

950017



For the Year Ended
June 30, 1994

Comprehensive Annual Financial Report

HJ
11
.M616b
1994

State of Minnesota

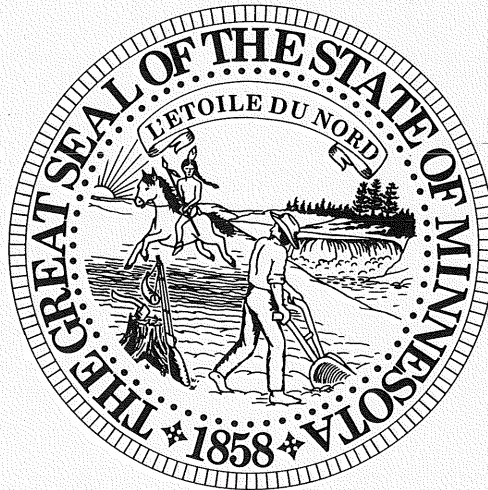
Pursuant to Minn. Stat. 15A.60
Minn. Stat. 16A.50
Minn. Stat. 176.129 Subd.12

STATE OF MINNESOTA

RECEIVED

JAN 11 1995

LEGISLATIVE REFERENCE LIBRARY
STATE OFFICE BUILDING
ST. PAUL, MN 55155



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1994

PREPARED BY
DEPARTMENT OF FINANCE
LAURA M. KING, COMMISSIONER
400 CENTENNIAL BUILDING
658 CEDAR STREET
ST. PAUL, MINNESOTA 55155

This page intentionally left blank.

**STATE OF MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 1994**

TABLE OF CONTENTS

INTRODUCTION

	Page
Transmittal Letter from the Commissioner of Finance	vii
Certificate of Achievement	xix
State Organization Chart	xx
Principal State Officials	xxi

FINANCIAL SECTION

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

GENERAL PURPOSE FINANCIAL STATEMENTS

Combined Balance Sheet - All Fund Types and Account Groups	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and Appropriated Special Revenue Funds - Budgetary Basis	9
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types and Similar Trust Funds	10
Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Funds	11
University of Minnesota Statement of Current Funds Revenues, Expenditures, and Other Changes	12
University of Minnesota Statement of Changes in Fund Balances - Consolidated Totals	13
Notes to the Financial Statements	15

COMBINING FINANCIAL STATEMENTS

General Fund:	
Comparative Balance Sheet	56
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	57
Special Revenue Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Appropriated Special Revenue Funds - Budgetary Basis	64
Natural Resources Funds:	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	67
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis	68
Capital Projects Funds:	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	73
Debt Service Fund:	
Comparative Balance Sheet	76
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	77
Enterprise Funds:	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	82
Combining Statement of Cash Flows	84
Internal Service Funds:	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	90
Combining Statement of Cash Flows	92
Fiduciary Funds:	
Combining Balance Sheet	97

Table of Contents (Continued)

	Page
Pension Trust Funds:	
Combining Balance Sheet	98
Combining Statement of Revenues, Expenses and Changes in Fund Balances	99
Defined Benefit Pension Funds:	
Combining Balance Sheet	100
Combining Statement of Revenues, Expenses and Changes in Fund Balances	102
Defined Contribution Funds:	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenses and Changes in Fund Balances	105
Investment Trust Funds:	
Combining Balance Sheet	107
Combining Statement of Revenues, Expenses and Changes in Fund Balances	108
Nonexpendable Trust Funds:	
Combining Balance Sheet	109
Combining Statement of Revenues, Expenses and Changes in Fund Balances	110
Combining Statement of Cash Flows	111
Expendable Trust Funds:	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	114
Agency Funds:	
Statement of Changes in Assets and Liabilities	116
General Fixed Assets Account Group:	
Schedule of General Fixed Assets - By Sources	120
Schedule of General Fixed Assets - By Function and Activity	121
Schedule of Changes in General Fixed Assets - By Function and Activity	122
General Long-Term Obligation Account Group:	
Statement of Changes in General Long-Term Obligations	124
Component Units:	
Combining Balance Sheet	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Type Component Units	128
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Type Component Units	129
Combining Statement of Cash Flows - Proprietary Type Component Units	130
 GENERAL* OBLIGATION DEBT SCHEDULES	
Scheduled Debt Service for Fiscal Years 1995-2014	132
Authorized But Unissued General Obligation Debt	142

STATISTICAL SECTION

General Governmental Revenues by Source	148
General Governmental Expenditures by Function and Net Transfers-Out	148
Assessed Value of Taxable Property	150
Market Value of Taxable Property	150
Schedule of Ratio of General Obligation Bonded Debt to Assessed Value of Taxable Property and General Obligation Bonded Debt per Capita	151
Schedule of Ratio of Annual Debt Service for General Obligation Bonded Debt to General Expenditures	151
Schedules of Revenue Bond Coverage	152
Minnesota Bank Deposits and Gross Retail Sales	154
Minnesota Population, Per Capita Personal Income and Unemployment Rate	154
New Housing Units Authorized in Permit-Issuing Localities	154
Employment Mix in Minnesota	155
Average Daily Public School Membership	155
Minnesota Based Corporations Included in the Fortune 500	155
Miscellaneous Statistics	156

INTRODUCTION

This page intentionally left blank.



**State of Minnesota
Department of Finance**

400 Centennial Building
658 Cedar Street
St. Paul, Minnesota 55155
Voice: (612) 296-5900
TTY/TDD: (612) 297-5353 or
Greater Minnesota 800-627-3529
and ask for 296-5900
Fax: (612) 296-8685

December 13, 1994

The Honorable Arne H. Carlson, 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 (CAFR) for the State of Minnesota for the fiscal year ended June 30, 1994. This report includes the financial statements for the state, and the disclosure 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 prior and current years. The Notes to the Financial Statements, in the financial section, are necessary for an understanding of the information included in the statements. They 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 reporting entity covered by this report reflects a significant expansion from previous years. New accounting standards, effective with this report, require a redefined reporting entity for the state of Minnesota's CAFR.

Selected organizations were evaluated to determine if they should be a part of the newly defined reporting entity. The criteria used were those outlined by the Governmental Accounting Standards Board.

The newly defined financial reporting entity consists of all the funds and account groups of the primary government (State of Minnesota), as well as its component units. Component units are legally separate organizations for which the state is financially accountable.

Blended component units, although legally separate entities, are now reported as part of the state's operations. The Minnesota Higher Education Coordinating Board, Minnesota Rural Finance Authority, Minnesota Agricultural and Economic Development Board, State Lottery Board, Export Finance Authority, and the Minnesota World Trade Center Corporation are reported as part of the state and blended into the appropriate funds.

The Higher Education Facilities Authority did not meet the above criteria and is no longer included as a component unit of the state. The Housing Finance Agency, Minnesota Public Facilities Authority, Minnesota Technology, Inc., Metropolitan Council, University of Minnesota, Minnesota Workers Compensation Assigned Risk Plan, and the National Sports Center Foundation are reported discretely.

Economic Condition and Outlook

Outside the agricultural sector, economic growth in Minnesota continued to outpace the rest of the nation. Payroll employment grew by 2.7 percent, significantly stronger than the U. S. rate of 2.3 percent. Minnesota wages and salaries grew by 5 percent, also exceeding the U. S. average. The unemployment rate in Minnesota remained well below the nation's during the entire fiscal year. Manufacturing employment in the state continued to grow in total and as a share of U. S. manufacturing employment.

Personal income growth in Minnesota lagged behind the United States average during the 1994 fiscal year. But, as the U. S. Department of Commerce noted in their release of state personal income data, those results were an aberration caused by the disastrous 1993 crop year. A combination of a late spring and a cold, wet, summer reduced corn and soybean yields in the state to 43 percent and 63 percent of 1992 levels respectively.

Minnesota's economy is expected to remain strong during the 1995 fiscal year. In addition to continued growth in manufacturing, trade and service sectors, record yields of corn and soybeans will boost the agricultural sector. The result will be unusually large increases in personal income during the 1995 fiscal year.

Major Program Initiatives

Health care access. Minnesota passed landmark health care access and cost containment measures into law in 1992, after more than two years of extensive study and public debate. The law's primary goals are to curb the growing cost of health care, while providing expanded access to affordable health care for all Minnesotans.

MinnesotaCare creates a subsidized health insurance program in an incremental, comprehensive approach for uninsured residents. Health plans that will make it easier for small employers to obtain health care for their employees are also being developed. MinnesotaCare also addresses rural health care needs and concerns.

During 1993, the program began serving high priority needs clients, particularly children. In July 1994, households with no children, under 125 percent of poverty level, became eligible for MinnesotaCare as revenues are available.

The entire span of MinnesotaCare must stay within the financing allotment created within the law. This allotment includes (at varying effective dates) a five cent increase in the cigarette tax, a 2 percent health care provider tax and a 1 percent insurance gross premiums tax on non-profit health service corporations and health maintenance organizations.

The long run success of the program ultimately rests on cost containment and insurance reform. If these are achieved, MinnesotaCare can attain its goals of providing affordable and accessible quality health care to the residents of Minnesota.

Education. During fiscal year 1994, the Department of Education and the State Board of Education worked to develop learner goals as the foundation for a graduation rule. Their goal is to establish "pupil centered, result-oriented system premised on the belief that all individuals can learn." The State Board of Education has developed recommendations for the achievement of state and local outcomes.

The State Board continued to review proposals to form "charter schools." These schools will be exempt from most rules and statutes applicable to a school board or school district, but they must be nonsectarian and tuition free. They are eligible for most state school aids, with the exception of several aid programs requiring a levy component. A maximum of 20 may exist throughout the state, and each plan must be approved by the State Board of Education.

The 1993 Legislature adopted several changes in education funding policy that became effective in F.Y. 1994. The major changes include:

- funds for pilot sites to develop performance standards and assessment models to accompany the proposed graduation rule, and to implement the process locally and build community support;
- several provisions encouraging greater collaboration among agencies at all levels of government to better serve the needs of children;
- funds to reduce the teacher-student ratio in elementary classrooms;
- reduction in reliance on local property taxes and special referendums to move toward greater equality in the revenue available to districts;

Strategic capital budget plan. On February 1, 1994 the Governor presented the state's first long term capital budget for the fiscal years 1994 through 1999. The 1994 Legislature passed a bonding bill incorporating the major parts of the Governor's plan. The bill authorized approximately \$650 million in bonding projects for the 1994-95 period. This level of authorization remained within the debt capacity projected by the Department

of Finance for this period. Debt capacity was preserved at a similar level for future periods.

The bill included a calculation of preliminary estimates of the need for future bonding authority based upon current projects. Over \$420 million in construction costs and various multi-year nonbuilding projects such as environmental clean up was estimated for the 1996-97 biennium.

Over \$100 million was authorized to preserve the useful life of current assets. A commitment was made to preserve existing physical assets as well as to authorize new projects.

Environment. The major environmental agencies prepared coordinated budget requests and policy proposals for the 1994 legislative session. The proposals included a major new thrust in the area of non-point source pollution prevention. State bond proceeds leveraged federal funds to generate \$34 million in the biennium for this effort.

The departments of agriculture and pollution control will together deliver programs to farmers for projects to prevent groundwater contamination from feedlot operations; to individuals for construction of individual septic systems; and to local governments to alleviate non-point source pollution. The authorities and responsibilities of the environmental agencies were identified.

The agencies prepared a six-year environmental strategic plan for inclusion in the strategic capital budget plan. The Legislature adopted the majority of the plan which was projected at about \$390 million for the six year period ending in 1999. The plan addressed major programs such as flood control and mitigation, parks and trails, wildlife habitat, environmental learning, public water access, water quality, and groundwater protection.

Municipal landfill cleanup. The Pollution Control Agency proposed a major initiative to remove closed municipal landfills from the Superfund program. The initiative included a ten-year plan to clean up contaminated municipal landfills. Due to the impossible task of identifying responsible parties, the state assumes ownership of the landfills and responsibility for the cleanup.

The cost of the program for the ten-year period is estimated at over \$200 million. It is financed through a combination of bonding, insurance buyouts, and fees. The Legislature passed a Landfill Cleanup Bill creating a landfill cleanup fund. Since many of the municipal landfills were on the state superfund list, this Bill should accelerate cleanup of remaining sites in the superfund program.

Major financial systems. Progress on the Statewide Systems Project continued in fiscal year 1994. The mission is to improve state business operations by replacing outdated accounting, procurement, and payroll systems, developing new human resources and information access systems, and reengineering many of the state's related business processes and procedures. All systems are expected to be implemented by July 1, 1995.

Currently, over 160 state and contractor staff and over 700 state stakeholders are involved in the design, development, testing, and training phases of the systems. In addition to having more efficient and effective financial management systems, the need for system development by individual state agencies will be greatly reduced.

Accounts receivable management. The 1993 Legislature provided funding for the accounts receivable project to develop and implement initiatives to improve collections statewide. The project is a cooperative effort, lead by three state agencies and the Office of the Attorney General, but involving over twenty other state agencies.

As part of this project the state hired additional tax collectors, new statewide and agency specific management structures were implemented, private collection agencies were hired, and the Attorney General's Office established a collections litigation division to support statewide collection efforts. In addition, a state operated collection service was developed and started servicing customers on July 1, 1994.

In fiscal year 1994 the project is estimated to have returned nearly three times the general fund amount invested. In future years the project anticipates to return six to eight dollars for every general fund dollar invested.

Financial Information

The Department of Finance is responsible for the statewide accounting system (SWAS) from which these financial statements were prepared. The SWAS is maintained on a budgetary basis of accounting. 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 the 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, Game and Fish, Natural Resources, Minnesota Resources, Environmental and Health Care Access 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 1994, the total fund balance, on a GAAP basis, for the General Fund increased by \$45.5 million to \$738 million. At June 30, 1994, the unreserved, undesignated portion of the fund balance reflected a negative balance of \$44.6 million, after providing for a \$500 million budgetary reserve. This compares with a \$195 million unreserved, undesignated fund balance at the end of fiscal year 1993 with a \$360 million budgetary reserve. On a budgetary basis, the June 30, 1994, unrestricted (undesignated) fund balance for the General Fund was \$221.9 million, compared with a balance of \$464.2 million at the end of 1993.

General Fund revenues and transfers-in totaled \$8,203,305,000 for fiscal year 1994, up 5.4 percent from those for fiscal year 1993. General Fund expenditures and transfers-out for the year totaled \$8,160,295,000 an increase of 10.5 percent from the previous year. Of this amount, \$5,880,755,000 (72 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 increased by \$213 million, with a General Fund balance increase of \$45.5 million, special revenue funds increase of \$145 million, capital projects funds increase of \$12.6 million, and debt service fund increase of \$9.8 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 F.Y. 1993 are also presented.

<u>NET REVENUES</u>	1994		Increase(Decrease) over F.Y. 1993	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Individual Income Taxes	\$ 3,532,964	27.9%	\$ 62,720	1.8%
Corporate Income Taxes	546,558	4.3%	38,855	7.7%
Sales Tax	2,515,224	19.8%	139,431	5.9%
Fuel Taxes	482,453	3.8%	20,317	4.4%
Other Taxes	1,717,251	13.5%	179,996	11.7%
Federal Revenues	2,986,532	23.5%	209,469	7.5%
Investment/Interest Income	71,325	.6%	7,331	11.5%
Other Revenue	<u>841,117</u>	<u>6.6%</u>	<u>108,132</u>	<u>14.8%</u>
Total Net Revenue	\$12,693,424	100.0%	\$766,251	6.4%

Overall revenue increases were slightly below recent years. The increase in other taxes is the result of increases in several tax sources: motor vehicle excise taxes and motor vehicle registration tax revenues from increased auto sales plus an increase in the price of vehicles; a new hospital tax became effective January 1, 1993; and a medical provider tax became effective January 1, 1994. An increase in the petroleum tank cleanup fee from one cent to two cents per gallon resulted in an increase in other revenue.

EXPENDITURES & NET TRANSFERS	1994		Increase(Decrease) over F.Y. 1993	
	Amount	%	Amount	%
Protection of Persons and Property	\$ 183,898	1.4%	\$ 4,595	2.6%
Transportation	324,729	2.6%	(4,581)	-1.4%
Resource Management	233,485	1.8%	(935)	- 0.4%
Economic and Manpower Development	250,533	2.0%	(7,650)	-3.0%
Education	566,967	4.5%	16,470	3.0%
Health and Social Services	599,570	4.7%	40,192	7.2%
General Government	253,065	2.0%	9,722	4.0%
Capital Outlays	442,765	3.5%	(75,646)	-14.6%
Debt Service	295,731	2.3%	(18,045)	-5.8%
Grants and Subsidies	<u>8,661,486</u>	<u>68.3%</u>	<u>446,145</u>	<u>5.4%</u>
Total Expenditures	\$11,812,229	93.1%	410,267	3.6%
Net Transfers-Out	<u>871,168</u>	<u>6.9%</u>	<u>570,497</u>	<u>290.9%</u>
Total Expenditures and Net Transfers	\$12,683,397	100.0%	\$980,764	8.4%

The overall 8.4 percent increase in expenditures and net transfers out is higher than last year's increase of 3.7 percent. The net transfers-out includes \$578.9 million transferred to component units. In prior years these transfers were reported as grants and subsidies. This reclassification reduced the increase in grant subsidies. Medical assistance grants increased 16.5 percent due to broadened eligibility resulting in higher enrollment and to a higher cost of services. School district aid also increased \$491.7 million due to an increase in enrollment and a change in the formulas. Federal aid for highway construction decreased resulting in reduced and delayed road construction.

Enterprise fund operations. Retained earnings for the enterprise funds increased by \$2.8 million, as restated, to \$328.9 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 \$59.4 million after taxes was transferred to other state funds. This is \$2.3 million more than last year's transfer. The Higher Education Coordinating Board Student Loan Fund had the largest increase in retained earnings with net income of \$4.7 million.

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. Net income for the internal service funds was \$2.8 million for fiscal year 1994, out of total operating revenues of \$311.9 million. The internal service funds ended the year with total retained

earnings of \$93.4 million, up \$.9 million from last year. The largest increase in retained earnings again occurred in the Employee Insurance Fund, with net income of \$3.2 million, bringing its year end retained earnings to \$81.7 million.

Fiduciary fund operations. Contributions to the various pension funds 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 approximately \$881.7 million were provided from the expendable trust funds, primarily to local governments and individuals. Of this amount, \$340.6 million of the various highway taxes went to cities and counties for roads and bridges. Another \$33.8 million from earnings on the Permanent School Fund assets was distributed to school districts. Most of the remainder of the grants were for unemployment benefits funded by taxes on employers. The fund balance for the Unemployment Compensation (UC) Fund increased by \$41 million to \$251.3 million after three consecutive years of decreases.

Debt administration. During fiscal year 1994, Minnesota's credit ratings on general obligation bonds were updated by Fitch Investors Service, Inc. to AAA and by Moody's Investors service to Aa1. The state credit rating continued at AA+ by Standard & Poor's Corporation. The state issued \$210 million of new general obligation bonds, and \$154 million of general obligation bonds were redeemed during 1994, leaving an outstanding balance of \$1.8 billion. Additionally, \$273.6 million of refunding bonds were issued to refund \$267 million of bonds outstanding, saving the state aggregate debt service payments of \$10 million.

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

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

The state debt management policy has three 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 unrestricted General Fund non-dedicated revenues, net of refunds, on a budgetary basis. The ratio of transfers to net unrestricted revenues for the biennium ending June 30, 1993, was 2.8 percent. The same ratio of transfers to net unrestricted revenues for the biennium to end June 30, 1995 is estimated to be 2.62 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 1.78 percent and 2.88 percent, respectively, based on debt outstanding at June 30, 1994 and estimated personal income for the year ending on that date.

Risk management. The state is essentially self-insured against major losses. Insurance coverage is prohibited by statute except for college and university property, farms repossessed under the Family Farm Security Loan Program and workers' compensation coverage for the Department of Military Affairs. The Risk Management Fund (an internal service fund) provides for casualty claims for those state agencies authorized to acquire such insurance. The state is a member of the Workers' Compensation Reinsurance Association for workers' compensation claims in excess of \$430,000. All other state workers' compensation claims are provided for on a current funding basis.

Employee health, dental and life insurance are provided mainly through contracts with outside organizations. However, the state retains the potential for liabilities for some health plans. 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 to each state agency 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 of 1984. The audit covers federal program activities for state agencies for the year ended June 30, 1994. A supplementary report, "Financial and

Compliance Report on Federally Assisted Programs" will be available in May 1995.

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, 1993. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports 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 nine fiscal years through June 30, 1993. 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.

Acknowledgements

Although the Department of Finance accepts final responsibility for this report, much of the data was provided by staff in many other state agencies and component units. 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 organizations, without whose efforts this report would not have been possible.

Sincerely,



Laura M. King
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, 1993

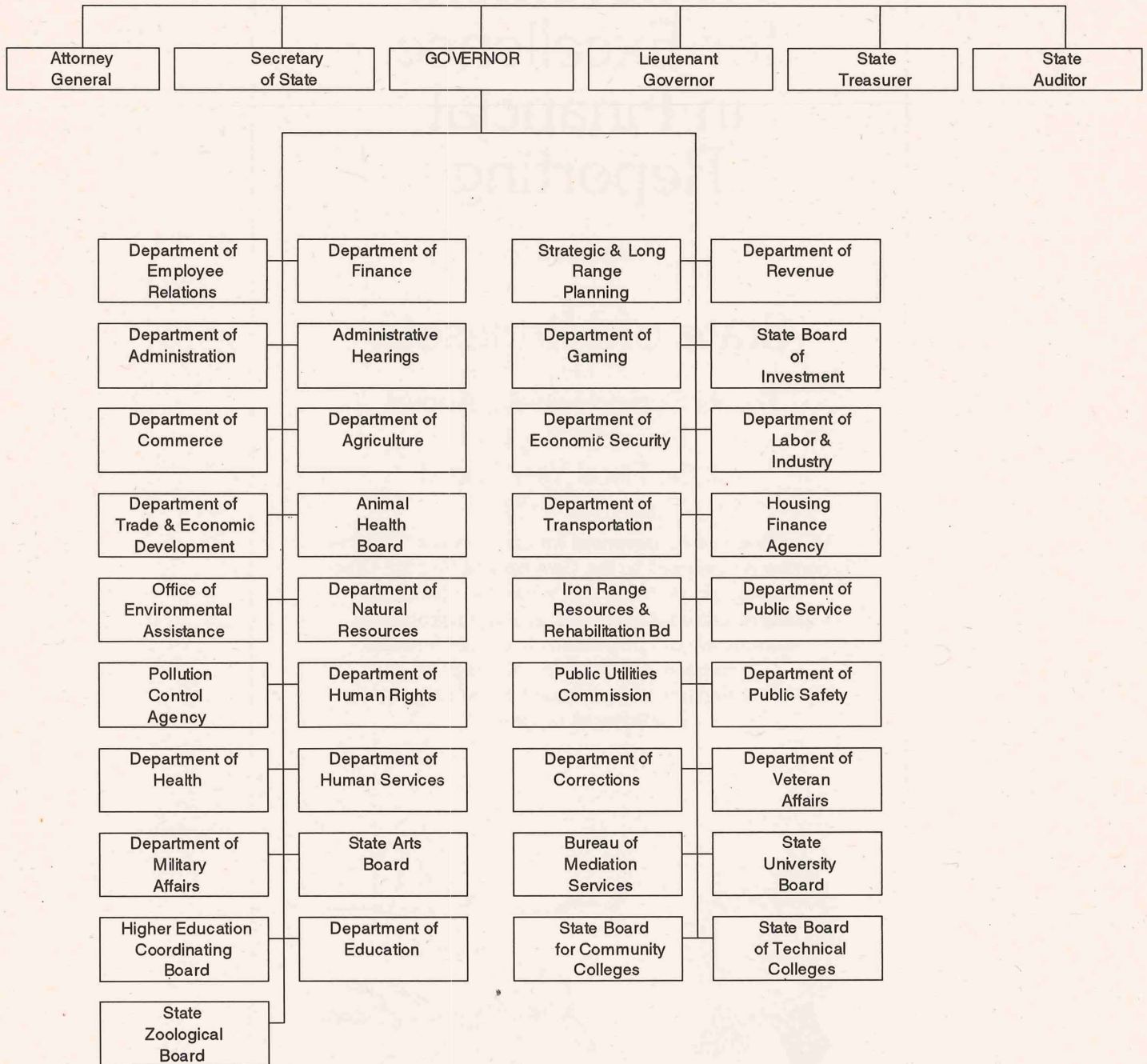
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

STATE ORGANIZATION CHART



STATE OF MINNESOTA
Principal Officials

EXECUTIVE BRANCH

GOVERNOR:	Arne H. Carlson
LIEUTENANT GOVERNOR:	Joanell M. Dyrstad
ATTORNEY GENERAL:	Hubert H. Humphrey, III
STATE TREASURER:	Michael A. McGrath
SECRETARY OF STATE:	Joan Anderson Grove
STATE AUDITOR:	Mark B. Dayton

LEGISLATIVE BRANCH

SPEAKER DESIGNATE OF THE HOUSE OF REPRESENTATIVES

Irv Anderson

PRESIDENT OF THE SENATE

Allan H. Spear

JUDICIAL BRANCH

CHIEF JUSTICE OF THE SUPREME COURT

A. M. Keith

This page intentionally left blank.

FINANCIAL SECTION



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

CENTENNIAL BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Independent Auditor's Report

Members of the Legislature

The Honorable Arne Carlson, Governor

Laura M. King, Commissioner, Department 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, 1994, 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 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 discretely presented component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

Change in Reporting Entity

As discussed in Notes 1 and 14, the State of Minnesota implemented GASB Statement No. 14, *The Financial Reporting Entity*, for the year ended June 30, 1994, as required by generally accepted accounting principles. As a result, the financial statements reflect a change in presentation for certain entities. The Housing Finance Agency, Minnesota Technology, Inc., and Public Facilities Authority, previously reported as a part of the state's Enterprise and Special Revenue Funds, are now shown as discretely presented component units. The Higher Education Facilities Authority, previously reported as a part of the state's Enterprise Funds, is now disclosed as a related organization. The Metropolitan Council, National Sports Center Foundation, Workers' Compensation Assigned Risk Plan, and University of Minnesota, shown as discretely presented component units, were previously not a part of the State's reporting entity.

Workers' Compensation Assigned Risk Plan

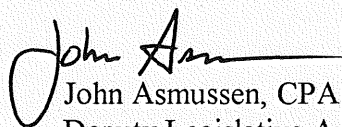
The financial statements for the Workers' Compensation Assigned Risk Plan, a discretely presented component unit, were audited by other auditors. In their opinion, dated June 10, 1994, the auditors reported that the financial statements for the Workers' Compensation Assigned Risk Plan were prepared in conformity with accounting practices prescribed or permitted by the State of Minnesota Department of Commerce, which is a comprehensive basis of accounting other than generally accepted accounting principles. Note 1 further describes the basis of accounting for the Workers' Compensation Assigned Risk Plan.

In our opinion, based upon our audit and the reports of other auditors, except for the effects of any necessary adjustments to the Workers' Compensation Assigned Risk Plan financial statements to comply with generally accepted accounting principles, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Minnesota at June 30, 1994, and the results of its operations and the cash flows of its proprietary and nonexpendable trust fund types for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. 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.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

December 13, 1994

This page intentionally left blank.

General Purpose Financial Statements

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED		COMPONENT UNITS
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE		JUNE 30, 1994	JUNE 30, 1993	
Net Revenues:								
Individual Income Taxes.....	\$ 3,532,964	\$ —	\$ —	\$ —	\$ —	\$ 3,532,964	\$ 3,470,244	\$ —
Corporate Income Taxes.....	546,558	—	—	—	—	546,558	507,703	—
Sales Taxes.....	2,515,224	—	—	—	—	2,515,224	2,375,793	—
Motor Vehicle License Taxes.....	697	419,774	—	—	—	420,471	384,209	—
Fuel Taxes.....	—	482,453	—	—	—	482,453	462,136	—
Other Taxes.....	1,013,803	264,469	—	18,508	413,192	1,709,972	1,473,947	55,009
Federal Revenues.....	10,217	2,976,179	—	136	103,295	3,089,827	2,929,247	—
License Fees.....	52,011	92,777	—	—	—	144,788	144,220	—
Care and Hospitalization Revenues.....	106,173	10,674	—	—	—	116,847	107,710	—
Tuition and Student Fees.....	176,910	7,801	—	—	—	184,711	182,118	—
Departmental Services.....	55,425	144,225	—	—	—	199,650	145,765	—
Investment/Interest Income.....	31,437	23,877	6,246	9,765	37,095	108,420	106,583	15,701
Other Revenues.....	86,860	106,531	10	1,720	18,113	213,234	167,311	38,159
Net Revenues.....	\$ 8,128,279	\$ 4,528,760	\$ 6,256	\$ 30,129	\$ 571,695	\$ 13,265,119	\$ 12,456,986	\$ 108,869
Expenditures:								
Current:								
Protection of Persons and Property.....	\$ 95,645	\$ 88,050	\$ 203	\$ —	\$ 7	\$ 183,905	\$ 179,311	\$ —
Transportation.....	768	323,961	—	—	3,783	328,512	333,120	97,449
Resource Management.....	91,046	132,191	10,248	—	5,433	238,918	238,070	11,274
Economic and Manpower Development.....	57,921	192,611	1	—	1,574	252,107	259,905	8,096
Education.....	503,034	48,953	14,980	—	5,096	572,063	555,004	—
Health and Social Services.....	479,815	116,634	3,121	—	1,056	600,626	560,667	30,486
General Government.....	208,586	23,960	20,204	315	753	253,818	246,194	7,530
Total Current Expenditures.....	\$ 1,436,815	\$ 926,360	\$ 48,757	\$ 315	\$ 17,702	\$ 2,429,949	\$ 2,372,271	\$ 154,835
Capital Outlay.....	13,956	384,786	44,023	—	—	442,765	518,411	307
Debt Service.....	9,505	12,029	—	274,197	15	295,746	313,776	112,294
Grants and Subsidies.....	5,880,755	2,733,326	47,405	—	881,691	9,543,177	9,184,840	2,993
Total Expenditures.....	\$ 7,341,031	\$ 4,056,501	\$ 140,185	\$ 274,512	\$ 899,408	\$ 12,711,637	\$ 12,389,298	\$ 270,429
Excess of Revenues Over (Under)								
Expenditures.....	\$ 787,248	\$ 472,259	\$ (133,929)	\$ (244,383)	\$ (327,713)	\$ 553,482	\$ 67,688	\$ (161,560)
Other Financing Sources (Uses):								
General Obligation Bonds.....	\$ —	\$ 25,300	\$ 184,700	\$ —	\$ —	\$ 210,000	\$ 185,975	\$ 122,698
Proceeds of Refunding Bonds.....	—	—	—	273,555	—	273,555	535,360	—
Proceeds from Loans.....	—	—	—	—	—	—	4,828	—
Operating Transfers—In.....	66,300	597,517	—	248,173	382,825	1,294,815	1,245,396	—
Operating Transfers to Debt Service.....	(208,337)	(29,193)	(10,643)	—	—	(248,173)	(227,498)	—
Other Operating Transfers—Out.....	(74,100)	(883,846)	—	—	(1,776)	(959,722)	(951,519)	—
Transfers—In from Primary Government.....	—	—	—	—	—	—	—	67,076
Transfers—Out to Component Units.....	(535,827)	(18,743)	(24,249)	—	(517)	(579,336)	—	—
Capital Leases.....	3,419	1,705	—	—	—	5,124	8,286	—
Payment to Refunded Bonds Escrow Agent...	—	—	—	(271,055)	—	(271,055)	(544,132)	—
Other Sources (Uses).....	(905)	570	—	—	20	(315)	(776)	13,096
Net Other Financing Sources (Uses).....	\$ (749,450)	\$ (306,690)	\$ 149,808	\$ 250,673	\$ 380,552	\$ (275,107)	\$ 255,920	\$ 202,870
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 37,798	\$ 165,569	\$ 15,879	\$ 6,290	\$ 52,839	\$ 278,375	\$ 323,608	\$ 41,310
Fund Balances, July 1, as Reported.....	\$ 692,485	\$ 541,572	\$ 60,151	\$ 262,286	\$ 809,225	\$ 2,365,719	\$ 2,058,784	\$ 213,447
Prior Period Adjustments.....	—	—	—	—	—	—	(13,778)	—
Changes in Reporting Entity.....	—	(14,292)	1,991	—	—	(12,301)	—	12,392
Fund Balances, July 1, as Restated.....	\$ 692,485	\$ 527,280	\$ 62,142	\$ 262,286	\$ 809,225	\$ 2,353,418	\$ 2,045,006	\$ 225,839
Residual Equity Transfers—In.....	8,726	1,384	—	3,520	220	13,850	3,772	—
Residual Equity Transfers—Out.....	(1,000)	(7,619)	(3,231)	—	(160)	(12,010)	(4,068)	—
Change in Inventory.....	—	(21)	—	—	—	(21)	(608)	—
Fund Balances, June 30.....	\$ 738,009	\$ 686,593	\$ 74,790	\$ 272,096	\$ 862,124	\$ 2,633,612	\$ 2,367,710	\$ 267,149

The notes are an integral part of the financial statements.

