resource Management.....	\$ 357,442	\$ 23,297	\$ 484	\$ (67,607)	\$ 312,648
Economic and Manpower Development:					
Agriculture.....	\$ 3,652	\$ 234	\$ 34	\$ (2,304)	\$ 1,548
Commerce.....	182	99	92	713	902
Economic Security.....	13,678	-	71	(1,669)	11,938
Trade and Economic Development.....	764	-	80	(238)	446
Labor and Industry.....	649	73	-	(123)	599
Iron Range Resources and Rehabilitation.....	44,568	4,227	2,227	(1,653)	44,915
Public Service.....	1,456	-	-	(1,456)	-
Amateur Sports Commission.....	30,655	-	-	(21)	30,634
Other Agencies.....	67	-	-	(67)	-
Total Economic and Manpower Development.....	\$ 95,671	\$ 4,633	\$ 2,504	\$ (6,818)	\$ 90,982
Education:					
Center for Arts Education.....	\$ 12,192	\$ 7,107	\$ 6,665	\$ (167)	\$ 12,467
Minnesota State Colleges and Universities.....	1,242,890	192,795	112,838	1,907	1,324,754
Education (K-12).....	13,628	196	-	(1,277)	12,547
Zoological Garden.....	71,580	5,079	4,715	(1,740)	70,204
Total Education.....	\$ 1,340,290	\$ 205,177	\$ 124,218	\$ (1,277)	\$ 1,419,972
Health and Social Services:					
Health.....	\$ 4,847	\$ -	\$ 83	\$ (1,355)	\$ 3,409
Human Services.....	267,173	3,743	27,078	(29,677)	214,161
Veterans Affairs and Veterans Home Board.....	77,688	6,765	108	(2,667)	81,678
Corrections.....	241,608	39,082	12,796	68,017	335,911
Other Agencies.....	1,695	-	140	(242)	1,313
Total Health and Social Services.....	\$ 593,011	\$ 49,590	\$ 40,205	\$ 34,076	\$ 636,472
General Government:					
Administration (1).....	\$ 415,297	\$ 20,073	\$ 8,784	\$ (90,186)	\$ 336,400
Attorney General.....	782	-	-	(525)	257
Employee Relations.....	427	41	53	(246)	169
Office of Strategic and Long Range Planning.....	89	-	-	(27)	62
Governor.....	51	-	-	(10)	41
Legislature.....	148	-	-	(148)	-
Secretary of State.....	4,981	421	4,168	(298)	936
Supreme Court.....	3,053	34	70	(133)	2,884
Revenue.....	5,458	941	92	(1,818)	4,489
Other Agencies.....	1,488	63	61	(348)	1,142
Total General Government.....	\$ 431,774	\$ 21,573	\$ 13,228	\$ (93,739)	\$ 346,380
Total General Fixed Assets.....	\$ 3,445,891	\$ 370,061	\$ 210,162	\$ (283,784)	\$ 3,322,006

(1) Consists primarily of buildings and land located in the capitol complex area.

## **GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP**

The *General Long-Term Obligation Account Group* accounts for unmatured principal of bonds, notes and other forms of long-term indebtedness which are not accounted for in proprietary or fiduciary funds.

# STATE OF MINNESOTA

## GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP STATEMENT OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS YEAR ENDED JUNE 30, 2001 (IN THOUSANDS)

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Amount Available and to be Provided for Payment of General Long-Term Obligations:				
Amount Available in Debt Service Fund.....	\$ 229,735	\$ 226,190	\$ 223,695	\$ 232,230
Amount to be Provided:				
General Fund.....	\$ 2,689,882	\$ 334,458	\$ 340,464	\$ 2,683,876
Trunk Highway Fund.....	76,588	44,538	12,124	109,002
Highway User Tax Distribution Fund.....	919	-	30	889
Solid Waste Fund.....	134,696	65,525	39,477	160,744
State Airports Fund.....	433	23	-	456
Federal Fund.....	21,149	736	109	21,776
Environmental Fund.....	2,046	20,529	-	22,575
Petroleum Tank Cleanup Fund.....	354	24	-	378
Natural Resources Funds.....	9,474	1,292	22	10,744
Maximum Effort School Loan Fund.....	78,390	-	6,795	71,595
Special Compensation Fund.....	55,067	1,274,265	3,069	1,326,263
Health Care Access Fund.....	1,027	128	-	1,155
Iron Range Resources and Rehabilitation Fund.....	4,324	12,309	5	16,628
Miscellaneous Special Revenue Fund.....	26,577	11,222	3,548	34,251
Total Amount to be Provided.....	\$ 3,100,926	\$ 1,765,049	\$ 405,643	\$ 4,460,332
Total Amount Available and to be Provided.....	\$ 3,330,661	\$ 1,991,239	\$ 629,338	\$ 4,692,562
General Long-Term Obligations Payable:				
General Obligation Bonds Payable.....	\$ 2,527,281	\$ 285,000	\$ 224,126	\$ 2,588,155
Loans Payable.....	5,241	6,483	5,241	6,483
Revenue Bonds Payable.....	56,595	12,290	52,785	16,100
Claims Payable.....	306,948	1,338,462	19,267	1,626,143
Compensated Absences Payable.....	276,358	47,418	21,667	302,109
Workers' Compensation Liability.....	136,660	3,258	12,729	127,189
Capital Leases Payable.....	21,578	13,203	8,424	26,357
Arbitrage Payable.....	-	26	-	26
Total General Long-Term Obligations Payable.....	\$ 3,330,661	\$ 1,706,140	\$ 344,239	\$ 4,692,562



## COMPONENT UNIT FUNDS

Component units are legally separate organizations for which the primary government 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 to impose the will of the primary government on the organization, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government. Component units are presented below in three reporting groups: Governmental fund type, Proprietary fund type and Universities.

### GOVERNMENTAL FUND TYPE:

*Public Facilities Authority* provides financial assistance to eligible municipalities with high cost wastewater infrastructure projects.

The *Metropolitan Council* is responsible for coordinating the planning and development of the Twin Cities metropolitan area.

*Minnesota Technology Incorporated* provides financial assistance to new or existing small and medium sized businesses in greater Minnesota, to stimulate economic growth and job creation.

The *Higher Education Services Office* administers state student loan programs and engages in long-range planning for the needs of higher education.

The *Export Finance Authority* aids and facilitates the financing of exports from the state.

The *Agricultural and Economic Development Board* administers programs for agricultural and economic development.

The *Rural Finance Authority* administers state agriculture programs.

The *Minnesota Partnership for Action Against Tobacco* issues grants to health, community and academic organizations throughout Minnesota in support of research and cessation activities that will encourage and help tobacco users quit.

### PROPRIETARY FUND TYPE:

The *Housing Finance Agency* provides money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes.

The *Public Facilities Authority* provides financial assistance to municipalities, primarily for wastewater treatment construction projects.

The *Metropolitan Council* operates the metropolitan regional sewage treatment and disposal systems and the public transit system. The Metropolitan Sports Facilities Commission, a component unit of the Council, operates the Metropolitan Sports Center and Hubert H. Humphrey Metrodome sports facilities.

The *Workers' Compensation Assigned Risk 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.

The *National Sports Center 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.

The *Higher Education Services Office* makes and guarantees loans to qualified post secondary students.

### COLLEGE AND UNIVERSITY TYPE:

The *University of Minnesota* is a multi-campus university providing undergraduate and graduate degrees, advanced research opportunities, and an extension service.

This page intentionally left blank

# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2000 AND JUNE 30, 2001 (IN THOUSANDS)

	GOVERNMENTAL FUND TYPES	PROPRIETARY FUND TYPES	UNIVERSITY OF MINNESOTA	TOTAL COMPONENT UNITS
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 94,700	\$ 701,003	\$ 413,216	\$ 1,208,919
Investments.....	276,342	621,932	726,695	1,624,969
Accounts Receivable.....	7,516	215,469	114,675	337,660
Settlement Receivable.....	51,000	-	-	51,000
Interfund Receivables.....	1,677	1,529	-	3,206
Due from Other Governmental Units.....	3,526	906	-	4,432
Due from Primary Government.....	535	-	121,356	121,891
Accrued Investment/Interest Income.....	1,534	24,202	5,366	31,102
Federal Aid Receivable.....	1,401	-	64,021	65,422
Inventories.....	-	16,845	19,129	35,974
Deferred Costs.....	-	4,567	11,819	16,386
Restricted Assets:				
Cash and Cash Equivalents.....	-	593,159	12,840	605,999
Investments.....	-	308,191	-	308,191
Loans Receivable.....	-	783,920	-	783,920
Interfund Receivables.....	-	4,237	-	4,237
Due from Other Governmental Units.....	-	19,767	-	19,767
Other Restricted Assets.....	-	41,457	-	41,457
Loans and Notes Receivable.....	94,931	2,033,531	65,778	2,194,240
Securities Lending Collateral.....	35,641	48,972	68,464	153,077
Fixed Assets (Net).....	10,504	1,285,870	1,587,479	2,883,853
Other Assets.....	326	610	75	1,011
Amount Available for Debt Service.....	36,930	-	-	36,930
Amount to be Provided for Debt Service.....	163,461	-	-	163,461
<b>Total Assets and Other Debits.....</b>	<b>\$ 780,024</b>	<b>\$ 6,706,167</b>	<b>\$ 3,210,913</b>	<b>\$ 10,697,104</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 26,637	\$ 64,051	\$ 186,814	\$ 277,502
Interfund Payables.....	7,271	-	-	7,271
Payable to Other Governmental Units.....	309	-	-	309
Due to Primary Government.....	2,138	17,101	51,979	71,218
Deferred Revenue.....	4,598	20,170	37,346	62,114
Payable from Restricted Assets:				
Accounts Payable.....	-	38,153	-	38,153
Interfund Payables.....	-	172	-	172
General Obligation Bonds Payable.....	-	43,890	-	43,890
Revenue Bonds Payable.....	-	688,193	-	688,193
Accrued Bond Interest Payable.....	-	72,027	-	72,027
Other Payables.....	-	113,472	-	113,472
General Obligation Bonds Payable.....	160,579	123,939	475,437	759,955
Loans/Notes Payable.....	-	358,089	6,589	364,678
Revenue Bonds Payable.....	37,445	2,042,687	11,535	2,091,667
Grants Payable.....	3,143	6,233	-	9,376
Claims and Judgments.....	-	334,000	18,953	352,953
Compensated Absences Payable.....	3,070	5,978	55,042	64,090
Securities Lending Collateral.....	35,641	48,972	68,464	153,077
Funds Held in Trust.....	317	103,140	-	103,457
Pension Liabilities.....	-	-	17,695	17,695
Other Liabilities.....	68	1,947	-	2,015
<b>Total Liabilities.....</b>	<b>\$ 281,216</b>	<b>\$ 4,082,214</b>	<b>\$ 929,854</b>	<b>\$ 5,293,284</b>
<b>Fund Equity:</b>				
Contributed Capital.....	\$ -	\$ 1,060,493	\$ -	\$ 1,060,493
Investment in Fixed Assets.....	\$ 10,253	\$ -	\$ 1,120,280	\$ 1,130,533
Retained Earnings:				
Reserved Retained Earnings.....	\$ -	\$ 777,297	\$ -	\$ 777,297
Unreserved Retained Earnings.....	-	786,163	-	786,163
<b>Total Retained Earnings.....</b>	<b>\$ -</b>	<b>\$ 1,563,460</b>	<b>\$ -</b>	<b>\$ 1,563,460</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances.....	\$ 7,811	\$ -	\$ -	\$ 7,811
Other Reserved Fund Balances.....	135,919	-	769,205	905,124
Unreserved Fund Balances:				
Designated Fund Balances.....	298,672	-	210,229	508,901
Undesignated Fund Balances.....	46,153	-	181,345	227,498
<b>Total Fund Balances.....</b>	<b>\$ 488,555</b>	<b>\$ -</b>	<b>\$ 1,160,779</b>	<b>\$ 1,649,334</b>
<b>Total Fund Equity and Other Credits.....</b>	<b>\$ 498,808</b>	<b>\$ 2,623,953</b>	<b>\$ 2,281,059</b>	<b>\$ 5,403,820</b>
<b>Total Liabilities, Equity and Other Credits.....</b>	<b>\$ 780,024</b>	<b>\$ 6,706,167</b>	<b>\$ 3,210,913</b>	<b>\$ 10,697,104</b>

# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS - GOVERNMENTAL FUND TYPE COMBINING BALANCE SHEET DECEMBER 31, 2000 and JUNE 30, 2001 (IN THOUSANDS)

	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	MINNESOTA TECHNOLOGY INCORPORATED	HIGHER EDUCATION SERVICES OFFICE
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 27,145	\$ 28,928	\$ 3,710	\$ 328
Investments.....	-	129,948	-	-
Accounts Receivable.....	-	4,179	182	3,155
Settlement Receivable.....	-	-	-	-
Interfund Receivables.....	-	1,677	-	-
Due from Other Governmental Units.....	-	3,526	-	-
Due from Primary Government.....	-	-	535	-
Accrued Investment/Interest Income.....	-	1,322	-	-
Federal Aid Receivable.....	292	-	1,109	-
Loans and Notes Receivable.....	-	17,155	-	-
Securities Lending Collateral.....	-	33,166	612	-
Fixed Assets (Net).....	-	10,168	251	85
Other Assets.....	-	159	4	-
Amount Available for Debt Service.....	-	36,930	-	-
Amount to be Provided for Debt Service.....	-	126,016	-	-
Total Assets and Other Debits.....	<u>\$ 27,437</u>	<u>\$ 393,174</u>	<u>\$ 6,403</u>	<u>\$ 3,568</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 1,294	\$ 19,690	\$ 185	\$ 2,728
Interfund Payables.....	-	7,271	-	-
Payable to Other Governmental Units.....	-	309	-	-
Due to Primary Government.....	-	-	900	113
Deferred Revenue.....	292	4,306	-	-
General Obligation Bonds Payable.....	-	160,579	-	-
Revenue Bonds Payable.....	-	-	-	-
Grants Payable.....	-	-	-	-
Compensated Absences Payable.....	-	2,367	390	313
Securities Lending Collateral.....	-	33,166	612	-
Funds Held in Trust.....	-	317	-	-
Other Liabilities.....	-	-	-	-
Total Liabilities.....	<u>\$ 1,586</u>	<u>\$ 228,005</u>	<u>\$ 2,087</u>	<u>\$ 3,154</u>
Investment in Fixed Assets.....	<u>\$ -</u>	<u>\$ 10,168</u>	<u>\$ -</u>	<u>\$ 85</u>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances:</b>				
Reserved for Encumbrances.....	\$ 6,889	\$ 922	\$ -	\$ -
Reserved for Long-Term Receivables.....	-	17,155	-	-
Reserved for Long-Term Commitments.....	-	40,988	-	-
Total Reserved Fund Balances.....	<u>\$ 6,889</u>	<u>\$ 59,065</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Unreserved Fund Balances:</b>				
Designated for Fund Purposes.....	\$ 18,962	\$ 50,112	\$ 4,316	\$ -
Undesignated.....	-	45,824	-	329
Total Unreserved Fund Balances.....	<u>\$ 18,962</u>	<u>\$ 95,936</u>	<u>\$ 4,316</u>	<u>\$ 329</u>
Total Fund Balances.....	<u>\$ 25,851</u>	<u>\$ 155,001</u>	<u>\$ 4,316</u>	<u>\$ 329</u>
Total Liabilities, Fund Balances and Other Credits.....	<u>\$ 27,437</u>	<u>\$ 393,174</u>	<u>\$ 6,403</u>	<u>\$ 3,568</u>

EXPORT FINANCE AUTHORITY	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	MINNESOTA PARTNERSHIP FOR ACTION AGAINST TOBACCO	TOTAL
\$ 1,125	\$ 21,045	\$ 11,494	\$ 925	\$ 94,700
-	15,913	-	130,481	276,342
-	-	-	-	7,516
-	-	-	51,000	51,000
-	-	-	-	1,677
-	-	-	-	3,526
-	-	-	-	535
-	212	-	-	1,534
-	-	-	-	1,401
-	22,644	55,132	-	94,931
-	-	1,863	-	35,641
-	-	-	-	10,504
-	-	-	163	326
-	-	-	-	36,930
-	37,445	-	-	163,461
<u>\$ 1,125</u>	<u>\$ 97,259</u>	<u>\$ 68,489</u>	<u>\$ 182,569</u>	<u>\$ 780,024</u>
\$ -	\$ 1,015	\$ 96	\$ 1,629	\$ 26,637
-	-	-	-	7,271
-	-	-	-	309
1,125	-	-	-	2,138
-	-	-	-	4,598
-	-	-	-	160,579
-	37,445	-	-	37,445
-	-	-	3,143	3,143
-	-	-	-	3,070
-	-	1,863	-	35,641
-	-	-	-	317
-	-	-	68	68
<u>\$ 1,125</u>	<u>\$ 38,460</u>	<u>\$ 1,959</u>	<u>\$ 4,840</u>	<u>\$ 281,216</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,253</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,811
-	22,644	55,132	-	94,931
-	-	-	-	40,988
<u>\$ -</u>	<u>\$ 22,644</u>	<u>\$ 55,132</u>	<u>\$ -</u>	<u>\$ 143,730</u>
\$ -	\$ 36,155	\$ 11,398	\$ 177,729	\$ 298,672
-	-	-	-	46,153
<u>\$ -</u>	<u>\$ 36,155</u>	<u>\$ 11,398</u>	<u>\$ 177,729</u>	<u>\$ 344,825</u>
<u>\$ -</u>	<u>\$ 58,799</u>	<u>\$ 66,530</u>	<u>\$ 177,729</u>	<u>\$ 488,555</u>
<u>\$ 1,125</u>	<u>\$ 97,259</u>	<u>\$ 68,489</u>	<u>\$ 182,569</u>	<u>\$ 780,024</u>

# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS - GOVERNMENTAL FUND TYPE COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEARS ENDED DECEMBER 31, 2000 AND JUNE 30, 2001 (IN THOUSANDS)

	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	MINNESOTA TECHNOLOGY INCORPORATED	HIGHER EDUCATION SERVICES OFFICE
Net Revenues:				
Other Taxes.....	\$ -	\$ 50,836	\$ -	\$ -
Federal Revenues.....	643	-	2,130	3,494
Other Intergovernmental Revenues.....	-	37,024	-	-
Tobacco Settlement.....	-	-	-	-
Investment/Interest Income.....	-	12,111	423	-
Securities Lending Income.....	-	1,261	76	-
Other Revenues.....	-	25,684	869	218
Net Revenues.....	\$ 643	\$ 126,916	\$ 3,498	\$ 3,712
Expenditures:				
Current:				
Transportation.....	\$ -	\$ 57,280	\$ -	\$ -
Resource Management.....	-	32,026	-	-
Economic & Manpower Development.....	-	4,602	6,528	-
Education.....	-	-	-	3,158
Health and Social Services.....	-	31,746	-	-
General Government.....	-	29,921	3,163	6,131
Securities Lending Rebates and Fees.....	-	1,254	75	-
Total Current Expenditures.....	\$ -	\$ 156,829	\$ 9,766	\$ 9,289
Capital Outlay.....	-	9,902	-	-
Debt Service.....	-	24,633	-	-
Grants and Subsidies.....	15,876	-	-	145,159
Total Expenditures.....	\$ 15,876	\$ 191,364	\$ 9,766	\$ 154,448
Excess of Revenues Over (Under) Expenditures.....	\$ (15,233)	\$ (64,448)	\$ (6,268)	\$ (150,736)
Other Financing Sources (Uses):				
General Obligation and Revenue Bonds.....	\$ -	\$ 51,565	\$ -	\$ -
Operating Transfers-In.....	-	4,283	-	-
Other Operating Transfers-Out.....	-	(6,736)	-	-
Transfers-In from Primary Government.....	3,000	53,443	6,840	150,709
Transfers-Out to Primary Government.....	-	-	(900)	-
Net Other Financing Sources (Uses).....	\$ 3,000	\$ 102,555	\$ 5,940	\$ 150,709
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (12,233)	\$ 38,107	\$ (328)	\$ (27)
Fund Balances, Beginning.....	\$ 38,084	\$ 137,793	\$ 4,644	\$ 356
Residual Equity Transfers-Out.....	-	(20,899)	-	-
Fund Balances, Ending.....	\$ 25,851	\$ 155,001	\$ 4,316	\$ 329

EXPORT FINANCE AUTHORITY	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	MINNESOTA PARTNERSHIP FOR ACTION AGAINST TOBACCO	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 50,836
-	-	-	-	6,267
-	-	7	-	37,031
-	-	-	3,300	3,300
65	3,868	3,986	(11,826)	8,627
-	-	75	-	1,412
-	57	-	3	26,831
<u>\$ 65</u>	<u>\$ 3,925</u>	<u>\$ 4,068</u>	<u>\$ (8,523)</u>	<u>\$ 134,304</u>
\$ -	\$ -	\$ -	\$ -	\$ 57,280
-	-	-	-	32,026
-	1,547	18	-	12,695
-	-	-	-	3,158
-	-	-	10,502	42,248
-	-	-	584	39,799
-	-	74	-	1,403
<u>\$ -</u>	<u>\$ 1,547</u>	<u>\$ 92</u>	<u>\$ 11,086</u>	<u>\$ 188,609</u>
-	-	-	-	9,902
-	5,682	-	-	30,315
-	-	-	-	161,035
<u>\$ -</u>	<u>\$ 7,229</u>	<u>\$ 92</u>	<u>\$ 11,086</u>	<u>\$ 389,861</u>
<u>\$ 65</u>	<u>\$ (3,304)</u>	<u>\$ 3,976</u>	<u>\$ (19,609)</u>	<u>\$ (255,557)</u>
\$ -	\$ -	\$ 4,500	\$ -	\$ 56,065
-	-	-	-	4,283
-	-	-	-	(6,736)
-	-	-	-	213,992
-	(1,031)	(8,021)	-	(9,952)
<u>\$ -</u>	<u>\$ (1,031)</u>	<u>\$ (3,521)</u>	<u>\$ -</u>	<u>\$ 257,652</u>
<u>\$ 65</u>	<u>\$ (4,335)</u>	<u>\$ 455</u>	<u>\$ (19,609)</u>	<u>\$ 2,095</u>
\$ 1,060	\$ 63,134	\$ 66,075	\$ 197,338	\$ 508,484
(1,125)	-	-	-	(22,024)
<u>\$ -</u>	<u>\$ 58,799</u>	<u>\$ 66,530</u>	<u>\$ 177,729</u>	<u>\$ 488,555</u>