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, 1994
(IN THOUSANDS)**

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
Individual Income Taxes.....	\$ 3,548,272	\$ 3,539,994	\$ (8,278)	\$ —	\$ —	\$ —
Corporate Income Taxes.....	554,000	551,822	(2,178)	—	—	—
Sales Taxes.....	2,543,029	2,508,381	(34,648)	—	—	—
Motor Vehicle License Taxes.....	—	—	—	405,530	403,146	(2,384)
Fuel Taxes.....	—	—	—	478,515	478,762	247
Other Taxes.....	977,703	1,034,597	56,894	101,014	85,623	(15,391)
Federal Revenues.....	—	—	—	204,500	211,056	6,556
Other Intergovernmental Revenues.....	250,786	228,049	(22,737)	—	—	—
License Fees.....	—	—	—	71,801	76,088	4,287
Care and Hospitalization Revenues.....	159,066	160,168	1,102	9,875	10,357	482
Tuition and Student Fees.....	180,258	176,713	(3,545)	—	—	—
Departmental Services.....	—	—	—	39,861	42,769	2,908
Investment/Interest Income.....	26,000	31,360	5,360	6,231	6,692	461
Other Revenues.....	327,443	329,683	2,240	15,313	18,927	3,614
Net Revenues.....	\$ 8,566,557	\$ 8,560,767	\$ (5,790)	\$ 1,332,640	\$ 1,333,420	\$ 780
Expenditures:						
Protection of Persons and Property.....	\$ 157,834	\$ 152,573	\$ 5,261	\$ 77,082	\$ 72,315	\$ 4,767
Transportation.....	32,478	30,375	2,103	708,771	674,839	33,932
Resource Management.....	136,049	128,418	7,631	111,622	96,151	15,471
Economic and Manpower Development.....	122,792	106,796	15,996	3,485	3,349	136
Education.....	3,692,723	3,611,452	81,271	3,967	3,756	211
Health and Social Services.....	2,667,233	2,587,860	79,373	51,411	43,484	7,927
General Government.....	1,232,067	1,203,363	28,704	7,264	5,400	1,864
Total Expenditures.....	\$ 8,041,176	\$ 7,820,837	\$ 220,339	\$ 963,602	\$ 899,294	\$ 64,308
Excess of Revenues Over (Under)						
Expenditures.....	\$ 525,381	\$ 739,930	\$ 214,549	\$ 369,038	\$ 434,126	\$ 65,088
Other Financing Sources (Uses):						
Operating Transfers—In.....	\$ 40,164	\$ 42,772	\$ 2,608	\$ 538,308	\$ 532,606	\$ (5,702)
Operating Transfers to Debt Service.....	(208,337)	(208,337)	—	(14,635)	(13,812)	823
Other Operating Transfers—Out.....	(106,876)	(106,876)	—	(885,234)	(884,084)	1,150
Transfers—Out to Component Units.....	(466,305)	(466,305)	—	(4,236)	(4,236)	—
Net Other Financing Sources (Uses).....	\$ (741,354)	\$ (738,746)	\$ 2,608	\$ (365,797)	\$ (369,526)	\$ (3,729)
Excess of Revenues and Other Sources Over						
(Under) Expenditures and Other Uses.....	\$ (215,973)	\$ 1,184	\$ 217,157	\$ 3,241	\$ 64,600	\$ 61,359
Fund Balances, July 1, 1993, as Reported.....	877,882	877,882	—	93,561	93,561	—
Prior Year Adjustments.....	20,450	29,782	9,332	—	22,249	22,249
Estimated Appropriation Cancellations.....	5,000	—	(5,000)	—	—	—
Total Fund Balances, June 30, 1994.....	\$ 687,359	\$ 908,848	\$ 221,489	\$ 96,802	\$ 180,410	\$ 83,608
Less: Appropriation Carryover.....	—	186,960	(186,960)	—	59,796	(59,796)
Less: Reserve for Other.....	—	—	—	14,776	18,165	(3,389)
Less: Budgetary Reserve.....	500,000	500,000	—	—	—	—
Undesignated Fund Balances, June 30, 1994.....	\$ 187,359	\$ 221,888	\$ 34,529	\$ 82,026	\$ 102,449	\$ 20,423

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 AND SIMILAR TRUST FUNDS YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED		COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	NONEXPENDABLE TRUST	JUNE 30, 1994	JUNE 30, 1993	
Operating Revenues:							
Net Sales.....	\$ 381,028	\$ 16,474	\$ —	\$ 6,038	\$ 403,540	\$ 393,168	\$ 14,768
Contributions.....	—	—	749,474	—	749,474	685,435	—
Interest Income.....	10,523	8	—	—	10,531	11,149	131,259
Investment Income.....	—	—	1,607,857	44,430	1,652,287	1,504,837	61,159
Rental and Service Fees.....	49,916	77,836	—	1,094	128,846	123,114	186,981
Insurance Premiums.....	693	212,763	—	—	213,456	194,200	161,677
Realized and Unrealized Gains.....	—	—	(526,825)	—	(526,825)	442,046	—
Other Income.....	828	4,772	12,862	—	18,462	9,091	2,932
Total Operating Revenues.....	\$ 442,988	\$ 311,853	\$ 1,843,368	\$ 51,562	\$ 2,649,771	\$ 3,363,040	\$ 558,776
Less Cost of Goods Sold.....	280,926	9,041	—	—	289,967	290,515	—
Gross Margin.....	\$ 162,062	\$ 302,812	\$ 1,843,368	\$ 51,562	\$ 2,359,804	\$ 3,072,525	\$ 558,776
Operating Expenses:							
Annuity Payments.....	\$ —	\$ —	\$ 768,420	\$ —	\$ 768,420	\$ 658,421	\$ —
Refunded Contributions.....	—	—	37,693	—	37,693	26,224	—
Interest and Financing Costs.....	2,060	15	3,215	—	5,290	5,522	141,624
Purchased Services.....	42,281	144,448	3,331	187	190,247	158,243	87,751
Investment Management Fees.....	—	—	28,413	48	28,461	14,659	—
Salaries and Fringe Benefits.....	39,452	23,935	6,216	25	69,628	66,340	159,768
Claims.....	—	112,269	—	—	112,269	105,060	136,117
Depreciation.....	6,488	9,470	182	1	16,141	17,814	56,447
Amortization.....	740	136	—	—	876	497	2,401
Supplies and Materials.....	6,807	3,507	240	—	10,554	9,573	19,651
Indirect Costs.....	561	1,207	222	—	1,990	2,557	243
Other Expenses.....	5,233	217	475	—	5,925	2,309	20,294
Total Operating Expenses.....	\$ 103,622	\$ 295,204	\$ 848,407	\$ 261	\$ 1,247,494	\$ 1,067,219	\$ 624,296
Operating Income.....	\$ 58,440	\$ 7,608	\$ 994,961	\$ 51,301	\$ 1,112,310	\$ 2,005,306	\$ (65,520)
Nonoperating Revenues (Expenses):							
Investment Income.....	\$ 6,225	\$ 5,163	\$ —	\$ —	\$ 11,388	\$ 12,908	\$ 35,322
Participant Contributions.....	—	—	34,887	—	34,887	56,182	—
Grants and Subsidies.....	989	—	—	—	989	1,235	80,992
Local Association Mergers.....	—	—	256,556	—	256,556	160,205	—
Other Nonoperating Revenues.....	269	—	—	—	269	647	78,689
Interest and Financing Costs.....	(2,496)	(1,687)	—	—	(4,183)	(3,332)	(2,408)
General Obligation Bonds.....	—	—	—	—	—	—	12,831
Participant Withdrawals.....	—	—	(59,232)	—	(59,232)	(83,317)	—
Grants, Aids and Subsidies.....	(2,442)	—	—	—	(2,442)	(1,840)	(89,931)
Other Nonoperating Expenses.....	—	(2)	(33)	—	(35)	(4,851)	(44,242)
Gain (Loss) on Sale of Fixed Assets.....	(138)	780	—	4,046	4,688	2,271	(988)
Net Nonoperating Revenues (Expenses).....	\$ 2,407	\$ 4,254	\$ 232,178	\$ 4,046	\$ 242,885	\$ 140,108	\$ 70,265
Income Before Operating Transfers.....	\$ 60,847	\$ 11,862	\$ 1,227,139	\$ 55,347	\$ 1,355,195	\$ 2,145,414	\$ 4,745
Operating Transfers—In.....	4,177	7	1,540	23,747	29,471	29,780	—
Operating Transfers—Out.....	(59,368)	(9,074)	(1,547)	(46,402)	(116,391)	(111,341)	—
Transfers—In from Primary Government.....	—	—	—	—	—	—	29,100
Net Income before Extraordinary Item.....	\$ 5,656	\$ 2,795	\$ 1,227,132	\$ 32,692	\$ 1,268,275	\$ 2,063,853	\$ 33,845
Extraordinary Gain(Loss) on Bond Refunding.....	—	—	—	—	—	(2,899)	(10,212)
Extraordinary Item — Donation.....	—	—	—	—	—	—	5,375
Net Income.....	\$ 5,656	\$ 2,795	\$ 1,227,132	\$ 32,692	\$ 1,268,275	\$ 2,060,954	\$ 29,008
Depreciation on Fixed Assets Acquired with Contributed Capital.....	362	1	—	—	363	363	24,182
Increase in Retained Earnings/Fund Balances.....	\$ 6,018	\$ 2,796	\$ 1,227,132	\$ 32,692	\$ 1,268,638	\$ 2,061,317	\$ 53,190
Retained Earnings/Fund Balances, July 1, as Reported.....	\$ 326,094	\$ 92,467	\$ 17,808,828	\$ 451,830	\$ 18,679,219	\$ 16,619,358	\$ 559,605
Prior Period Adjustments.....	(4,744)	—	—	—	(4,744)	—	—
Changes in Reporting Entity.....	1,557	94	—	—	1,651	(1,406)	—
Retained Earnings/Fund Balances, July 1, as Restated.....	\$ 322,907	\$ 92,561	\$ 17,808,828	\$ 451,830	\$ 18,676,126	\$ 16,617,952	\$ 559,605
Residual Equity Transfers—In.....	—	—	—	160	160	—	—
Residual Equity Transfers—Out.....	—	(2,000)	—	—	(2,000)	(50)	—
Retained Earnings/Fund Balances, June 30.....	\$ 328,925	\$ 93,357	\$ 19,035,960	\$ 484,682	\$ 19,942,924	\$ 18,679,219	\$ 612,795

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED		COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	JUNE 30, 1994	JUNE 30, 1993	
Cash Flows from Operating Activities:						
Operating Income (Loss).....	\$ 58,440	\$ 7,608	\$ 51,301	\$ 117,349	\$ 117,834	\$ (65,521)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:						
Depreciation.....	\$ 6,488	\$ 9,540	\$ 1	\$ 16,029	\$ 17,743	\$ 56,447
Amortization.....	740	136	—	876	497	2,401
Investment Income.....	—	—	(44,430)	(44,430)	(37,655)	(61,159)
Interest and Financing Costs.....	2,060	15	—	2,075	2,303	141,614
Loan Principal Repayments.....	33,314	—	—	33,314	32,266	310,261
Loans Issued.....	(31,603)	—	—	(31,603)	(51,161)	(260,381)
Provision for Loan Defaults.....	1,298	—	—	1,298	(383)	1,863
Customer Deposits.....	—	—	—	—	—	48,350
Return of Customer Deposits.....	—	—	—	—	—	(62,772)
Net Nonoperating Revenues (Expenses).....	—	—	—	—	—	3,390
Change in Assets and Liabilities:						
Accounts Receivable.....	6,691	(1,413)	(167)	5,111	(5,881)	(15,341)
Inventories.....	1,280	(200)	—	1,080	1,604	8,113
Other Assets.....	302	(1,305)	2	(1,001)	(86)	388
Accounts Payable.....	(1,687)	18,360	36	16,709	3,244	27,869
Deferred Revenues.....	304	(157)	—	147	241	15,943
Claims and Judgements.....	—	—	—	—	—	23,321
Other Liabilities.....	831	(479)	2	354	(418)	3,713
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 20,018	\$ 24,497	\$ (44,556)	\$ (41)	\$ (37,686)	\$ 244,020
Net Cash Flows from Operating Activities.....	\$ 78,458	\$ 32,105	\$ 6,745	\$ 117,308	\$ 80,148	\$ 178,499
Cash Flows from Noncapital Financing Activities:						
Grant Receipts.....	\$ 1,107	\$ —	\$ —	\$ 1,107	\$ 1,537	\$ 146,306
Grant Disbursements.....	(2,442)	—	—	(2,442)	(1,840)	(89,931)
Other Nonoperating Expenses.....	151	—	—	151	(2,166)	—
Transfers—In.....	4,177	7	25,080	29,264	26,496	21,282
Transfers—Out.....	(62,695)	(9,074)	(46,151)	(117,920)	(103,726)	—
Residual Equity Transfers—Out.....	—	(2,000)	160	(1,840)	(300)	(174)
Capital Contributions.....	116	—	—	116	356	38,618
Advances from Other Funds.....	400	—	—	400	53	—
Repayments of Advances from Other Funds.....	(367)	(33)	—	(400)	(4,231)	—
Proceeds from Bond Sales.....	20,000	—	—	20,000	30,000	600,320
Repayment of Bond Principal.....	(25,000)	(225)	—	(25,225)	(7,000)	(528,685)
Bond Issuance Costs.....	(84)	—	—	(84)	(357)	(7,491)
Interest Paid.....	(2,022)	(32)	—	(2,054)	(2,286)	(154,499)
Net Cash Flows from Noncapital Financing Activities.....	\$ (66,659)	\$ (11,357)	\$ (20,911)	\$ (98,927)	\$ (63,464)	\$ 25,746
Cash Flows from Capital and Related Financing Activities:						
Investment in Fixed Assets.....	\$ (12,364)	\$ (17,154)	\$ —	\$ (29,518)	\$ (25,574)	\$ (50,350)
Proceeds from the Sale of Fixed Assets.....	306	1,452	2,709	4,467	2,499	276
Advances from Other Funds.....	1,000	3,706	—	4,706	4,085	—
Transfers—In from Primary Government.....	—	—	—	—	—	9,596
Repayments of Advances from Other Funds.....	—	(3,579)	—	(3,579)	(3,929)	—
Capital Contributions.....	—	—	—	—	—	17,248
Proceeds from Loans.....	—	16,443	—	16,443	10,626	—
Repayment of Loan Principal and Other Capital Debt.....	—	(12,995)	—	(12,995)	(9,463)	(85)
Collection of Financing Leases Receivable.....	—	—	—	—	31	—
Proceeds from Bond Sales.....	950	—	—	950	28,880	34,457
Repayment of Bond Principal.....	(990)	(284)	—	(1,274)	(18,001)	(31,508)
Interest Paid.....	(2,499)	(1,673)	—	(4,172)	(6,547)	(28,193)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (13,597)	\$ (14,084)	\$ 2,709	\$ (24,972)	\$ (17,393)	\$ (48,559)
Cash Flows from Investing Activities:						
Proceeds from Sales and Maturities of Investments.....	\$ 199,621	\$ 225	\$ 113,109	\$ 312,955	\$ 157,669	\$ 1,466,861
Purchase of Investments.....	(216,150)	—	(169,298)	(385,448)	(201,948)	(1,448,493)
Investment Earnings.....	6,348	5,174	45,167	56,689	50,201	84,092
Net Cash Flows from Investing Activities.....	\$ (10,181)	\$ 5,399	\$ (11,022)	\$ (15,804)	\$ 5,922	\$ 102,460
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (11,979)	\$ 12,063	\$ (22,479)	\$ (22,395)	\$ 5,213	\$ 258,146
Cash and Cash Equivalents, July 1.....	68,932	98,593	41,143	208,668	198,275	512,124
Change in Reporting Entity.....	2,082	94	—	2,176	5,181	—
Cash and Cash Equivalents, June 30.....	\$ 59,035	\$ 110,750	\$ 18,664	\$ 188,449	\$ 208,669	\$ 770,270

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, 1994 (IN THOUSANDS)

	UNRESTRICTED	RESTRICTED	TOTAL
Revenues:			
Tuition and Fees.....	\$ 188,369	\$ —	\$ 188,369
Federal Appropriations.....	—	17,418	17,418
State Appropriations.....	364,396	79,046	443,442
Federal Grants and Contracts.....	40,397	181,795	222,192
State Grants and Contracts.....	230	23,759	23,989
Other Government Grants and Contracts.....	401	3,628	4,029
Private Gifts, Grants and Contracts.....	9,000	171,839	180,839
Endowment Income.....	1,442	9,382	10,824
Investment Income.....	5,806	2,619	8,425
Realized Gains (Losses) and adjustments to Market Value, net.....	(364)	(317)	(681)
Equity in Earnings (Losses) of Unconsolidated Subsidiary.....	(676)	—	(676)
Sales and Services Of Educational Activities.....	75,247	—	75,247
Sales and Services of Auxiliary Enterprises.....	124,361	—	124,361
Sales and Services of Hospital and Medical Clinics.....	303,304	—	303,304
Total Revenues.....	\$ 1,111,913	\$ 489,169	\$ 1,601,082
Expenditures and Mandatory Transfers:			
Education and General			
Instruction.....	\$ 295,810	\$ 71,451	\$ 367,261
Research.....	38,996	254,232	293,228
Public Service.....	19,753	63,432	83,185
Academic Support.....	97,123	37,239	134,362
Student Services.....	40,546	5,648	46,194
Instructional Support.....	71,279	2,558	73,837
Operation and Maintenance of Plant.....	88,565	500	89,065
Scholarship and Fellowships.....	25,291	38,611	63,902
Education and General Expenditures.....	\$ 677,363	\$ 473,671	\$ 1,151,034
Mandatory Transfers for:			
Principal and Interest.....	\$ 2,159	\$ 109	\$ 2,268
Loan Fund Matching Grant.....	707	(608)	99
Total Education and General.....	\$ 680,229	\$ 473,172	\$ 1,153,401
Auxiliary Enterprises			
Expenditures.....	\$ 113,192	\$ 5,134	\$ 118,326
Mandatory Transfers for:			
Principal and Interest.....	1,024	—	1,024
Renewals and Replacements.....	272	—	272
Total Auxiliary Enterprises.....	\$ 114,488	\$ 5,134	\$ 119,622
University Hospital and Medical Clinics			
Expenditures.....	\$ 289,664	\$ 10,863	\$ 300,527
Mandatory Principal and Interest Transfers.....	10,812	—	10,812
Total University Hospital and Medical Clinics.....	\$ 300,476	\$ 10,863	\$ 311,339
Total Current Expenditures and Mandatory Transfers.....	\$ 1,095,193	\$ 489,169	\$ 1,584,362
Other Transfers, Additions (Deductions)			
Excess (Deficiency) of Restricted Additions Over Expenditures.....	\$ —	\$ (3,110)	\$ (3,110)
Refunded to Grantors.....	—	(197)	(197)
Nonmandatory Transfers.....	(33,594)	800	(32,794)
Total Other Transfers, Additions (Deductions).....	\$ (33,594)	\$ (2,507)	\$ (36,101)
Net (Decreases) Increases in Fund Balance.....	\$ (16,874)	\$ (2,507)	\$ (19,381)

STATE OF MINNESOTA

UNIVERSITY OF MINNESOTA
STATEMENT OF CHANGES IN FUND BALANCES – CONSOLIDATED TOTALS
YEAR ENDED JUNE 30, 1994
(IN THOUSANDS)

	CONSOLIDATED TOTALS
Revenues and Other Additions:	
Unrestricted Revenues.....	\$ 1,111,913
Federal Appropriations.....	16,880
State Appropriations.....	151,306
Federal Grants and Contracts.....	212,781
State Grants and Contracts.....	22,707
Other Government Grants and Contracts.....	3,874
Private Gifts, Grants, and Contracts.....	190,190
Endowment Income.....	9,382
Investment Income.....	20,598
Realized Gains (Losses) and Adjustments to Market Value, Net.....	(10,621)
Student Loan Interest.....	1,621
Expended for Plant Facilities.....	129,007
Retirement of Indebtedness.....	19,721
Other Additions.....	81
Total Revenues and Other Additions.....	\$ 1,879,440
Expenditures and Other Deductions:	
Education and General.....	\$ 1,151,034
Auxiliary Enterprises.....	118,326
University Hospital and Medical Clinics.....	300,527
Indirect Costs Recovered.....	41,976
Loan Cancellation.....	1,557
Administrative and Collection Costs.....	550
Expended for Plant Facilities.....	66,560
Retirement of Indebtedness.....	19,721
Loss on Bond Defeasance.....	150
Debt Incurred.....	10,754
Interest on Indebtedness.....	14,342
Depreciation of Investment in Plant.....	99,640
Loss on Disposal of Plant.....	10,866
Other Deductions.....	197
Total Expenditures and Other Deductions.....	\$ 1,836,200
Net Increase (Decrease) for the Year.....	\$ 43,240
Fund Balance, July 1, 1993.....	\$ 1,868,032
Fund Balance, June 30, 1994.....	\$ 1,911,272

This page intentionally left blank.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1994

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. The 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 ability of the state 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. The state has identified and included within the financial reporting entity, as component units, legally separate organizations for which the state is financially accountable or for which a significant relationship with the state exists such that exclusion would cause the state's financial statement to be misleading or incomplete.

Blended component units are entities which are legally separate from the state, but are so intertwined with the state that they are, in substance, the same as the state. These entities are reported as part of the state and blended into the state's funds.

Higher Education Coordinating Board (HECB) Student Loan Fund (enterprise fund). The board makes and guarantees loans to qualified post-secondary students. HECB provides state grant and loan program services for which the state provides administrative funding. Revenue bond limitations are set by the legislature.

State Lottery Board (enterprise fund). The board administers the lottery operations of the state. Net earnings from lottery sales are transferred to state governmental funds.

The following blended component units are reported within the Miscellaneous Special Revenue Fund (special revenue fund):

Rural Finance Authority. The authority administers state agriculture programs, including the homestead redemption program, loan restructuring program, and agricultural improvement program. The authority is under the administrative control of the Department of Agriculture. The state has issued general obligation bond debt for the programs.

Agricultural and Economic Development Board. The board provides services to state government by administering state programs for agricultural and economic development. The board may issue bonds on behalf of the state.

Export Finance Authority. The authority aids and facilitates the financing of exports from the state. Excess revenue is transferred to the state's General Fund.

World Trade Center Corporation. The corporation facilitates and supports the World Trade Center and the center's programs and services. The corporation receives General Fund appropriations. Corporation financial activities are managed by a state agency.

Discretely presented component units 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 note disclosure because of their separate legal status. Three of the component units report on a fiscal year ending December 31.

Housing Finance Agency (HFA) (proprietary fund type). The HFA provides money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes. The HFA is under the administrative control of a commissioner appointed by the governor. The HFA issues bonds in its own name.

Public Facilities Authority (PFA) (proprietary fund type). The PFA provides assistance to municipalities, primarily for wastewater treatment construction projects. A state agency provides administrative services to the PFA. The state provides funding for the PFA. The board members determine the funding for local government projects.

Minnesota Technology, Inc. (MTI) (governmental fund type). The 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 the MTI.

Metropolitan Council (MC) (governmental and proprietary fund types). The MC is responsible for coordinating the planning and development of the seven county metropolitan area. The council members are appointed by the governor with the chair responsible for the council activities. The MC includes the Metropolitan Sports Facilities Commission, Metropolitan Waste Control Commission, Metropolitan Transit Commission, and the Regional Transit Board as component units. The Metropolitan Council's fiscal year ends December 31.

National Sports Center Foundation (NSCF) (proprietary fund type). The NSCF is under contract with the Minnesota Amateur Sports Commission to operate the National Sports Center facility primarily for the purpose of holding youth-oriented athletic and other non-athletic functions and events. The 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 has ownership of any reserve funds. The assets belong to the state. The foundation's fiscal year ends December 31.

Workers' Compensation Assigned Risk Plan (WCARP) (insurance statutory type). The WCARP 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 state commissioner of the Department of Commerce enters into administrative contracts, sets premium rates, and makes assessments. The state 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 are inadequate to meet its obligations. The WCARP's fiscal year ends December 31.

University of Minnesota (U of M) (college and university type). The U of M was established by the Minnesota Constitution. The state appropriates a large percentage of the University's operating budget. The governor appoints the 12-member Board of Regents, which governs the U of M, but the state does not have direct authority over U of M management. The state has issued debt for U of M capital projects.

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

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

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

National Sports Center Foundation
National Sports Center
1700 105 Avenue Northeast
Blaine, Minnesota 55434

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

Public Facilities Authority
Department of Trade & Economic Development
121 7th Place East
St. Paul, Minnesota 55101

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

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

The following organizations also prepare and publish their own financial reports, which may contain differences in presentation resulting from differing reporting emphasis. Copies of their reports may be obtained directly from the organization.

Higher Education Coordinating Board
400 Capitol Square
550 Cedar Street
St. Paul, Minnesota 55101

State Lottery
2645 Long Lake Road
75 Constitution Avenue
St. Paul, Minnesota 55113

Public Employees Retirement Association
200 Skyway Level
514 St. Peter Street
St. Paul, Minnesota 55102

Teachers Retirement Association
500 Gallery Building
17 West Exchange Street
St. Paul, Minnesota 55102

Minnesota State Retirement System
175 West Lafayette Frontage Road
Suite 300
St. Paul, Minnesota 55107

State Board of Investment
105 MEA Building
55 Sherburne Avenue
St. Paul, Minnesota 55155

Related entities 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.

Metropolitan Airports Commission. A majority of the voting commissioners are appointed by the Governor. The state has no statutory authority to directly affect the commission's activities and operations. Holders of the commission's debt instruments have no recourse against the state.

Workers' Compensation Reinsurance Association. The governor appoints a majority of the board. The association supports itself solely from revenues derived from premiums charged to its members. The state has no statutory authority to affect the operations of the association.

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.

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.

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.

Classification of Funds

Individual funds have been established as stipulated by legal provisions or by administrative discretion. The funds presented are classified as follows.

Governmental 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 (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 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 account for all assets, liabilities and equities, 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 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 trust and agency fund types. Depending on their nature, fiduciary funds are classified for accounting measurement purposes like governmental (expendable trust funds) or proprietary funds (pension trust and nonexpendable trust funds). Agency funds are custodial in nature; thus they do not measure results of operations.

Account Groups provide the means to account for the fixed assets acquired and the general obligation long-term indebtedness for all governmental fund types.

Component Units 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 trust 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. 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 collectible by the September close of the books. 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 made. 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.

Expenditures and Related Liabilities: Expenditures and payables are recognized when fund obligations are incurred as a result of the receipt of 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 in the balance sheet as a reservation of fund balance for subsequent year expenditures, except for those long-term commitments which rely significantly on future resources as discussed in Note 9.

Workers' Compensation Assigned Risk Plan is presented in conformity with accounting practices prescribed or permitted by the Minnesota Commerce Department, which is a comprehensive basis of accounting other than generally accepted accounting principles. The statutory basis of accounting for insurance companies is similar to proprietary. The most significant differences are: there is no provision for federal income taxes on unrealized appreciation; acquisition costs are charged to current obligations; premiums are earned ratably over the terms of the insurance policy; and certain non-admitted assets are charged to the surplus.

The claim expense represents an estimate of the ultimate net cost of all such amounts that are unpaid as of December 31, 1993. These expenses are based on loss factors determined by independent consulting actuaries, using statistical analyses and projections and the historical loss experience of the Plan, and give effect to estimates of trends in claim severity and frequency. As claim settlements occur which differ from the estimate of the claims, such adjustments are included in current operations. Although the Plan believes that the estimate of the claims is reasonable in the circumstances, it is possible that the Plan's actual incurred claims expenses will not conform to the assumptions inherent in the determination of the claimss. Accordingly, the ultimate settlement may vary significantly from the estimated amounts included in the Plan's financial statements.

College and University Type is accounted for on the accrual basis of accounting in accordance with accounting principles outlined in the American Institute of Certified Public Accountants' (AICPA) industry 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 nor proprietary statements. Only the combined totals are presented for the statement of revenues, expenses, and changes in fund balance.

Grants Expenditures and Liabilities Recognition

Grants are contributions of cash or other assets by the state to other governmental units, individuals or non-governmental organizations. The GAAP requirement that expenditures and liabilities be recognized at the point goods and services are received is not relevant for grants because the state does not receive a direct service for grant payments. It is therefore necessary to use different criteria for the recognition of grant expenditures and liabilities.

Grants are normally paid on an entitlement or reimbursement basis. Reimbursements may be for specific services provided to eligible recipients or such reimbursements may be for eligible types of expenditures. Grants paid on a 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. Entitlement type grants may be based on services provided by the grantee which the grant is meant to help fund, but not based on the cost of providing the service. Expenditures and related liabilities for these types of entitlement grants are recognized as the service is provided if the amount owed is reasonably estimable soon after the end of the fiscal year. Other types of entitlement type grants are not based on services provided or actions taken by the grantee. Expenditures and related liabilities for these types of grants are recognized in the fiscal year in which the resources were appropriated.

Compensated Absences

State employees accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in collective bargaining agreements. Such leave is 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 fund liability.

Cash Equivalents and Investments

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

Investments are reported at market value for the investment trust funds, defined contribution funds and the Deferred Compensation Fund, which are all fiduciary funds. All other funds report equity securities at cost and debt securities at amortized cost.

Component Unit - The Workers' Compensation Assigned Risk Plan and the University of Minnesota report investments at market.

Inventories

Inventories for governmental funds are recorded as expenditures when purchased and therefore are not a resource available for appropriation. Inventories for all other funds are expensed when consumed. Inventories maintained by the various funds are determined by annual and periodic physical counts. The Trunk Highway Fund (special revenue fund) inventories are valued using the weighted-average cost. Inventories of the Miscellaneous Special Revenue and Northeast Minnesota Economic Protection (expendable trust) funds consist of repossessed properties held for resale, and are valued at market. Enterprise funds' inventories are valued using first-in first-out, average cost and specific cost methods. Internal service funds' inventories 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.

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 market value at the date of acquisition. An inventory of land and buildings for 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 provided on general fixed assets nor is interest during construction capitalized.

Proprietary and Fiduciary Fund Types. Fixed assets for these funds are stated at cost or, for donated assets, at fair market value at date of acquisition. Such assets are depreciated or amortized on a straight-line basis over the useful lives 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 that reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for the internal service funds because a portion of depreciation is included in the cost of goods sold.

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, workers compensation claims, grant programs, arbitrage rebate requirements and some unfunded pension liabilities (see Note 6).

Bond Discounts, Bond Premiums and Deferred Costs

In governmental fund types, bond discounts, premiums and issuance costs are recognized in the current period. In the proprietary funds they 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.

Risk Management

The state is self-insured for most losses. Insurance coverage is prohibited by statute except for college and university property, farms repossessed under the Family Farm Security Loan Program, and workers' compensation coverage for Military Affairs. The state has established the Risk Management Fund (internal service fund) to provide for casualty claims, primarily automobile liabilities, for state agencies. For catastrophic workers' compensation claims, the state is a member of the Workers' Compensation Reinsurance Association which pays for compensation claims in excess of the retention amount, which is currently \$430,000.

Budgeting and Budgetary Control

Minnesota operates on a two-year (biennial) budget cycle ending on June 30 of the 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, Maximum Effort School Loan, Special Workers Compensation, Iron Range Resources and Rehabilitation, Petroleum Tank Cleanup, and Miscellaneous Special Revenue Funds. Some appropriations are "open appropriations" for entitlement type, and some interfund transfer, programs. In these cases, whatever amount is needed to fulfill the obligation for the fiscal year is made available; i.e., there is no limit on the amount which 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 notification of the governor and legislative leadership, department heads are permitted to revise budgets transferring amounts between programs in their departments.

For most appropriations, unencumbered balances at fiscal year end cancel; for specified others, such balances may carry forward to the subsequent year. The budget and the Statewide Accounting System (SWAS) 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 SWAS controls expenditures by appropriation line item as established in the legally adopted appropriation bills. In no instance did expenditures exceed authorized limits at the legal level of budgetary control. A separate report showing the detail of legal level of control and actual expenditures is available from the Department of Finance.

Eliminations

Eliminations have been incorporated into the report to exclude the significant double counting of assets and related income caused by the participation of certain fiduciary funds in the investment trust funds (also fiduciary funds). Defined Benefit Pension and Defined Contribution Funds (pension trust funds) and the Deferred Compensation Fund (an agency fund) invest part of their assets through the investment trust funds (also classified as pension trust funds).

Memorandum Only Totals Column

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

Comparative Data

Comparative totals for the primary government for fiscal year 1993 are presented in the financial statements to provide an understanding of the changes in the state's financial position and operations. Disclosures relevant to the prior year are available in the state's fiscal year 1993 Comprehensive Annual Financial Report. Prior year totals were restated to reflect prior period adjustments and changes in reporting entity (see Note 14).

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

Cash in most funds is held in the state treasury and is commingled in state bank accounts while most component unit cash is in separate accounts. The cash in individual funds may be invested separately where permitted by statute, but cash in most funds is invested as a 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, 1993 and June 30, 1994 (in thousands). Cash with the U.S. Treasury is available for the cash demands of the Unemployment Compensation Fund (expendable trust fund).

<u>Carrying Amount</u>	<u>Primary Government</u>	<u>Component Units</u>
Cash in Bank	\$54,395	\$43,954
Cash on Hand and Imprest Cash	7,555	8,796
Cash with Fiscal Agent	1,876	177,353
Cash with U.S. Treasury	237,481	-
Cash Equivalents:		
Cash Management Investment Pools	3,359,527	1,226,079
Other	<u>60,843</u>	<u>-</u>
Total Cash and Cash Equivalents	\$3,721,677	\$1,456,182

Cash and cash equivalents for the nonexpendable trust funds as of June 30, 1994 on the combined statement of cash flows is reconciled to the cash and cash equivalents on the combined balance sheet as follows (in thousands):

Cash and Cash Equivalents June 30, 1994:

Nonexpendable Trust Funds	\$ 18,664
Expendable Trust Funds	831,886
Pension Trust Funds	473,375
Agency Funds	<u>156,773</u>
Total Fiduciary Funds	\$ 1,480,698

Deposits

At June 30, 1994, the primary government's bank balance for cash in bank was \$65,536,000. For component units at December 31, 1993 and at June 30, 1994, the bank balances for cash in bank were \$40,922,000. These 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 by the primary government and certain component units 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 market value of the collateral.

Investments

Nearly all of the state's investing is managed by the Minnesota State Board of Investment (MSBI). Minnesota Statutes, Section 11A.24 broadly restricts investments of the primary government 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. A more conservative restriction which applies to certain funds is that investments be limited to fixed income securities. The conservative restriction applies to all funds except the Permanent School Fund (a nonexpendable trust fund), the defined benefit pension funds, and the investment trust funds (the latter fund categories are included among the pension trust funds).

Primary Government - Investments at June 30, 1994
(in thousands)

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Repurchase Agreements	\$ 602,645	\$ 603,014
Commercial Paper	1,762,522	1,777,599
Short Term Corporate Notes	55,961	56,265
U.S. Treasury Obligations	2,386,703	2,353,675
Mortgaged Backed	2,442,614	2,395,038
Corporate Obligations	2,291,441	2,252,375
Foreign & Other Obligations	81,135	80,217
Corporate Stocks	11,008,439	11,184,478
Other Equity	<u>937,011</u>	<u>1,005,216</u>
Total Investments in Risk Category 1	\$21,568,471	\$21,707,877
Trustee Managed Pools (not categorized)	<u>1,764,200</u>	<u>1,764,473</u>
Total Investments	\$23,332,671	\$23,472,350

Component Units - Investments at December 31, 1993 and June 30, 1994
(in thousands)

<u>Investment Type</u>	<u>Risk Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Repurchase Agreements	\$132,602	\$1,675	\$ 154	\$134,431	\$134,434
Commercial Paper	140,028	26,853	1,247	168,128	168,105
Short Term Corporate Notes	223,559	-	-	223,559	223,799
U.S. Treasury Obligations	679,616	79,441	-	759,057	770,092
Mortgaged Backed	43,360	115,807	-	159,167	160,872
Corporate Obligations	793,687	114,914	-	908,601	911,694
Municipal & Other Obligations	4,562	15,319	-	19,881	20,729
Corporate Stocks	66,215	79,223	-	145,438	133,588
Other Equity	128,778	-	-	128,778	128,778
Total Investments Categorized	\$2,212,407	\$433,232	\$ 1,401	\$2,647,040	\$2,652,091
Cash with Fiscal Agent	-	-	146,190	146,190	146,190
Trustee Managed Pools/Mutual Funds	-	-	-	108,275	108,275
Total Investments	\$2,212,407	\$433,232	\$147,591	\$2,901,505	\$2,906,556

The investment table on the previous page shows the state's risk category 1 and other investments, including cash equivalents, at their carrying and market values. Risk category 1 includes securities which are insured or registered or are held by the state or its agent in the state's name. Investments in risk category 2 include uninsured and unregistered securities held by the counterparty's trust department or agent in the component unit's name (the primary government has no investments in risk category 2). Investments in risk category 3 include uninsured and unregistered securities held by the counterparty or by its trust department or agent, but not in the component unit's name (the primary government has no investments in risk category 3).

3. INTERFUND ACTIVITY

Interfund receivables and payables at June 30, 1994, including current portion of interfund advances, are summarized as follows (in thousands):

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 66,302	\$14,165	Police and Fire Consolidation	\$ -	\$ 1,900
Special Revenue Funds:			Teachers Retirement	-	55,778
Trunk Highway	\$ 8,043	\$ 3,459	State Employees Retirement	738	30,256
Highway User Tax Distribution	-	15,747	State Patrol Retirement	-	1,145
Federal	5,598	41,413	Correctional Employees Retirement	-	246
Natural Resources	1,747	-	Judicial Retirement	-	643
Health Care Access	-	10,907	Elective State Officers	360	1
Iron Range Resources	395	-	Legislative Retirement	5,668	110
Miscellaneous Special Revenue	1,984	6,067	Defined Contribution Fund:		
Total Special Revenue Funds	\$17,767	\$77,593	Unclassified Employees Retirement	1	105
Capital Projects Funds:			Investment Trust Fund:		
Transportation	\$ -	\$ 3,271	Minnesota Post-Retirement Investment	193,441	-
Building	-	316	Nonexpendable Trust Funds:		
Total Capital Projects Funds	\$ -	\$ 3,587	Permanent School	-	21,651
Debt Service Fund	\$ 1,543	\$ -	Environment and Natural Resources Trust	1,394	4,579
Enterprise Fund:			Expendable Trust Funds:		
State Lottery	\$ -	\$ 3,486	Municipal State-Aid Street	2,691	-
Internal Service Fund:			County State-Aid Highway	8,701	-
Central Motor Pool	\$ -	\$ 741	Endowment School	16,814	-
Fiduciary Funds:			Endowment	5	-
Pension Trust Funds:			Environment and Natural Resources Trust	4,579	-
Defined Benefit Pension Funds:			Agency Funds:		
Public Employees Retirement	\$ 382	\$99,922	Deferred Compensation	-	457
Police and Fire	8	4,007	Miscellaneous Agency	-	22
			Total Fiduciary Funds	\$234,782	\$220,822
			Total All Funds	\$320,394	\$320,394

The noncurrent portion of interfund advances at June 30, 1994, are summarized as follows (in thousands):

	Advances To Other Funds	Advances From Other Funds
General Fund	\$1,542	\$ -
Special Revenue Funds:		
Health Care Access	1,525	-
Miscellaneous Special Revenue	-	151
Enterprise Funds:		
Private Employer's Insurance	-	1,525
Internal Service Funds:		
State Printer	-	11
Central Motor Pool	-	1,380
Total All Funds	\$3,067	\$3,067

Component Units

Transfers-out to component units exceeds transfers-in from primary government by \$483,160,000 because the University of Minnesota (U of M) classifies the transfers as state appropriation revenue. The U of M state appropriation revenue exceeds the transfer-out to component units by \$68,700,000 because the U of M recognizes appropriation revenue when approved by the legislature under college and university basis of accounting. The remaining difference is the result of component units reporting on different fiscal years.

Due from primary government exceeds due to component units by \$141,372,000 of this difference \$138,677,00 is because the University of Minnesota recognizes state appropriations when approved by the legislature under college and university basis of accounting. The remaining difference is a result of reporting on different fiscal years. The U of M also recognizes \$19,025,000 due to the primary government for its required share of state general obligation debt service for which the primary government does not recognize a receivable.

4. LOANS AND NOTES RECEIVABLE

Loans and notes receivable, net of allowances for possible losses, as of June 30, 1994, consisted of the following (in thousands):

	General	Special Revenue	Capital Projects	Enterprise	Fiduciary
Student Loan Programs	\$ -	\$ -	\$ -	\$228,359	\$ -
Economic Development	8,006	37,060	-	-	8,277
School Districts	328	99,814	-	-	-
Energy	-	4,485	15,248	-	-
Agricultural	7,247	18,862	-	-	-
Transportation	-	18,977	-	-	-
Resources	1,979	-	-	-	-
Other	-	104	94	-	-
Total	\$17,560	\$179,302	\$15,342	\$228,359	\$8,277

Component Units

Metropolitan Council (Governmental)	\$9,982
Minnesota Technology	250
Housing Finance	1,458,957
Public Facilities Authority	286,498
University of Minnesota	54,400
Total	\$1,810,087

5. FIXED ASSETS

Primary Government

Summary of Changes in General Fixed Assets (in thousands)

	<u>Balances</u> <u>July 1, 1993</u>	<u>Additions</u>	<u>Deductions</u>	<u>Completed</u> <u>Construction</u>	<u>Adjustments</u>	<u>Balances</u> <u>June 30, 1994</u>
Land	\$ 238,214	\$ 8,115	\$ 73	\$ -	\$ 514	\$ 246,770
Buildings	1,059,847	1,872	1,301	47,982	996	1,109,396
Equipment	302,980	33,857	18,578	-	4,612	322,871
Construction in Progress	<u>155,603</u>	<u>55,363</u>	<u>-</u>	<u>(47,982)</u>	<u>(62)</u>	<u>162,922</u>
Total	\$1,756,644	\$99,207	\$19,952	\$ -	\$6,060	\$1,841,959

Governmental fund capital outlay expenditures totaled \$442,765,000 for fiscal year 1994. Of this amount, \$346,755,000 was for infrastructure fixed assets which are not included in general fixed assets. Donations of general fixed assets received during fiscal year 1994 are valued at \$1,326,000. Other adjustments were primarily corrections of prior year balances.

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1994 consisted of equipment costing \$50,227,000 and buildings costing \$1,781,000.

Authorizations and commitments as of June 30, 1994 for the largest construction in progress projects consisted of the following (in thousands):

	<u>Educational</u> <u>Buildings</u>	<u>Regional</u> <u>Treatment</u> <u>Centers</u>	<u>Veterans</u> <u>Home</u>	<u>Correctional</u> <u>Facilities</u>
Authorization	\$70,315	\$28,488	\$7,457	\$11,115
Expended through June 30, 1993	48,645	2,071	6,999	8,841
Unexpended Commitment	<u>19,437</u>	<u>24,216</u>	<u>15</u>	<u>1,297</u>
Available Authorization	\$ 2,233	\$ 2,201	\$ 443	\$ 977

Commitments are reserved in the fund balance for either encumbrances or long-term commitments.

Proprietary and fiduciary fund type fixed assets consisted of the following as of June 30, 1994 (in thousands):

	<u>Enterprise</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Combined</u> <u>Totals</u>
Land	\$ 3	\$ -	\$15,424	\$ 15,427
Buildings	95,323	-	-	95,323
Land and Building Improvements	38,716	2,263	-	40,979
Equipment	<u>22,224</u>	<u>86,404</u>	<u>1,722</u>	<u>110,350</u>
Total	\$156,266	\$88,667	\$17,146	\$262,079
Less: Accumulated Depreciation	<u>78,044</u>	<u>56,657</u>	<u>887</u>	<u>135,588</u>
Net Total	\$ 78,222	\$32,010	\$16,259	\$126,491

Land in the Permanent School Fund (nonexpendable trust fund) totaling 2,512,544 acres was donated by the federal government and is valued at the estimated fair market value at the time of donation.

Component Units

Component Unit fixed assets consisted of the following as of the end of their respective fiscal year (in thousands):

	Metropolitan Council 12-31-93	Minnesota Technology Incorporated 6-30-94	Housing Finance 6-30-94	Public Facilities Authority 6-30-94	Metropolitan Council (Proprietary) 12-31-93	National Sports Center Foundation 12-31-93	University of Minnesota 6-30-94	Combined Totals
Land	\$ -	\$ -	\$ -	\$ -	\$ 11,058	\$ -	\$ 36,815	\$ 47,873
Buildings and Improvements	-	-	-	-	127,214	48	1,314,173	1,441,435
Equipment	3,304	1,529	1,371	131	1,444,366	72	563,463	2,014,236
Other Fixed Assets	-	-	-	-	-	-	140,219	140,219
Total	\$ 3,304	\$ 1,529	\$ 1,371	\$ 131	\$ 1,582,638	\$ 120	\$ 2,054,670	\$ 3,643,763
Less: Accumulated								
Depreciation	-	717	780	93	448,282	31	978,270	1,428,173
Net Total	\$ 3,304	\$ 812	\$ 591	\$ 38	\$ 1,134,356	\$ 89	\$ 1,076,400	\$ 2,215,590

6. GENERAL LONG-TERM OBLIGATIONS

Primary Government

A summary of general long-term obligations at June 30, 1994 and the changes during fiscal year 1994 is as follows (in thousands):

	July 1, 1993 Balances	Increases	Decreases	June 30, 1994 Balances
Liabilities For:				
General Obligation Bonds	\$1,706,885	\$485,338	\$422,788	\$1,769,435
Revenue Bonds	39,350	-	3,450	35,900
Loans	42,218	-	5,481	36,737
Claims	54,103	308,391	-	362,494
Grants	395,126	424,874	395,126	424,874
Compensated Absences	154,227	36,957	-	191,184
Workers Compensation	108,961	22,789	14,893	116,857
Capital Leases	27,575	5,124	9,136	23,563
Pension Liabilities	564	2,733	-	3,297
Other Liabilities	5,391	-	2,451	2,940
Total	\$2,534,400	\$1,286,206	\$853,325	\$2,967,281

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	\$1,611,808	\$157,627	\$1,769,435
Revenue Bonds	-	35,900	35,900
Loans	-	36,737	36,737
Claims	306,000	56,494	362,494
Grants	424,874	-	424,874
Compensated Absences	115,883	75,301	191,184
Workers Compensation	98,692	18,165	116,857
Capital Leases	11,127	12,436	23,563
Pension Liabilities	3,297	-	3,297
Other Liabilities	2,940	-	2,940
Total	\$2,574,621	\$392,660	\$2,967,281

Principal and interest payment schedules (in thousands) are provided in the following table for general obligation bonds, revenue bonds, loans, capital leases and arbitrage. The liability for

grants was liquidated in October, 1994. There are no payment schedules for claims, compensated absences, workers compensation or pension liabilities.

<u>Fiscal Year (a)</u>	<u>General</u>	<u>Revenue</u>	<u>Capital</u>			<u>Totals</u>
	<u>Obligation</u>	<u>Bonds</u>	<u>Loans</u>	<u>Leases</u>	<u>Arbitrage</u>	
1995	\$ 251,506	\$ 5,614	\$ 5,248	\$11,421	\$2,524	\$ 276,313
1996	248,389	5,522	5,248	7,520	27	266,706
1997	221,586	5,522	5,248	4,213	27	236,596
1998	209,657	5,358	5,248	1,680	27	221,970
1999	202,270	4,459	5,248	452	308	212,737
Thereafter	<u>1,301,808</u>	<u>37,457</u>	<u>10,497</u>	<u>764</u>	<u>27</u>	<u>1,350,553</u>
Total Payments	\$2,435,216	\$63,932	\$36,737	\$26,050	\$2,940	\$2,564,875
Interest	<u>665,781</u>	<u>28,032</u>	<u>-</u>	<u>2,487</u>	<u>-</u>	<u>696,300</u>
Total Principal	\$1,769,435	\$35,900	\$36,737	\$23,563	\$2,940	\$1,868,575

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 November 1 of each year for state bonds issued by January 1, 1985, and on December 1 of each year for state bonds issued after January 1, 1985, 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 1994 the Department of Finance made the necessary transfers (in thousands) to the Debt Service Fund as follows:

General Fund	\$208,337
Special Revenue Funds:	
Trunk Highway Fund	13,754
Natural Resources Fund	58
Maximum Effort School Loan Fund	12,780
Miscellaneous Special Revenue Fund	2,601
Capital Projects Fund (Building Fund)	<u>10,643</u>
Total Operating Transfers to Debt Service Fund	\$248,173

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.

One issue of general obligation bonds is recorded as the liability of an enterprise fund, the State University Board Revenue Fund, because the earnings of the fund are pledged for repayment of these bonds. This fund makes debt service transfers to the Debt Service Fund, fulfilling the legal requirements for general obligation debt service. Debt service transfers and the earnings on them are reported as restricted assets in the enterprise fund and as funds held in trust in the Debt Service Fund. The Debt Service Fund makes the payments for these bonds. The General Fund remains secondarily liable for these bonds.

General Obligation Bond Issues

On August 1, 1993, \$210,000,000 in general obligation bonds were issued at a true interest rate of 5.15 percent and during fiscal year 1994 \$153,960,000 in general obligation bonds principal was repaid.

Advance Refunding

General obligation refunding bonds were issued on August 1, 1993, November 1, 1993, and April 1, 1994, in the amounts of \$146,995,000, \$91,720,000, and \$34,840,000 respectively with an

average interest rate of 5.13, 4.74 and 3.97 percent respectively to advance refunds of \$133,770,000, \$81,650,000 and \$51,625,000 respectively of the following outstanding bond series with the following average interest rates:

<u>Series</u>	<u>Interest Rates</u>
1991	6.61
1986	6.90
1987	6.80
1988	6.70
1992	6.03
1975	5.50
1976	5.50
1977	5.00
1978	4.95

The entire proceeds of \$271,055,000 (net of \$2,500,000 in discounts, accrued interest, underwriting fees and issuance costs) have been 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 added to the General Long-Term Obligation Account Group. The state remains contingently liable to pay the refunded bonds. The balance outstanding for all the extinguished debt at June 30, 1994 was \$851,820,000.

Outstanding Defeased Debt
(in thousands)

<u>Refunding Date</u>	<u>Refunding Amount</u>	<u>Refunded Amount</u>	<u>Outstanding Amount</u>	<u>Final Maturity Date</u>
August 1, 1986	\$ 236,500	\$ 227,800	\$ 48,300	July 2, 1994
April 1, 1988	182,500	165,450	116,500	August 1, 1995
August 1, 1992	243,100	230,480	191,980	August 1, 1998
May 1, 1993	292,260	273,190	246,640	August 1, 2000
August 1, 1993	146,995	133,770	133,770	August 1, 2001
November 1, 1993	91,720	81,650	81,650	August 1, 2002
April 1, 1994	34,840	51,625	32,980	July 1, 1994
Total	\$1,227,915	\$1,163,965	\$851,820	

The most recent refunding transactions will save the state aggregate debt service payments of approximately \$10.0 million and will result in an economic gain or present value savings of approximately \$7.8 million over the life of the refunded bonds.

A schedule of general obligation bonds authorized but unissued and bonds outstanding at June 30, 1994, is provided in the table below (in thousands):

<u>Purpose</u>	<u>Authorized But Unissued</u>	<u>Amount Outstanding</u>	<u>Interest Rates Range - %</u>
State Building	\$ 771,780	\$ 617,108	3.75 - 9.63
State Transportation	80,710	13,691	4.69 - 9.31
Waste Management	4,265	7,362	5.00 - 8.66
Water Pollution Control	2,767	54,181	4.58 - 8.66
Maximum Effort School Loan	14,990	108,621	5.00 - 8.40
Municipal Aid	4,330	-	
Reinvest in Minnesota	9,700	19,485	5.00 - 7.20
Rural Finance Administration	31,625	16,795	5.00 - 8.95
Natural Resources	-	1,000	5.10
Zoological Garden	-	1,100	4.99 - 5.70
Refunding Bonds	-	868,377	5.00 - 8.41
Exchange Bonds	-	6,290	.05
School Energy Building	3,950	6,510	5.00 - 9.31
Game and Fish Building	-	465	7.96 - 8.66
Trunk Highway	-	48,450	3.75 - 9.31
Airport Facilities	175,000	-	
Landfill	90,000	-	
Total	\$1,189,117	\$1,769,435	

Revenue Bonds Payable

Revenue bonds payable totaling \$35,900,000 reported in the General Long-Term Obligation Account Group are obligations of the Agricultural and Economic Development Board (AEDB). Minnesota Statutes Section 41A.022 authorizes the issuance of revenue bonds by the AEDB to promote economic development by providing loans to businesses in Minnesota. These bonds are to be repaid from loan repayments and interest earnings of the AEDB and are not a general obligation of the state.

The activities of this board were transferred to the Miscellaneous Special Revenue Fund by the 1989 legislature. A reservation of fund balance totaling \$22,301,000 for debt requirements is provided for these bonds.

Loans

Loans payable are the result of loans from local governments to the state for preliminary financing of highway construction projects. This financing provides advance funding of the state and federal share of these projects. Loan repayment without interest begins after completion of the related project.

Claims

Tax refund actions were filed by Minnesota banks in district courts. These plaintiff taxpayers contend that the state bank excise tax is unconstitutional because Minnesota excludes interest on state obligations and not on federal obligations. On April 1, 1994, the Minnesota Supreme Court ruled that the banks are entitled to refunds. On December 12, 1994, the United States Supreme Court denied the state's petition for writ of certiorari. The case will be remanded to the district court for further proceedings. The estimated liability of \$306,000,000 as of June 30, 1994 will be paid in future years from the General fund.

Additional claims are for workers' compensation claims for employees of uninsured and bankrupt firms. These claims are funded by an assessment on insurers and is payable from the Special Workers' Compensation Fund, a special revenue fund.

Grants

Various grant payments are based on data for one fiscal year but are paid from resources appropriated for the subsequent year. Where the payment is based on services or actions completed by the recipient as of June 30, 1994, we have determined that a long-term liability has been determined. Liabilities totaling \$424,874,000 for such grants are recognized at June 30, 1994. This amount includes \$383,484,000 in final payments for school aids for fiscal year 1994, payable in October, 1994. The remainder is for tuition reciprocity owed to surrounding states for the school year ended June 30, 1994, and for reimbursements to counties for property taxes lost as the state took over certain previously taxable property.

Compensated Absences

The liability for compensated absences for governmental funds totaling \$191,184,000 is primarily for vacation leave and for vested sick leave, which is payable as severance pay under specific conditions. Both amounts are paid only at the time of termination from state employment. This obligation will be liquidated using future resources at unspecified times.

Workers Compensation

The liability for workers' compensation reported is based on claims filed for injuries to state employees occurring prior to June 30, 1994, 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 meeting the criteria in GASB Statement 1, Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide. See Note 7 for minimum future payments under operating leases.

Pension Liabilities

The pension liabilities of \$3,297,000 represent the fiscal year 1994 funding deficit for the pension trust funds. This liability is the amount for any fund that the actuarially determined contribution requirement exceeds actual contributions made. See Note 15.

Other Liabilities

Other liabilities is the arbitrage rebate payable to the federal government of \$2,940,000. It is the estimate of excess earnings on tax-exempt bond proceeds and debt service reserves as required under the Tax Reform Act of 1986 and U.S. Treasury regulations and penalties. 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.

Component Units

The Metropolitan Council (MC) (governmental funds) issues general obligation bonds for parks, solid waste, sewers, and transportation, backed by the MC full faith and credit and taxing powers. The MC had \$534,620,000 in general obligation bonds outstanding for the year ended December 31, 1993.

In 1987, the MC issued \$ 37,600,000 in General Obligation Refunding Bonds to advance refund the last \$37,600,000 of maturities of the 1984 refunding issue beginning in 1994. The MC made the debt service payments until December 1993, at which time the issue was called using the escrowed funds.

In 1992, the MC issued \$62,375,000 in General Obligation Refunding Bonds which, with a payment of funds on hand, will advance refund \$40,000,000 of the 1986 General Obligation Bond Issue in 1995 and \$29,200,000 of the 1988 General Obligation Bond Issue in 1996.

7. LEASE AGREEMENTS

Operating Leases

The state and its component units are committed under various leases primarily for building and office space. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 1994 totaled \$41,677,000 and \$912,000 for the state and component units respectively. Lease expenditures for the year ended December 31, 1993 totaled \$2,304,000 for component units. Future minimum lease payments for existing lease agreements are as follows (in thousands):

Primary Government		Components Units			
Year Ending June 30	Amount	Year Ending June 30	Amount	Year Ending December 31	Amount
1995	\$ 40,192	1995	\$ 839	1994	\$ 2,329
1996	34,214	1996	226	1995	2,221
1997	31,959	1997	132	1996	2,058
1998	24,977	1998	-	1997	2,044
1999	7,226	1999	-	1998	1,950
Thereafter	903	Thereafter	-	Thereafter	400
Total	\$139,471	Total	\$1,197	Total	\$11,002

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 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 6).

8. LONG-TERM OBLIGATIONS - PROPRIETARY FUNDS

Revenue Bonds

Primary Government

The agencies listed below (enterprise fund activity) have the authority to issue, and have issued, bonds which are not general obligations of the state but are payable solely from rentals, revenues and other income, charges and monies as 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 State University Board (SUB) is authorized by Minnesota Statutes Section 136.41 to issue revenue bonds in the principal amount of \$104,800,000 to finance the acquisition, construction and remodeling of college buildings for residence hall, student union and food service purposes.

The Higher Education Coordinating Board (HECB) 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 of such bonds outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds, may not exceed \$550,000,000.

The Minnesota Community College System (MCCS), which is included in the College and Universities Enterprise Activities, finance the construction of a dormitory and a modular housing project through the Higher Education Facilities Authority. The \$2,055,000 debt for these two projects is reported by the MCCS in the College and University Enterprise Activities.

Component Units (proprietary funds)

The Public Facilities Authority (PFA) is authorized by Minnesota Statutes Sections 446A.08 and 446A.12 to issue revenue bonds for the purpose of making loans to municipalities for wastewater treatment facilities. The amount of such bonds outstanding at any time shall not exceed \$350,000,000.

The Housing Finance Agency (HFA) is authorized by Minnesota Statutes Section 462A.08-.14 to issue its bonds and notes for the purpose of providing funds for rehabilitation loans, construction loans and mortgage loans to sponsors of residential housing for families of low and moderate income, or for refunding bonds. The amount of such bonds outstanding at any time shall not exceed \$2,400,000,000. During fiscal year 1994, the HFA called \$390 million in bonds prior to their scheduled maturities, resulting in an extraordinary loss of \$10,212,000. Payments were made from excess revenues.

The Metropolitan Council (MC) issues stadium revenue bonds and transportation general obligation bonds backed by the MC in full faith and credit and taxing powers.

The University of Minnesota issues revenue bonds and general obligation bonds for capital projects at its campuses and the University Hospital and Clinic.

General Obligation Bonds

General obligation bonds have been issued for the State University Board (SUB) Revenue Fund (an enterprise fund). The liability for these bonds is reported in that fund. The earnings of the fund are pledged for repayment of the general obligation bonds and any revenue bonds sold for the same purpose. At June 30, 1994, the total of general obligation bonds outstanding in the State University Board Revenue Fund was \$3,220,000.

Bond Defeasances

For proprietary fund debt that was defeased in prior years through in-substance defeasances, the outstanding defeased amount as of June 30, 1994 for SUB is \$34,570,000. SUB remains contingently liable to pay this defeased debt.

Future Debt Repayments

Primary Government

Long Term Debt Repayment Schedule
Proprietary Funds - June 30, 1994
(in thousands)

Fiscal Year(s)	Revenue Bonds			General Obligation Bonds
	SUB	HECB	MCCS	SUB
1995	\$ 2,220	\$ 6,880	\$ 75	\$ 961
1996	2,685	6,824	80	916
1997	2,674	7,768	85	872
1998	2,700	7,700	95	828
1999	2,710	6,333	95	-
Thereafter	<u>56,175</u>	<u>82,515</u>	<u>1,625</u>	<u>-</u>
	\$69,164	\$118,020	\$2,055	\$3,577
Unamortized (Discount)/Premium	-	(117)	-	-
Interest	(36,809)	(41,320)	-	(357)
Bond Principal	\$32,355	\$76,583	\$2,055	\$3,220

Component Units

Long Term Debt Repayment Schedule
Component Units - June 30, 1994
(in thousands)

Fiscal Year(s)	Revenue Bonds				General Obligation Bonds	
	HFA	PFA	MC*	U of M	U of M	MC*
1995	\$ 135,152	\$ 22,029	\$ 4,029	\$ 515	\$ 7,515	\$ 467
1996	150,807	21,832	4,031	540	8,230	445
1997	151,621	22,706	4,031	570	8,455	325
1998	147,155	23,663	4,029	610	8,705	308
1999	144,210	24,397	4,029	645	9,975	-
Thereafter	<u>3,102,972</u>	<u>294,983</u>	<u>40,305</u>	<u>12,925</u>	<u>204,025</u>	<u>-</u>
	\$3,831,917	\$409,610	\$60,454	\$15,805	\$246,905	\$1,545
Unamortized (Discount)/Premium	-	(125)	-	-	-	-
Interest	(1,905,146)	(156,075)	(20,644)	-	-	(145)
Accretion	-	(17,222)	-	-	-	-
Bond Principal	\$1,926,771	\$236,188	\$39,810	\$15,805	\$246,905	\$1,400

*MC fiscal year ends December 31.