STATE OF MINNESOTA

**COMPONENT UNIT FUNDS - PROPRIETARY FUND TYPE**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2000 AND JUNE 30, 2001**  
**(IN THOUSANDS)**

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	TOTAL
<b>ASSETS</b>							
Cash and Cash Equivalents.....	\$ 609,438	\$ -	\$ 65,254	\$ 8,885	\$ 342	\$ 17,084	\$ 701,003
Investments.....	234,823	-	6,207	319,683	-	61,219	621,932
Accounts Receivable.....	3,963	-	18,326	192,822	358	-	215,469
Interfund Receivables.....	-	-	1,529	-	-	-	1,529
Due from Other Governmental Units.....	-	-	906	-	-	-	906
Accrued Investment/Interest Income.....	17,454	-	656	3,374	-	2,718	24,202
Inventories.....	1,993	-	14,826	-	26	-	16,845
Deferred Costs.....	-	-	-	3,663	16	888	4,567
<b>Restricted Assets:</b>							
Cash and Cash Equivalents.....	245,847	162,107	169,633	-	-	15,572	593,159
Investments.....	63,380	244,811	-	-	-	-	308,191
Loans Receivable.....	-	783,920	-	-	-	-	783,920
Interfund Receivables.....	-	-	4,237	-	-	-	4,237
Due from Other Governmental Units.....	-	-	19,767	-	-	-	19,767
Other Restricted Assets.....	-	31,142	10,315	-	-	-	41,457
Loans and Notes Receivable.....	1,714,341	-	-	-	-	319,190	2,033,531
Securities Lending Collateral.....	-	21,366	26,584	-	-	1,022	48,972
Fixed Assets (Net).....	983	-	1,281,641	-	3,226	20	1,285,870
Other Assets.....	-	-	217	21	-	372	610
<b>Total Assets.....</b>	<b>\$ 2,892,222</b>	<b>\$ 1,243,346</b>	<b>\$ 1,620,098</b>	<b>\$ 528,448</b>	<b>\$ 3,968</b>	<b>\$ 418,085</b>	<b>\$ 6,706,167</b>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>Liabilities:</b>							
Accounts Payable.....	\$ 7,491	\$ 3,841	\$ 47,507	\$ 4,068	\$ 620	\$ 524	\$ 64,051
Due to Primary Government.....	-	-	-	17,101	-	-	17,101
Deferred Revenue.....	212	411	2,625	16,681	241	-	20,170
<b>Payable from Restricted Assets:</b>							
Accounts Payable.....	-	-	38,153	-	-	-	38,153
Interfund Payables.....	-	-	172	-	-	-	172
General Obligation Bonds Payable.....	-	-	43,890	-	-	-	43,890
Revenue Bonds Payable.....	52,675	635,518	-	-	-	-	688,193
Accrued Bond Interest Payable.....	54,280	10,877	6,689	-	-	181	72,027
Other Payables.....	-	-	113,472	-	-	-	113,472
General Obligation Bonds Payable.....	-	-	123,939	-	-	-	123,939
Loans/Notes Payable.....	-	-	355,248	-	2,841	-	358,089
Revenue Bonds Payable.....	1,912,987	-	-	-	-	129,700	2,042,687
Grants Payable.....	-	6,233	-	-	-	-	6,233
Claims and Judgments.....	-	-	-	334,000	-	-	334,000
Compensated Absences Payable.....	1,128	-	4,702	-	-	148	5,978
Securities Lending Collateral.....	-	21,366	26,584	-	-	1,022	48,972
Funds Held in Trust.....	103,140	-	-	-	-	-	103,140
Other Liabilities.....	-	-	1,898	-	-	49	1,947
<b>Total Liabilities.....</b>	<b>\$ 2,131,913</b>	<b>\$ 678,246</b>	<b>\$ 764,879</b>	<b>\$ 371,850</b>	<b>\$ 3,702</b>	<b>\$ 131,624</b>	<b>\$ 4,082,214</b>
<b>Fund Equity:</b>							
Contributed Capital.....	\$ -	\$ 493,626	\$ 566,867	\$ -	\$ -	\$ -	\$ 1,060,493
<b>Retained Earnings:</b>							
Reserved for Debt Requirements.....	\$ 581,546	\$ 1,483	\$ -	\$ -	\$ -	\$ 15,505	\$ 598,534
Reserved per State Law.....	178,763	-	-	-	-	-	178,763
Unreserved Retained Earnings.....	-	69,991	288,352	156,598	266	270,956	786,163
<b>Total Retained Earnings.....</b>	<b>\$ 760,309</b>	<b>\$ 71,474</b>	<b>\$ 288,352</b>	<b>\$ 156,598</b>	<b>\$ 266</b>	<b>\$ 286,461</b>	<b>\$ 1,563,460</b>
<b>Total Fund Equity.....</b>	<b>\$ 760,309</b>	<b>\$ 565,100</b>	<b>\$ 855,219</b>	<b>\$ 156,598</b>	<b>\$ 266</b>	<b>\$ 286,461</b>	<b>\$ 2,623,953</b>
<b>Total Liabilities and Fund Equity.....</b>	<b>\$ 2,892,222</b>	<b>\$ 1,243,346</b>	<b>\$ 1,620,098</b>	<b>\$ 528,448</b>	<b>\$ 3,968</b>	<b>\$ 418,085</b>	<b>\$ 6,706,167</b>



# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS - PROPRIETARY FUND TYPE COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEARS ENDED DECEMBER 31, 2000 AND JUNE 30, 2001 (IN THOUSANDS)

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	TOTAL
Operating Revenues:							
Net Sales.....	\$ -	\$ -	\$ 14,316	\$ -	\$ 7,102	\$ -	\$ 21,418
Interest Income on Loans.....	121,979	26,140	-	-	-	23,025	171,144
Investment Income.....	73,363	31,169	-	-	-	-	104,532
Rental and Service Fees.....	7,086	-	191,928	-	26	-	199,040
Insurance Premiums.....	-	-	-	31,321	-	-	31,321
Other Income.....	-	605	4,807	-	-	2,340	7,752
Total Operating Revenues.....	\$ 202,428	\$ 57,914	\$ 211,051	\$ 31,321	\$ 7,128	\$ 25,365	\$ 535,207
Operating Expenses:							
Interest and Financing Costs.....	\$ 120,032	\$ 34,315	\$ -	\$ -	\$ -	\$ 6,298	\$ 160,645
Purchased Services.....	12,387	177	41,496	6,372	3,845	4,619	68,896
Salaries and Fringe Benefits.....	11,031	1,389	179,629	-	3,443	1,063	196,555
Claims.....	-	-	-	(5,920)	-	-	(5,920)
Depreciation.....	697	-	70,373	-	216	3	71,289
Amortization.....	-	-	-	-	-	413	413
Supplies and Materials.....	215	8	23,581	-	-	91	23,895
Indirect Costs.....	178	252	18,120	-	-	72	18,622
Other Expenses.....	17,687	-	10,638	4,306	348	3,950	36,929
Total Operating Expenses.....	\$ 162,227	\$ 36,141	\$ 343,837	\$ 4,758	\$ 7,852	\$ 16,509	\$ 571,324
Operating Income (Loss).....	\$ 40,201	\$ 21,773	\$ (132,786)	\$ 26,563	\$ (724)	\$ 8,856	\$ (36,117)
Nonoperating Revenues (Expenses)							
Investment Income.....	\$ -	\$ -	\$ 20,860	\$ 27,038	\$ 22	\$ 6,659	\$ 54,579
Interest and Financing Costs.....	-	-	(21,910)	-	(31)	-	(21,941)
Federal Grants and Subsidies.....	183,255	-	-	-	-	-	183,255
Securities Lending Income.....	-	891	1,125	-	-	110	2,126
Other Nonoperating Revenues.....	-	-	82,167	-	798	-	82,965
Gains (Losses) on Sale of Fixed Assets.....	-	-	(188)	-	-	-	(188)
Grants, Aids and Subsidies.....	(215,985)	(464)	-	-	-	-	(216,449)
Securities Lending Rebates and Fees.....	-	(878)	(1,112)	-	-	(108)	(2,098)
Other Nonoperating Expenses.....	-	-	(80)	-	-	-	(80)
Total Nonoperating Revenues (Expenses).....	\$ (32,730)	\$ (451)	\$ 80,862	\$ 27,038	\$ 789	\$ 6,661	\$ 82,169
Income (Loss) Before Transfers.....	\$ 7,471	\$ 21,322	\$ (51,924)	\$ 53,601	\$ 65	\$ 15,517	\$ 46,052
Transfers-In.....	-	-	2,455	-	-	-	2,455
Transfers-In from Primary Government.....	73,270	-	31,387	-	-	-	104,657
Transfers-Out.....	-	-	(2)	-	-	-	(2)
Transfers-Out to Primary Government.....	(240)	-	-	(450,000)	-	-	(450,240)
Net Income (Loss) before Extraordinary Item.....	\$ 80,501	\$ 21,322	\$ (18,084)	\$ (396,399)	\$ 65	\$ 15,517	\$ (297,078)
Depreciation on Fixed Assets Acquired with Contributed Capital.....	-	-	34,275	-	-	-	34,275
Increase (Decrease) in Retained Earnings.....	\$ 80,501	\$ 21,322	\$ 16,191	\$ (396,399)	\$ 65	\$ 15,517	\$ (262,803)
Retained Earnings, Beginning.....	\$ 679,808	\$ 50,152	\$ 272,161	\$ 552,997	\$ 201	\$ 270,944	\$ 1,826,263
Retained Earnings, Ending.....	\$ 760,309	\$ 71,474	\$ 288,352	\$ 156,598	\$ 266	\$ 286,461	\$ 1,563,460

# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS - PROPRIETARY FUND TYPE COMBINING STATEMENT OF CASH FLOWS YEARS ENDED DECEMBER 31, 2000 AND JUNE 30, 2001 (IN THOUSANDS)