9. 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, 1994 were as follows (in thousands):

Special Revenue Fund:	
Trunk Highway Fund	\$182,509
Capital Projects Funds:	
General Project Fund	1,323
Transportation Fund	22,435
Building Fund	<u>145,233</u>
Total Primary Government	<u>\$351,500</u>
Component Unit:	
University of Minnesota	\$291,213

10. 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 for that purpose. The tort claims appropriations for the fiscal year ending June 30, 1992 were \$903,000, and payments were \$882,883.42; for the fiscal year ending June 30, 1993, appropriations were \$903,000 and payments were \$652,649; for the fiscal year ending June 30, 1994, appropriations were \$900,000 and payments were \$495,878. The maximum limits of liability for tort claims are \$200,000 for any individual claim and \$600,000 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 moneys of over \$10,000,000 in excess of current levels.

a. At any one time, there are hundreds of long-term care rate appeals pending with the Department of Human Services. In the aggregate, it is possible that the adverse impact of the appeals exceeds \$10 million. Any liability comes from a combination of the federal and general funds and a lesser amount from local governmental units.

b. 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.

c. 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 State University System, and other potentially responsible parties for clean-up 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.

d. Alternative Minimum Tax (AMT) actions. Agrigenetics Corporation v. James and other actions. Ramsey County District Court. Plaintiffs challenge the constitutionality of the corporation alternative minimum tax enacted in 1987. Taxes collected under the challenged tax amounted to approximately \$160 million for the 1987-1989 tax years. The contested tax was repealed by the 1990 Legislature. There are now more than seventy such actions scheduled for trial on a consolidated basis in January, 1995. Any liability would impact the state's General Fund.

e. Association of Resources for the Retarded in Minnesota, Inc., et al. v. Wynia and Steffen, United States, District of Minnesota, District Court. Plaintiff, a trade association which represents providers of residential services for persons with mental retardation, has challenged the state's administration of the medical assistance reimbursement system, from which plaintiffs' members derive nearly all of their revenue. The state and all but one of the plaintiffs have entered into a settlement which will cost the state approximately \$2.5 million through the end of the fiscal year 1995. The portion of the litigation dealing with the constitutionality of the medical assistance reimbursement system relating to wages has not been settled, and is still ongoing. The potential loss to the state as a result of this one remaining issue exceeds \$10 million, and may impact the state's General Fund. The federal district court recently upheld the constitutionality of the medical assistance reimbursement system relating to wages. That decision was appealed to the Eighth Circuit Court of Appeals.

f. Boyle v. Anderson, United States District Court. The plaintiffs are thirteen union-based self-insured ERISA health plans. They have sued the state commissioners of Health, Revenue, and Human Services, and the administrator of the Minnesota Care program in the Department of Human Services, for declaratory and injunctive relief. Plaintiffs claim the Minnesota Care law is preempted by ERISA and the Labor-Management Relations Act to the extent that it permits health care providers and hospitals who are subject to the 2 percent gross revenues tax under the Minnesota Care legislation to pass the cost of that tax on to self-insured ERISA plans that pay for health care services on behalf of the members. The district court granted summary judgment to the defendants, holding that there is no preemption. The case has been appealed to the Eighth Circuit Court of Appeals. No date has been set for argument. The potential fiscal impact of the suit is unclear at the present time since it is dependent not only on which party prevails, but also on the nature of the remedy granted. The Department of Revenue estimates that the portion of the provider/hospital tax that has and will come from self-insured ERISA plans for fiscal year 1994 is at \$25.7 million, and for fiscal year 1995 is \$51.9 million.

g. General Motors Corporation v. McClung and General Motors Acceptance Corporation v. McClung, Ramsey County District Court. These companion cases seek substantial tax refunds, potentially exceeding \$10 million, as well as injunctive and declaratory relief, for various tax periods from 1974 through 1981. Plaintiffs allege among other things that: (1) dividend income from certain domestic and foreign subsidiaries was not apportionable income; (2) interest income on U.S. Government obligations was exempt and not apportionable; (3) certain long term and short term capital gains were not apportionable; (4) all of plaintiffs' gross receipts were includable in the sales factor of the apportionment formula; (5) plaintiffs were not subject to income tax in relation to some assessments; and (6) penalties were improperly assessed. If sustained, plaintiffs' refund claims would impact the state's General Fund. Trial is scheduled for February 13, 1995, and no further postponements are anticipated.

h. McMaster et al. v. State of Minnesota et al. United States Supreme Court. This lawsuit involves the issue of whether or not prisoners in state prisons are to be considered as employees under the unfair labor practices act, and therefore entitled to be paid minimum wages. The amount of potential recovery is in excess of \$10 million. The district court granted the state's motion for summary judgment on the grounds that the complaint failed to state a claim for which relief could be granted. The Eighth Circuit Court of Appeals affirmed the district court's decision granting the state's motion to dismiss. Plaintiffs have sought U.S. Supreme Court review.

11. CONTINGENT LIABILITIES - OTHER

Primary Government

Pension Trust Funds

In addition to the pension trust funds included in the reporting entity (see Note 15), there are other public employee pension funds for whose unfunded liability the state may be contingently liable. These are pension trust funds where the state is funding a portion of the unfunded liability. The pension trust funds involved, the year end for which the most current data is available, and the unfunded liabilities are provided below (in thousands):

Minneapolis Employee Retirement Fund	June 30, 1993	\$284,321
Minneapolis Teachers Retirement Fund	June 30, 1993	\$376,952
St. Paul Teachers Retirement Fund	June 30, 1993	\$177,891
Local Police and Fire Funds	December 31, 1993	\$119,233

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 the Police and Fire Consolidation funds. The unfunded liabilities and net assets available at June 30 for funding of these pension funds are provided in Note 15.

All of the above unfunded liabilities 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 (MS 115C) requires the state to reimburse owners for most of their costs to clean up contamination from leaks and spills from petroleum tanks. The payments will be from the Petroleum Tank Cleanup Fund (Petrofund), a special revenue fund. It is certain that a significant number of unreported tank contamination sites and cleanup costs presently exist which will require Petrofund expenditures. As of June 30, 1994, cumulative expenditures of \$171 million have been made by the Petrofund. Various studies have estimated that the total of all payments for the program may reach \$450-\$800 million of cleanup costs (based on data available through July, 1992).

Component Units

The Regional Transit Board (RTB), a component unit of the Metropolitan Council, enters into contracts with various providers of transit services. Unpaid commitments for transit services totaled approximately \$96,000,000 as of December 31, 1993. Based upon the RTB's transit levy authority granted by statute, management fully expects that it will be able to fulfill its contractual obligations for transit services.

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

In 1992, the Workers' Compensation Reinsurance Association (WCRA) approved the distribution of excess surplus to participating insurers. The Minnesota legislature mandated that the excess surplus be returned by the insurers to the policyholders. The U.S. District Court has held that

this mandate is unconstitutional and the insurers are entitled to the excess surplus, not the policyholders. Since that ruling, the commissioners of the Department of Labor and Industry and the Department of Commerce have appealed the decision to the Eighth U.S. Circuit Court of Appeals. In 1994, additional excess surplus was returned to the insurers by the association. The WCARP returned the first WCRA refund of \$5,056,000 to its policyholders in 1993. The second refund of \$31,900,000 was received on April 29, 1994 and will be returned to policyholders.

The University of Minnesota (U of M) has construction projects in progress, principally buildings, that have been included in the assets of the plant funds at June 30, 1994, approximate \$53,524,000. The estimated cost to complete these facilities is \$291,213,000, to be funded from currently available plant fund assets.

The U of M owns certain steam production facilities for heating and cooling the Twin Cities campuses and by agreement are managed, operated, and maintained by an unaffiliated company. The term of the agreement is for 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, 1994 is as follows (in thousands):

Fiscal Year Ending June 30	
1995	\$5,499
1996	5,499
1997	5,499
1998	4,849
1999	4,849
Thereafter	<u>87,282</u>
Total	\$113,477

The Social Security Administration has claims against the U of M regarding social security taxes related to medical students for the years 1987 through 1990. The U of M estimates that the total amount of tax at issue for the period January 1, 1987 through September 30, 1990 is approximately \$11,300,000, excluding interest. The U of M is contesting this claim. No liability for these taxes has been recorded in the financial statements.

Other Contingent Liabilities

The National Sports Center Foundation's (NSCF) financial statements are presented on the basis the NSCF will be able to continue in existence as a going concern. The extent of the state loss would be the deficit of \$255,000.

12. NORTHWEST AIRLINES MAINTENANCE FACILITIES

The 1991 Minnesota Legislature authorized the commissioner of Finance to issue up to \$350 million of state revenue bonds, including up to \$250 million for the construction of an aircraft maintenance facility and up to \$100 million for the construction of an engine repair facility. The commissioner may loan the proceeds of the revenue bonds, make other loans, or enter into lease or other financing agreements for these projects. In case of a default, the commissioner is authorized to pledge to issue up to \$175 million of state general obligation bonds to provide security for the revenue bonds.

In March, 1992, the state, the Metropolitan Airports Commission, Northwest Airlines and several local government units signed documents which commit the state and/or its political subdivisions to build and finance the facilities. Northwest Airlines is committed to leasing both of these facilities for 30 years.

In April, 1994, the state, the Metropolitan Airports Commission, and Northwest Airlines reached a non-binding understanding - a proposal to modify the Duluth facility and terminate the engine

repair facility. The aircraft maintenance facility, estimated to cost approximately \$45 million, would be built in Duluth, Minnesota. The state is proposing to issue approximately \$50 million in revenue bonds to finance the costs of the facility. The debt service on the bonds would be made from lease payments made by Northwest Airlines and payments by the city of Duluth. The commissioner of Finance is proposing to pledge the full faith and credit of the state to secure approximately \$43 million of the bonds. The first revenue bonds for the facility are expected to be issued in December, 1994. Northwest Airlines would be committed to leasing the facility for thirty years.

An engine repair facility would not be built. A reservation center would be built in Chisholm, Minnesota. The financing for this facility will come from the Iron Range Resources and Rehabilitation Board. No state bonds would be issued and no state general obligation pledge would provide security for the financing of this facility.

13. EQUITY

Contributed Capital

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

Source	PRIMARY GOVERNMENT			COMPONENT UNITS
	Internal			Proprietary
	Enterprise	Service	Total	
	Funds	Funds		
Contributed Capital, July 1, 1993, as Restated	\$15,818	\$6,045	\$21,863	\$601,569
Additions:				
General Fund Contributions	115	-	\$115	
Federal Grants	-	-	-	32,596
Reductions:				
Amortization/Depreciation on Fixed Assets				
Acquired with Contributed Capital	(362)	(1)	(363)	(24,182)
Contributed Capital, June 30, 1994	\$15,571	\$6,044	\$21,615	\$609,983

Retained Earnings

Reserved Retained Earnings - Primary Government

The College and University Enterprise Activities Fund reports a retained earnings reserved per law of \$42,334,000. This retained earnings is the cumulative federal subsidy for the federal student loan program.

Reserved Retained Earnings - Component Units

The Minnesota Housing Finance Agency funds report a reserved retained earnings per law of \$50,000,000. This retained earnings is the unused portions of state appropriations provided for specific programs. These programs are primarily for interest rate reduction on housing mortgages and home improvement loans.

Deficit Retained Earnings - Primary Government

Historically, the Chemical Dependency Treatment Fund, an enterprise fund, has had deficit retained earnings because rates charged for services were insufficient to cover costs. The deficit retained earnings of \$3,859,000 is not expected to be eliminated in the near future.

The Private Employers Insurance Trust Fund, an enterprise fund, has a deficit retained earnings because premiums charged for services were insufficient to cover costs. The deficit retained earnings of \$861,000 is expected to be reduced in the future due to increased premiums.

Deficit Retained Earnings - Component Units

The Minnesota Workers' Compensation Assigned Risk Plan provides workers' compensation and employers liability coverage for Minnesota employers who have been unable to obtain an insurance policy through the voluntary market. The deficit retained earnings of \$95,931,000 is not expected to be eliminated in the near future. To the extent that the assets of the plan are inadequate to meet its obligations, the commissioner of Commerce shall assess all licensed workers' compensation insurance companies doing business in the state of Minnesota.

The National Sports Center Foundation (NSCF) has a deficit retained earnings because rates charged and sponsorship funding for services were insufficient to cover costs. The NSCF has taken aggressive actions in the past two years to reduce operation costs and actively pursue sporting events and sponsors as well as to expand the scope of events hosted. The deficit retained earnings of \$255,000 is not expected to be eliminated in the near future.

Fund Balances

Reserved Fund Balances - 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.

The Budgetary Reserve in the General Fund is an amount appropriated by the legislature for use only when it appears that probable receipts will be less than anticipated and that 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 amounts necessary from the reserve to the unreserved fund balance.

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 the local school districts.

Reserved for Other totaling \$8,783,000 in the special revenue funds consists primarily of petroleum overcharge fines (\$3,541,000 in the Federal Fund and \$5,242,000 in the Miscellaneous Special Revenue Fund) allocated by the federal courts to be used for energy conservation programs.

Reserved for Other - University of Minnesota (component unit), totaling \$673,114,000, 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 Balances - 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 Funds (special revenue fund) 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

Education	\$ 23,759
Economic Development	77,065
Health and Social Services	29,935
Transportation	2,593
Resource Management	7,825
Miscellaneous	12,202

Expendable Trust Funds

Economic Development	\$ 329,960
Resource Management	11,790
Miscellaneous	12,792

Designated for Fund Purposes of Governmental Component Units totaling \$221,476,000 in the Metropolitan Council is to be used primarily for debt service.

Deficit Fund Balances - Primary Government

The Special Workers Compensation Fund (special revenue fund) provides supplementary workers compensation benefits to workers whose injury or disability meets certain requirements. For the most part, payments from this fund are reimbursements to insurance companies for payments to eligible injured workers. Funding for these reimbursements comes from an assessment on insurers and self-insurers. The fund deficit, \$3,699,000, at June 30, 1994 will be reduced through increases in the assessment rate.

The Transportation Fund (capital projects fund) has a deficit fund balance of \$1,215,000 due to spending of anticipated but unissued bond.

14. PRIOR PERIOD ADJUSTMENTS AND REPORTING CHANGES**Prior Period Adjustments**

The Higher Education Coordinating Board established an allowance for doubtful loans in fiscal year 1993, not reported for fiscal year 1993, resulting in a prior period adjustment of \$4,744,000. Memorandum totals of the prior year's statements have been restated to reflect these adjustments to provide a better comparison to the current year.

Changes in Reporting Entity

Minnesota Technology, Inc. (MTI), with a June 30, 1993 fund balance of \$12,392,000, was previously reported in the Miscellaneous Special Revenue Fund. MTI now is reported as a component unit of the primary government.

Management Analysis Services, with a June 30, 1993 retained earnings balance of \$94,000, was previously reported in the Miscellaneous Special Revenue Fund. Management Analysis Services was merged during fiscal year 1994 with the Central Services Fund (internal service fund).

The State University System moved self-supporting activity of \$1,806,000 from the Miscellaneous Special Revenue Fund to the College and University Enterprise Activity Fund.

The Reinvest in Minnesota Fund (capital projects fund), with a June 30, 1993 fund balance of \$1,991,000, was merged with the Building Fund (capital projects fund) for fiscal year 1994.

The Housing Finance Agency Loan Fund and the Public Facilities Authority Fund, with June 30, 1993 retained earnings of \$415,721,000 and \$4,177,000 respectively, were previously reported as enterprise funds of the primary government. These funds now are reported as component units of the primary government.

The Higher Education Facilities Authority Fund, with a June 30, 1993 retained earnings balance of \$3,270,000, was previously reported as an enterprise fund of the primary government. Based upon the new definition of a reporting entity, the Authority is a related organization.

The Private Employers Insurance Fund, with a June 30, 1993 deficit retained earnings of \$249,000, was previously reported in the Miscellaneous Agency Fund. Private Employers Insurance Fund now is reported as an enterprise fund.

Memorandum totals of prior year's statements have been restated to reflect these adjustments to provide a better comparison to the current year.

15. PENSION TRUST FUNDS

Primary Government

The state of Minnesota performs a fiduciary role for several pension trust funds. For some of these, the state contributes as an employer, and for others performs only a fiduciary role. These pension funds are categorized as either Defined Benefit, Defined Contribution, or Investment Trust funds. All of the pension trust funds are reported on the accrual basis of accounting, which means that employer and employee contribution revenues are recognized in the period in which the employee services are provided. Investments for the Defined Contribution and Investment Trust funds are reported at market value. For the Defined Benefit funds, short-term and equity investments are reported at cost with fixed income securities at amortized cost.

The contribution rates for all pension plans are set by statute. Actuarial valuations are performed annually for all of the defined benefit plans. The results of these valuations are not used to determine the annual contribution, but rather to determine if adjustments are needed in the defined benefit statutory rates to assure full funding by the target date.

Defined Benefit Pension Funds

Plan Descriptions

The defined benefit pension funds presented in the financial statements include various statewide public employee groups. The employee groups covered, eligibility, and benefit provisions for each fund, as of July 1, 1994, are described below. Vesting occurs after three years for all but the Judicial, Legislators and Elective State Officers plans. Salary base used for calculating annuities in all cases is the average of the employee's salary for the high five successive years of service. Annuity formulas vary for "basic" members (those whose benefits are not coordinated with federal social security) and "coordinated" members (those whose benefits are offset due to social security participation).

Multiple employer, cost-sharing plans:

The Public Employees Retirement Fund (PERF) covers employees of various governmental subdivisions, including counties, cities, school districts and related organizations. 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 and 2.5 percent, and for coordinated members, 1 and 1.5 percent. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental subdivisions who, prior to 1981, were not covered by a local relief association and covers all those hired since 1980. At age 55, with at least three years service, the employee is eligible for an unreduced annuity. The annuity is 2.65 percent for each year of service. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

The Teachers Retirement Fund (TRF) covers teachers and other related professionals employed by the school districts or by the state. 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 2.13 and 2.63 percent, and for coordinated members, 1.13 and 1.63 percent. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.

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. 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 percent and 1.5 percent. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.

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. Annuity is based on 2.5 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 based on 2.5 percent for each year of service not to exceed 75 percent of average salary.

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 2.5 percent for each year of service (3 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. Annuities are 2.5 percent for each year of service.

Defined Benefit Pension Plans
Membership and Payroll

	Single Employer					Multiple Employers				
	<u>CERF</u>	<u>SPRF</u>	<u>JRF</u>	<u>ESOF</u>	<u>LRF</u>	<u>State is an Employer</u>		<u>State is not an Employer</u>		
						<u>SERF</u>	<u>TRF</u>	<u>PERF</u>	<u>P&FF</u>	<u>PFCF</u>
Membership as of July 1, 1994:										
Statutory Authority Minnesota, Chapter	352	352B	490	352C	3A	352	354	353	353	353A
Retirees and beneficiaries currently receiving benefits	431	529	207	11	205	15,951	23,155	36,376	1,874	1,945
Terminated employees: Vested - not yet receiving benefits	242	21	6	4	133	4,818	4,499	6,277	234	32
Non-vested - entitled to refund	44	3	-	-	6	4,744	16,147	9,180	140	-
Active employees covered:										
Vested	1,249	740	196	3	109	39,002	49,731	86,594	5,818	1,070
Non-vested	572	48	69	3	92	10,356	16,763	33,605	1,225	47
Current year covered payroll	\$53,061	\$34,394	\$22,243	\$373	\$6,298	\$1,433,289	\$2,104,578	\$2,595,000	\$277,269	\$56,445

The Legislative Retirement Fund (LRF) covers members of the state's House of Representatives and Senate. Six years are required for vesting; normal retirement age is 62. Annuity is 2.5 percent for each year of service.

Multiple employer, agent plan:

The Police and Fire Consolidation Fund (PFCF) covers police officers and firefighters belonging to a local relief association that elected to merge with the Public Employee Retirement Association (PERA). Local relief associations continue to merge with the PERA, continually increasing membership in the PFCF. Minimum age and other benefit provisions vary from one relief association to another. Participants have the option to elect benefit coverage of the P&FF (see above) or retain benefit coverage provided under their relief association plan. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

Membership and payroll for the various plans are provided in the table above (dollars in thousands). The total payroll for the state for the year ended June 30, 1994 was \$1,281,735,000. State payroll for employees covered by the SERF was \$1,006,147,000 and for those covered by the TRF was \$159,219,000.

Funding Status

The amounts shown (dollars in thousands) in the table below as the Pension Benefit Obligation (PBO) are a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the funding status of the retirement plans on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers and retirement funds. This measure is independent of the actuarial funding method used to determine contributions to the retirement funds.

The single employer retirement plans in which the state participates had a combined PBO of \$488,495,000 and net assets available for benefits, at cost, of \$434,494,000 (\$456,819,000 market value).

At the end of each fiscal year, actuarial valuations are prepared by an independent actuary hired by the legislature to calculate the pension benefit obligation and to determine whether adjustments in the statutory contribution rates are necessary. The pension benefit obligation information in the schedule below is based on the actuarial valuations for the most current year available, July 1, 1993 or 1994 as indicated.

Defined Benefit Pension Plans' Funding Status

	Single Employer					Multiple Employers				
						State is an Employer		State is not an Employer		
	<u>CERF</u>	<u>SPRF</u>	<u>JRF</u>	<u>ESOF</u>	<u>LRF</u>	<u>SERF</u>	<u>TRF</u>	<u>PERF</u>	<u>P&FF</u>	<u>PFCF</u>
Actuarial Valuation Date	7/1/93	7/1/93	7/1/93	7/1/93	7/1/93	7/1/93	7/1/94	7/1/94	7/1/94	7/1/94
Pension Benefit Obligation:										
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$48,440	\$117,805	\$49,473	\$1,611	\$24,283	\$1,149,575	\$3,717,500	\$3,027,087	\$364,945	\$424,962
Current employees:										
Accumulated employee contributions including allocated investment income	24,848	46,302	14,887	401	4,104	736,405	2,172,694	793,249	174,899	47,000
Employer-financed vested	36,858	61,591	14,608	429	5,549	998,315	2,307,366	1,602,766	353,392	213,669
Employer-financed non-vested	<u>5,742</u>	<u>21,935</u>	<u>8,464</u>	<u>107</u>	<u>1,058</u>	<u>173,619</u>	<u>266,116</u>	<u>202,496</u>	<u>127,714</u>	<u>18,506</u>
Total Pension Benefit Obligation	\$115,888	\$247,633	\$87,432	\$2,548	\$34,994	\$3,057,914	\$8,463,676	\$5,625,598	\$1,020,950	\$704,137
Net assets available for benefits, at cost	<u>132,824</u>	<u>240,074</u>	<u>44,106</u>	<u>322</u>	<u>17,168</u>	<u>2,846,117</u>	<u>7,592,216</u>	<u>4,733,845</u>	<u>1,229,769</u>	<u>642,172</u>
Unfunded (Assets in excess of) pension benefit obligation	(\$16,936)	\$7,559	\$43,326	\$2,226	\$17,826	\$211,797	\$871,460	\$891,753	(\$208,819)	\$61,965
Net assets available for benefits, at market value	\$142,166	\$252,907	\$44,256	\$322	\$17,168	\$3,024,499	\$7,651,375	\$4,966,893	\$1,266,383	\$649,977

Actuarial assumptions used in preparing actuarial information provided in the defined benefit tables were:

- Projected Salary increases were changed from 6.5 percent to a composite rate of 6 percent for PERF and 5 percent for SERF and TRF, including merit and seniority to reflect experience of the plans. All other plans remained at 6.5 percent.
- Mortality rates were updated to the 1983 Group Annuity Mortality table for PERF, SERF and TRF. All other plans used the 1971 table.
- Pre-retirement investment return of 8.5 percent.
- Post-retirement investment return of 5 percent.

Changes in Plan Provisions

Several changes were made to annuity options and actuarial valuation methodology for the plans. These changes produced a positive impact for TRF, a negative impact for PERF, and for the other retirement funds the effects were immaterial.

The TRF annuity formula was improved by 0.13 percent for all future retirees. This change was actuarial funded by a 2 percent increase in active employee contributions. The employer contributions required no increase.

Contributions - Required and Made

Contributions made are based on rates set in statute. Except for the Elective State Officers Retirement and the Legislative Retirement funds, all of the defined benefit pension funds are funded using level contribution rates which are intended to be sufficient to fully fund the accrued actuarial liabilities by the year 2020 (2010 for PFCF).

The Legislative Retirement Fund is terminally funded. At the time of retirement, members' contributions are supplemented by employer contributions from the General Fund in an amount sufficient to provide the necessary resources for future annuity payments discounted at the assumed rate of return of 5 percent for the Post Retirement Investment Fund. The Elective State Officers Fund operates on a pay-as-you-go basis. If the fund's resources are fully depleted, employer contributions, in an amount sufficient to pay current obligations, will be made from the General Fund. The actuarially determined contribution requirements, necessary to pay pension benefits when due, were computed using the entry age normal cost (entry age actuarial cost) method. Actuarial assumptions used to calculate the required contribution are the same as those used to calculate the pension benefit obligation above.

The actuarially determined contribution requirements and contributions actually made, along with the funding surplus or deficit, are provided in the table below for all funds (dollars in thousands). The state's actuarially determined contribution requirement was 70.2 percent and 7.6 percent of the total required contributions for the State Employees Retirement and the Teachers Retirement funds respectively.

The 1993 Legislature decreased the retirement contributions for P&FF and PFCF prior to the start of fiscal year 1994. Employee and employer contribution rates were decreased to 7.6 and 11.4 percent respectively.

**Defined Benefit Pension Plans
Contributions Required and Made**

	Single Employer					Multiple Employers				
	CERF	SPRF	JRF	ESOF	LRF	State is an Employer		State is not an Employer		
						SERF	TRF	PERF	P&FF	PFCF
Contributions Made:										
By Employee	\$2,679	\$3,004	\$1,416	\$36	\$593	\$62,555	\$100,803	\$112,940	\$21,806	\$3,030
% of covered payroll	4.90%	8.50%	6.36%	9.00%	9.00%	4.07%	4.52%	4.36%	7.80%	7.80%
By Employer *	\$3,355	\$5,159	\$6,369	\$164	\$1,618	\$60,741	\$171,855	\$119,390	\$32,536	\$15,195
% of covered payroll	6.27%	14.88%	22.00%	N/A	N/A	4.20%	8.16%	4.68%	11.70%	11.70%
Total contributions made	\$6,034	\$8,163	\$7,785	\$201	\$2,211	\$123,296	\$272,658	\$232,330	\$54,342	\$18,225
Actuarial determined contribution requirements	\$5,821	\$7,546	\$5,848	\$144	\$1,960	\$127,993	\$268,334	\$248,601	\$48,383	\$18,225
% of covered payroll	10.97%	21.94%	26.29%	38.64%	31.12%	8.93%	12.75%	9.58%	17.45%	N/A
Funding surplus (deficit) **	\$213	\$617	\$1,937	\$57	\$251	(\$4,697)	\$4,324	(\$16,271)	\$5,959	\$ -

* Contributions include \$164,000, \$1,618,000 and \$9,135,000 for employer lump sum paid contributions for ESOF, LRF and PFCF respectively.

** Funding deficit for which the state is liable (70.2% of the SERF deficit) has been included in the General Long-Term Obligation Account Group.

Trend Information

Trend information provides an indication of the progress made toward accumulating sufficient assets to pay benefits when due. Three-year trend information is provided below for those retirement funds for which the state is the sole employer.

Employer contribution rates are authorized by state statutes. Ten-year trend information, providing information about progress made in accumulating sufficient assets to pay benefits when due, is available for each retirement fund in the separately issued Comprehensive Annual Financial Reports for the Minnesota State Retirement System, Public Employees Retirement Association and the State Teachers Retirement Association.

Three Year Historical Trend Information (Unaudited)

	<u>CERF</u>	<u>SPRF</u>	<u>JRF</u>	<u>ESOF</u>	<u>LRF</u>
Net assets available for benefits expressed as a percent of the pension benefit obligation:					
1993	115%	97%	50%	13%	49%
1992	113%	98%	47%	15%	47%
1991	109%	92%	45%	14%	49%
Unfunded (assets in excess of) pension benefit obligation expressed as a percent of annual covered payroll:					
1993	(33%)	21%	198%	597%	262%
1992	(29%)	14%	204%	515%	272%
1991	(21%)	53%	198%	435%	223%
Employer contributions expressed as a percent of annual covered payroll:					
1993	6%	15%	22%	24%	34%
1992	6%	15%	22%	28%	10%
1991	6%	15%	29%	11%	28%

Defined Contribution Funds

The Defined Contribution Funds presented in the financial statements include various statewide public employee retirement funds for 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

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 percent for employee and 6 percent for employer. Vesting occurs immediately, and normal retirement age is 55. Annuity is based on age and value of participant's account. Participation and funding for the fiscal year ended June 30, 1994, were as follows (dollars in thousands):

Total employees covered	2,586
Annual payroll of covered employee	\$67,598
Total employee contributions	\$2,969
Contributions as percent of annual covered payroll	4%
Total employer contributions	\$4,107
Contributions as percent of annual covered payroll	6%

The Community College (CC) and State University (SU) Supplemental Retirement Funds, authorized by Minnesota Statutes, Chapter 136.80 and Chapter 354B, covers unclassified teachers, librarian, administrators, and certain other community college and state university staff members who have been employed full-time for a minimum of two academic years. Participation is mandatory for qualified employees. These funds consist of an Individual Retirement Account Plan (IRAP) and a Supplemental Retirement Plan (SRP). For the CC's IRAP, the employer and employee statutory contribution rates are 6 and 4.5 percent respectively. The SU has two member groups participating in the IRAP, one for faculty and one for managerial employees. For the faculty, the employer and employee statutory contribution rates are 6 and 4.5 percent respectively, while for the managerial employees, the employer rate is 6 percent and the employee rate is 4 percent. For the SRP, the statutory contribution rate is 5 percent of salary between \$6,000 and \$33,000. Vesting occurs immediately, and normal retirement is age 55. Participation and contributions for the year ended June 30, 1994 were as follows (dollars in thousands):

	<u>Community College</u>	<u>State University</u>
Total employees covered	2,200	3,932
Total employee contributions	\$2,995	\$5,478
Total employer contributions	\$2,438	\$6,243
Total annual payroll for covered employees	\$117,147	\$111,962
Contributions as percent of annual covered payroll	5%	4%

Investment Trust Funds

The Investment Trust Funds are administered by the State Board of Investment and serve only as an investment medium for various state, as well as locally administered, retirement funds and the Deferred Compensation Fund, an agency fund.

Component Units

The component units are participants in the SERF, P&FF and the Unclassified Employees Retirement Fund.

Housing Finance Agency
Public Facilities Authority
Minnesota Technology Inc.
Metropolitan Council
University of Minnesota

16. 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 1994, the employees involved were primarily conservation officers, guards at correctional facilities, and highway patrol officers. If these employees elect retirement at age 55, the state will pay the employer share of health insurance benefits until age 65.

The legislature has, from time to time, provided early retirement incentives for other employees meeting specific requirements. The specific circumstances usually require retiring within a certain narrow time frame, whereby the state will pay the employer share of health insurance benefits until age 65. The 1993 legislature approved an incentive window from May 17, 1993 through January 30, 1994.

The cost of these benefits, which is recognized as paid, was \$2,067,000 during fiscal year 1994. The number of employees currently eligible for this benefit is approximately 600.