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	TOTAL
<b>Cash Flows from Operating Activities:</b>							
Receipts from Customers.....	\$ 120,102	\$ -	\$ 206,909	\$ 30,339	\$ 7,134	\$ -	\$ 364,484
Receipts from Loans.....	243,509	-	-	-	-	67,122	310,631
Repayments of Program Loans.....	-	61,576	-	-	-	-	61,576
Receipts from Other Revenue.....	-	-	110	-	-	-	110
Payments to Suppliers.....	-	(1,231)	(98,029)	(42,678)	(3,987)	-	(145,925)
Payments to Employees.....	(23,037)	(1,382)	(179,905)	-	(3,482)	(10,163)	(217,969)
Payments for Loans.....	(242,211)	(132,396)	-	-	-	(95,451)	(470,058)
Payments to Other Service Providers.....	(10,138)	-	(18,121)	-	(10)	(6,386)	(34,655)
Net Cash Flows from Operating Activities.....	\$ 88,225	\$ (73,433)	\$ (89,036)	\$ (12,339)	\$ (345)	\$ (44,878)	\$ (131,806)
<b>Cash Flows from Noncapital Financing Activities:</b>							
Grant Receipts.....	\$ 183,255	\$ 97,547	\$ 106,480	\$ -	\$ 1,394	\$ -	\$ 388,676
Grant Disbursements.....	(215,832)	(7,245)	-	-	-	-	(223,077)
Transfers-In.....	72,877	-	926	-	-	-	73,803
Transfers-Out.....	-	-	(2)	(435,000)	-	-	(435,002)
Proceeds from Bond Sales.....	361,981	110,525	-	-	-	-	472,506
Repayment of Debt.....	(367,670)	(29,005)	-	-	(912)	-	(397,587)
Bond Issuance Costs.....	-	(556)	-	-	-	-	(556)
Interest Paid.....	(118,507)	(32,205)	-	-	(31)	-	(150,743)
Net Cash Flows from Noncapital Financing Activities.....	\$ (83,896)	\$ 139,061	\$ 107,404	\$ (435,000)	\$ 451	\$ -	\$ (271,980)
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Investment in Fixed Assets.....	\$ (979)	\$ -	\$ (126,611)	\$ -	\$ (80)	\$ -	\$ (127,670)
Proceeds from the Sale of Fixed Assets.....	-	-	285	-	-	-	285
Capital Contributions.....	-	-	103,716	-	-	-	103,716
Proceeds from Bond Sales.....	-	-	70,467	-	-	-	70,467
Repayment of Bond Principal.....	-	-	(76,185)	-	-	-	(76,185)
Interest Paid.....	-	-	(27,395)	-	-	-	(27,395)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (979)	\$ -	\$ (55,723)	\$ -	\$ (80)	\$ -	\$ (56,782)
<b>Cash Flows from Investing Activities:</b>							
Proceeds from Sales & Maturities of Investments.....	\$ 221,202	\$ 93,283	\$ 37,011	\$ 1,032,717	\$ -	\$ 159,655	\$ 1,543,868
Purchase of Investments.....	(156,901)	(148,562)	(7,671)	(614,697)	-	(117,691)	(1,045,522)
Investment Earnings.....	73,843	24,203	23,967	27,468	22	6,829	156,332
Net Cash Flows from Investing Activities.....	\$ 138,144	\$ (31,076)	\$ 53,307	\$ 445,488	\$ 22	\$ 48,793	\$ 654,678
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents.....</b>	<b>\$ 141,494</b>	<b>\$ 34,552</b>	<b>\$ 15,952</b>	<b>\$ (1,851)</b>	<b>\$ 48</b>	<b>\$ 3,915</b>	<b>\$ 194,110</b>
<b>Cash and Cash Equivalents, Beginning.....</b>	<b>\$ 713,791</b>	<b>\$ 127,555</b>	<b>\$ 218,935</b>	<b>\$ 10,736</b>	<b>\$ 294</b>	<b>\$ 28,741</b>	<b>\$ 1,100,052</b>
<b>Cash and Cash Equivalents, Ending.....</b>	<b>\$ 855,285</b>	<b>\$ 162,107</b>	<b>\$ 234,887</b>	<b>\$ 8,885</b>	<b>\$ 342</b>	<b>\$ 32,656</b>	<b>\$ 1,294,162</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:</b>							
Operating Income (Loss).....	\$ 40,201	\$ 21,773	\$ (132,786)	\$ 26,563	\$ (724)	\$ 8,856	\$ (36,117)
<b>Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:</b>							
Depreciation.....	\$ 697	\$ -	\$ 70,373	\$ -	\$ 216	\$ 3	\$ 71,289
Amortization.....	-	-	-	-	-	413	413
Investment Income.....	(73,363)	(31,169)	-	-	-	250	(104,282)
Interest and Financing Costs.....	120,032	34,315	-	-	-	-	154,347
Loan Principal Repayments.....	1,298	35,805	-	-	-	41,801	78,904
Loans Issued.....	-	(132,396)	-	-	-	(95,863)	(228,259)
Customer Deposits.....	2,949	-	-	-	-	-	2,949
Provision for Loan Defaults.....	-	-	-	-	-	594	594
Net Nonoperating Revenues (Expenses).....	-	-	831	-	-	-	831
<b>Change in Assets and Liabilities:</b>							
Accounts Receivable.....	(2,090)	-	(4,337)	(1,955)	(7)	(561)	(8,950)
Inventories.....	(145)	-	257	-	8	-	120
Other Assets.....	24,890	(973)	(3)	1,958	1	(287)	25,586
Accounts Payable.....	(3,441)	(788)	(22,350)	934	148	(86)	(25,583)
Deferred Revenues.....	(5,454)	-	239	2,692	13	-	(2,510)
Claims and Judgments Payable.....	-	-	-	(41,000)	-	-	(41,000)
Other Liabilities.....	(17,349)	-	(1,260)	(1,531)	-	2	(20,138)
Net Reconciling Items to be Added to (Deducted from) Operating Income.....	\$ 48,024	\$ (95,206)	\$ 43,750	\$ (38,902)	\$ 379	\$ (53,734)	\$ (95,689)
<b>Net Cash Flows from Operating Activities.....</b>	<b>\$ 88,225</b>	<b>\$ (73,433)</b>	<b>\$ (89,036)</b>	<b>\$ (12,339)</b>	<b>\$ (345)</b>	<b>\$ (44,878)</b>	<b>\$ (131,806)</b>
<b>Noncash Investing, Capital and Financing Activities:</b>							
Decrease in Contributed Capital - Depreciation on Fixed Assets Acquired with Contributed Capital	\$ -	\$ -	\$ 34,275	\$ -	\$ -	\$ -	\$ 34,275
Addition of Long-Term Assets	-	-	2,270	-	-	-	2,270
Disposal of Fixed Assets	-	-	(45)	-	-	-	(45)
Change in Fair Value of Investments	-	-	-	(55,674)	-	-	(55,674)

**GENERAL OBLIGATION  
DEBT SCHEDULES**

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2001	2002	2003	2004	2005	2006	2007
GENERAL FUND								
STATE BUILDING CAPITAL IMPROVEMENT								
	'87.400	4,520 1,166	1,395 208	455 156	245 136	245 124	245 111	245 99
	'88.718	55 2	45 2	10 0	0 0	0 0	0 0	0 0
	'89.290	275 69	65 13	60 11	15 8	15 7	15 6	15 6
	'89.300	30,165 10,657	3,750 1,523	2,530 1,357	2,110 1,238	2,110 1,129	2,110 1,018	2,005 904
	'90.610	15,939 4,673	3,267 769	2,500 609	855 518	855 474	855 429	855 384
	'91.354	2,275 781	175 113	175 105	175 96	175 88	175 79	175 70
	'92.558	88,607 31,708	7,887 4,466	7,925 4,064	6,110 3,708	6,105 3,396	6,105 3,072	6,105 2,751
	'93.373	4,830 1,908	355 257	345 239	345 221	345 201	345 181	335 162
	'93.558	7,150 2,453	550 356	550 329	550 302	550 275	550 247	550 219
	'94.643	285,653 120,457	18,665 14,592	18,660 13,681	18,110 12,761	18,105 11,809	18,100 10,823	18,410 9,813
	X'95.002	3,980 1,652	270 207	245 193	245 181	245 168	245 154	280 139
	'96.463	273,940 118,055	20,280 13,415	16,960 12,552	16,935 11,754	16,530 10,931	16,230 10,110	16,045 9,276
	'97.246	63,990 26,526	3,755 3,068	3,755 2,893	3,855 2,718	4,255 2,533	4,555 2,328	4,255 2,108
	X'97.002	30,600 13,559	2,285 1,536	2,280 1,427	1,755 1,317	1,755 1,228	1,755 1,139	1,755 1,050
	'98.404	35,590 17,654	2,085 1,840	2,055 1,736	2,055 1,633	1,940 1,532	1,940 1,433	1,940 1,335
	'99.240	225,355 103,453	18,505 11,323	15,990 10,402	15,990 9,605	14,650 8,837	11,715 8,173	11,715 7,574
STATE MUNICIPAL ENERGY BUILDING BONDS								
	'83.323	2,035 259	545 90	485 64	385 41	185 27	185 17	95 10
	'94.643	2,205 336	395 104	395 85	395 65	395 45	395 22	95 9
	'96.463	2,685 453	385 118	385 100	385 82	385 64	385 46	345 28
REFUNDING BONDS								
	'16A.66	548,189 127,234	70,192 26,090	76,557 22,537	68,712 18,837	63,647 15,505	49,142 12,562	48,247 10,102

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
245 86	245 73	245 60	245 47	245 34	245 21	170 7	20 2	20 1	5 0	5 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
15 5	15 4	15 3	15 2	15 2	15 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
2,005 801	2,005 696	2,010 590	2,010 482	2,010 373	2,010 263	1,815 152	815 80	650 40	125 8	75 3	20 1	0 0	0 0
855 340	855 295	855 250	855 204	855 158	855 111	857 64	400 30	110 17	110 12	105 6	20 2	20 1	0 0
175 61	175 52	175 42	175 33	175 24	175 14	175 5	0 0	0 0	0 0	0 0	0 0	0 0	0 0
6,345 2,429	6,335 2,099	6,335 1,766	6,335 1,429	6,335 1,089	6,335 746	5,825 400	2,100 183	1,790 79	505 20	55 6	55 3	20 1	0 0
335 145	335 127	335 109	335 90	335 71	335 52	335 33	335 15	50 4	10 1	10 1	5 0	5 0	0 0
550 191	550 162	550 133	550 104	550 74	550 45	550 15	0 0	0 0	0 0	0 0	0 0	0 0	0 0
18,200 8,887	18,100 7,964	18,095 7,030	18,100 6,080	18,095 5,121	18,095 4,148	18,095 3,166	18,093 2,183	15,435 1,290	7,060 628	5,060 323	2,125 116	850 39	200 5
280 125	270 111	270 97	270 83	270 68	270 54	270 39	270 23	270 8	5 0	5 0	0 0	0 0	0 0
16,050 8,469	15,620 7,665	15,620 6,876	15,620 6,079	15,620 5,278	15,170 4,472	15,270 3,688	15,270 2,902	15,270 2,119	13,475 1,336	9,950 743	5,800 293	1,980 91	245 6
4,255 1,902	3,755 1,696	3,755 1,514	3,755 1,332	3,755 1,148	3,355 963	3,355 798	3,355 632	3,355 465	3,355 297	3,355 129	155 4	0 0	0 0
1,755 961	1,755 872	1,755 783	1,755 693	1,755 604	1,755 515	1,505 426	1,505 349	1,505 272	1,505 195	1,505 119	355 43	355 25	250 6
1,940 1,234	1,940 1,132	1,940 1,030	1,940 929	1,940 827	1,940 725	1,940 624	1,940 522	1,940 420	1,940 318	1,940 217	1,290 115	945 53	0 0
11,715 6,976	11,715 6,375	11,715 5,756	9,730 5,167	9,730 4,647	9,730 4,132	9,730 3,612	9,730 3,086	9,730 2,560	9,730 2,043	9,730 1,536	9,730 1,027	9,730 515	4,345 109
95 6	30 2	30 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
95 4	20 2	20 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
345 12	60 2	10 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
42,912 7,754	38,583 5,602	37,963 3,613	18,190 2,167	17,845 1,260	5,500 673	5,400 400	5,300 133	0 0	0 0	0 0	0 0	0 0	0 0

**STATE OF MINNESOTA**  
**GENERAL OBLIGATION DEBT**  
**SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021**

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2001	2002	2003	2004	2005	2006	2007
GENERAL FUND (CONT)								
REINVESTMENT IN MINNESOTA (RIM)								
	'87.400	500 162	60 26	110 22	20 18	25 16	25 15	30 14
	'89.300	325 102	75 16	30 13	15 11	15 11	15 10	20 9
	'90.610	1,170 377	160 60	145 54	85 46	85 42	85 38	85 33
	'91.354	9,665 3,481	1,205 488	840 434	645 396	640 362	640 327	625 293
RURAL FINANCE AUTHORITY (RFA)								
	'86.398	31,625 7,907	0 1,856	3,625 1,856	5,000 1,503	0 1,380	14,000 942	9,000 369
	'96.463	38,100 13,784	3,000 2,086	0 1,991	0 1,991	2,000 1,927	0 1,863	5,000 1,863
LANDFILL								
	'94.639	30,020 13,360	1,845 1,536	1,840 1,445	1,840 1,353	1,845 1,257	1,835 1,156	1,805 1,056
POLLUTION CONTROL								
	'87.400	3,515 1,194	655 174	310 147	210 134	210 123	210 111	210 99
	'89.300	1,130 363	135 58	185 51	75 43	75 39	75 35	75 31
	'90.610	4,905 1,403	1,525 229	275 176	275 162	275 148	275 134	280 119
	'92.558	8,985 3,203	680 459	725 425	685 389	685 353	685 318	685 281
	'93.373	4,900 2,058	330 260	330 244	330 227	330 209	330 190	325 170
	'93.558	5,200 1,784	400 259	400 240	400 220	400 200	400 180	400 159
	'94.643	27,940 11,631	1,805 1,429	1,805 1,340	1,800 1,251	1,800 1,156	1,800 1,057	1,820 956
	X'95.002	510 210	30 24	30 22	30 21	30 19	30 18	30 17
	'96.463	20,700 8,776	1,215 984	1,215 927	1,215 871	1,215 814	1,215 755	1,215 695
	'97.246	3,175 1,566	175 162	175 154	175 145	175 136	175 128	175 119
	'98.404	3,595 1,837	185 182	185 173	185 164	185 154	185 145	185 135
	'99.240	28,470 15,118	1,500 1,503	1,495 1,425	1,495 1,347	1,480 1,268	1,470 1,190	1,470 1,112

**STATE OF MINNESOTA**  
**GENERAL OBLIGATION DEBT**  
**SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021**

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
30 12	30 10	30 9	30 7	30 6	30 4	20 2	20 1	10 0	0 0	0 0	0 0	0 0	0 0
20 8	20 7	20 6	20 5	20 4	20 2	20 1	10 1	5 0	0 0	0 0	0 0	0 0	0 0
85 29	85 24	85 20	85 15	85 10	85 6	5 1	5 1	5 0	0 0	0 0	0 0	0 0	0 0
625 261	625 228	625 195	625 162	625 128	625 94	560 59	380 33	275 15	45 4	45 2	15 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
18,000 1,343	4,500 414	3,100 236	2,500 69	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
1,805 962	1,805 870	1,805 778	1,795 684	1,795 590	1,795 495	1,795 400	1,795 305	1,715 213	1,345 132	810 76	375 37	375 16	0 0
210 88	210 77	210 66	210 55	210 44	210 32	130 21	130 14	130 7	60 2	0 0	0 0	0 0	0 0
75 27	75 23	75 19	75 15	75 11	75 7	15 3	15 2	15 1	15 0	0 0	0 0	0 0	0 0
280 104	280 90	280 75	280 60	280 45	280 30	85 14	85 10	85 5	50 2	15 0	0 0	0 0	0 0
685 246	670 210	670 174	665 138	665 102	670 65	540 29	175 10	50 4	50 1	0 0	0 0	0 0	0 0
325 154	325 137	325 120	325 103	325 85	325 67	325 49	325 30	325 12	0 0	0 0	0 0	0 0	0 0
400 139	400 118	400 97	400 75	400 54	400 32	400 11	0 0	0 0	0 0	0 0	0 0	0 0	0 0
1,820 866	1,810 774	1,810 682	1,810 588	1,810 492	1,810 395	1,810 297	1,810 197	1,690 103	465 36	465 13	0 0	0 0	0 0
30 15	30 14	30 12	30 11	30 10	30 8	30 7	30 5	30 4	30 2	30 1	0 0	0 0	0 0
1,215 636	1,215 577	1,215 519	1,215 459	1,215 399	1,215 339	1,215 278	1,215 217	1,215 156	1,215 95	915 42	260 12	85 3	0 0
175 110	175 101	175 92	175 83	175 74	175 64	175 55	175 46	175 37	175 28	175 19	125 10	75 4	0 0
185 126	185 116	185 106	185 96	180 87	180 77	180 68	180 58	180 48	180 39	180 29	180 20	180 11	125 3
1,470 1,034	1,470 956	1,470 877	1,470 797	1,470 717	1,470 638	1,470 559	1,470 479	1,470 398	1,470 319	1,470 241	1,470 162	1,470 83	450 11

**STATE OF MINNESOTA**  
**GENERAL OBLIGATION DEBT**  
**SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021**

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE GENERAL FUND (CONT) VARIOUS PURPOSE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2001	2002	2003	2004	2005	2006	2007
	'00.492	96,154 48,926	6,205 4,956	6,145 4,646	6,145 4,328	4,625 4,042	4,625 3,797	4,625 3,547
STATE TRANSPORTATION								
	'84.597	5,500 1,271	700 298	700 257	700 217	700 176	700 136	700 95
	'87.400	790 268	100 40	100 34	50 31	50 28	50 25	50 23
	'89.300	500 169	60 25	60 22	40 20	35 18	35 16	30 14
	'90.610	3,325 1,247	380 163	280 146	205 134	210 123	210 112	205 101
	'92.558	8,700 3,496	780 432	765 392	515 359	515 333	510 307	520 280
	'93.373	5,055 2,230	360 266	320 248	320 232	320 215	320 197	320 179
	'94.643	31,840 14,549	1,845 1,610	1,845 1,520	1,840 1,429	1,840 1,336	1,850 1,240	1,900 1,143
	X'95.002	2,745 1,129	185 133	175 124	175 116	170 107	170 99	165 90
	'96.463	5,745 2,458	430 278	340 258	340 242	340 226	340 210	330 193
	'97.246	2,625 1,225	165 130	155 122	155 115	155 107	145 100	145 93
	X'97.002	1,260 556	70 58	70 55	70 52	70 49	70 46	70 44
	'98.404	3,720 1,688	250 187	215 174	215 164	215 153	215 142	215 132
	'99.240	23,785 12,652	1,235 1,257	1,235 1,193	1,235 1,128	1,235 1,063	1,235 998	1,235 932
WASTE MANAGEMENT								
	'87.400	360 84	145 16	30 10	15 9	15 9	15 8	15 7
	'90.610	1,935 696	335 94	180 79	100 72	100 67	100 61	100 55
	'92.558	225 38	50 11	50 8	25 6	25 5	25 4	25 3
	'96.463	2,560 1,211	140 125	140 119	140 112	140 106	140 99	140 92
EXCHANGE BONDS								
	'16A.66	3,145 1	3,145 1	0 0	0 0	0 0	0 0	0 0



STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
4,625 3,301	4,625 3,058	4,625 2,808	4,625 2,556	4,630 2,306	4,630 2,060	4,630 1,810	4,630 1,555	4,634 1,301	4,635 1,052	4,635 813	4,635 572	4,645 328	3,580 90
700 55	300 27	300 11	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
50 20	50 17	50 15	50 12	50 9	50 7	50 4	20 2	20 1	0 0	0 0	0 0	0 0	0 0
30 12	30 11	30 9	30 8	30 6	30 4	30 3	15 1	15 1	0 0	0 0	0 0	0 0	0 0
200 91	200 81	200 71	200 60	200 50	200 39	200 29	135 20	130 13	65 7	65 4	20 2	10 1	10 0
520 254	520 228	520 201	520 174	520 147	520 119	520 92	415 67	345 47	235 32	235 20	135 10	90 4	0 0
320 163	315 146	315 130	315 113	315 96	310 79	310 62	310 45	300 28	95 15	95 10	55 5	40 2	0 0
1,900 1,048	1,900 952	1,900 855	1,900 757	1,900 658	1,900 559	1,900 458	1,900 357	1,845 258	1,260 174	1,230 109	680 59	480 27	25 1
165 82	165 74	165 66	165 58	165 50	165 42	165 33	165 25	165 16	110 8	110 3	0 0	0 0	0 0
330 178	330 161	330 145	330 128	330 112	330 95	330 79	330 62	330 45	290 29	290 14	75 2	0 0	0 0
145 86	140 79	140 72	140 64	140 57	140 50	140 43	140 35	140 28	140 21	140 14	90 7	70 3	0 0
70 40	70 37	70 33	70 30	70 26	70 23	70 19	70 16	70 12	70 9	70 5	70 2	0 0	0 0
215 121	215 110	215 99	215 88	215 77	215 67	215 56	215 45	215 34	215 23	215 13	15 2	15 1	0 0
1,235 867	1,235 801	1,235 735	1,235 668	1,235 601	1,235 534	1,235 468	1,235 400	1,235 333	1,235 266	1,235 200	1,235 134	1,235 68	320 8
15 6	15 5	15 5	20 4	20 3	20 2	20 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0
100 50	100 45	100 40	100 34	100 29	100 24	100 19	100 14	100 9	100 4	10 1	10 0	0 0	0 0
25 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
140 86	140 79	140 71	140 64	140 57	140 50	140 43	140 36	140 28	140 21	140 14	100 7	75 2	5 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0

**STATE OF MINNESOTA**  
**GENERAL OBLIGATION DEBT**  
**SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021**

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2001	2002	2003	2004	2005	2006	2007
INFRASTRUCTURE DEVELOPMENT								
STATE BUILDING CAPITAL IMPROVEMENT								
	'90.610	36,731 11,768	5,893 1,802	2,890 1,562	2,540 1,425	2,540 1,296	2,540 1,165	2,540 1,033
	'92.558	26,873 10,473	2,063 1,408	2,060 1,303	1,830 1,200	1,830 1,096	1,830 989	1,830 888
	'94.643	80,687 34,048	5,275 4,050	5,250 3,800	5,250 3,547	5,255 3,280	5,255 3,010	4,915 2,732
	'96.463	95,350 43,402	5,555 4,631	5,495 4,378	5,495 4,126	5,490 3,870	5,490 3,614	5,325 3,351
	'98.404	37,225 19,258	1,960 1,908	1,940 1,812	1,940 1,714	1,940 1,614	1,900 1,516	1,900 1,417
REFUNDING BONDS								
	'16A.66	56,595 16,234	2,170 2,827	5,580 2,638	5,915 2,357	5,955 2,065	5,770 1,774	5,760 1,481
REINVESTMENT IN MINNESOTA (RIM)								
	'90.610	365 114	45 18	45 16	25 14	25 13	25 11	25 10
POLLUTION CONTROL								
	'90.610	1,885 572	255 92	255 79	125 62	125 63	125 56	125 50
VARIOUS PURPOSE								
	'00.492	30,601 16,170	1,560 1,585	1,540 1,507	1,540 1,427	1,540 1,346	1,545 1,264	1,545 1,181
CIGARETTE TAX REFUNDING BONDS								
	'16A.66	4,670 251	2,335 188	2,335 63	0 0	0 0	0 0	0 0
SPORTS & HEALTH TAX								
	'16A.66	9,850 1,892	1,625 500	1,630 413	1,275 335	1,280 265	1,260 194	1,260 122
GROUP TOTAL GENERAL FUND		2,433,269 919,447	215,147 120,970	207,862 110,654	191,927 100,491	180,702 91,056	174,992 81,752	172,917 72,858
GAME & FISH								
	'16A.66	81 15	13 4	13 3	13 3	13 2	13 1	8 1
EXCHANGE BONDS								
	'16A.66	5 0	5 0	0 0	0 0	0 0	0 0	0 0
GROUP TOTAL GAME & FISH		86 15	18 4	13 3	13 3	13 2	13 1	8 1
TRUNK HIGHWAY REFUNDING BONDS								
	'16A.66	9,720 1,070	2,730 444	2,655 306	2,560 169	600 84	600 50	575 17