17. SEGMENT INFORMATION AND CONDENSED BALANCE SHEETS

Primary Government

Listed below are Minnesota agencies that provide major services to the public, financed by user charges:

State University Board (SUB)
Higher Education Coordinating Board (HECB)
State Lottery
College and University Enterprise Activities
Minnesota Correctional Industries
Chemical Dependency Treatment
Private Employers Insurance
Enterprise Activities

Enterprise fund financial data for the year ended June 30, 1994 follows:

Enterprise Funds' Segment Information
(in thousands)

			State	College & University	Minnesota	Chemical	Private	Enterprise	
	<u>SUB</u>	<u>HECB</u>	<u>Lottery</u>	<u>Activities</u>	<u>Correctional</u>	<u>Dependency</u>	<u>Employers</u>	<u>Insurance</u>	<u>Activities</u>
Operating Revenues	\$36,666	\$9,700	\$331,895	\$34,645	\$14,566	\$11,545	\$693	\$3,278	\$442,988
Depreciation/Amortization Expense	4,021	718	1,196	765	410	-	1	117	\$7,228
Operating Income (Loss)	1,676	1,748	58,586	1,517	(5,180)	531	(638)	200	58,440
Nonoperating Revenues (Expenses):									
Investment Income	2,267	2,419	782	629	72	30	26	-	6,225
Grants (Revenue)	-	487	-	502	-	-	-	-	989
Grants (Expense)	-	-	-	(2,442)	-	-	-	-	(2,442)
Net Operating Transfers-In (-Out)	-	-	(59,368)	-	4,177	-	-	-	(55,191)
Net Income (Loss)	1,578	4,654	-	206	(931)	561	(612)	200	5,656
Changes in Contributed Capital	(353)	-	-	-	116	-	-	(10)	(247)
Fixed Assets:									
Additions	10,018	16	643	1,194	398	-	6	89	12,364
Net Working Capital	14,617	83,473	(1,641)	19,037	8,124	2,213	659	1,596	128,078
Total Assets	112,319	282,995	21,590	59,504	12,070	3,620	762	2,687	495,547
Noncurrent Liabilities Payable from:									
Operating Revenues	-	90	-	-	-	-	-	-	90
Other Sources	-	76,583	-	-	-	-	1,525	-	78,108
Total Fund Equity	70,720	205,754	-	54,728	10,418	1,603	(861)	2,134	344,496

Component Units

Condensed balance sheet and operating statements follow:

Condensed Statements - Governmental Funds
(in thousands)

	<u>MC*</u>	<u>MTI</u>	<u>Totals</u>
Balance Sheet:			
Current Assets	\$844,100	\$14,777	\$858,877
Fixed Assets	3,304	812	4,116
Amount Available for Debt Service	208,455	-	208,455
Amount to be Provided for Debt Service	<u>538,685</u>	<u>-</u>	<u>538,685</u>
Total Assets and Other Debits	<u>\$1,594,544</u>	<u>\$15,589</u>	<u>\$1,610,133</u>
Current Liabilities	\$798,928	\$1,474	\$800,402
Long-Term Liabilities	<u>539,150</u>	<u>128</u>	<u>539,278</u>
Total Liabilities	<u>\$1,338,078</u>	<u>\$ 1,602</u>	<u>\$1,339,680</u>
Total Equity	\$ 256,466	\$13,987	\$ 270,453
Operating Statement:			
Revenues	\$104,835	\$4,034	\$108,869
Current Expenditures	(146,739)	(8,096)	(154,835)
Capital Outlay	(307)	-	(307)
Debt Service	(112,294)	-	(112,294)
Grants & Subsidies	<u>-</u>	<u>(2,993)</u>	<u>(2,993)</u>
Excess of Revenues Over Expenditures	<u>\$(154,505)</u>	<u>\$ (7,055)</u>	<u>\$(161,560)</u>
Bond Proceeds	122,698	-	122,698
Transfers-In from Primary Government	59,204	7,872	67,076
Other Financing Sources	<u>13,096</u>	<u>-</u>	<u>13,096</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$194,998</u>	<u>\$7,872</u>	<u>\$202,870</u>

* December 31 year end

Condensed Statements - Proprietary Funds
(in thousands)

	<u>HFA</u>	<u>PFA</u>	<u>MC*</u>	<u>WCARP*</u>	<u>NSCF*</u>	<u>Totals</u>
Balance Sheet:						
Current Assets	\$2,244,288	\$ -	\$83,080	\$501,064	\$ 249	\$2,828,681
Restricted Assets	326,075	450,939	136,421	-	-	913,435
Fixed Assets	<u>591</u>	<u>38</u>	<u>1,134,356</u>	<u>-</u>	<u>89</u>	<u>1,135,074</u>
Total Assets	<u>\$2,570,594</u>	<u>\$450,977</u>	<u>\$1,353,857</u>	<u>\$501,064</u>	<u>\$338</u>	<u>\$4,877,190</u>
Current Liabilities	\$145,975	\$4,929	\$564,409	\$37,205	\$593	\$753,111
Long-Term Liabilities	<u>1,987,205</u>	<u>236,188</u>	<u>118,118</u>	<u>559,790</u>	<u>-</u>	<u>2,901,301</u>
Total Liabilities	<u>\$2,133,180</u>	<u>\$241,117</u>	<u>\$682,527</u>	<u>\$596,995</u>	<u>\$593</u>	<u>\$3,654,412</u>
Total Equity	\$437,774	\$209,860	\$671,330	(\$95,931)	(\$255)	\$1,222,778
Operating Statement:						
Revenues	\$173,553	\$20,656	\$200,751	\$161,677	\$2,139	\$558,776
Operating Expenditures	<u>(143,627)</u>	<u>(17,707)</u>	<u>(292,238)</u>	<u>(168,691)</u>	<u>(2,033)</u>	<u>(624,296)</u>
Operating Income (Loss)	\$29,926	\$2,949	(\$91,487)	(\$7,014)	\$106	(\$65,520)
Nonoperating Revenues(Expenses)	(18,943)	-	71,555	17,653	-	70,265
Transfer-in from Primary Government	21,282	7,818	-	-	-	29,100
Other sources	<u>(10,212)</u>	<u>-</u>	<u>29,557</u>	<u>-</u>	<u>-</u>	<u>19,345</u>
Operating Income	<u>\$22,053</u>	<u>\$10,767</u>	<u>\$ 9,625</u>	<u>\$10,639</u>	<u>\$ 106</u>	<u>\$53,190</u>
Changes in Contributed Capital	\$ -	\$27,108	\$18,694	\$ -	\$ -	\$45,802

* December 31 year end

Component Unit Condensed Balance Sheet
College and University Fund
(in thousands)

	<u>U OF M</u>
Current Assets	\$1,360,947
Fixed Assets	1,076,400
Restricted Assets	<u>31,163</u>
Total Assets	\$2,468,510
Current Liabilities	\$232,171
Bonds and other long-term liabilities	<u>325,067</u>
Total Liabilities	<u>\$557,238</u>
Total Equity	\$1,911,272

18. DEFERRED COMPENSATION

The state offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all public employees in the state and is administered by the

Minnesota State Retirement Association. Investments are managed by the State Board of Investment and two insurance companies. The plan is accounted for in the Deferred Compensation Fund, an agency fund, with its investments reported at market 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. All amounts deferred under the plan, all assets purchased with such deferrals, related income, property or rights, remain (until made available to the employee or beneficiary) solely the property and rights of the employer (the state or local unit of government), subject only to the general creditors of the employer.

In accordance with state statute, the state is not liable for any losses under the plan but does have the duty of due care that would be required of a prudent investor. The state believes that it is unlikely that it or other employers under the plan will use the assets to satisfy the claims of general creditors in the future.

Of the \$965.6 million of investments in the fund at June 30, 1994, \$426.5 million was applicable to the state while the remainder represents the assets of the other units of government participating in the plan. At June 30, 1994, \$715.8 million of assets and funds held in trust are managed by third-party administrators.

19. 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, while on the modified accrual basis expenditures are recognized when goods or services are received, regardless of the year encumbered. A reconciliation of the fund balances under the two bases for the General and special revenue funds is provided in the table below.

A major difference between GAAP and 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 here (in thousands). Other differences in basis of accounting and perspective (fund structure) are included in the following table.

Total GAAP Basis Fund Balances -	
All Special Revenue Funds	\$686,593
Special Revenue Funds not requiring	
legal appropriation	<u>(391,707)</u>
Total GAAP Fund Balances -	
Appropriated Special Revenue Funds	\$294,886

Reconciliation of GAAP Basis Fund Balances to Budgetary Basis Fund Balances
June 30, 1994
(in thousands)

	Special Revenue Funds							
	General Fund	Trunk Highway	Highway User Tax Distribution	Other Trans- portation	Environ- mental	Natural Resources	Health Care Access	Total Special Revenue
GAAP Basis Fund Balances	\$738,009	\$172,899	\$18,960	\$21,231	\$23,498	\$30,200	\$28,098	\$294,886
Less Reserved Fund Balances	603,511	44,338	20,188	12,431	2,024	8,070	2,264	89,315
Less Designated Fund Balances	<u>179,122</u>	<u>42,173</u>	-	<u>2,353</u>	-	<u>17,234</u>	<u>6,170</u>	<u>67,930</u>
Undesignated Fund Balances	(\$44,624)	\$86,388	(\$1,228)	\$6,447	\$21,474	\$4,896	\$19,664	\$137,641
Basis of Accounting Differences								
Revenue Accruals/Adjustments:								
Taxes Receivable	(22,903)	-	(473)	-	-	-	(316)	(789)
Human Services Receivable	(14,841)	-	-	-	-	-	-	-
Federal Aid Receivable	-	(26,609)	-	-	-	(588)	-	(27,197)
Refunds Payable	18,698	-	-	-	-	-	-	-
Deferred Revenue	68,574	92	-	-	-	-	-	92
Other Receivables	(196)	(2,707)	-	-	-	(3,317)	-	(6,024)
Expenditure Accruals/Adjustments:								
Family Support & Medical Assist.	152,550	-	-	-	-	-	-	-
Police and Fire Aid	46,876	-	-	-	-	-	-	-
Community Service Grants	13,776	-	-	-	-	-	-	-
Other Payables	2,788	1,037	-	233	(763)	-	(4,358)	(3,851)
Other Financial Sources (Uses):								
Transfers-In	(4,837)	-	-	-	-	-	-	-
Transfers-Out	-	-	2,011	-	-	-	(2,324)	(313)
Reserved Fund Balances:								
Long-Term Receivables	-	-	-	2,890	-	-	-	2,890
Fund Structure Differences								
Terminally Funded Pension Plan	<u>6,027</u>	-	-	-	-	-	-	-
Budgetary Basis:								
Undesignated Fund Balances	\$221,888	\$58,201	\$ 310	\$9,570	\$20,711	\$ 991	\$12,666	\$102,449

20. SUBSEQUENT EVENTS

Primary Government

On October 1, 1994, \$120,000,000 of general obligation various purpose bonds were sold at a true interest rate of 5.8 percent. The bonds were issued to finance the cost of capital improvements and are backed by the full faith and credit and taxing powers of the state of Minnesota.

As required by the constitution and statutes, transfers and deposits from the funds and agencies presented below (in thousands) were made on December 1, 1994 to the separately invested Debt Service Fund to cover principal and interest maturing through July 1, 1996.

General Fund	\$212,491
Game and Fish Fund	49
Trunk Highway Fund	6,856
Maximum Effort School Loan Fund	11,038
From Higher Education:	
Technical Colleges	950
Community College System	1,524
State University System	1,397
University of Minnesota	<u>2,772</u>
Total Transfers to Debt Service Fund	\$237,077

Component Units

On January 6, 1994, \$11,720,000 of general obligation refunding bonds with an interest rate of 4.99 percent were issued by the Metropolitan Council (governmental type) to advance refund \$11,575,000.

The 1994 legislature passed a law which provides for the reorganization of regional government in the Twin Cities area. The law abolished the governing boards of the Metropolitan Waste Control Commission (MWCC) and the Metropolitan Transit Commission (MTC) and provided that the MWCC and the MTC became part of the Metropolitan Council (MC) on July 1, 1994. In addition, the Regional Transit Board became part of the MC and the board was abolished on October 1, 1994. This action merged three of the four entities reported as component units of the MC in 1994. The Metropolitan Sports Facilities Commission will remain a separate component unit of the MC.

On July 27, 1994, \$62,310,000 and on September 15, 1994, \$51,500,000 of revenue bonds with an interest rate of 6.70 and 6.45 percent respectively were issued by the Housing Finance Agency (proprietary type) for the purpose of providing funds for homeownership programs.

On September 6, 1994, the University of Minnesota (U of M) entered into a letter of intent to sell its investment in Minnesota Supercomputer Center, Inc. The Board of Regents ratified this action on September 10, 1994, and the transaction closed on October 19, 1994 for a gain of approximately \$6,000,000.

Subsequent to June 30, 1994, the state of Minnesota issued \$16,600,000 million of higher education bonds for the U of M. Pursuant to state of Minnesota statute, the U of M is obligated to pay the state one-third of the debt services. These bonds will be used for university capital projects.

Combining Financial Statements

This page intentionally left blank.

GENERAL FUND

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

STATE OF MINNESOTA

**GENERAL FUND
COMPARATIVE BALANCE SHEET**
JUNE 30, 1994 and 1993
(IN THOUSANDS)

	TOTALS	
	JUNE 30, 1994	JUNE 30, 1993
ASSETS		
Cash and Cash Equivalents.....	\$ 1,152,990	\$ 1,076,386
Accounts Receivable.....	52,057	61,215
Interfund Receivables.....	66,302	50,752
Accrued Investment/Interest Income.....	24,030	15,562
Loans Receivable.....	17,560	18,473
Advances to Other Funds.....	1,542	1,948
Total Assets.....	\$ 1,314,481	\$ 1,224,336
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable.....	\$ 424,347	\$ 456,567
Interfund Payables.....	14,165	18,812
Due to Component Units.....	60,733	—
Deferred Revenue.....	77,227	56,472
Total Liabilities.....	\$ 576,472	\$ 531,851
Fund Balances:		
Reserved Fund Balances:		
Reserved for Encumbrances.....	\$ 84,415	\$ 70,653
Reserved for Long-Term Receivables.....	19,096	20,530
Budgetary Reserve.....	500,000	360,000
Total Reserved Fund Balances.....	\$ 603,511	\$ 451,183
Unreserved Fund Balances:		
Designated for Appropriation Carryover.....	\$ 179,122	\$ 46,326
Undesignated.....	(44,624)	194,976
Total Unreserved Fund Balances.....	\$ 134,498	\$ 241,302
Total Fund Balances.....	\$ 738,009	\$ 692,485
Total Liabilities and Fund Balances.....	\$ 1,314,481	\$ 1,224,336

STATE OF MINNESOTA

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1994 and 1993 (IN THOUSANDS)

	TOTALS FOR THE YEAR ENDED	
	JUNE 30, 1994	JUNE 30, 1993
Net Revenues:		
Individual Income Taxes.....	\$ 3,532,964	\$ 3,470,244
Corporate Income Taxes.....	546,558	507,703
Sales Taxes.....	2,515,224	2,375,793
Motor Vehicle License Taxes.....	697	823
Other Taxes.....	1,013,803	886,956
Federal Revenues.....	10,217	15,991
License Fees.....	52,011	45,709
Care and Hospitalization Revenues.....	106,173	105,799
Tuition and Student Fees.....	176,910	174,884
Departmental Services.....	55,425	52,069
Investment/Interest Income.....	31,437	21,788
Other Revenues.....	86,860	63,659
Net Revenues.....	\$ 8,128,279	\$ 7,721,418
Expenditures:		
Current:		
Protection of Persons and Property.....	\$ 95,645	\$ 99,078
Transportation.....	768	847
Resource Management.....	91,046	98,893
Economic and Manpower Development.....	57,921	58,415
Education.....	503,034	481,338
Health and Social Services.....	479,815	463,149
General Government.....	208,586	195,103
Total Current Expenditures.....	\$ 1,436,815	\$ 1,396,823
Capital Outlay.....	13,956	15,606
Debt Service.....	9,505	9,768
Grants and Subsidies.....	5,880,755	5,669,193
Total Expenditures.....	\$ 7,341,031	\$ 7,091,390
Excess of Revenues Over (Under) Expenditures.....	\$ 787,248	\$ 630,028
Other Financing Sources (Uses):		
Operating Transfers—In.....	\$ 66,300	\$ 58,324
Operating Transfers to Debt Service.....	(208,337)	(197,636)
Other Operating Transfers—Out.....	(74,100)	(94,483)
Transfers—Out to Component Units.....	(535,827)	—
Capital Leases.....	3,419	3,334
Other Uses.....	(905)	(1,113)
Net Other Financing Sources (Uses).....	\$ (749,450)	\$ (231,574)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 37,798	\$ 398,454
Fund Balances, July 1, as Reported.....	\$ 692,485	\$ 290,566
Residual Equity Transfers—In.....	8,726	3,671
Residual Equity Transfers—Out.....	(1,000)	(206)
Fund Balances, June 30.....	\$ 738,009	\$ 692,485

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 as described 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 *Other Transportation Funds* includes the State Airports Fund and the Transit Assistance Fund which is currently unfunded and therefore not reported.

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

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 cleanup environmental contamination from petroleum tanks.

The *Natural Resources Funds* include three funds created for the purposes of preserving and improving 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, 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 Workers 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 *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 competitive priced insurance for people unable to obtain affordable coverage.

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, 1994 (IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	OTHER TRANSPORTATION	FEDERAL	ENVIRONMENTAL
ASSETS					
Cash and Cash Equivalents.....	\$ 150,213	\$ 34,323	\$ 19,730	\$ 420	\$ 24,983
Investments.....	—	—	—	—	—
Accounts Receivable.....	3,976	1,028	497	52,341	1,510
Interfund Receivables.....	8,043	—	—	5,598	—
Accrued Investment/Interest Income.....	—	—	—	—	—
Federal Aid Receivable.....	41,824	—	—	306,682	—
Inventories.....	15,316	—	—	—	—
Loans Receivable.....	—	—	2,972	—	—
Advances to Other Funds.....	—	—	—	—	—
Total Assets.....	\$ 219,372	\$ 35,351	\$ 23,199	\$ 365,041	\$ 26,493
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable.....	\$ 42,923	\$ 644	\$ 1,968	\$ 263,797	\$ 2,995
Interfund Payables.....	3,459	15,747	—	41,413	—
Payable to Other Governmental Units.....	—	—	—	39,550	—
Due to Component Units.....	—	—	—	1,008	—
Deferred Revenue.....	91	—	—	15,732	—
Advances from Other Funds.....	—	—	—	—	—
Total Liabilities.....	\$ 46,473	\$ 16,391	\$ 1,968	\$ 361,500	\$ 2,995
Fund Balances:					
Reserved Fund Balances:					
Reserved for Encumbrances.....	\$ 13,448	\$ 20,188	\$ 9,542	\$ —	\$ 2,024
Reserved for Inventory.....	15,316	—	—	—	—
Reserved for Long-Term Receivables.....	—	—	2,889	—	—
Reserved for Long-Term Commitments.....	15,574	—	—	—	—
Reserved for Long-Term Advances.....	—	—	—	—	—
Reserved for Debt Requirements.....	—	—	—	—	—
Reserved for Other.....	—	—	—	3,541	—
Total Reserved Fund Balances.....	\$ 44,338	\$ 20,188	\$ 12,431	\$ 3,541	\$ 2,024
Unreserved Fund Balances:					
Designated for Appropriation Carryover.....	\$ 42,173	\$ —	\$ 2,353	\$ —	\$ —
Designated for Fund Purposes.....	—	—	—	—	—
Undesignated.....	86,388	(1,228)	6,447	—	21,474
Total Unreserved Fund Balances.....	\$ 128,561	\$ (1,228)	\$ 8,800	\$ —	\$ 21,474
Total Fund Balances.....	\$ 172,899	\$ 18,960	\$ 21,231	\$ 3,541	\$ 23,498
Total Liabilities and Fund Balances.....	\$ 219,372	\$ 35,351	\$ 23,199	\$ 365,041	\$ 26,493

PETROLEUM TANK CLEANUP	NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL WORKERS COMPENSATION	HEALTH CARE ACCESS	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS SPECIAL REVENUE	TOTALS	
							JUNE 30, 1994	JUNE 30, 1993
\$ 26,784	\$ 28,523	\$ 15,354	\$ 62,623	\$ 42,646	\$ 48,919	\$ 155,975	\$ 610,493	\$ 501,900
-	-	-	-	-	-	18,638	18,638	6,128
6,031	5,210	-	3,693	326	485	26,618	101,715	94,763
-	1,747	-	-	-	395	1,984	17,767	24,901
-	-	26	-	-	-	134	160	213
-	588	-	-	-	-	-	349,094	319,388
-	-	-	-	-	-	251	15,567	15,438
-	-	99,814	-	104	722	75,690	179,302	152,644
-	-	-	-	1,525	-	-	1,525	525
<u>\$ 32,815</u>	<u>\$ 36,068</u>	<u>\$ 115,194</u>	<u>\$ 66,316</u>	<u>\$ 44,601</u>	<u>\$ 50,521</u>	<u>\$ 279,290</u>	<u>\$ 1,294,261</u>	<u>\$ 1,115,900</u>
\$ 29,297	\$ 5,868	\$ 40	\$ 70,015	\$ 5,596	\$ 2,454	\$ 41,451	\$ 467,048	\$ 446,411
-	-	-	-	10,907	-	6,067	77,593	62,019
-	-	-	-	-	-	-	39,550	42,170
-	-	-	-	-	-	-	1,008	-
-	-	-	-	-	-	6,495	22,318	23,417
-	-	-	-	-	-	151	151	311
<u>\$ 29,297</u>	<u>\$ 5,868</u>	<u>\$ 40</u>	<u>\$ 70,015</u>	<u>\$ 16,503</u>	<u>\$ 2,454</u>	<u>\$ 54,164</u>	<u>\$ 607,668</u>	<u>\$ 574,328</u>
\$ 397	\$ 8,070	\$ -	\$ 994	\$ 1,160	\$ 15,057	\$ 24,714	\$ 95,594	\$ 82,718
-	-	-	-	-	-	251	15,567	19,882
-	-	96,658	-	104	712	73,154	173,517	146,742
-	-	-	-	-	-	-	15,574	38,214
-	-	-	-	1,000	-	-	1,000	525
-	-	-	-	-	-	22,301	22,301	23,750
-	-	-	-	-	-	5,242	8,783	10,271
<u>\$ 397</u>	<u>\$ 8,070</u>	<u>\$ 96,658</u>	<u>\$ 994</u>	<u>\$ 2,264</u>	<u>\$ 15,769</u>	<u>\$ 125,662</u>	<u>\$ 332,336</u>	<u>\$ 322,102</u>
\$ -	\$ 17,234	\$ -	\$ -	\$ 6,170	\$ -	\$ -	\$ 67,930	\$ 6,839
3,121	-	18,496	-	-	32,298	99,464	153,379	171,789
-	4,896	-	(4,693)	19,664	-	-	132,948	40,842
<u>\$ 3,121</u>	<u>\$ 22,130</u>	<u>\$ 18,496</u>	<u>\$ (4,693)</u>	<u>\$ 25,834</u>	<u>\$ 32,298</u>	<u>\$ 99,464</u>	<u>\$ 354,257</u>	<u>\$ 219,470</u>
\$ 3,518	\$ 30,200	\$ 115,154	\$ (3,699)	\$ 28,098	\$ 48,067	\$ 225,126	\$ 686,593	\$ 541,572
<u>\$ 32,815</u>	<u>\$ 36,068</u>	<u>\$ 115,194</u>	<u>\$ 66,316</u>	<u>\$ 44,601</u>	<u>\$ 50,521</u>	<u>\$ 279,290</u>	<u>\$ 1,294,261</u>	<u>\$ 1,115,900</u>

STATE OF MINNESOTA

SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	OTHER TRANSPORTATION	FEDERAL	ENVIRONMENTAL
Net Revenues:					
Motor Vehicle License Taxes.....	\$ —	\$ 419,774	\$ —	\$ —	\$ —
Fuel Taxes.....	—	479,786	2,667	—	—
Other Taxes.....	—	—	10,289	—	2,697
Federal Revenues.....	225,627	—	—	2,672,943	—
License Fees.....	20,554	2	4	—	10,873
Care and Hospitalization Revenues.....	—	—	—	—	—
Tuition and Student Fees.....	—	—	—	—	—
Departmental Services.....	20,769	4,817	244	49	8,562
Investment/Interest Income.....	4,361	189	738	155	792
Penalties and Fines.....	—	—	—	—	1,287
Other Revenues.....	11,561	865	752	14,662	3,010
Net Revenues.....	\$ 282,872	\$ 905,433	\$ 14,694	\$ 2,687,809	\$ 27,221
Expenditures:					
Current:					
Protection of Persons and Property.....	\$ 60,691	\$ 11,181	\$ —	\$ 13,598	\$ 39
Transportation.....	311,677	399	5,731	5,656	18
Resource Management.....	—	—	—	17,575	26,207
Economic and Manpower Development.....	668	—	—	116,697	600
Education.....	27	—	—	28,158	—
Health and Social Services.....	816	—	—	31,594	143
General Government.....	1,968	1,649	2	4,099	207
Total Current Expenditures.....	\$ 375,847	\$ 13,229	\$ 5,733	\$ 217,377	\$ 27,214
Capital Outlay.....	359,161	10	2,841	5,741	254
Debt Service.....	90	17	—	83	—
Grants and Subsidies.....	1,500	—	8,284	2,450,145	268
Total Expenditures.....	\$ 736,598	\$ 13,256	\$ 16,858	\$ 2,673,346	\$ 27,736
Excess of Revenues Over (Under) Expenditures.....	\$ (453,726)	\$ 892,177	\$ (2,164)	\$ 14,463	\$ (515)
Other Financing Sources (Uses):					
General Obligation Bonds.....	\$ —	\$ —	\$ —	\$ —	\$ —
Proceeds from Loans.....	—	—	—	—	—
Operating Transfers—In.....	518,186	—	—	—	378
Operating Transfers to Debt Service.....	(13,754)	—	—	—	—
Other Operating Transfers—Out.....	—	(866,341)	—	(3,280)	—
Transfers—Out to Component Units.....	—	—	—	(13,214)	(2,155)
Capital Leases.....	—	—	—	—	—
Other Sources (Uses).....	—	—	—	—	(357)
Net Other Financing Sources (Uses).....	\$ 504,432	\$ (866,341)	\$ —	\$ (16,494)	\$ (2,134)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 50,706	\$ 25,836	\$ (2,164)	\$ (2,031)	\$ (2,649)
Fund Balances, July 1.....	121,658	(6,876)	23,395	5,836	26,147
Prior Period Adjustments.....	—	—	—	—	—
Change in Reporting Entity.....	—	—	—	—	—
Residual Equity Transfers—In.....	384	—	—	—	—
Residual Equity Transfers—Out.....	—	—	—	(264)	—
Change in Inventory.....	151	—	—	—	—
Fund Balances, June 30.....	\$ 172,899	\$ 18,960	\$ 21,231	\$ 3,541	\$ 23,498

PETROLEUM TANK CLEANUP	NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL WORKERS COMPENSATION	HEALTH CARE ACCESS	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS SPECIAL REVENUE	TOTALS FOR THE YEAR ENDED	
							JUNE 30, 1994	JUNE 30, 1993
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,774	\$ 383,386
-	-	-	-	-	-	-	482,453	462,136
-	7,666	-	136,118	65,293	21,733	20,673	264,469	246,936
-	11,368	-	-	-	-	66,241	2,976,179	2,760,929
12	44,058	-	-	-	-	17,274	92,777	98,511
-	-	-	-	10,359	-	315	10,674	1,911
-	-	-	-	-	-	7,801	7,801	7,234
69,098	246	-	-	-	1,456	38,984	144,225	93,696
490	607	6,143	2,284	-	1,812	6,306	23,877	27,044
34	-	-	-	-	-	5,892	7,213	6,329
60	3,181	-	3,595	-	599	61,033	99,318	77,346
\$ 69,694	\$ 67,126	\$ 6,143	\$ 141,997	\$ 75,652	\$ 25,600	\$ 224,519	\$ 4,528,760	\$ 4,165,458
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,541	\$ 88,050	\$ 79,700
-	-	-	-	-	-	480	323,961	328,463
2,835	62,355	-	-	-	-	23,219	132,191	127,771
29,681	1,192	-	17,061	1	7,850	18,861	192,611	199,768
-	28	23	-	-	-	20,717	48,953	48,506
-	-	-	-	11,087	-	72,994	116,634	94,927
-	302	-	3,777	1,195	-	10,761	23,960	26,689
\$ 32,516	\$ 63,877	\$ 23	\$ 20,838	\$ 12,283	\$ 7,850	\$ 149,573	\$ 926,360	\$ 905,824
-	2,719	-	137	230	1,504	12,189	384,786	470,972
-	161	-	632	-	1	11,045	12,029	46,509
-	7,020	-	108,874	35,444	19,022	102,769	2,733,326	2,495,348
\$ 32,516	\$ 73,777	\$ 23	\$ 130,481	\$ 47,957	\$ 28,377	\$ 275,576	\$ 4,056,501	\$ 3,918,653
\$ 37,178	\$ (6,651)	\$ 6,120	\$ 11,516	\$ 27,695	\$ (2,777)	\$ (51,057)	\$ 472,259	\$ 246,805
\$ -	\$ -	\$ 20,300	\$ -	\$ -	\$ -	\$ 5,000	\$ 25,300	\$ 34,945
-	-	-	-	-	-	-	-	4,828
-	7,945	-	-	-	417	70,591	597,517	586,793
-	(58)	(12,780)	-	-	-	(2,601)	(29,193)	(21,947)
-	-	-	-	(10,907)	-	(3,318)	(883,846)	(855,398)
-	-	-	-	(2,081)	-	(1,293)	(18,743)	-
-	-	-	-	-	-	1,705	1,705	4,952
-	-	-	-	-	2	925	570	(3)
\$ -	\$ 7,887	\$ 7,520	\$ -	\$ (12,988)	\$ 419	\$ 71,009	\$ (306,690)	\$ (245,830)
\$ 37,178	\$ 1,236	\$ 13,640	\$ 11,516	\$ 14,707	\$ (2,358)	\$ 19,952	\$ 165,569	\$ 975
(33,660)	28,964	101,514	(15,215)	13,391	50,470	225,948	541,572	558,226
-	-	-	-	-	-	-	-	(13,778)
-	-	-	-	-	-	(14,292)	(14,292)	-
-	-	-	-	-	-	1,000	1,384	-
-	-	-	-	-	(45)	(7,310)	(7,619)	(3,243)
-	-	-	-	-	-	(172)	(21)	(608)
\$ 3,518	\$ 30,200	\$ 115,154	\$ (3,699)	\$ 28,098	\$ 48,067	\$ 225,126	\$ 686,593	\$ 541,572

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, 1994 (IN THOUSANDS)

	TRUNK HIGHWAY			HIGHWAY USER TAX DISTRIBUTION		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
Motor Vehicle License Taxes.....	\$ -	\$ -	\$ -	\$ 405,530	\$ 403,146	\$ (2,384)
Fuel Taxes.....	-	-	-	476,254	476,096	(158)
Other Taxes.....	-	-	-	-	-	-
Federal Revenues.....	192,700	199,715	7,015	-	-	-
License Fees.....	17,292	20,773	3,481	-	2	2
Care and Hospitalization Revenues.....	-	-	-	-	-	-
Departmental Services.....	20,909	27,082	6,173	5,296	4,817	(479)
Investment/Interest Income.....	3,200	4,346	1,146	200	188	(12)
Other Revenues.....	6,511	10,990	4,479	800	875	75
Net Revenues.....	\$ 240,612	\$ 262,906	\$ 22,294	\$ 888,080	\$ 885,124	\$ (2,956)
Expenditures:						
Protection of Persons and Property.....	\$ 65,595	\$ 61,416	\$ 4,179	\$ 11,447	\$ 10,860	\$ 587
Transportation.....	690,421	659,127	31,294	398	398	-
Resource Management.....	-	-	-	-	-	-
Economic and Manpower Development.....	668	668	-	-	-	-
Education.....	41	40	1	-	-	-
Health and Social Services.....	1,491	1,478	13	-	-	-
General Government.....	2,577	1,712	865	1,799	1,631	168
Total Expenditures.....	\$ 760,793	\$ 724,441	\$ 36,352	\$ 13,644	\$ 12,889	\$ 755
Excess of Revenues Over (Under)						
Expenditures.....	\$ (520,181)	\$ (461,535)	\$ 58,646	\$ 874,436	\$ 872,235	\$ (2,201)
Other Financing Sources (Uses):						
Operating Transfers – In.....	\$ 528,607	\$ 522,363	\$ (6,244)	\$ -	\$ -	\$ -
Operating Transfers to Debt Service.....	(14,577)	(13,754)	823	-	-	-
Other Operating Transfers – Out.....	-	-	-	(872,627)	(872,627)	-
Transfers – Out to Component Units.....	-	-	-	-	-	-
Net Other Financing Sources (Uses).....	\$ 514,030	\$ 508,609	\$ (5,421)	\$ (872,627)	\$ (872,627)	\$ -
Excess of Revenues and Other Sources Over						
(Under) Expenditures and Other Uses.....	\$ (6,151)	\$ 47,074	\$ 53,225	\$ 1,809	\$ (392)	\$ (2,201)
Fund Balances, July 1, 1993, as Reported.....	32,781	32,781	-	535	535	-
Prior Year Adjustments.....	-	20,519	20,519	-	167	167
Total Fund Balances, June 30, 1994.....	\$ 26,630	\$ 100,374	\$ 73,744	\$ 2,344	\$ 310	\$ (2,034)
Less Appropriation Carryover.....	-	42,173	(42,173)	-	-	-
Less Reserve for Other.....	-	-	-	-	-	-
Undesignated Fund Balances, June 30, 1994.....	\$ 26,630	\$ 58,201	\$ 31,571	\$ 2,344	\$ 310	\$ (2,034)