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
2,540 902	2,540 768	2,540 633	2,540 497	2,540 359	2,540 221	2,078 83	325 17	145 5	0 0	0 0	0 0	0 0	0 0
1,835 794	1,835 698	1,835 600	1,835 500	1,835 399	1,835 296	1,835 192	1,835 89	750 20	0 0	0 0	0 0	0 0	0 0
4,915 2,486	4,910 2,238	4,910 1,987	4,905 1,732	4,905 1,475	4,905 1,215	4,905 955	4,907 696	4,235 456	2,740 241	2,240 116	890 29	120 3	0 0
5,325 3,093	5,315 2,827	5,315 2,559	5,310 2,288	5,310 2,016	5,310 1,744	5,310 1,470	5,310 1,196	5,310 921	4,700 647	4,700 407	3,400 194	1,635 63	250 6
1,900 1,318	1,900 1,219	1,900 1,118	1,900 1,015	1,900 913	1,900 813	1,900 711	1,900 608	1,900 505	1,900 404	1,900 306	1,900 207	1,745 111	1,100 28
5,760 1,184	5,685 885	5,690 586	4,135 328	4,175 110	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
25 9	25 7	25 6	25 5	25 3	25 2	25 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0
125 43	125 37	125 30	125 24	125 17	125 10	125 3	0 0	0 0	0 0	0 0	0 0	0 0	0 0
1,545 1,099	1,545 1,018	1,545 935	1,545 851	1,545 767	1,545 685	1,545 602	1,545 517	1,541 432	1,540 350	1,540 271	1,540 191	1,540 110	1,270 32
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
1,260 50	130 11	130 4	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
171,617 63,983	150,633 55,298	148,568 47,559	124,150 40,401	121,340 33,977	103,970 28,031	101,845 22,513	92,595 17,348	81,065 12,772	62,395 8,821	54,750 5,825	36,830 3,267	27,790 1,566	12,175 304
3 0	3 0	3 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
3 0	3 0	3 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2001	2002	2003	2004	2005	2006	2007
TRUNK HIGHWAY (CONT)								
TRUNK HIGHWAY								
	'00.479	30,000	1,500	1,500	1,500	1,500	1,500	1,500
		15,721	1,534	1,461	1,384	1,305	1,226	1,146
GROUP TOTAL TRUNK HIGHWAY		39,720	4,230	4,155	4,060	2,100	2,100	2,075
		16,791	1,978	1,766	1,553	1,389	1,276	1,162
MAX EFFORT SCHOOL LOAN REFUNDING BONDS								
	'16A.66	33,705	1,645	2,725	3,770	3,680	3,545	3,525
		9,342	1,641	1,533	1,375	1,195	1,019	844
SCHOOL LOANS								
	'88.718	90	90	0	0	0	0	0
		3	3	0	0	0	0	0
	'90.610	1,430	1,165	265	0	0	0	0
		59	51	8	0	0	0	0
	'91.265	15,885	1,785	1,800	1,155	1,160	1,160	1,160
		5,160	803	710	634	576	516	456
	'92.558	4,360	585	585	290	290	290	290
		1,327	213	182	159	145	130	116
	'93.373	2,500	190	190	190	185	185	185
		898	127	118	108	99	89	79
	'94.643	2,245	145	150	150	150	150	150
		912	116	109	102	93	84	76
	X'95.002	18,355	1,190	1,185	1,185	1,185	1,185	1,185
		7,550	941	882	823	759	690	621
GROUP TOTAL MAX EFFORT SCHOOL LOAN		78,570	6,795	6,900	6,740	6,650	6,515	6,495
		25,250	3,896	3,542	3,200	2,866	2,529	2,192
STATE GUARANTEED BONDS GUARANTEED BOND CLASS								
	'91.350	40,950	715	750	805	855	975	1,035
		29,116	2,552	2,508	2,460	2,407	2,348	2,282
GROUP TOTAL STATE GUARANTEED BONDS		40,950	715	750	805	855	975	1,035
		29,116	2,552	2,508	2,460	2,407	2,348	2,282
TOTAL PRINCIPAL - LESS GUARANTEE		2,551,645	226,190	218,930	202,740	189,465	183,620	181,495
TOTAL INTEREST - LESS GUARANTEE		961,503	126,848	115,965	105,247	95,314	85,558	76,213
TOTAL DEBT SERVICE - LESS GUARANTEE (1)		3,513,148	353,038	334,895	307,987	284,779	269,178	257,708
TOTAL PRINCIPAL - ALL FUNDS		2,592,595	226,905	219,680	203,545	190,320	184,595	182,530
TOTAL INTEREST - ALL FUNDS		990,618	129,401	118,473	107,707	97,721	87,906	78,495
TOTAL DEBT SERVICE - ALL FUNDS (1)		3,583,213	356,306	338,153	311,252	288,041	272,501	261,025

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2002-2021

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1,500 1,067	1,500 989	1,500 908	1,500 827	1,500 746	1,500 668	1,500 587	1,500 504	1,500 422	1,500 342	1,500 266	1,500 189	1,500 113	1,500 38
1,500 1,067	1,500 989	1,500 908	1,500 827	1,500 746	1,500 668	1,500 587	1,500 504	1,500 422	1,500 342	1,500 266	1,500 189	1,500 113	1,500 38
3,425 669	3,325 497	3,305 327	2,385 182	2,375 61	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
1,160 396	1,160 334	1,160 272	1,160 210	1,160 147	1,160 84	655 20	50 1	0 0	0 0	0 0	0 0	0 0	0 0
290 101	290 85	290 70	290 55	290 39	290 23	290 8	0 0	0 0	0 0	0 0	0 0	0 0	0 0
185 69	185 60	185 50	185 40	190 30	190 19	190 9	65 2	0 0	0 0	0 0	0 0	0 0	0 0
150 69	150 61	150 53	150 45	150 37	150 29	150 21	150 12	150 4	0 0	0 0	0 0	0 0	0 0
1,180 559	1,185 499	1,185 439	1,180 377	1,180 315	1,175 252	1,175 188	1,175 125	1,175 63	630 16	0 0	0 0	0 0	0 0
6,390 1,862	6,295 1,537	6,275 1,212	5,350 909	5,345 629	2,965 407	2,460 246	1,440 140	1,325 67	630 16	0 0	0 0	0 0	0 0
1,105 2,211	1,180 2,133	1,260 2,050	1,350 1,966	1,430 1,883	1,515 1,794	1,605 1,698	26,370 824	0 0	0 0	0 0	0 0	0 0	0 0
1,105 2,211	1,180 2,133	1,260 2,050	1,350 1,966	1,430 1,883	1,515 1,794	1,605 1,698	26,370 824	0 0	0 0	0 0	0 0	0 0	0 0
179,510 66,912	158,430 57,825	156,345 49,679	131,000 42,136	128,185 35,352	108,435 29,106	105,805 23,345	95,535 17,993	83,890 13,261	64,525 9,179	56,250 6,091	38,330 3,456	29,290 1,679	13,675 342
246,422	216,255	206,024	173,136	163,537	137,541	129,150	113,528	97,151	73,704	62,341	41,786	30,969	14,017
180,615 69,123	159,610 59,958	157,605 51,729	132,350 44,102	129,615 37,235	109,950 30,900	107,410 25,044	121,905 18,817	83,890 13,261	64,525 9,179	56,250 6,091	38,330 3,456	29,290 1,679	13,675 342
249,738	219,568	209,334	176,452	166,850	140,850	132,454	140,722	97,151	73,704	62,341	41,786	30,969	14,017

The Total Debt Service - All Funds does not include:

\$86,900,000 of bonds dated August 1, 1991; \$81,650,000 of bonds dated July 1, 1992; \$96,100,000 of bonds dated October 1, 1994;

\$2,040,000 of bonds dated May 1, 1995;

For which funds are held in escrow, have been invested and will be sufficient to pay the principal of, and interest on, the bonds to their earliest call date.

# GENERAL OBLIGATION BONDS AUTHORIZED, ISSUED AND UNISSUED

June 30, 2001

(In Thousands)

Purpose of Issue	Law Authorizing	Total Authorization <sup>1, 2</sup>	Previously Issued	Remaining Authorization
Municipal Energy Building <sup>1</sup>	1983, Ch. 323	\$ 30,000	\$ 29,625	\$ 375
Building <sup>7, 8, 9, 10</sup>	1987, Ch. 400	369,687	369,561	127
Water Pollution Control	1987, Ch. 400	66,747	66,740	7
Building <sup>1, 7, 8, 9, 10</sup>	1989, Ch. 300	112,915	112,215	700
Building <sup>1, 7, 8, 9, 10</sup>	1990, Ch. 610	270,160	269,866	294
Reinvest in Minnesota <sup>7</sup>	1990, Ch. 610	5,375	5,350	25
Waste Management	1990, Ch. 610	7,000	6,750	250
Transportation <sup>7</sup>	1990, Ch. 610	11,035	11,005	30
Airport Facilities <sup>1, 7</sup>	1991, Ch. 350	126,235	44,960	81,275
Wetlands/Reinvest in MN <sup>1</sup>	1991, Ch. 354	28,000	27,340	660
Building <sup>1, 7, 8, 9</sup>	1992, Ch. 558	202,485	196,615	5,870
Waste Management	1992, Ch. 558	2,000	250	1,750
Transportation	1992, Ch. 558	17,500	17,310	190
Building <sup>1, 7, 9</sup>	1993, Ch. 373	39,615	38,355	1,260
Transportation	1993, Ch. 373	9,900	9,375	525
Landfill <sup>1</sup>	1994, Ch. 639	90,000	37,540	52,460
Building <sup>1, 5, 6, 8</sup>	1994, Ch. 643	528,025	514,789	13,236
Municipal Energy Building	1994, Ch. 643	4,000	3,950	50
Transportation <sup>1, 6</sup>	1994, Ch. 643	35,000	32,820	2,180
Water Pollution Control	X1995, Ch. 2	750	700	50
Building <sup>1, 5, 7</sup>	1996, Ch. 463	484,137	461,435	22,702
Municipal Energy Building	1996, Ch. 463	4,000	3,850	150
Water Pollution Control	1996, Ch. 463	25,450	24,300	1,150
Transportation	1996, Ch. 463	10,000	9,965	35
Rural Finance Authority <sup>1</sup>	1996, Ch. 463	41,000	38,100	2,900
Building	1997, Ch. 246	82,625	82,400	225
Water Pollution Control	1997, Ch. 246	4,000	3,500	500
Transportation	1997, Ch. 246	3,000	2,975	25
Building <sup>1, 5</sup>	X1997, Ch. 2	45,305	33,500	11,805
Building <sup>1</sup>	1998, Ch. 404	98,795	79,470	19,325
Building	1999, Ch. 240	444,805	238,165	206,640
Water Pollution Control	1999, Ch. 240	39,500	29,500	10,000
Transportation	1999, Ch. 240	28,440	24,700	3,740
Transportation <sup>2</sup>	2000, Ch. 479	7,000	0	7,000
Trunk Highway	2000, Ch. 479	100,100	30,000	70,100
Various Purpose <sup>2, 3, 4</sup>	2000, Ch. 492	463,900	128,175	335,725
Totals <sup>3</sup>		<u>\$ 3,838,486</u>	<u>\$ 2,985,151</u>	<u>\$ 853,336</u>

<sup>1</sup> Minnesota Statutes 16A.642, required that on February 1, 2001 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, 2001. The cancellation report reduced Building Bond authorizations as follows: Laws 1983, Chapter 323 by \$20,149; Laws 1989, Chapter 300 by \$49,625; Laws 1990, Chapter 610 by \$30,871; Laws 1992, Chapter 558 by \$351,001; Laws 1993, Chapter 373 by \$9,428; Laws 1994, Chapter 643 by \$1,518,171; Special Session Laws 1995, Chapter 2 by \$31,448; Laws 1996, Chapter 463 by \$2,275,358; Special Session Laws 1997, Chapter 2 by \$1,250,000 and Laws 1998, Chapter 404 by \$1,000,000. The cancellation report also reduced: Airport Facility Bonds authorized by Laws 1991, Chapter 350 by \$81,275,000; Reinvest in Minnesota Bonds authorized by Laws 1991, Chapter 354 by \$10,995; Landfill Bonds authorized by Laws 1994, Chapter 639 by \$52,460,000; Transportation Bonds authorized by Laws 1994, Chapter 643 by \$51,280 and Rural Finance Authority Bonds authorized by Laws 1996, Chapter 463 by \$2,900,000.

<sup>2</sup> Laws 2001, Chapter 55 converted \$7 million of transportation improvement from general fund cash to Transportation Bonds and converted capital project financing from Various Purpose general obligation bonding to general fund cash.

- <sup>3</sup> Special Session Laws 2001, Chapter 12 authorizes \$117,205,000 in Various Purpose Bonds. The law was signed on June 30, 2001 and became effective the day after enactment which was July 1, 2001. This law also corrected the insufficient bond authorizations reported in Laws of 2000, Chapter 492, noted in Footnote 4 below.
- <sup>4</sup> Appropriations of bond authorizations were \$71.160 million less than the bond appropriations. Accordingly, \$71.16 million of these bonds cannot be issued without further legislative bond authorizations.
- <sup>5</sup> Laws 2000, Chapter 492 reduced Building Bonds authorizations as follows: Laws 1994, Chapter 643 by \$1,964,000; Laws 1996, Chapter 463 by \$1,855,000; Special Session Laws 1997, Chapter 2 by \$10,000,000; Laws 1998, Chapter 404 by \$2,700,000; and Laws 1999, Chapter 240 by \$4,000,000. The \$2,700,000 bond authorization reduction for Laws of 1998, Chapter 404 was for the cancellation of projects actually authorized by Laws 1999, Chapter 240. Further legislation will be requested to increase the bond authorization of Laws of 1998, Chapter 404 by \$2,700,000 and decrease the bond authorization of Laws of 1999, Chapter 240 by \$2,700,000.
- <sup>6</sup> Laws 1998, Chapter 404 reduced Building Bond authorization in Laws 1994, Chapter 643 by \$1,350,000. Laws 1998, Chapter 404 also reduced Transportation Bond authorization in Laws 1994, Chapter 643 by \$10,000,000.
- <sup>7</sup> Laws 1997, Chapter 202 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$295,000; Laws 1989, Chapter 300 by \$3,335,000; Laws 1990, Chapter 610 by \$9,260,000; Laws 1992, Chapter 558 by \$6,590,000; Laws 1993, Chapter 373 by \$10,000; and Laws 1996, Chapter 463 by \$37,285,000. Laws 1997, Chapter 202 also reduced: the Transportation Bond authorization in Laws 1990, Chapter 610 by \$165,000; the Reinvest in Minnesota authorization in Laws 1990, Chapter 610 by \$20,000; and Airport Facility Bond authorized in Laws 1991, Chapter 350 by \$48,765,000.
- <sup>8</sup> Special Session Laws 1995, Chapter 2 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$50,000; Laws 1989, Chapter 300 by \$65,000; Laws 1990, Chapter 610 by \$580,000; Laws 1992, Chapter 558 by \$5,000; and Laws 1994, Chapter 643 by \$1,245,000. Special Session Laws 1995, Chapter 2 also reduced the Transportation Bond authorization in Laws 1987, Chapter 400 by \$10,000.
- <sup>9</sup> Laws 1994, Chapter 643 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$240,000; Laws 1989, Chapter 300 by \$895,000; Laws 1990, Chapter 610 by \$115,000; Laws 1992, Chapter 558 by \$65,000; and Laws 1993, Chapter 373 by \$15,000.
- <sup>10</sup> Laws 1993, Chapter 373 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$700,000; Laws 1989, Chapter 300 by \$2,550,000; and Laws 1990, Chapter 610 by \$2,500,000.

This page intentionally left blank



# STATISTICAL SECTION

---

The following usual statistical tables are not included because they are not applicable to the state's operations: all tables relating to property tax levies and collections; computation of legal debt margin, and computation of overlapping debt. Minnesota data privacy laws prevent disclosure of the names of principal taxpayers.

STATE OF MINNESOTA  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
FISCAL YEARS 1992-2001  
(IN THOUSANDS)

	1992	1993	1994	1995
Individual Income Taxes.....	\$ 3,148,740	\$ 3,470,244	\$ 3,532,465	\$ 3,774,855
Corporate Income Taxes.....	428,412	507,703	546,558	667,542
Sales Tax.....	2,192,547	2,375,793	2,515,224	2,728,525
Gross Earnings Taxes.....	146,487	145,248	136,768	146,646
Motor Vehicle Excise Tax.....	270,151	295,755	332,491	346,673
Motor Vehicle Licenses.....	349,549	384,209	420,471	416,793
Gasoline and Special Fuel Taxes.....	457,826	462,136	482,453	484,573
Other Taxes.....	623,714	712,043	827,520	908,515
Federal Revenues.....	2,508,640	2,777,061	2,986,532	3,157,038
Other Revenues.....	781,761	789,002	906,186	964,623
Net Revenues.....	<u>\$10,907,827</u>	<u>\$11,919,194</u>	<u>\$12,686,668</u>	<u>\$13,595,783</u>

STATE OF MINNESOTA  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION AND NET TRANSFERS-OUT (1)  
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
FISCAL YEARS 1992-2001  
(IN THOUSANDS)

	1992	1993	1994	1995
Current Expenditures:				
Protection of Persons/Property.....	\$ 169,391	\$ 178,778	\$ 183,695	\$ 196,981
Transportation.....	316,628	329,310	324,729	374,194
Resource Management.....	216,059	226,664	223,237	233,167
Economic/Manpower Development.....	221,856	258,183	250,532	263,451
Education.....	505,997	529,844	551,987	562,672
Health and Social Services.....	539,419	558,076	596,449	698,295
General Government.....	205,434	222,141	232,861	258,609
Capital Outlay.....	492,968	486,578	398,742	330,482
Debt Service.....	277,741	313,776	295,731	285,344
Grants and Subsidies.....	<u>7,868,726</u>	<u>8,164,541</u>	<u>8,614,081</u>	<u>9,068,110</u>
Total Expenditures.....	\$10,814,219	\$11,267,891	\$11,672,044	\$12,271,305
Net Operating Transfers-Out (2).....	<u>247,642</u>	<u>261,904</u>	<u>258,186</u>	<u>277,012</u>
Total Expenditures and Net Transfers-Out.....	<u>\$11,061,861</u>	<u>\$11,529,795</u>	<u>\$11,930,230</u>	<u>\$12,548,317</u>

- (1) Revenues and expenditures are accounted for on the modified accrual basis.  
(2) Net operating transfers-out, not including transfers to component units, are reduced by bond proceeds of the special revenue funds for the following years:

1992	\$22,460,000	1995	\$14,025,000	1998	\$3,400,000	2001	\$46,490,000
1993	\$34,945,000	1996	\$13,990,000	1999	\$7,100,000		
1994	\$25,300,000	1997	\$12,650,000	2000	\$2,000,000		

<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
\$ 4,129,026	\$ 4,757,086	\$ 5,146,586	\$ 5,695,664	\$ 5,591,326	\$ 5,924,978
696,393	665,321	746,720	767,364	834,243	709,702
2,933,886	3,013,188	3,254,757	2,119,403	3,114,521	3,015,094
122,879	178,626	171,463	169,780	172,788	182,772
380,574	401,079	452,353	491,146	538,519	549,052
450,216	487,064	512,327	555,557	597,174	467,385
520,702	542,896	557,556	587,954	611,112	611,528
949,206	919,037	928,896	1,014,324	1,046,391	1,216,241
3,384,598	3,498,849	3,643,217	3,726,654	4,205,802	4,495,512
1,217,204	1,299,714	1,449,177	1,718,857	1,619,680	1,631,081
<u>\$14,784,684</u>	<u>\$15,762,860</u>	<u>\$16,863,052</u>	<u>\$16,846,703</u>	<u>\$18,331,556</u>	<u>\$18,803,345</u>

<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
\$ 202,535	\$ 230,252	\$ 235,346	\$ 254,063	\$ 268,499	\$ 305,176
351,712	403,806	426,775	426,365	451,697	493,602
273,961	283,296	286,312	310,784	326,437	338,456
191,283	209,404	209,431	237,105	230,606	253,357
723,923	869,754	900,590	987,823	1,028,794	1,112,716
736,466	849,510	888,461	884,747	919,925	872,935
273,786	274,908	290,327	321,744	329,102	398,541
419,555	418,796	472,906	504,123	581,256	551,603
522,296	378,707	371,916	653,028	446,939	461,044
<u>9,920,296</u>	<u>10,160,159</u>	<u>10,419,601</u>	<u>11,381,301</u>	<u>11,970,060</u>	<u>13,152,055</u>
\$13,615,813	\$14,078,592	\$14,501,665	\$15,961,083	\$16,553,315	\$17,939,485
<u>302,618</u>	<u>317,092</u>	<u>648,977</u>	<u>545,435</u>	<u>800,360</u>	<u>567,297</u>
<u>\$13,918,431</u>	<u>\$14,395,684</u>	<u>\$15,150,642</u>	<u>\$16,506,518</u>	<u>\$17,353,675</u>	<u>\$18,506,782</u>

STATE OF MINNESOTA  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 1992-2001

<u>Year of Assessment</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Tax Assessed Value/ Tax Capacity</u>	<u>Percentage Increase Per Year</u>
1992	\$3,068,090,432	\$137,961,249	\$3,206,051,681	(0.85)
1993	3,036,843,689	134,339,758	3,171,183,447	(1.09)
1994	3,157,294,317	139,515,555	3,296,809,872	3.96
1995	3,350,007,524	147,560,824	3,497,568,348	6.09
1996	3,594,280,546	154,793,236	3,749,073,782	7.19
1997	3,500,012,129	136,978,564	3,636,990,693	(2.99)
1998	3,479,953,266	124,043,585	3,603,996,851	(0.91)
1999	3,713,253,053	129,817,042	3,843,070,095	6.63
2000	4,135,617,985	131,768,174	4,267,386,159	11.04
2001 (est.)	3,305,000,000	81,000,000	3,386,000,000	(20.65)