OTHER TRANSPORTATION			ENVIRONMENTAL			NATURAL RESOURCES		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,261	2,666	405	-	-	-	-	-	-
10,456	10,290	(166)	5,000	2,697	(2,303)	6,827	7,666	839
-	-	-	-	-	-	11,800	11,341	(459)
-	-	-	11,094	10,874	(220)	43,415	44,439	1,024
-	-	-	-	-	-	-	-	-
78	245	167	12,002	9,718	(2,284)	1,576	907	(669)
850	735	(115)	1,465	786	(679)	516	637	121
975	762	(213)	4,824	3,626	(1,198)	2,203	2,673	470
\$ 14,620	\$ 14,698	\$ 78	\$ 34,385	\$ 27,701	\$ (6,684)	\$ 66,337	\$ 67,663	\$ 1,326
\$ -	\$ -	\$ -	\$ 40	\$ 39	\$ 1	\$ -	\$ -	\$ -
17,652	15,168	2,484	200	46	154	100	100	-
-	-	-	35,221	25,866	9,355	76,401	70,285	6,116
-	-	-	680	570	110	2,137	2,111	26
-	-	-	-	-	-	1,069	951	118
-	-	-	191	140	51	-	-	-
14	1	13	435	207	228	487	413	74
\$ 17,666	\$ 15,169	\$ 2,497	\$ 36,767	\$ 26,868	\$ 9,899	\$ 80,194	\$ 73,860	\$ 6,334
\$ (3,046)	\$ (471)	\$ 2,575	\$ (2,382)	\$ 833	\$ 3,215	\$ (13,857)	\$ (6,197)	\$ 7,660
\$ -	\$ -	\$ -	\$ -	\$ 378	\$ 378	\$ 9,701	\$ 9,865	\$ 164
-	-	-	-	-	-	(58)	(58)	-
-	-	-	-	-	-	-	-	-
-	-	-	(2,155)	(2,155)	-	-	-	-
\$ -	\$ -	\$ -	\$ (2,155)	\$ (1,777)	\$ 378	\$ 9,643	\$ 9,807	\$ 164
\$ (3,046)	\$ (471)	\$ 2,575	\$ (4,537)	\$ (944)	\$ 3,593	\$ (4,214)	\$ 3,610	\$ 7,824
11,695	11,695	-	21,655	21,655	-	11,787	11,787	-
-	699	699	-	-	-	-	864	864
\$ 8,649	\$ 11,923	\$ 3,274	\$ 17,118	\$ 20,711	\$ 3,593	\$ 7,573	\$ 16,261	\$ 8,688
-	2,353	(2,353)	-	-	-	-	15,270	(15,270)
-	-	-	-	-	-	-	-	-
\$ 8,649	\$ 9,570	\$ 921	\$ 17,118	\$ 20,711	\$ 3,593	\$ 7,573	\$ 991	\$ (6,582)

HEALTH CARE ACCESS			COMBINED TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 405,530	\$ 403,146	\$ (2,384)
-	-	-	478,515	478,762	247
78,731	64,970	(13,761)	101,014	85,623	(15,391)
-	-	-	204,500	211,056	6,556
-	-	-	71,801	76,088	4,287
9,875	10,357	482	9,875	10,357	482
-	-	-	39,861	42,769	2,908
-	-	-	6,231	6,692	461
-	1	1	15,313	18,927	3,614
\$ 88,606	\$ 75,328	\$ (13,278)	\$ 1,332,640	\$ 1,333,420	\$ 780
\$ -	\$ -	\$ -	\$ 77,082	\$ 72,315	\$ 4,767
-	-	-	708,771	674,839	33,932
-	-	-	111,622	96,151	15,471
-	-	-	3,485	3,349	136
2,857	2,765	92	3,967	3,756	211
49,729	41,866	7,863	51,411	43,484	7,927
1,952	1,436	516	7,264	5,400	1,864
\$ 54,538	\$ 46,067	\$ 8,471	\$ 963,602	\$ 899,294	\$ 64,308
\$ 34,068	\$ 29,261	\$ (4,807)	\$ 369,038	\$ 434,126	\$ 65,088
\$ -	\$ -	\$ -	\$ 538,308	\$ 532,606	\$ (5,702)
-	-	-	(14,635)	(13,812)	823
(12,607)	(11,457)	1,150	(885,234)	(884,084)	1,150
(2,081)	(2,081)	-	(4,236)	(4,236)	-
\$ (14,688)	\$ (13,538)	\$ 1,150	\$ (365,797)	\$ (369,526)	\$ (3,729)
\$ 19,380	\$ 15,723	\$ (3,657)	\$ 3,241	\$ 64,600	\$ 61,359
15,108	15,108	-	93,561	93,561	-
-	-	-	-	22,249	22,249
\$ 34,488	\$ 30,831	\$ (3,657)	\$ 96,802	\$ 180,410	\$ 83,608
-	-	-	-	59,796	(59,796)
14,776	18,165	(3,389)	14,776	18,165	(3,389)
\$ 19,712	\$ 12,666	\$ (7,046)	\$ 82,026	\$ 102,449	\$ 20,423

STATE OF MINNESOTA

NATURAL RESOURCES FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1994
(IN THOUSANDS)

	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	TOTALS	
				JUNE 30, 1994	JUNE 30, 1993
ASSETS					
Cash and Cash Equivalents.....	\$ 6,221	\$ 12,221	\$ 10,081	\$ 28,523	\$ 23,312
Accounts Receivable.....	1,266	352	3,592	5,210	5,415
Interfund Receivables.....	—	1,747	—	1,747	4,542
Federal Aid Receivable.....	—	—	588	588	560
Total Assets.....	<u>\$ 7,487</u>	<u>\$ 14,320</u>	<u>\$ 14,261</u>	<u>\$ 36,068</u>	<u>\$ 33,829</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable.....	\$ 1,591	\$ 1,531	\$ 2,746	\$ 5,868	\$ 4,865
Total Liabilities.....	<u>\$ 1,591</u>	<u>\$ 1,531</u>	<u>\$ 2,746</u>	<u>\$ 5,868</u>	<u>\$ 4,865</u>
Fund Balances:					
Reserved Fund Balances:					
Reserved for Encumbrances.....	\$ 4,316	\$ 2,245	\$ 1,509	\$ 8,070	\$ 8,013
Total Reserved Fund Balances.....	<u>\$ 4,316</u>	<u>\$ 2,245</u>	<u>\$ 1,509</u>	<u>\$ 8,070</u>	<u>\$ 8,013</u>
Unreserved Fund Balances:					
Designated for Appropriation Carryover.....	\$ 1,580	\$ 10,544	\$ 5,110	\$ 17,234	\$ 602
Undesignated.....	—	—	4,896	4,896	20,349
Total Unreserved Fund Balances.....	<u>\$ 1,580</u>	<u>\$ 10,544</u>	<u>\$ 10,006</u>	<u>\$ 22,130</u>	<u>\$ 20,951</u>
Total Fund Balances.....	<u>\$ 5,896</u>	<u>\$ 12,789</u>	<u>\$ 11,515</u>	<u>\$ 30,200</u>	<u>\$ 28,964</u>
Total Liabilities and Fund Balances.....	<u>\$ 7,487</u>	<u>\$ 14,320</u>	<u>\$ 14,261</u>	<u>\$ 36,068</u>	<u>\$ 33,829</u>

STATE OF MINNESOTA

NATURAL RESOURCES FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1994
(IN THOUSANDS)

	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1994	JUNE 30, 1993
Net Revenues:					
Tobacco Taxes.....	\$ 7,666	\$ —	\$ —	\$ 7,666	\$ 7,303
Federal Revenues.....	—	—	11,368	11,368	11,908
License Fees.....	—	6,864	37,194	44,058	42,446
Departmental Services.....	—	—	246	246	302
Investment Income.....	157	150	300	607	914
Other Revenues.....	—	2,017	1,164	3,181	2,853
Net Revenues.....	\$ 7,823	\$ 9,031	\$ 50,272	\$ 67,126	\$ 65,726
Expenditures:					
Current:					
Resource Management.....	\$ 1,493	\$ 12,933	\$ 47,929	\$ 62,355	\$ 64,622
Economic and Manpower Development.....	1,192	—	—	1,192	449
Education.....	28	—	—	28	39
Health and Social Services.....	—	—	—	—	39
General Government.....	302	—	—	302	379
Total Current Expenditures.....	\$ 3,015	\$ 12,933	\$ 47,929	\$ 63,877	\$ 65,528
Capital Outlay.....	905	936	878	2,719	2,192
Debt Service.....	—	—	161	161	279
Grants and Subsidies.....	1,862	4,290	868	7,020	8,558
Total Expenditures.....	\$ 5,782	\$ 18,159	\$ 49,836	\$ 73,777	\$ 76,557
Excess of Revenues Over (Under) Expenditures.....	\$ 2,041	\$ (9,128)	\$ 436	\$ (6,651)	\$ (10,831)
Other Financing Sources (Uses):					
Operating Transfers—In.....	\$ 1,248	\$ 6,697	\$ —	\$ 7,945	\$ 10,113
Operating Transfers to Debt Service Fund.....	—	—	(58)	(58)	(50)
Net Other Financing Sources (Uses).....	\$ 1,248	\$ 6,697	\$ (58)	\$ 7,887	\$ 10,063
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 3,289	\$ (2,431)	\$ 378	\$ 1,236	\$ (768)
Fund Balances, July 1.....	2,607	15,220	11,137	28,964	30,608
Residual Equity Transfers—Out.....	—	—	—	—	(876)
Fund Balances, June 30.....	\$ 5,896	\$ 12,789	\$ 11,515	\$ 30,200	\$ 28,964

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, 1994
(IN THOUSANDS)

	MINNESOTA RESOURCES			NATURAL RESOURCES		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
Tobacco Taxes.....	\$ 6,827	\$ 7,666	\$ 839	\$ —	\$ —	\$ —
Federal Revenues.....	—	—	—	—	—	—
License Fees.....	—	—	—	7,002	6,705	(297)
Departmental Services.....	—	—	—	1,211	485	(726)
Investment Income.....	50	157	107	166	151	(15)
Other Revenues.....	10	41	31	1,329	1,611	282
Net Revenues.....	\$ 6,887	\$ 7,864	\$ 977	\$ 9,708	\$ 8,952	\$ (756)
Expenditures:						
Transportation.....	\$ 100	\$ 100	\$ —	\$ —	\$ —	\$ —
Resource Management.....	4,596	4,388	208	19,568	17,069	2,499
Economic and Manpower Development.....	2,137	2,111	26	—	—	—
Education.....	1,069	951	118	—	—	—
General Government.....	415	413	2	—	—	—
Total Expenditures.....	\$ 8,317	\$ 7,963	\$ 354	\$ 19,568	\$ 17,069	\$ 2,499
Excess of Revenues Over (Under) Expenditures.....	\$ (1,430)	\$ (99)	\$ 1,331	\$ (9,860)	\$ (8,117)	\$ 1,743
Other Financing Sources (Uses):						
Operating Transfers—In.....	\$ 208	\$ 372	\$ 164	\$ 9,493	\$ 9,493	\$ —
Operating Transfers to Debt Service.....	—	—	—	—	—	—
Net Other Financing Sources (Uses).....	\$ 208	\$ 372	\$ 164	\$ 9,493	\$ 9,493	\$ —
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (1,222)	\$ 273	\$ 1,495	\$ (367)	\$ 1,376	\$ 1,743
Fund Balances, July 1, 1993, as Reported.....	1,236	1,236	—	7,065	7,065	—
Prior Year Adjustments.....	—	195	195	—	140	140
Fund Balances, June 30, 1994.....	\$ 14	\$ 1,704	\$ 1,690	\$ 6,698	\$ 8,581	\$ 1,883
Less Appropriation Carryover.....	—	1,579	(1,579)	—	8,581	(8,581)
Undesignated Fund Balances, June 30, 1994.....	\$ 14	\$ 125	\$ 111	\$ 6,698	\$ —	\$ (6,698)

GAME AND FISH			COMBINED TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 6,827	\$ 7,666	\$ 839
11,800	11,341	(459)	11,800	11,341	(459)
36,413	37,734	1,321	43,415	44,439	1,024
365	422	57	1,576	907	(669)
300	329	29	516	637	121
864	1,021	157	2,203	2,673	470
<u>\$ 49,742</u>	<u>\$ 50,847</u>	<u>\$ 1,105</u>	<u>\$ 66,337</u>	<u>\$ 67,663</u>	<u>\$ 1,326</u>
\$ -	\$ -	\$ -	\$ 100	\$ 100	\$ -
52,237	48,828	3,409	76,401	70,285	6,116
-	-	-	2,137	2,111	26
-	-	-	1,069	951	118
72	-	72	487	413	74
<u>\$ 52,309</u>	<u>\$ 48,828</u>	<u>\$ 3,481</u>	<u>\$ 80,194</u>	<u>\$ 73,860</u>	<u>\$ 6,334</u>
<u>\$ (2,567)</u>	<u>\$ 2,019</u>	<u>\$ 4,586</u>	<u>\$ (13,857)</u>	<u>\$ (6,197)</u>	<u>\$ 7,660</u>
\$ -	\$ -	\$ -	\$ 9,701	\$ 9,865	\$ 164
(58)	(58)	-	(58)	(58)	-
<u>\$ (58)</u>	<u>\$ (58)</u>	<u>\$ -</u>	<u>\$ 9,643</u>	<u>\$ 9,807</u>	<u>\$ 164</u>
\$ (2,625)	\$ 1,961	\$ 4,586	\$ (4,214)	\$ 3,610	\$ 7,824
3,486	3,486	-	11,787	11,787	-
-	529	529	-	864	864
<u>\$ 861</u>	<u>\$ 5,976</u>	<u>\$ 5,115</u>	<u>\$ 7,573</u>	<u>\$ 16,261</u>	<u>\$ 8,688</u>
-	5,110	(5,110)	-	15,270	(15,270)
<u>\$ 861</u>	<u>\$ 866</u>	<u>\$ 5</u>	<u>\$ 7,573</u>	<u>\$ 991</u>	<u>\$ (6,582)</u>

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 fund type follow:

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, 1994 (IN THOUSANDS)

				TOTALS	
	GENERAL			JUNE 30,	JUNE 30,
	PROJECT	TRANSPORTATION	BUILDING	1994	1993
ASSETS					
Cash and Cash Equivalents.....	\$ 6,238	\$ 2,241	\$ 78,170	\$ 86,649	\$ 50,826
Investments.....	—	—	1,509	1,509	6,418
Accounts Receivable.....	—	—	11	11	55
Accrued Investment/Interest Income.....	7	—	1	8	13
Loans Receivable.....	94	—	15,248	15,342	20,040
Total Assets.....	<u>\$ 6,339</u>	<u>\$ 2,241</u>	<u>\$ 94,939</u>	<u>\$ 103,519</u>	<u>\$ 77,352</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable.....	\$ 27	\$ 185	\$ 24,930	\$ 25,142	\$ 14,749
Interfund Payables.....	—	3,271	316	3,587	461
Total Liabilities.....	<u>\$ 27</u>	<u>\$ 3,456</u>	<u>\$ 25,246</u>	<u>\$ 28,729</u>	<u>\$ 15,210</u>
Fund Balances:					
Reserved Fund Balances:					
Reserved for Long-Term Receivables.....	\$ 94	\$ —	\$ 15,247	\$ 15,341	\$ 20,040
Reserved for Long-Term Commitments.....	—	—	57,289	57,289	35,236
Total Reserved Fund Balances.....	\$ 94	\$ —	\$ 72,536	\$ 72,630	\$ 55,276
Unreserved Fund Balances:					
Undesignated.....	6,218	(1,215)	(2,843)	2,160	6,866
Total Fund Balances.....	<u>\$ 6,312</u>	<u>\$ (1,215)</u>	<u>\$ 69,693</u>	<u>\$ 74,790</u>	<u>\$ 62,142</u>
Total Liabilities and Fund Balances.....	<u>\$ 6,339</u>	<u>\$ 2,241</u>	<u>\$ 94,939</u>	<u>\$ 103,519</u>	<u>\$ 77,352</u>

STATE OF MINNESOTA

CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1994	JUNE 30, 1993
Net Revenues:					
Federal Revenues.....	\$ —	\$ —	\$ —	\$ —	\$ 2
Investment/Interest Income.....	7	—	6,239	6,246	5,532
Other Revenues.....	—	—	10	10	2,444
Net Revenues.....	\$ 7	\$ —	\$ 6,249	\$ 6,256	\$ 7,978
Expenditures:					
Current:					
Protection of Persons and Property.....	\$ —	\$ —	\$ 203	\$ 203	\$ 525
Resource Management.....	—	—	10,248	10,248	7,756
Economic and Manpower Development.....	—	—	1	1	—
Education.....	320	—	14,660	14,980	20,653
Health and Social Services.....	30	—	3,091	3,121	1,302
General Government.....	797	—	19,407	20,204	21,202
Total Current Expenditures.....	\$ 1,147	\$ —	\$ 47,610	\$ 48,757	\$ 51,438
Capital Outlay.....	—	40	43,983	44,023	31,833
Grants and Subsidies.....	342	9,657	37,406	47,405	50,800
Total Expenditures.....	\$ 1,489	\$ 9,697	\$ 128,999	\$ 140,185	\$ 134,071
Excess of Revenues Over (Under) Expenditures.....	\$ (1,482)	\$ (9,697)	\$ (122,750)	\$ (133,929)	\$ (126,093)
Other Financing Sources (Uses):					
General Obligation Bonds.....	\$ —	\$ 4,390	\$ 180,310	\$ 184,700	\$ 150,280
Operating Transfers—In.....	—	—	—	—	4,412
Operating Transfers to Debt Service.....	—	—	(10,643)	(10,643)	(7,915)
Other Operating Transfers—Out.....	—	—	—	—	(23)
Transfers—Out to Component Units.....	—	—	(24,249)	(24,249)	—
Net Other Financing Sources (Uses).....	\$ —	\$ 4,390	\$ 145,418	\$ 149,808	\$ 146,754
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (1,482)	\$ (5,307)	\$ 22,668	\$ 15,879	\$ 20,661
Fund Balances, July 1.....	\$ 8,080	\$ 4,092	\$ 47,979	\$ 60,151	\$ 42,100
Change in Reporting Entity.....	—	—	1,991	1,991	—
Fund Balances, July 1, as Restated.....	\$ 8,080	\$ 4,092	\$ 49,970	\$ 62,142	\$ 42,100
Residual Equity Transfers—Out.....	(286)	—	(2,945)	(3,231)	(619)
Fund Balances, June 30.....	\$ 6,312	\$ (1,215)	\$ 69,693	\$ 74,790	\$ 62,142

This page intentionally left blank.

DEBT SERVICE FUND

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, most general obligation long-term debt principal and interest.

STATE OF MINNESOTA

DEBT SERVICE FUND COMPARATIVE BALANCE SHEET JUNE 30, 1994 AND 1993 (IN THOUSANDS)

	TOTALS	
	JUNE 30, 1994	JUNE 30, 1993
ASSETS		
Cash and Cash Equivalents.....	\$ 221,062	\$ 226,717
Investments.....	85,622	39,213
Accounts Receivable.....	288	19
Interfund Receivables.....	1,543	395
Accrued Investment Income.....	375	530
Total Assets.....	\$ 308,890	\$ 266,874
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable.....	\$ 35,306	\$ 2,741
Funds Held in Trust.....	1,488	1,847
Total Liabilities.....	\$ 36,794	\$ 4,588
Fund Balances:		
Reserved for Debt Requirements.....	\$ 272,096	\$ 262,286
Total Fund Balances.....	\$ 272,096	\$ 262,286
Total Liabilities and Fund Balances.....	\$ 308,890	\$ 266,874

STATE OF MINNESOTA

DEBT SERVICE FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1994 AND 1993 (IN THOUSANDS)

	TOTALS FOR THE YEAR ENDED	
	JUNE 30, 1994	JUNE 30, 1993
Net Revenues:		
Tobacco Taxes.....	\$ 15,691	\$ 16,147
Other Taxes.....	2,817	3,007
Federal Revenues.....	136	141
Investment Income.....	9,765	9,630
Other Revenues.....	1,720	3,394
Net Revenues.....	\$ 30,129	\$ 32,319
Expenditures:		
Current:		
General Government.....	\$ 315	\$ 349
Total Current Expenditures.....	\$ 315	\$ 349
Debt Service.....	274,197	257,499
Total Expenditures.....	\$ 274,512	\$ 257,848
Excess of Revenues Over (Under) Expenditures.....	\$ (244,383)	\$ (225,529)
Other Financing Sources (Uses):		
General Obligation Bonds.....	\$ —	\$ 750
Proceeds of Refunding Bonds.....	273,555	535,360
Operating Transfers—In.....	248,173	227,498
Payment to Refunded Bond Escrow Agent.....	(271,055)	(544,132)
Net Other Financing Sources (Uses).....	\$ 250,673	\$ 219,476
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 6,290	\$ (6,053)
Fund Balances, July 1.....	262,286	268,238
Residual Equity Transfers—In.....	3,520	101
Fund Balances, June 30.....	\$ 272,096	\$ 262,286

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. Individual enterprise funds are described below.

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

The *Higher Education Coordinating Board Student Loan Fund* makes and guarantees loans to qualified post secondary students.

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 and community colleges.

The *Minnesota Correctional Industries Fund* facilitates prisoner rehabilitation by providing facilities and assistance for manufacturing and marketing goods to the general public.

The *Chemical Dependency Treatment Fund* accounts for the activity of state regional treatment centers for chemical dependency treatment services.

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.

STATE OF MINNESOTA

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1994
(IN THOUSANDS)

	STATE UNIVERSITY BOARD REVENUE	HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN	STATE LOTTERY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES
ASSETS				
Cash and Cash Equivalents.....	\$ 4,054	\$ 11,759	\$ 8,521	\$ 14,594
Investments.....	15,244	44,431	8,100	—
Accounts Receivable.....	538	—	1,315	2,754
Accrued Investment/Interest Income.....	489	1,771	101	145
Inventories.....	—	—	488	3,609
Deferred Costs.....	691	547	68	16
Restricted Assets:				
Cash and Cash Equivalents.....	—	14,350	—	524
Investments.....	22,865	14,935	668	—
Loans Receivable.....	—	195,131	—	33,228
Advances to Other Funds.....	—	—	—	—
Fixed Assets (Net).....	68,438	16	2,329	4,634
Other Assets.....	—	55	—	—
Total Assets.....	<u>\$ 112,319</u>	<u>\$ 282,995</u>	<u>\$ 21,590</u>	<u>\$ 59,504</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable.....	\$ —	\$ 375	\$ 16,491	\$ 1,913
Interfund Payables.....	—	—	3,486	—
Deferred Revenue.....	1,021	—	257	149
Payable from Restricted Assets:				
Accounts Payable.....	3,667	—	668	—
Revenue Bonds Payable.....	140	3,300	—	—
Revenue Bonds Interest Payable.....	—	165	—	—
General Obligation Bonds Payable.....	805	—	—	—
General Obligation Bonds Interest Payable.....	74	—	—	—
Notes Payable.....	—	—	—	19
Revenue Bonds Payable.....	32,215	73,283	—	2,055
General Obligation Bonds Payable.....	2,415	—	—	—
Compensated Absences Payable.....	1,180	118	688	640
Advances from Other Funds.....	—	—	—	—
Arbitrage Payable.....	82	—	—	—
Other Liabilities.....	—	—	—	—
Total Liabilities.....	<u>\$ 41,599</u>	<u>\$ 77,241</u>	<u>\$ 21,590</u>	<u>\$ 4,776</u>
Fund Equity:				
Contributed Capital.....	\$ 3,323	\$ —	\$ —	\$ —
Reserved Retained Earnings:				
Reserved for Debt Requirements.....	\$ 16,918	\$ 25,820	\$ —	\$ —
Reserved per Law.....	—	—	—	42,334
Total Reserved Retained Earnings.....	<u>\$ 16,918</u>	<u>\$ 25,820</u>	<u>\$ —</u>	<u>\$ 42,334</u>
Unreserved Retained Earnings.....	50,479	179,934	—	12,394
Total Retained Earnings.....	<u>\$ 67,397</u>	<u>\$ 205,754</u>	<u>\$ —</u>	<u>\$ 54,728</u>
Total Fund Equity.....	<u>\$ 70,720</u>	<u>\$ 205,754</u>	<u>\$ —</u>	<u>\$ 54,728</u>
Total Liabilities and Fund Equity.....	<u>\$ 112,319</u>	<u>\$ 282,995</u>	<u>\$ 21,590</u>	<u>\$ 59,504</u>

MINNESOTA CORRECTIONAL INDUSTRIES	CHEMICAL DEPENDENCY TREATMENT	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	TOTALS	
				JUNE 30, 1994	JUNE 30, 1993
\$ 1,900	\$ 1,067	\$ 558	\$ 1,708	\$ 44,161	\$ 54,108
-	-	-	-	67,775	48,084
2,249	2,553	199	112	9,720	16,410
-	-	-	-	2,506	2,279
5,622	-	-	353	10,072	11,349
-	-	-	6	1,328	1,642
-	-	-	-	14,874	14,824
-	-	-	-	38,468	42,187
-	-	-	-	228,359	236,504
-	-	-	-	-	32
2,292	-	5	508	78,222	72,727
7	-	-	-	62	173
<u>\$ 12,070</u>	<u>\$ 3,620</u>	<u>\$ 762</u>	<u>\$ 2,687</u>	<u>\$ 495,547</u>	<u>\$ 500,319</u>
\$ 626	\$ 1,407	\$ 95	\$ 246	\$ 21,153	\$ 22,630
-	-	-	-	3,486	7,211
-	-	-	163	1,590	1,285
-	-	-	-	4,335	4,519
-	-	-	-	3,440	4,140
-	-	-	-	165	159
-	-	-	-	805	805
-	-	-	-	74	93
-	-	-	-	19	37
-	-	-	-	107,553	111,069
-	-	-	-	2,415	3,220
806	610	3	144	4,189	2,863
-	-	1,525	-	1,525	-
-	-	-	-	82	144
220	-	-	-	220	232
<u>\$ 1,652</u>	<u>\$ 2,017</u>	<u>\$ 1,623</u>	<u>\$ 553</u>	<u>\$ 151,051</u>	<u>\$ 158,407</u>
<u>\$ 5,801</u>	<u>\$ 5,462</u>	<u>\$ -</u>	<u>\$ 985</u>	<u>\$ 15,571</u>	<u>\$ 15,818</u>
\$ -	\$ -	\$ -	\$ -	\$ 42,738	\$ 45,867
-	-	-	-	42,334	40,757
\$ -	\$ -	\$ -	\$ -	\$ 85,072	\$ 86,624
4,617	(3,859)	(861)	1,149	243,853	239,470
<u>\$ 4,617</u>	<u>\$ (3,859)</u>	<u>\$ (861)</u>	<u>\$ 1,149</u>	<u>\$ 328,925</u>	<u>\$ 326,094</u>
<u>\$ 10,418</u>	<u>\$ 1,603</u>	<u>\$ (861)</u>	<u>\$ 2,134</u>	<u>\$ 344,496</u>	<u>\$ 341,912</u>
<u>\$ 12,070</u>	<u>\$ 3,620</u>	<u>\$ 762</u>	<u>\$ 2,687</u>	<u>\$ 495,547</u>	<u>\$ 500,319</u>

STATE OF MINNESOTA

ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	STATE UNIVERSITY BOARD REVENUE	HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN	STATE LOTTERY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES
Operating Revenues:				
Net Sales.....	\$ —	\$ —	\$ 331,475	\$ 32,507
Interest Income.....	—	9,700	—	823
Rental and Service Fees.....	36,666	—	—	960
Insurance Premiums.....	—	—	—	—
Other Income.....	—	—	420	355
Total Operating Revenues.....	\$ 36,666	\$ 9,700	\$ 331,895	\$ 34,645
Less Cost of Goods Sold.....	—	—	245,813	19,076
Gross Margin.....	\$ 36,666	\$ 9,700	\$ 86,082	\$ 15,569
Operating Expenses:				
Interest and Financing Costs.....	\$ —	\$ 2,029	\$ 31	\$ —
Purchased Services.....	16,278	2,910	16,910	3,604
Salaries and Fringe Benefits.....	12,058	603	8,120	4,848
Depreciation.....	3,996	3	1,196	765
Amortization.....	25	715	—	—
Supplies and Materials.....	2,633	19	1,136	1,817
Indirect Costs.....	—	71	—	—
Other Expenses.....	—	1,602	103	3,018
Total Operating Expenses.....	\$ 34,990	\$ 7,952	\$ 27,496	\$ 14,052
Operating Income (Loss).....	\$ 1,676	\$ 1,748	\$ 58,586	\$ 1,517
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ 2,267	\$ 2,419	\$ 782	\$ 629
Grants and Subsidies.....	—	487	—	502
Other Nonoperating Revenues.....	118	—	—	151
Interest and Financing Costs.....	(2,342)	—	—	(154)
Grants, Aids and Subsidies.....	—	—	—	(2,442)
Gain (Loss) on Sale of Fixed Assets.....	(141)	—	—	3
Total Nonoperating Revenues (Expenses).....	\$ (98)	\$ 2,906	\$ 782	\$ (1,311)
Income (Loss) Before Operating Transfers.....	\$ 1,578	\$ 4,654	\$ 59,368	\$ 206
Operating Transfers—In.....	—	—	—	—
Operating Transfers—Out.....	—	—	(59,368)	—
Net Income (Loss) before Extraordinary Item.....	\$ 1,578	\$ 4,654	\$ —	\$ 206
Extraordinary Loss on Debt Extinguishment.....	—	—	—	—
Net Income (Loss).....	\$ 1,578	\$ 4,654	\$ —	\$ 206
Depreciation on Fixed Assets Acquired with Contributed Capital.....	352	—	—	—
Increase (Decrease) in Retained Earnings.....	\$ 1,930	\$ 4,654	\$ —	\$ 206
Retained Earnings, July 1, as Reported.....	\$ 65,467	\$ 205,844	\$ —	\$ 52,716
Prior Period Adjustments.....	—	(4,744)	—	—
Changes in Reporting Entity.....	—	—	—	1,806
Retained Earnings, July 1, as Restated.....	\$ 55,467	\$ 201,100	\$ —	\$ 54,522
Residual Equity Transfers—Out.....	—	—	—	—
Retained Earnings, June 30.....	\$ 67,397	\$ 205,754	\$ —	\$ 54,728

MINNESOTA CORRECTIONAL INDUSTRIES	CHEMICAL DEPENDENCY TREATMENT	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1994	JUNE 30, 1993
\$ 14,513	\$ —	\$ —	\$ 2,533	\$ 381,028	\$ 373,876
—	—	—	—	10,523	11,149
—	11,545	—	745	49,916	48,717
—	—	693	—	693	—
53	—	—	—	828	1,046
\$ 14,566	\$ 11,545	\$ 693	\$ 3,278	\$ 442,988	\$ 434,788
15,012	—	—	1,025	280,926	282,071
\$ (446)	\$ 11,545	\$ 693	\$ 2,253	\$ 162,062	\$ 152,717
\$ —	\$ —	\$ —	\$ —	\$ 2,060	\$ 2,257
664	237	1,131	547	42,281	37,703
3,237	9,210	142	1,234	39,452	37,792
410	—	1	117	6,488	5,809
—	—	—	—	740	409
168	920	4	110	6,807	5,698
90	355	—	45	561	696
165	292	53	—	5,233	1,553
\$ 4,734	\$ 11,014	\$ 1,331	\$ 2,053	\$ 103,622	\$ 91,917
\$ (5,180)	\$ 531	\$ (638)	\$ 200	\$ 58,440	\$ 60,800
\$ 72	\$ 30	\$ 26	\$ —	\$ 6,225	\$ 7,406
—	—	—	—	989	1,235
—	—	—	—	269	301
—	—	—	—	(2,496)	(1,473)
—	—	—	—	(2,442)	(1,840)
—	—	—	—	(138)	(38)
\$ 72	\$ 30	\$ 26	\$ —	\$ 2,407	\$ 5,591
\$ (5,108)	\$ 561	\$ (612)	\$ 200	\$ 60,847	\$ 66,391
4,177	—	—	—	4,177	4,963
—	—	—	—	(59,368)	(57,799)
\$ (931)	\$ 561	\$ (612)	\$ 200	\$ 5,656	\$ 13,555
—	—	—	—	—	(2,899)
\$ (931)	\$ 561	\$ (612)	\$ 200	\$ 5,656	\$ 10,656
—	—	—	10	362	362
\$ (931)	\$ 561	\$ (612)	\$ 210	\$ 6,018	\$ 11,018
\$ 5,548	\$ (4,420)	\$ —	\$ 939	\$ 326,094	\$ 315,126
—	—	—	—	(4,744)	—
—	—	(249)	—	1,557	—
\$ 5,548	\$ (4,420)	\$ (249)	\$ 939	\$ 322,907	\$ 315,126
—	—	—	—	—	(50)
\$ 4,617	\$ (3,859)	\$ (861)	\$ 1,149	\$ 328,925	\$ 326,094