*Source: Minnesota Department of Revenue.*

STATE OF MINNESOTA  
 MARKET VALUE OF TAXABLE PROPERTY  
 1992-2001

<u>Year of Assessment</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Market Value</u>	<u>Percentage Increase Per Year</u>
1992	\$153,992,608,020	\$3,007,985,604	\$157,000,593,624	3.27
1993	159,008,719,142	2,990,779,548	161,999,498,690	3.18
1994	166,739,642,423	3,104,511,567	169,844,153,990	4.84
1995	177,163,788,491	3,282,461,951	180,446,250,442	6.24
1996	189,112,448,343	3,440,030,594	192,552,478,937	6.71
1997	202,875,382,657	3,515,300,071	206,390,682,728	7.19
1998	219,034,138,639	3,641,069,248	222,675,207,887	7.89
1999	237,547,128,291	3,931,268,879	241,478,397,170	8.44
2000	260,679,384,015	4,003,570,517	264,682,954,532	9.61
2001 (est.)	286,311,000,000	4,095,000,000	290,406,000,000	9.72

*Source: Minnesota Department of Revenue.*

STATE OF MINNESOTA  
SCHEDULE OF GENERAL OBLIGATION BONDED DEBT  
PER CAPITA  
FISCAL YEARS 1992-2001

<u>Year</u>	<u>General Obligation Bonded Debt (In Thousands)</u>	<u>Bonded Debt Per Capita</u>
1992	\$1,630,105	363.5
1993	1,706,885	376.3
1994	1,769,435	386.3
1995	1,892,169	409.3
1996	2,162,015	463.2
1997	2,160,719	458.9
1998	2,506,939	528.4
1999	2,384,195	498.5
2000	2,527,281	523.9
2001	2,588,155	536.5

STATE OF MINNESOTA  
SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION  
BONDED DEBT TO GENERAL EXPENDITURES  
FISCAL YEARS 1992-2001  
(IN THOUSANDS)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>General Expenditures (1)</u>	<u>Percent of Expenditures</u>
1992	\$138,525	\$112,104	\$250,629	\$10,814,219	2.32
1993	140,885	116,614	257,499	11,267,891	2.29
1994	155,743	118,454	274,197	11,672,044	2.35
1995	160,666	99,036	259,702	12,271,305	2.12
1996	169,780	102,747	272,527	13,615,813	2.00
1997	171,295	180,991	352,286	14,078,592	2.50
1998	184,820	147,297	332,117	14,501,665	2.29
1999	444,941	137,776	582,717	15,961,083	3.65
2000	267,888	123,288	391,176	16,553,315	2.36
2001	279,525	133,038	412,563	17,939,485	2.30

(1) Includes the General, Special Revenue and Debt Service Funds.

SCHEDULE OF REVENUE BOND COVERAGE  
STATE UNIVERSITY BOARD REVENUE FUND  
FISCAL YEARS 1992-2001  
(IN THOUSANDS)

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Available For Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1992	\$ 39,831	\$ 30,525	\$ 9,306	\$ 580	\$ 1,545	\$ 2,125	4.38
1993	38,674	29,698	8,976	605	1,371	1,976	4.54
1994	39,051	30,969	8,082	945	2,342	3,287	2.46
1995	41,492	31,715	9,777	945	2,217	3,162	3.09
1996	45,105	34,491	10,614	1,420	2,200	3,620	2.93
1997	46,036	34,508	11,528	1,450	1,974	3,424	3.37
1998	45,481	38,321	7,160	1,520	2,003	3,523	2.03
1999	48,857	40,449	8,408	2,185	1,888	4,073	2.06
2000	51,470	38,543	12,927	665	1,813	2,478	5.22
2001	54,385	42,343	12,042	27,390	2,933	30,323	0.40

(1) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.

(2) Depreciation, amortization, interest and financing expenses are not included.

STATE OF MINNESOTA  
SCHEDULE OF REVENUE BOND COVERAGE  
VERMILLION COMMUNITY COLLEGE DORMITORY, SEGMENT OF  
COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES  
FISCAL YEARS 1992-2001  
(IN THOUSANDS)

<u>Year</u>	<u>Gross Revenue (3)</u>	<u>Direct Operating Expenses (4)</u>	<u>Net Available For Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1992	\$255	\$114	\$141	\$40	\$105	\$145	0.97
1993	242	132	110	40	102	142	0.77
1994	369	133	236	89	154	243	0.97
1995	425	126	299	83	161	244	1.23
1996	448	230	218	42	116	158	1.38
1997	495	172	323	99	145	244	1.32
1998	506	163	343	119	134	253	1.36
1999	536	158	378	99	126	225	1.68
2000	596	169	427	105	118	223	1.91
2001	555	329	226	110	110	220	1.03

(3) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.

(4) Depreciation, amortization, interest and financing expenses are not included.

MINNESOTA COMMERCIAL BANK DEPOSITS  
1992-2001  
(IN MILLIONS)

<u>Year</u>	<u>Bank Deposits</u>
1992	\$ 43,771
1993	45,157
1994	44,826
1995	46,809
1996	51,361
1997	71,706
1998	98,769
1999	106,441
2000	117,864
2001	121,275

*Sources : Federal Deposit Insurance Corporation  
Minnesota Department of Revenue, Unpublished.*

MINNESOTA POPULATION, PER CAPITA PERSONAL INCOME  
AND UNEMPLOYMENT RATE  
1992-2001

<u>Year</u>	<u>Population (In Thousands)</u>	<u>Personal Income</u>	<u>Unemployment Rate</u>
1992	4,484	\$ 21,068	5.1
1993	4,535	21,433	5.1
1994	4,579	22,736	3.9
1995	4,622	23,648	3.7
1996	4,667	25,132	4.0
1997	4,707	26,133	3.3
1998	4,743	27,565	2.5
1999	4,782	28,890	2.8
2000	4,825	32,696	3.3
2001 (est.)	4,875	33,850	3.6

*Sources: Data Resources Incorporated.  
Survey of Current Business*

STATE OF MINNESOTA  
NEW HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING LOCALITIES  
1992-2001  
(IN THOUSANDS)

<u>Year</u>	<u>Valuation</u>	<u>Year</u>	<u>Valuation</u>
1992	\$2,481,644	1997	\$2,757,956
1993	2,672,436	1998	3,485,224
1994	2,557,846	1999	4,052,716
1995	2,589,746	2000	4,203,928
1996	2,902,560	2001	N/A

*Source: U.S. Bureau of the Census Construction Reports.*

# EMPLOYMENT MIX IN MINNESOTA

1992-2001  
(IN THOUSANDS)

Category	1992	1993	1994	1995
Manufacturing Durable	223.9	230.8	237.7	243.6
Manufacturing Non-Durable	171.9	174.7	178.4	182.3
Mining	7.6	7.5	7.6	7.9
Construction	76.9	79.1	80.6	82.7
Transportation/Public Utilities	109.4	109.2	113.8	117.0
Trade	426.9	536.6	559.2	576.7
Finance/Insurance/Real Estate	129.6	135.7	140.1	138.2
Service	592.6	614.4	635.8	659.4
Government	346.9	353.8	324.3	332.2
Agriculture	84.1	84.6	82.8	72.9
Total Employed	<u>2,169.8</u>	<u>2,326.4</u>	<u>2,360.3</u>	<u>2,412.9</u>

Source: Minnesota Department of Economic Security

## MINNESOTA BASED COMPANIES INCLUDED IN THE FORTUNE 500 (IN THOUSANDS)

Rank		Company	Sales
2000	1999		
37	32	Target (Marshall Fields)	\$ 36,903,000
91	86	United Healthcare Group	21,122,000
97	99	Supervalu	20,339,100
118	110	Minnesota Mining & Manufacturing (3M)	16,724,000
156	169	Best Buy	12,494,000
166	-	Xcel Energy	11,591,800
170	165	Northwest Airlines	11,415,000
190	212	US Bancorp (First Bank System)	9,965,500
222	204	St. Paul Companies	8,607,600
223	267	Cenex Harvest States	8,571,400
278	279	General Mills	6,700,200
349	381	Medtronic	5,014,600
416	383	Nash Finch	4,015,500
452	458	Hormel Foods	3,675,100
486	-	ADC Telecommunications	3,287,900
497	-	Lutheran Brotherhood	3,220,600

Source: Fortune Magazine, dated April 16, 2001.

## STATE OF MINNESOTA AVERAGE DAILY PUBLIC SCHOOL MEMBERSHIP

School Year	Kindergarten	Elementary	Secondary	All Grades
1991-92	67,310	372,558	323,891	763,759
1992-93	68,320	377,274	374,299	819,893
1993-94	65,872	378,214	337,314	781,400
1994-95	65,732	380,891	360,777	807,400
1995-96	66,672	383,458	372,345	822,475
1996-97	63,575	375,683	371,147	810,405
1997-98	64,501	383,904	389,293	837,698
1998-99	59,280	384,641	396,999	840,920
1999-00	57,686	383,682	399,059	840,427
2000-01	57,564	381,893	402,578	842,035

Source: Minnesota Department of Children, Families and Learning



<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001 (est.)</u>
244.8	254.2	262.3	260.3	262.1	252.6
183.5	179.9	181.8	179.2	177.1	178.9
7.9	7.9	8.1	7.4	7.4	5.8
88.7	93.5	101.8	112.1	114.3	117.2
119.7	123.6	127.6	130.5	129.8	133.9
592.9	600.3	613.9	619.3	630.6	638.5
142.5	146.4	156.2	160.3	163.2	162.2
685.1	712.3	741.8	765.8	789.6	806.8
332.4	366.8	366.5	373.2	386.9	379.5
78.1	71.9	67.2	64.0	66.2	73.9
<u>2,475.6</u>	<u>2,556.8</u>	<u>2,627.2</u>	<u>2,672.1</u>	<u>2,727.2</u>	<u>2,749.3</u>

<u>Assets</u>	<u>Rank</u>	<u>Net Income</u>	<u>Rank</u>
\$ 19,490,000	159	\$ 1,264,000	90
11,053,000	231	736,000	145
6,495,400	314	242,900	300
14,522,000	196	1,782,000	66
2,995,300	422	347,100	257
21,768,800	142	526,800	196
10,877,000	234	256,000	295
87,336,000	43	1,592,000	72
41,075,400	87	993,500	108
3,172,700	412	N/A	N/A
4,573,700	361	614,400	174
5,669,400	331	1,098,500	99
880,800	492	15,500	442
1,641,900	471	170,200	342
3,970,500	385	868,100	123
21,561,700	145	77,800	401

STATE OF MINNESOTA  
MISCELLANEOUS STATISTICS  
JUNE 30, 2001

---

Date of Statehood	May 11, 1858 - 32nd State
Land Area - 12th Largest State	84,068 Square Miles

Higher Education:

2 Year State Community Colleges	8
4 Year State Universities	7
University of Minnesota	4 Campuses
2 Year Technical Colleges	7
2 Year Consolidated Community/Technical Colleges	29 Campuses
4 Year Private Colleges	29
2 Year Private Colleges	4
Private Professional Schools	7
Private Vocational Schools	86

Trade Routes:

Miles of Highways	135,291
Miles of Main Line Railroad Track	4,552
Public Airports	143
Waterways-	
Lake Superior	
Mississippi River	

Recreation:

Lakes	11,842
State Forests	57
Area of State Forests	3,200,000 Acres
State Parks	69
Area of State Parks	240,000 Acres

*Sources: Higher Education Services Office  
Minnesota State Colleges and Universities  
Department of Natural Resources  
Department of Transportation*