STATE OF MINNESOTA

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1994
(IN THOUSANDS)

	STATE UNIVERSITY BOARD REVENUE	HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN	STATE LOTTERY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES
Cash Flows from Operating Activities:				
Operating Income (Loss).....	\$ 1,676	\$ 1,748	\$ 58,586	\$ 1,517
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation.....	\$ 3,996	\$ 3	\$ 1,196	\$ 765
Amortization.....	25	715	—	—
Interest and Financing Costs.....	—	2,029	31	—
Loan Principal Repayments.....	—	26,426	—	6,888
Loans Issued.....	—	(24,102)	—	(7,501)
Provision for Loan Defaults.....	—	1,083	—	215
Change in Assets and Liabilities:				
Accounts Receivable.....	(84)	—	7,018	(272)
Inventories.....	—	—	384	137
Other Assets.....	—	211	19	50
Accounts Payable.....	(211)	(427)	(140)	(316)
Deferred Revenues.....	104	—	99	47
Other Liabilities.....	205	16	172	477
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 4,035	\$ 5,954	\$ 8,779	\$ 490
Net Cash Flows from Operating Activities.....	\$ 5,711	\$ 7,702	\$ 67,365	\$ 2,007
Cash Flows from Noncapital Financing Activities:				
Grant Receipts.....	\$ 118	\$ 487	\$ —	\$ 502
Grant Disbursements.....	—	—	—	(2,442)
Other Non-Operating Expenses.....	—	—	—	151
Transfers—In.....	—	—	—	—
Transfers—Out.....	—	—	(62,695)	—
Residual Equity Transfers—Out.....	—	—	—	—
Capital Contributions.....	—	—	—	—
Advances from Other Funds.....	—	—	—	—
Repayments of Advances from Other Funds.....	—	—	—	—
Proceeds from Bond Sales.....	—	20,000	—	—
Repayment of Bond Principal.....	—	(25,000)	—	—
Bond Issuance Costs.....	—	(84)	—	—
Interest Paid.....	—	(2,022)	—	—
Net Cash Flows from Noncapital Financing Activities.....	\$ 118	\$ (6,619)	\$ (62,695)	\$ (1,789)
Cash Flows from Capital and Related Financing Activities:				
Investment in Fixed Assets.....	\$ (10,018)	\$ (16)	\$ (643)	\$ (1,194)
Proceeds from the Sale of Fixed Assets.....	10	—	—	271
Advances from Other Funds.....	—	—	—	—
Repayment of Advances to Other Funds Restricted to Capital Purchases.....	—	—	—	—
Proceeds from Bond Sales.....	—	—	—	950
Repayment of Bond Principal.....	(945)	—	—	(45)
Bond Issuance Costs.....	—	—	—	36
Interest Paid.....	(2,360)	—	(30)	(145)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (13,313)	\$ (16)	\$ (673)	\$ (127)
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments.....	\$ 54,976	\$ 130,014	\$ 14,631	\$ —
Purchase of Investments.....	(51,184)	(149,325)	(15,641)	—
Investment Earnings.....	2,304	2,649	761	506
Net Cash Flows from Investing Activities.....	\$ 6,096	\$ (16,662)	\$ (249)	\$ 506
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (1,388)	\$ (15,595)	\$ 3,748	\$ 597
Cash and Cash Equivalents, July 1.....	5,442	41,704	4,773	12,715
Change in Reporting Entity.....	—	—	—	1,806
Cash and Cash Equivalents, June 30.....	\$ 4,054	\$ 26,109	\$ 8,521	\$ 15,118

MINNESOTA CORRECTIONAL INDUSTRIES	CHEMICAL DEPENDENCY TREATMENT	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1994	JUNE 30, 1993
\$ (5,180)	\$ 531	\$ (638)	\$ 200	\$ 58,440	\$ 60,800
\$ 410	\$ —	\$ 1	\$ 117	\$ 6,488	\$ 5,809
—	—	—	—	740	409
—	—	—	—	2,060	2,257
—	—	—	—	33,314	32,266
—	—	—	—	(31,603)	(51,161)
—	—	—	—	1,298	(383)
380	(241)	(198)	88	6,691	(5,088)
682	—	—	77	1,280	1,545
23	—	—	(1)	302	52
(181)	(220)	94	(286)	(1,687)	2,612
—	—	—	54	304	67
229	(323)	3	52	831	(1,401)
\$ 1,543	\$ (784)	\$ (100)	\$ 101	\$ 20,018	\$ (13,016)
\$ (3,637)	\$ (253)	\$ (738)	\$ 301	\$ 78,458	\$ 47,784
\$ —	\$ —	\$ —	\$ —	\$ 1,107	\$ 1,537
—	—	—	—	(2,442)	(1,840)
—	—	—	—	151	—
4,177	—	—	—	4,177	4,963
—	—	—	—	(62,695)	(54,484)
—	—	—	—	—	(300)
116	—	—	—	116	356
—	400	—	—	400	—
—	(400)	—	33	(367)	(33)
—	—	—	—	20,000	30,000
—	—	—	—	(25,000)	(7,000)
—	—	—	—	(84)	(357)
—	—	—	—	(2,022)	(2,217)
\$ 4,293	\$ —	\$ —	\$ 33	\$ (66,659)	\$ (29,375)
\$ (398)	\$ —	\$ (6)	\$ (89)	\$ (12,364)	\$ (13,330)
18	—	—	7	306	54
—	—	1,000	—	1,000	—
—	—	—	—	—	(15)
—	—	—	—	950	28,880
—	—	—	—	(990)	(15,725)
—	—	—	—	36	(3,194)
—	—	—	—	(2,535)	(1,470)
\$ (380)	\$ —	\$ 994	\$ (82)	\$ (13,597)	\$ (4,800)
\$ —	\$ —	\$ —	\$ —	\$ 199,621	\$ 134,043
—	—	—	—	(216,150)	(136,611)
72	30	26	—	6,348	7,451
\$ 72	\$ 30	\$ 26	\$ —	\$ (10,181)	\$ 4,883
\$ 348	\$ (223)	\$ 282	\$ 252	\$ (11,979)	\$ 18,492
1,552	1,290	—	1,456	68,932	50,440
—	—	276	—	2,082	—
\$ 1,900	\$ 1,067	\$ 558	\$ 1,708	\$ 59,035	\$ 68,932

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 *Master Lease Fund* accounts for debt issued to finance major purchases of equipment by other internal service funds.

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, 1994 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL	PLANT MANAGEMENT
ASSETS					
Cash and Cash Equivalents.....	\$ 8,856	\$ 220	\$ 1,377	\$ 357	\$ 2,872
Investments.....	—	—	—	—	—
Accounts Receivable.....	6,929	545	626	920	1,917
Interfund Receivables.....	—	—	—	—	—
Accrued Investment/Interest Income.....	—	—	—	—	—
Inventories.....	—	642	216	43	215
Deferred Costs.....	1,545	—	—	—	—
Financing Leases Receivable.....	—	—	—	—	—
Fixed Assets (Net).....	19,583	60	214	10,376	1,478
Total Assets.....	\$ 36,913	\$ 1,467	\$ 2,433	\$ 11,696	\$ 6,482
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable.....	\$ 6,048	\$ 494	\$ 324	\$ 141	\$ 782
Interfund Payables.....	—	—	—	741	—
Accrued Interest Payable.....	95	—	—	35	1
Deferred Revenue.....	—	—	—	—	1
Loans Payable.....	21,684	—	—	8,416	277
Installment Purchases Payable.....	—	—	12	—	—
Revenue Bonds Payable.....	—	—	—	—	—
Compensated Absences Payable.....	1,214	67	196	34	635
Advances from Other Funds.....	—	—	11	1,380	—
Total Liabilities.....	\$ 29,041	\$ 561	\$ 543	\$ 10,747	\$ 1,696
Fund Equity:					
Contributed Capital.....	\$ 2,348	\$ 691	\$ 1,432	\$ 502	\$ 653
Retained Earnings:					
Reserved for Claims.....	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved.....	5,524	215	458	447	4,133
Total Retained Earnings.....	\$ 5,524	\$ 215	\$ 458	\$ 447	\$ 4,133
Total Fund Equity.....	\$ 7,872	\$ 906	\$ 1,890	\$ 949	\$ 4,786
Total Liabilities and Fund Equity.....	\$ 36,913	\$ 1,467	\$ 2,433	\$ 11,696	\$ 6,482

MASTER LEASE	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTALS	
				JUNE 30, 1994	JUNE 30, 1993
\$ 258	\$ 93,195	\$ 3,063	\$ 552	\$ 110,750	\$ 98,593
-	-	-	-	-	225
-	10,218	19	644	21,818	20,774
-	-	-	-	-	77
-	-	-	-	-	1
-	-	-	31	1,147	1,014
-	-	178	-	1,723	365
-	-	-	-	-	87
-	193	16	90	32,010	23,226
<u>\$ 258</u>	<u>\$ 103,606</u>	<u>\$ 3,276</u>	<u>\$ 1,317</u>	<u>\$ 167,448</u>	<u>\$ 144,362</u>
\$ 10	\$ 21,810	\$ 2,839	\$ 186	\$ 32,634	\$ 13,899
-	-	-	-	741	1,357
-	-	-	1	132	129
-	-	171	44	216	372
-	-	-	51	30,428	25,947
-	-	-	-	12	58
-	-	-	-	-	465
-	86	23	237	2,492	1,984
-	-	-	-	1,391	1,639
<u>\$ 10</u>	<u>\$ 21,896</u>	<u>\$ 3,033</u>	<u>\$ 519</u>	<u>\$ 68,046</u>	<u>\$ 45,850</u>
\$ -	\$ -	\$ -	\$ 418	\$ 6,044	\$ 6,045
\$ -	\$ 81,710	\$ -	\$ -	\$ 81,710	\$ 78,518
248	-	243	380	11,648	13,949
<u>\$ 248</u>	<u>\$ 81,710</u>	<u>\$ 243</u>	<u>\$ 380</u>	<u>\$ 93,358</u>	<u>\$ 92,467</u>
\$ 248	\$ 81,710	\$ 243	\$ 798	\$ 99,402	\$ 98,512
<u>\$ 258</u>	<u>\$ 103,606</u>	<u>\$ 3,276</u>	<u>\$ 1,317</u>	<u>\$ 167,448</u>	<u>\$ 144,362</u>

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL	PLANT MANAGEMENT
Operating Revenues:					
Net Sales.....	\$ —	\$ 5,696	\$ 5,802	\$ —	\$ 761
Interest Income on Loans.....	—	—	—	—	—
Rental and Service Fees.....	48,801	—	—	5,387	23,648
Insurance Premiums.....	—	—	—	—	—
Other Income.....	1,919	—	—	133	417
Total Operating Revenues.....	\$ 50,720	\$ 5,696	\$ 5,802	\$ 5,520	\$ 24,826
Less Cost of Goods Sold.....	—	4,602	4,398	—	—
Gross Margin.....	\$ 50,720	\$ 1,094	\$ 1,404	\$ 5,520	\$ 24,826
Operating Expenses:					
Interest and Financing Costs.....	\$ —	\$ —	\$ —	\$ —	\$ —
Purchased Services.....	33,307	342	156	676	7,050
Salaries and Fringe Benefits.....	10,545	556	602	537	7,272
Claims.....	—	—	—	—	—
Depreciation.....	6,580	20	35	2,579	137
Amortization.....	91	4	—	—	41
Supplies and Materials.....	1,004	12	18	1,197	1,049
Indirect Costs.....	367	52	224	98	261
Other Expenses.....	1	—	—	—	2
Total Operating Expenses.....	\$ 51,895	\$ 986	\$ 1,035	\$ 5,087	\$ 15,812
Operating Income (Loss).....	\$ (1,175)	\$ 108	\$ 369	\$ 433	\$ 9,014
Nonoperating Revenues (Expenses):					
Investment Income.....	\$ 685	\$ —	\$ —	\$ 227	\$ 6
Interest and Financing Costs.....	(1,247)	—	(2)	(388)	(11)
Gain (Loss) on Sale of Fixed Assets.....	694	—	(1)	90	—
Other Nonoperating Expenses.....	—	—	—	(2)	—
Net Nonoperating Revenues (Expenses).....	\$ 132	\$ —	\$ (3)	\$ (73)	\$ (5)
Income (Loss) Before Operating Transfers.....	\$ (1,043)	\$ 108	\$ 366	\$ 360	\$ 9,009
Operating Transfers—In.....	—	—	—	—	—
Operating Transfers—Out.....	—	—	—	(45)	(9,029)
Net Income (Loss).....	\$ (1,043)	\$ 108	\$ 366	\$ 315	\$ (20)
Depreciation on Fixed Assets Acquired with Contributed Capital.....	—	—	—	—	—
Increase (Decrease) in Retained Earnings.....	\$ (1,043)	\$ 108	\$ 366	\$ 315	\$ (20)
Retained Earnings, July 1, as Reported.....	\$ 8,567	\$ 107	\$ 92	\$ 132	\$ 4,153
Changes in Reporting Entity.....	—	—	—	—	—
Residual Equity Transfers Out.....	(2,000)	—	—	—	—
Retained Earnings, July 1, as Restated.....	\$ 6,567	\$ 107	\$ 92	\$ 132	\$ 4,153
Retained Earnings, June 30.....	\$ 5,524	\$ 215	\$ 458	\$ 447	\$ 4,133

MASTER LEASE	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1994	JUNE 30, 1993
\$ -	\$ -	\$ -	\$ 4,215	\$ 16,474	\$ 14,610
8	-	-	-	8	-
-	-	-	-	77,836	73,311
-	209,837	2,926	-	212,763	194,200
-	2,212	91	-	4,772	2,466
\$ 8	\$ 212,049	\$ 3,017	\$ 4,215	\$ 311,853	\$ 284,587
-	-	-	41	9,041	8,444
\$ 8	\$ 212,049	\$ 3,017	\$ 4,174	\$ 302,812	\$ 276,143
\$ 15	\$ -	\$ -	\$ -	\$ 15	\$ 46
-	100,831	1,062	1,024	144,448	117,454
-	1,378	191	2,854	23,935	22,153
-	110,157	2,112	-	112,269	105,060
-	63	4	52	9,470	11,796
-	-	-	-	136	88
-	157	7	63	3,507	3,665
-	110	19	76	1,207	1,776
-	207	-	7	217	353
\$ 15	\$ 212,903	\$ 3,395	\$ 4,076	\$ 295,204	\$ 262,391
\$ (7)	\$ (854)	\$ (378)	\$ 98	\$ 7,608	\$ 13,752
\$ 13	\$ 4,071	\$ 159	\$ 2	\$ 5,163	\$ 5,502
-	(32)	-	(7)	(1,687)	(1,859)
-	-	-	(3)	780	(54)
-	-	-	-	(2)	(2,170)
\$ 13	\$ 4,039	\$ 159	\$ (8)	\$ 4,254	\$ 1,419
\$ 6	\$ 3,185	\$ (219)	\$ 90	\$ 11,862	\$ 15,171
-	7	-	-	7	-
-	-	-	-	(9,074)	(8,672)
\$ 6	\$ 3,192	\$ (219)	\$ 90	\$ 2,795	\$ 6,499
-	-	-	1	1	1
\$ 6	\$ 3,192	\$ (219)	\$ 91	\$ 2,796	\$ 6,500
\$ 242	\$ 78,518	\$ 462	\$ 194	\$ 92,467	\$ 87,373
-	-	-	94	94	(1,406)
-	-	-	-	(2,000)	-
\$ 242	\$ 78,518	\$ 462	\$ 288	\$ 90,561	\$ 85,967
\$ 248	\$ 81,710	\$ 243	\$ 379	\$ 93,357	\$ 92,467

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL	PLANT MANAGEMENT
Cash Flows from Operating Activities:					
Operating Income (Loss).....	\$ (1,175)	\$ 108	\$ 369	\$ 433	\$ 9,014
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation.....	\$ 6,580	\$ 20	\$ 105	\$ 2,579	\$ 137
Amortization.....	91	4	—	—	41
Interest and Financing Costs.....	—	—	—	—	—
Change in Assets and Liabilities:					
Accounts Receivable.....	1,004	(51)	74	(109)	(554)
Inventories.....	—	(109)	(72)	(14)	(3)
Other Assets.....	(1,545)	—	68	—	—
Accounts Payable.....	585	123	33	(22)	39
Compensated Absences Payable.....	157	19	62	(2)	122
Deferred Revenues.....	—	—	—	—	(22)
Other Liabilities.....	—	—	—	—	—
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 6,872	\$ 6	\$ 270	\$ 2,432	\$ (240)
Net Cash Flows from Operating Activities.....	\$ 5,697	\$ 114	\$ 639	\$ 2,865	\$ 8,774
Cash Flows from Noncapital Financing Activities:					
Other Non-Operating Expenses.....	\$ —	\$ —	\$ —	\$ —	\$ —
Transfers—In.....	—	—	—	—	—
Transfers—Out.....	—	—	—	(45)	(9,029)
Residual Equity Transfers—Out.....	(2,000)	—	—	—	—
Advances from Other Funds.....	—	—	—	—	—
Repayments of Advances from Other Funds.....	—	—	—	—	—
Repayments of Bond Principal.....	—	—	—	—	—
Interest Paid.....	—	—	—	—	—
Net Cash Flows from Noncapital Financing Activities.....	\$ (2,000)	\$ —	\$ —	\$ (45)	\$ (9,029)
Cash Flows from Capital and Related Financing Activities:					
Investment in Fixed Assets.....	\$ (11,732)	\$ —	\$ (13)	\$ (5,132)	\$ (238)
Proceeds from the Sale of Fixed Assets.....	827	—	—	755	2
Advances from Other Funds.....	—	—	—	3,706	—
Repayments of Advances from Other Funds.....	—	—	(9)	(3,570)	—
Proceeds from Loans.....	11,173	—	—	5,103	167
Repayment of Loan Principal.....	(9,605)	—	—	(3,330)	(40)
Collection of Financing Leases Receivable.....	—	—	—	—	—
Repayment of Installment Contracts.....	—	—	(20)	—	—
Repayment of Bond Principal.....	(240)	—	—	—	—
Interest Paid.....	(1,255)	—	(2)	(384)	(10)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (10,832)	\$ —	\$ (44)	\$ (2,852)	\$ (119)
Cash Flows from Investing Activities:					
Proceeds from Sales and Maturities of Investments.....	\$ —	\$ —	\$ —	\$ —	\$ —
Investment Earnings.....	695	—	—	227	7
Net Cash Flows from Investing Activities.....	\$ 695	\$ —	\$ —	\$ 227	\$ 7
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (6,440)	\$ 114	\$ 595	\$ 195	\$ (367)
Cash and Cash Equivalents, July 1, as Reported.....	\$ 15,296	\$ 106	\$ 782	\$ 162	\$ 3,239
Changes in Reporting Entity.....	—	—	—	—	—
Cash and Cash Equivalents, July 1, as Restated.....	\$ 15,296	\$ 106	\$ 782	\$ 162	\$ 3,239
Cash and Cash Equivalents, June 30.....	\$ 8,856	\$ 220	\$ 1,377	\$ 357	\$ 2,872

MASTER LEASE	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1994	JUNE 30, 1993
\$ (7)	\$ (854)	\$ (378)	\$ 98	\$ 7,608	\$ 13,752
\$ —	\$ 63	\$ 4	\$ 52	\$ 9,540	\$ 11,933
—	—	—	—	136	88
15	—	—	—	15	46
—	(1,551)	5	(231)	(1,413)	(1,070)
—	—	—	(2)	(200)	59
—	—	172	—	(1,305)	(138)
—	17,543	62	(3)	18,360	661
—	18	19	86	481	25
—	—	(178)	43	(157)	174
—	(944)	(16)	—	(960)	958
\$ 15	\$ 15,129	\$ 68	\$ (55)	\$ 24,497	\$ 12,736
\$ 8	\$ 14,275	\$ (310)	\$ 43	\$ 32,105	\$ 26,488
\$ —	\$ —	\$ —	\$ —	\$ —	\$ (2,166)
—	7	—	—	7	—
—	—	—	—	(9,074)	(10,176)
—	—	—	—	(2,000)	—
—	—	—	—	—	53
—	—	—	(33)	(33)	(4,198)
(225)	—	—	—	(225)	—
—	(32)	—	—	(32)	(69)
\$ (225)	\$ (25)	\$ —	\$ (33)	\$ (11,357)	\$ (16,556)
\$ —	\$ —	\$ (16)	\$ (23)	\$ (17,154)	\$ (12,244)
—	(139)	—	7	1,452	785
—	—	—	—	3,706	4,085
—	—	—	—	(3,579)	(3,914)
—	—	—	—	16,443	10,626
—	—	—	—	(12,975)	(8,668)
—	—	—	—	—	31
—	—	—	—	(20)	(795)
—	—	—	(44)	(284)	(2,276)
(16)	—	—	(6)	(1,673)	(1,883)
\$ (16)	\$ (139)	\$ (16)	\$ (66)	\$ (14,084)	\$ (14,253)
\$ 225	\$ —	\$ —	\$ —	\$ 225	\$ 600
13	4,071	159	2	5,174	5,490
\$ 238	\$ 4,071	\$ 159	\$ 2	\$ 5,399	\$ 6,090
\$ 5	\$ 18,182	\$ (167)	\$ (54)	\$ 12,063	\$ 1,769
\$ 253	\$ 75,013	\$ 3,230	\$ 512	\$ 98,593	\$ 91,643
—	—	—	94	94	5,181
\$ 253	\$ 75,013	\$ 3,230	\$ 606	\$ 98,687	\$ 96,824
\$ 258	\$ 93,195	\$ 3,063	\$ 552	\$ 110,750	\$ 98,593

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. Below are descriptions of the generic fund types within this category and specific funds within each fund type.

PENSION TRUST FUNDS are funds administered by independent boards for which the state performs a fiduciary role. These funds are categorized by function into three 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, length of service and others. 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 fire fighters.

The *Police and Fire Consolidation Fund* includes resources accumulated to pay present and future retirement annuities to police officers and firefighters belonging to local relief associations, that merged with the Public Employees Retirement Association.

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 inmates 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. Individual funds in this category are described below.

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 Retirement Fund* includes the aggregate of share accounts derived from contributions received from eligible community college employees, with matching state contributions, administered by the Community College System.

The *State University Retirement Fund* includes the aggregate of share accounts derived from contributions received from eligible state university employees, with matching state contributions, administered by the State University System.

Investment Trust Funds are investment funds which serve as investment vehicles for the participating funds. They are administered by the State Board of Investment in accordance with the applicable statutes defining the participating funds, the types of investments which may be purchased and the distribution of earnings or losses.

The *Minnesota Supplemental Investment Fund* provides an investment vehicle for the Defined Contribution Funds and for some locally administered pension plans.

The *Minnesota Post-Retirement Investment Fund* serves as an investment vehicle for the Defined Benefit Funds and as such invests their reserves to produce income for the payment of retirement benefits.

NONEXPENDABLE TRUST FUNDS are funds 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.

The *Environment and Natural Resources Nonexpendable Trust Fund* receives 40 percent of the net lottery proceeds of the State Lottery Fund. The state constitutional amendment establishing the fund permits a portion of these proceeds, until fiscal year 1997, to be used for the purpose of managing the state's environmental and natural resources; after that only the investment earnings of the fund are available for these purposes. Available proceeds and earnings are transferred to the Environment and Natural Resources Expendable Trust Fund.

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

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

The *Northeast Minnesota Economic Protection Fund* receives distributions 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 Compensation Fund* receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

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

The *Social Welfare Fund* includes funds held for patients and inmates in state institutions.

The *Deferred Compensation Fund* includes the aggregate of voluntary employee payroll deductions which defer income and are repaid in accordance with income tax code restrictions.

The *Taxes Clearing Fund* is used to distribute receipts as specified by statute.

The *Disbursement Clearing Fund* is a clearing fund used to account for state warrants issued and redeemed.

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

STATE OF MINNESOTA

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1994
(IN THOUSANDS)

	PENSION	NON- EXPENDABLE	EXPENDABLE		LESS	TOTALS	
	TRUST	TRUST	TRUST	AGENCY	ELIMINATIONS	JUNE 30, 1994	JUNE 30, 1993
ASSETS							
Cash and Cash Equivalents.....	\$ 473,375	\$ 18,664	\$ 831,886	\$ 156,773	\$ -	\$ 1,480,698	\$ 2,068,810
Investments.....	18,520,703	460,800	2,940	715,846	-	19,700,289	17,366,797
Accounts Receivable.....	43,020	7,706	11,166	4,770	-	66,662	896,302
Interfund Receivables.....	200,598	1,394	32,790	-	-	234,782	62,370
Accrued Investment/Interest Income.....	2,595	6,984	98	-	-	9,677	82,493
Federal Aid Receivable.....	-	-	438	-	-	438	7,374
Inventories.....	-	-	5,660	-	-	5,660	5,660
Deferred Costs.....	63	-	-	367	-	430	114
Loans and Notes Receivable.....	-	-	8,277	-	-	8,277	7,426
Equity in Investment Trust Funds.....	-	-	-	251,094	251,094	-	-
Fixed Assets (Net).....	831	15,428	-	-	-	16,259	16,090
Other Assets.....	31	-	-	-	-	31	29
Total Assets.....	\$ 19,241,216	\$ 510,976	\$ 893,255	\$ 1,128,850	\$ 251,094	\$ 21,523,203	\$ 20,513,465
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable.....	\$ -	\$ -	\$ -	\$ 126,707	\$ -	\$ 126,707	\$ 165,227
Accounts Payable.....	10,268	64	27,959	2,550	-	40,841	581,232
Interfund Payables.....	194,113	26,230	-	479	-	220,822	48,635
Advances from Other Funds.....	-	-	-	-	-	-	555
Payable to Other Governmental Units.....	-	-	-	5,754	-	5,754	5,986
Deferred Revenue.....	10	-	2,611	-	-	2,621	2,949
Compensated Absences Payable.....	865	-	258	-	-	1,123	814
Funds Held in Trust.....	-	-	303	993,360	251,094	742,569	638,184
Total Liabilities.....	\$ 205,256	\$ 26,294	\$ 31,131	\$ 1,128,850	\$ 251,094	\$ 1,140,437	\$ 1,443,582
Fund Balances:							
Reserved Fund Balances:							
Reserved for Encumbrances.....	\$ -	\$ -	\$ 12,604	\$ -	\$ -	\$ 12,604	\$ 17,472
Reserved for Inventory.....	-	-	5,660	-	-	5,660	5,660
Reserved for Long-Term Receivables.....	-	-	8,019	-	-	8,019	17,683
Reserved for Local Governments.....	-	-	481,299	-	-	481,299	480,408
Reserved for Trust Principal.....	-	484,682	-	-	-	484,682	451,830
Reserved for Pension Benefits.....	19,035,960	-	-	-	-	19,035,960	17,808,828
Reserved for Other.....	-	-	-	-	-	-	2,134
Total Reserved Fund Balances.....	\$ 19,035,960	\$ 484,682	\$ 507,582	\$ -	\$ -	\$ 20,028,224	\$ 18,784,015
Unreserved Fund Balances:							
Designated for Fund Purposes.....	-	-	354,542	-	-	354,542	285,868
Total Fund Balances.....	\$ 19,035,960	\$ 484,682	\$ 862,124	\$ -	\$ -	\$ 20,382,766	\$ 19,069,883
Total Liabilities and Fund Balances.....	\$ 19,241,216	\$ 510,976	\$ 893,255	\$ 1,128,850	\$ 251,094	\$ 21,523,203	\$ 20,513,465

STATE OF MINNESOTA

PENSION TRUST FUNDS COMBINING BALANCE SHEET JUNE 30, 1994 (IN THOUSANDS)

					TOTALS	
	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	LESS ELIMINATIONS	JUNE 30, 1994	JUNE 30, 1993
ASSETS						
Cash and Cash Equivalents.....	\$ 218,969	\$ 17,897	\$ 236,509	\$ —	\$ 473,375	\$ 1,075,453
Investments.....	9,377,208	32,549	9,110,946	—	18,520,703	16,347,503
Accounts Receivable.....	42,675	345	—	—	43,020	862,536
Interfund Receivables.....	7,156	1	193,441	—	200,598	28,115
Accrued Investment Income.....	210	—	2,385	—	2,595	74,888
Prepaid Expenses.....	61	2	—	—	63	5
Equity in Investment Trust Funds.....	8,377,632	254,076	—	8,631,708	—	—
Fixed Assets (Net).....	831	—	—	—	831	660
Other Assets.....	31	—	—	—	31	29
Total Assets.....	<u>\$ 18,024,773</u>	<u>\$ 304,870</u>	<u>\$ 9,543,281</u>	<u>\$ 8,631,708</u>	<u>\$ 19,241,216</u>	<u>\$ 18,389,189</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable.....	\$ 6,002	\$ 515	\$ 3,751	\$ —	\$ 10,268	\$ 557,320
Interfund Payables.....	194,008	105	—	—	194,113	22,328
Deferred Revenue.....	10	—	—	—	10	10
Compensated Absences Payable.....	865	—	—	—	865	703
Total Liabilities.....	<u>\$ 200,885</u>	<u>\$ 620</u>	<u>\$ 3,751</u>	<u>\$ —</u>	<u>\$ 205,256</u>	<u>\$ 580,361</u>
Fund Balances:						
Reserved for Pension Benefits.....	<u>\$ 17,823,888</u>	<u>\$ 304,250</u>	<u>\$ 9,539,530</u>	<u>\$ 8,631,708</u>	<u>\$ 19,035,960</u>	<u>\$ 17,808,828</u>
Total Fund Balances.....	<u>\$ 17,823,888</u>	<u>\$ 304,250</u>	<u>\$ 9,539,530</u>	<u>\$ 8,631,708</u>	<u>\$ 19,035,960</u>	<u>\$ 17,808,828</u>
Total Liabilities and Fund Balances.....	<u>\$ 18,024,773</u>	<u>\$ 304,870</u>	<u>\$ 9,543,281</u>	<u>\$ 8,631,708</u>	<u>\$ 19,241,216</u>	<u>\$ 18,389,189</u>

STATE OF MINNESOTA

PENSION TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	LESS ELIMINATIONS	TOTALS FOR THE YEAR ENDED	
					JUNE 30, 1994	JUNE 30, 1993
Operating Revenues:						
Contributions.....	\$ 725,244	\$ 24,230	\$ —	\$ —	\$ 749,474	\$ 685,435
Investment Income.....	935,144	1,018	671,695	—	1,607,857	1,467,182
Distributed Investment Trust Fund Income.....	755,416	—	—	755,416	—	—
Realized/Unrealized Gain on Investment Trust Fund Equity.....	—	5,955	—	5,955	—	—
Net Realized Gains (Losses).....	—	—	713,178	—	713,178	399,155
Increase (Decrease) in Unrealized Appreciation.....	—	—	(1,240,003)	—	(1,240,003)	42,891
Other Income.....	12,641	221	—	—	12,862	5,153
Total Operating Revenues.....	\$ 2,428,445	\$ 31,424	\$ 144,870	\$ 761,371	\$ 1,843,368	\$ 2,599,816
Operating Expenses:						
Annuity Payments.....	\$ 768,420	\$ —	\$ —	\$ —	\$ 768,420	\$ 658,421
Refunded Contributions.....	23,899	13,794	—	—	37,693	26,224
Interest and Financing Costs.....	3,215	—	—	—	3,215	3,219
Purchased Services.....	3,181	150	—	—	3,331	2,618
Investment Management Fees.....	14,232	—	14,181	—	28,413	14,612
Salaries and Fringe Benefits.....	6,070	146	—	—	6,216	6,345
Depreciation.....	182	—	—	—	182	208
Supplies and Materials.....	232	8	—	—	240	209
Indirect Costs.....	217	5	—	—	222	85
Other Expenses.....	471	4	—	—	475	403
Total Operating Expenses.....	\$ 820,119	\$ 14,107	\$ 14,181	\$ —	\$ 848,407	\$ 712,344
Operating Income (Loss).....	\$ 1,608,326	\$ 17,317	\$ 130,689	\$ 761,371	\$ 994,961	\$ 1,887,472
Nonoperating Revenues (Expenses):						
Participant Contributions.....	\$ —	\$ —	\$ 1,340,998	\$ 1,306,111	\$ 34,887	\$ 56,182
Local Association Mergers.....	256,556	—	—	—	256,556	160,205
Other Nonoperating Revenues.....	—	—	—	—	—	346
Participant Withdrawals.....	—	—	(800,233)	(741,001)	(59,232)	(83,317)
Other Nonoperating Expenses.....	(33)	—	—	—	(33)	(2,681)
Net Nonoperating Revenues (Expenses).....	\$ 256,523	\$ —	\$ 540,765	\$ 565,110	\$ 232,178	\$ 130,735
Income (Loss) Before Operating Transfers.....	\$ 1,864,849	\$ 17,317	\$ 671,454	\$ 1,326,481	\$ 1,227,139	\$ 2,018,207
Operating Transfers—In.....	1,540	—	—	—	1,540	1,959
Operating Transfers—Out.....	(7)	(1,540)	—	—	(1,547)	(1,959)
Net Income (Loss).....	\$ 1,866,382	\$ 15,777	\$ 671,454	\$ 1,326,481	\$ 1,227,132	\$ 2,018,207
Fund Balances, July 1.....	\$ 15,957,506	\$ 288,473	\$ 8,868,076	\$ 7,305,227	\$ 17,808,828	\$ 15,790,621
Fund Balances, June 30.....	\$ 17,823,888	\$ 304,250	\$ 9,539,530	\$ 8,631,708	\$ 19,035,960	\$ 17,808,828

STATE OF MINNESOTA

DEFINED BENEFIT PENSION FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 1994
 (IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	POLICE AND FIRE CONSOLIDATION	TEACHERS RETIREMENT
ASSETS				
Cash and Cash Equivalents.....	\$ 70,272	\$ 27,242	\$ 33,859	\$ 4,730
Investments.....	1,993,704	904,986	279,143	4,117,799
Accounts Receivable.....	459	168	262	35,731
Interfund Receivables.....	382	8	—	—
Accrued Investment Income.....	—	—	—	16
Prepaid Expenses.....	—	—	—	1
Equity in Investment Trust Funds.....	2,770,552	301,732	330,939	3,492,525
Fixed Assets (Net).....	226	—	—	381
Other Assets.....	31	—	—	—
Total Assets.....	<u>\$ 4,835,626</u>	<u>\$ 1,234,136</u>	<u>\$ 644,203</u>	<u>\$ 7,651,183</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ 1,527	\$ 360	\$ 131	\$ 2,933
Interfund Payables.....	99,922	4,007	1,900	55,778
Deferred Revenue.....	—	—	—	—
Compensated Absences Payable.....	332	—	—	256
Total Liabilities.....	<u>\$ 101,781</u>	<u>\$ 4,367</u>	<u>\$ 2,031</u>	<u>\$ 58,967</u>
Fund Balances:				
Reserved for Pension Benefits.....	<u>\$ 4,733,845</u>	<u>\$ 1,229,769</u>	<u>\$ 642,172</u>	<u>\$ 7,592,216</u>
Total Fund Balances.....	<u>\$ 4,733,845</u>	<u>\$ 1,229,769</u>	<u>\$ 642,172</u>	<u>\$ 7,592,216</u>
Total Liabilities and Fund Balances.....	<u>\$ 4,835,626</u>	<u>\$ 1,234,136</u>	<u>\$ 644,203</u>	<u>\$ 7,651,183</u>

MINNESOTA STATE RETIREMENT SYSTEM

STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	TOTALS	
						JUNE 30, 1994	JUNE 30, 1993
\$ 73,347	\$ 4,731	\$ 3,973	\$ 815	\$ —	\$ —	\$ 218,969	\$ 231,424
1,833,660	139,180	99,293	9,443	—	—	9,377,208	8,654,834
5,245	405	303	99	2	1	42,675	39,276
738	—	—	—	360	5,668	7,156	7,885
171	13	9	1	—	—	210	1,231
57	1	1	1	—	—	61	5
1,265,096	118,567	44,186	40,854	—	13,181	8,377,632	7,049,029
224	—	—	—	—	—	831	660
—	—	—	—	—	—	31	29
<u>\$ 3,178,538</u>	<u>\$ 262,897</u>	<u>\$ 147,765</u>	<u>\$ 51,213</u>	<u>\$ 362</u>	<u>\$ 18,850</u>	<u>\$ 18,024,773</u>	<u>\$ 15,984,373</u>
\$ 938	\$ 60	\$ 47	\$ 5	\$ —	\$ 1	\$ 6,002	\$ 5,384
30,256	1,145	246	643	1	110	194,008	20,770
—	—	—	10	—	—	10	10
277	—	—	—	—	—	865	703
<u>\$ 31,471</u>	<u>\$ 1,205</u>	<u>\$ 293</u>	<u>\$ 658</u>	<u>\$ 1</u>	<u>\$ 111</u>	<u>\$ 200,885</u>	<u>\$ 26,867</u>
<u>\$ 3,147,067</u>	<u>\$ 261,692</u>	<u>\$ 147,472</u>	<u>\$ 50,555</u>	<u>\$ 361</u>	<u>\$ 18,739</u>	<u>\$ 17,823,888</u>	<u>\$ 15,957,506</u>
<u>\$ 3,147,067</u>	<u>\$ 261,692</u>	<u>\$ 147,472</u>	<u>\$ 50,555</u>	<u>\$ 361</u>	<u>\$ 18,739</u>	<u>\$ 17,823,888</u>	<u>\$ 15,957,506</u>
<u>\$ 3,178,538</u>	<u>\$ 262,897</u>	<u>\$ 147,765</u>	<u>\$ 51,213</u>	<u>\$ 362</u>	<u>\$ 18,850</u>	<u>\$ 18,024,773</u>	<u>\$ 15,984,373</u>

STATE OF MINNESOTA

**DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1994
(IN THOUSANDS)**

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	POLICE AND FIRE CONSOLIDATION	TEACHERS RETIREMENT
Operating Revenues:				
Employer Contributions.....	\$ 119,390	\$ 32,536	\$ 15,195	\$ 171,855
Employee Contributions.....	112,940	21,806	3,030	100,803
Investment Income.....	225,788	86,764	15,513	394,386
Distributed Investment Trust Fund Income.....	251,991	28,161	21,629	315,803
Other Income.....	3,567	271	28	8,752
Total Operating Revenues.....	\$ 713,676	\$ 169,538	\$ 55,395	\$ 991,599
Operating Expenses:				
Annuity Payments.....	\$ 264,233	\$ 28,126	\$ 27,305	\$ 309,037
Refunded Contributions.....	11,336	753	255	3,583
Interest and Financing Costs.....	890	65	265	615
Purchased Services.....	1,139	83	23	1,344
Investment Management Fees.....	3,131	1,363	277	6,224
Salaries and Fringe Benefits.....	2,635	190	52	1,851
Depreciation.....	80	—	—	63
Supplies and Materials.....	119	9	2	40
Indirect Costs.....	47	3	1	40
Other Expenses.....	384	27	60	—
Total Operating Expenses.....	\$ 283,994	\$ 30,619	\$ 28,240	\$ 322,797
Operating Income (Loss).....	\$ 429,682	\$ 138,919	\$ 27,155	\$ 668,802
Nonoperating Revenues (Expenses):				
Local Association Mergers.....	\$ —	\$ —	\$ 256,556	\$ —
Other Nonoperating Expenses.....	—	—	—	—
Total Nonoperating Revenues (Expenses).....	\$ —	\$ —	\$ 256,556	\$ —
Income (Loss) Before Operating Transfers.....	\$ 429,682	\$ 138,919	\$ 283,711	\$ 668,802
Operating Transfers—In.....	—	—	—	—
Operating Transfers—Out.....	—	(7)	—	—
Net Income (Loss).....	\$ 429,682	\$ 138,912	\$ 283,711	\$ 668,802
Fund Balances, July 1.....	4,304,163	1,090,857	358,461	6,923,414
Fund Balances, June 30.....	\$ 4,733,845	\$ 1,229,769	\$ 642,172	\$ 7,592,216

MINNESOTA STATE RETIREMENT SYSTEM

<u>STATE EMPLOYEES RETIREMENT</u>	<u>STATE PATROL RETIREMENT</u>	<u>CORRECTIONAL EMPLOYEES RETIREMENT</u>	<u>JUDICIAL RETIREMENT</u>	<u>ELECTIVE STATE OFFICERS</u>	<u>LEGISLATIVE RETIREMENT</u>	<u>TOTALS FOR THE YEAR ENDED</u>	
						<u>JUNE 30, 1994</u>	<u>JUNE 30, 1993</u>
\$ 60,741	\$ 5,159	\$ 3,355	\$ 6,369	\$ 164	\$ 1,618	\$ 416,382	\$ 395,503
62,555	3,004	2,679	1,416	36	593	308,862	289,932
189,140	13,374	9,469	710	—	—	935,144	959,931
116,710	11,728	4,298	3,818	—	1,278	755,416	572,313
13	—	—	10	—	—	12,641	5,016
<u>\$ 429,159</u>	<u>\$ 33,265</u>	<u>\$ 19,801</u>	<u>\$ 12,323</u>	<u>\$ 200</u>	<u>\$ 3,489</u>	<u>\$ 2,428,445</u>	<u>\$ 2,222,695</u>
\$ 116,070	\$ 11,271	\$ 4,556	\$ 5,773	\$ 161	\$ 1,888	\$ 768,420	\$ 658,421
7,644	10	284	34	—	—	23,899	26,224
1,191	86	68	27	—	8	3,215	3,219
484	33	44	17	—	14	3,181	2,433
2,857	214	153	13	—	—	14,232	12,300
1,261	23	42	8	—	8	6,070	6,117
39	—	—	—	—	—	182	208
59	1	2	—	—	—	232	193
102	9	13	2	—	—	217	81
—	—	—	—	—	—	471	403
<u>\$ 129,707</u>	<u>\$ 11,647</u>	<u>\$ 5,162</u>	<u>\$ 5,874</u>	<u>\$ 161</u>	<u>\$ 1,918</u>	<u>\$ 820,119</u>	<u>\$ 709,599</u>
\$ 299,452	\$ 21,618	\$ 14,639	\$ 6,449	\$ 39	\$ 1,571	\$ 1,608,326	\$ 1,513,096
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 256,556	\$ 160,205
(33)	—	—	—	—	—	(33)	(2,681)
<u>\$ (33)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 256,523</u>	<u>\$ 157,524</u>
\$ 299,419	\$ 21,618	\$ 14,639	\$ 6,449	\$ 39	\$ 1,571	\$ 1,864,849	\$ 1,670,620
1,531	—	9	—	—	—	1,540	1,959
—	—	—	—	—	—	(7)	(39)
<u>\$ 300,950</u>	<u>\$ 21,618</u>	<u>\$ 14,648</u>	<u>\$ 6,449</u>	<u>\$ 39</u>	<u>\$ 1,571</u>	<u>\$ 1,866,382</u>	<u>\$ 1,672,540</u>
2,846,117	240,074	132,824	44,106	322	17,168	15,957,506	14,284,966
<u>\$ 3,147,067</u>	<u>\$ 261,692</u>	<u>\$ 147,472</u>	<u>\$ 50,555</u>	<u>\$ 361</u>	<u>\$ 18,739</u>	<u>\$ 17,823,888</u>	<u>\$ 15,957,506</u>

STATE OF MINNESOTA

DEFINED CONTRIBUTION FUNDS COMBINING BALANCE SHEET JUNE 30, 1994 (IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM			TOTALS	
	UNCLASSIFIED EMPLOYEES RETIREMENT	COMMUNITY COLLEGE RETIREMENT	STATE UNIVERSITY RETIREMENT	JUNE 30, 1994	JUNE 30, 1993
ASSETS					
Cash and Cash Equivalents.....	\$ 896	\$ 213	\$ 16,788	\$ 17,897	\$ 10,567
Investments.....	—	13,826	18,723	32,549	22,386
Accounts Receivable.....	298	47	—	345	321
Pooled Investment Account.....	—	—	—	—	66
Interfund Receivables.....	1	—	—	1	70
Prepaid Expenses.....	2	—	—	2	—
Equity in Investment Trust Funds.....	106,210	55,605	92,261	254,076	256,198
Total Assets.....	\$ 107,407	\$ 69,691	\$ 127,772	\$ 304,870	\$ 289,608
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable.....	\$ 45	\$ 401	\$ 69	\$ 515	\$ 958
Interfund Payables.....	105	—	—	105	177
Total Liabilities.....	\$ 150	\$ 401	\$ 69	\$ 620	\$ 1,135
Fund Balances:					
Reserved for Pension Benefits.....	\$ 107,257	\$ 69,290	\$ 127,703	\$ 304,250	\$ 288,473
Total Reserved Fund Balances.....	\$ 107,257	\$ 69,290	\$ 127,703	\$ 304,250	\$ 288,473
Total Liabilities and Fund Balances.....	\$ 107,407	\$ 69,691	\$ 127,772	\$ 304,870	\$ 289,608

STATE OF MINNESOTA

DEFINED CONTRIBUTION FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM			TOTALS FOR THE YEAR ENDED	
	UNCLASSIFIED EMPLOYEES RETIREMENT	COMMUNITY COLLEGE RETIREMENT	STATE UNIVERSITY RETIREMENT	JUNE 30, 1994	JUNE 30, 1993
Operating Revenues:					
Employer Contributions.....	\$ 4,107	\$ 2,438	\$ 6,243	\$ 12,788	\$ 12,940
Employee Contributions.....	2,969	2,995	5,478	11,442	11,635
Investment Income.....	46	343	629	1,018	856
Realized/Unrealized Gain(Loss) on Investments in Investment Trust Fund.....	1,629	4,888	(562)	5,955	31,774
Other Income.....	106	115	—	221	137
Total Operating Revenues.....	\$ 8,857	\$ 10,779	\$ 11,788	\$ 31,424	\$ 57,342
Operating Expenses:					
Refunded Contributions.....	\$ 4,015	\$ 4,661	\$ 5,118	\$ 13,794	\$ 12,190
Purchased Services.....	81	69	—	150	185
Salaries and Fringe Benefits.....	63	—	83	146	228
Supplies and Materials.....	8	—	—	8	16
Indirect Costs.....	5	—	—	5	4
Other Administrative Expenses.....	4	—	—	4	—
Total Operating Expenses.....	\$ 4,176	\$ 4,730	\$ 5,201	\$ 14,107	\$ 12,623
Operating Income (Loss).....	\$ 4,681	\$ 6,049	\$ 6,587	\$ 17,317	\$ 44,719
Nonoperating Revenues (Expenses):					
Other Nonoperating Revenues	\$ —	\$ —	\$ —	\$ —	\$ 346
Net Nonoperating Revenues (Expenses).....	\$ —	\$ —	\$ —	\$ —	\$ 346
Income (Loss) Before Operating Transfers.....	\$ 4,681	\$ 6,049	\$ 6,587	\$ 17,317	\$ 45,065
Operating Transfers—Out.....	(1,540)	—	—	(1,540)	(1,920)
Net Income (Loss).....	\$ 3,141	\$ 6,049	\$ 6,587	\$ 15,777	\$ 43,145
Fund Balances, July 1.....	\$ 104,116	\$ 63,241	\$ 121,116	\$ 288,473	\$ 245,328
Fund Balances, June 30.....	\$ 107,257	\$ 69,290	\$ 127,703	\$ 304,250	\$ 288,473

This page intentionally left blank.

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1994
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	TOTALS	
			JUNE 30, 1994	JUNE 30, 1993
ASSETS				
Cash and Cash Equivalents.....	\$ 82,796	\$ 153,713	\$ 236,509	\$ 833,462
Investments.....	492,983	8,617,963	9,110,946	7,670,217
Security Sales Receivable.....	—	—	—	822,939
Interfund Receivables.....	—	193,441	193,441	20,160
Accrued Investment Income.....	2,028	357	2,385	73,657
Total Assets.....	\$ 577,807	\$ 8,965,474	\$ 9,543,281	\$ 9,420,435
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ 111	\$ 3,640	\$ 3,751	\$ 792
Security Purchases Payable.....	—	—	—	550,186
Interfund Payables.....	—	—	—	1,381
Total Liabilities.....	\$ 111	\$ 3,640	\$ 3,751	\$ 552,359
Fund Balances:				
Reserved for Pension Benefits.....	\$ 577,696	\$ 8,961,834	\$ 9,539,530	\$ 8,868,076
Total Fund Balances.....	\$ 577,696	\$ 8,961,834	\$ 9,539,530	\$ 8,868,076
Total Liabilities and Fund Balances.....	\$ 577,807	\$ 8,965,474	\$ 9,543,281	\$ 9,420,435

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1994	JUNE 30, 1993
Operating Revenues:				
Investment Income.....	\$ 41,356	\$ 630,340	\$ 671,696	\$ 506,395
Realized Gains (Losses) on Investments:				
Proceeds from Security Sales.....	\$ 81,941	\$ 6,948,324	\$ 7,030,265	\$ 3,955,606
Cost of Securities Sold.....	72,269	6,244,818	6,317,087	3,556,451
Total Realized Gains (Losses).....	\$ 9,672	\$ 703,506	\$ 713,178	\$ 399,155
Unrealized Gains (Losses):				
Beginning of Period.....	\$ 78,671	\$ 689,304	\$ 767,975	\$ 725,084
End of Period.....	39,082	(511,110)	(472,028)	767,975
Increase (Decrease) in Unrealized Appreciation.....	\$ (39,589)	\$ (1,200,414)	\$ (1,240,003)	\$ 42,891
Total Operating Revenues.....	\$ 11,439	\$ 133,432	\$ 144,871	\$ 948,441
Operating Expenses:				
Investment Management Fees.....	\$ 458	\$ 13,723	\$ 14,181	\$ 2,312
Operating Income (Loss).....	\$ 10,981	\$ 119,709	\$ 130,690	\$ 946,129
Nonoperating Revenues (Expenses):				
Participant Contributions.....	\$ 42,673	\$ 1,298,325	\$ 1,340,998	\$ 950,675
Participant Withdrawals.....	(74,800)	(725,433)	(800,233)	(699,079)
Net Nonoperating Revenues (Expenses).....	\$ (32,127)	\$ 572,892	\$ 540,765	\$ 251,596
Net Income (Loss).....	\$ (21,146)	\$ 692,601	\$ 671,455	\$ 1,197,725
Fund Balances, July 1.....	598,842	8,269,233	8,868,075	7,670,351
Fund Balances, June 30.....	\$ 577,696	\$ 8,961,834	\$ 9,539,530	\$ 8,868,076

STATE OF MINNESOTA

NONEXPENDABLE TRUST FUNDS COMBINING BALANCE SHEET JUNE 30, 1994 (IN THOUSANDS)

	PERMANENT SCHOOL	ENVIRONMENT AND NATURAL RESOURCES TRUST	TOTALS	
			JUNE 30, 1994	JUNE 30, 1993
ASSETS				
Cash and Cash Equivalents.....	\$ 12,340	\$ 6,324	\$ 18,664	\$ 41,144
Investments.....	386,482	74,318	460,800	404,858
Accounts Receivable.....	7,706	—	7,706	6,206
Interfund Receivables.....	—	1,394	1,394	2,725
Accrued Investment Income.....	6,430	554	6,984	7,473
Fixed Assets (Net).....	15,428	—	15,428	15,430
Total Assets.....	<u>\$ 428,386</u>	<u>\$ 82,590</u>	<u>\$ 510,976</u>	<u>\$ 477,836</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ 62	\$ 2	\$ 64	\$ 28
Interfund Payables.....	21,651	4,579	26,230	25,978
Total Liabilities.....	<u>\$ 21,713</u>	<u>\$ 4,581</u>	<u>\$ 26,294</u>	<u>\$ 26,006</u>
Fund Balances:				
Reserved for Trust Principal.....	\$ 406,673	\$ 78,009	\$ 484,682	\$ 451,830
Total Fund Balance.....	<u>\$ 406,673</u>	<u>\$ 78,009</u>	<u>\$ 484,682</u>	<u>\$ 451,830</u>
Total Liabilities and Fund Balances.....	<u>\$ 428,386</u>	<u>\$ 82,590</u>	<u>\$ 510,976</u>	<u>\$ 477,836</u>

STATE OF MINNESOTA

**NONEXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1994
(IN THOUSANDS)**

	PERMANENT SCHOOL	ENVIRONMENT AND NATURAL RESOURCES TRUST	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1994	JUNE 30, 1993
Operating Revenues:				
Net Sales.....	\$ 6,038	\$ —	\$ 6,038	\$ 4,682
Investment Income.....	40,462	3,968	44,430	37,655
Rental and Service Fees.....	1,094	—	1,094	1,086
Other Income.....	—	—	—	426
Total Operating Revenues.....	\$ 47,594	\$ 3,968	\$ 51,562	\$ 43,849
Operating Expenses:				
Purchased Services.....	\$ 187	\$ —	\$ 187	\$ 468
Investment Management Fees.....	38	10	48	47
Salaries and Fringe Benefits.....	25	—	25	50
Depreciation.....	1	—	1	1
Supplies and Materials.....	—	—	—	1
Total Operating Expenses.....	\$ 251	\$ 10	\$ 261	\$ 567
Operating Income.....	\$ 47,343	\$ 3,958	\$ 51,301	\$ 43,282
Nonoperating Revenues:				
Gain on Sale of Fixed Assets.....	\$ 4,046	\$ —	\$ 4,046	\$ 2,363
Total Nonoperating Revenues.....	\$ 4,046	\$ —	\$ 4,046	\$ 2,363
Income Before Operating Transfers.....	\$ 51,389	\$ 3,958	\$ 55,347	\$ 45,645
Operating Transfers—In.....	—	23,747	23,747	22,858
Operating Transfers—Out.....	(36,826)	(9,576)	(46,402)	(42,911)
Net Income.....	\$ 14,563	\$ 18,129	\$ 32,692	\$ 25,592
Fund Balances, July 1.....	392,110	59,720	451,830	426,238
Residual Equity Transfers—In.....	—	160	160	—
Fund Balances, June 30.....	\$ 406,673	\$ 78,009	\$ 484,682	\$ 451,830

STATE OF MINNESOTA

NONEXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1994
(IN THOUSANDS)

	PERMANENT SCHOOL	ENVIRONMENT AND NATURAL RESOURCES TRUST	TOTALS FOR THE YEAR ENDED	
			JUNE 30, 1994	JUNE 30, 1993
Cash Flows from Operating Activities:				
Operating Income.....	\$ 47,343	\$ 3,958	\$ 51,301	\$ 43,282
Adjustments to Reconcile Operating Income to				
Net Cash Flows from Operating Activities:				
Depreciation.....	\$ 1	\$ —	\$ 1	\$ 1
Investment Income.....	(40,462)	(3,968)	(44,430)	(37,655)
Change in Assets and Liabilities:				
Accounts Receivable.....	(167)	—	(167)	277
Other Assets.....	2	—	2	—
Accounts Payable.....	36	—	36	(29)
Other Liabilities.....	2	—	2	—
Net Reconciling Items to be Added (Deducted)				
from Operating Income.....	\$ (40,588)	\$ (3,968)	\$ (44,556)	\$ (37,406)
Net Cash Flows from Operating Activities.....	\$ 6,755	\$ (10)	\$ 6,745	\$ 5,876
Cash Flows from Noncapital Financing Activities:				
Operating Transfers—In.....	\$ 2	\$ 25,078	\$ 25,080	\$ 21,533
Operating Transfers—Out.....	(37,465)	(8,686)	(46,151)	(39,066)
Residual Equity Transfers—Out.....	—	160	160	—
Net Cash Flows from Noncapital Financing Activities.....	\$ (37,463)	\$ 16,552	\$ (20,911)	\$ (17,533)
Cash Flows from Capital and Related Financing Activities:				
Proceeds from the Sale of Fixed Assets.....	\$ 2,709	\$ —	\$ 2,709	\$ 1,660
Net Cash Flows from Capital and Related Financing Activities.....	\$ 2,709	\$ —	\$ 2,709	\$ 1,660
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments.....	\$ 98,864	\$ 14,245	\$ 113,109	\$ 23,026
Purchase of Investments.....	(125,562)	(43,736)	(169,298)	(65,337)
Investment Earnings.....	41,117	4,050	45,167	37,260
Net Cash Flows from Investing Activities.....	\$ 14,419	\$ (25,441)	\$ (11,022)	\$ (5,051)
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (13,580)	\$ (8,899)	\$ (22,479)	\$ (15,048)
Cash and Cash Equivalents, July 1.....	25,920	15,223	41,143	56,192
Cash and Cash Equivalents, June 30.....	\$ 12,340	\$ 6,324	\$ 18,664	\$ 41,144

STATE OF MINNESOTA

EXPENDABLE TRUST FUNDS COMBINING BALANCE SHEET JUNE 30, 1994 (IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
ASSETS			
Cash and Cash Equivalents.....	\$ 162,436	\$ 301,058	\$ -
Investments.....	-	-	-
Accounts Receivable.....	249	799	-
Interfund Receivables.....	2,691	8,701	16,814
Accrued Investment/Interest Income.....	-	-	-
Federal Aid Receivable.....	-	-	-
Inventories.....	-	-	-
Loans and Notes Receivable.....	-	-	-
Total Assets.....	\$ 165,376	\$ 310,558	\$ 16,814
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable.....	\$ 1,988	\$ 6,695	\$ -
Advances from Other Funds.....	-	-	-
Deferred Revenue.....	-	-	-
Compensated Absences Payable.....	-	-	-
Funds Held in Trust.....	-	-	-
Total Liabilities.....	\$ 1,988	\$ 6,695	\$ -
Fund Balances:			
Reserved Retained Earnings:			
Reserved for Encumbrances.....	\$ 591	\$ 2,175	\$ -
Reserved for Inventory.....	-	-	-
Reserved for Long-Term Receivables.....	-	-	-
Reserved for Local Governments.....	162,797	301,688	16,814
Reserved for Other.....	-	-	-
Total Reserved Fund Balances.....	\$ 163,388	\$ 303,863	\$ 16,814
Unreserved Fund Balances:			
Designated for Fund Purposes.....	-	-	-
Total Fund Balances.....	\$ 163,388	\$ 303,863	\$ 16,814
Total Liabilities and Fund Balances.....	\$ 165,376	\$ 310,558	\$ 16,814

ENDOWMENT	ENVIRONMENT AND NATURAL RESOURCES TRUST	NORTHEAST MINNESOTA ECONOMIC PROTECTION	UNEMPLOYMENT COMPENSATION	TOTALS	
				JUNE 30, 1994	JUNE 30, 1993
\$ 13,339	\$ 9,126	\$ 86,656	\$ 259,271	\$ 831,886	\$ 756,352
2,940	—	—	—	2,940	2,818
376	—	113	9,629	11,166	23,356
5	4,579	—	—	32,790	31,530
49	—	49	—	98	132
—	—	—	438	438	7,374
—	—	5,660	—	5,660	5,660
—	—	8,277	—	8,277	7,426
<u>\$ 16,709</u>	<u>\$ 13,705</u>	<u>\$ 100,755</u>	<u>\$ 269,338</u>	<u>\$ 893,255</u>	<u>\$ 834,648</u>
\$ 1,528	\$ 1,829	\$ 475	\$ 15,444	\$ 27,959	\$ 22,035
—	—	—	—	—	30
—	—	—	2,611	2,611	2,939
87	86	85	—	258	111
303	—	—	—	303	308
<u>\$ 1,918</u>	<u>\$ 1,915</u>	<u>\$ 560</u>	<u>\$ 18,055</u>	<u>\$ 31,131</u>	<u>\$ 25,423</u>
\$ 1,999	\$ —	\$ 7,839	\$ —	\$ 12,604	\$ 17,472
—	—	5,660	—	5,660	5,660
—	—	8,019	—	8,019	17,683
—	—	—	—	481,299	480,408
—	—	—	—	—	2,134
<u>\$ 1,999</u>	<u>\$ —</u>	<u>\$ 21,518</u>	<u>\$ —</u>	<u>\$ 507,582</u>	<u>\$ 523,357</u>
12,792	11,790	78,677	251,283	354,542	285,868
<u>\$ 14,791</u>	<u>\$ 11,790</u>	<u>\$ 100,195</u>	<u>\$ 251,283</u>	<u>\$ 862,124</u>	<u>\$ 809,225</u>
<u>\$ 16,709</u>	<u>\$ 13,705</u>	<u>\$ 100,755</u>	<u>\$ 269,338</u>	<u>\$ 893,255</u>	<u>\$ 834,648</u>

STATE OF MINNESOTA

EXPENDABLE TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1994 (IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
Net Revenues:			
Unemployment Taxes.....	\$ -	\$ -	\$ -
Mining Taxes.....	-	-	-
Federal Revenues.....	-	-	-
Investment/Interest Income.....	6,086	10,638	-
Gifts and Donations.....	-	-	-
Other Revenues.....	-	-	-
Net Revenues.....	\$ 6,086	\$ 10,638	\$ -
Expenditures:			
Current:			
Protection of Persons and Property.....	\$ -	\$ -	\$ -
Transportation.....	906	2,877	-
Resource Management.....	-	-	-
Economic and Manpower Development.....	-	-	-
Education.....	-	-	-
Health and Social Services.....	-	-	-
General Government.....	-	-	-
Total Current Expenditures.....	\$ 906	\$ 2,877	\$ -
Debt Service.....	-	-	-
Grants and Subsidies.....	96,761	253,880	33,772
Total Expenditures.....	\$ 97,667	\$ 256,757	\$ 33,772
Excess of Revenues Over (Under) Expenditures.....	\$ (91,581)	\$ (246,119)	\$ (33,772)
Other Financing Sources (Uses):			
Operating Transfers—In.....	\$ 76,889	\$ 264,172	\$ 32,187
Operating Transfers—Out.....	-	-	-
Transfers—Out to Component Units.....	-	-	-
Other Sources.....	-	-	-
Net Other Financing Sources (Uses).....	\$ 76,889	\$ 264,172	\$ 32,187
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (14,692)	\$ 18,053	\$ (1,585)
Fund Balances, July 1.....	178,080	285,810	18,399
Residual Equity Transfers—In.....	-	-	-
Residual Equity Transfers—Out.....	-	-	-
Fund Balances, June 30.....	\$ 163,388	\$ 303,863	\$ 16,814

ENDOWMENT	ENVIRONMENT AND NATURAL RESOURCES TRUST	NORTHEAST MINNESOTA ECONOMIC PROTECTION	UNEMPLOYMENT COMPENSATION	TOTALS FOR THE YEAR ENDED	
				JUNE 30, 1994	JUNE 30, 1993
\$ —	\$ —	\$ —	\$ 409,715	\$ 409,715	\$ 315,756
—	—	3,477	—	3,477	5,145
1,752	—	—	101,543	103,295	152,184
477	380	3,546	15,968	37,095	42,589
11,885	—	—	—	11,885	9,990
3,842	76	312	1,998	6,228	4,149
<u>\$ 17,956</u>	<u>\$ 456</u>	<u>\$ 7,335</u>	<u>\$ 529,224</u>	<u>\$ 571,695</u>	<u>\$ 529,813</u>
\$ 7	\$ —	\$ —	\$ —	\$ 7	\$ 8
—	—	—	—	3,783	3,810
1,001	4,432	—	—	5,433	3,650
93	83	1,398	—	1,574	1,722
4,912	184	—	—	5,096	4,507
1,056	—	—	—	1,056	1,289
614	139	—	—	753	2,851
<u>\$ 7,683</u>	<u>\$ 4,838</u>	<u>\$ 1,398</u>	<u>\$ —</u>	<u>\$ 17,702</u>	<u>\$ 17,837</u>
—	—	15	—	15	—
6,349	1,783	902	488,244	881,691	969,499
<u>\$ 14,032</u>	<u>\$ 6,621</u>	<u>\$ 2,315</u>	<u>\$ 488,244</u>	<u>\$ 899,408</u>	<u>\$ 987,336</u>
<u>\$ 3,924</u>	<u>\$ (6,165)</u>	<u>\$ 5,020</u>	<u>\$ 40,980</u>	<u>\$ (327,713)</u>	<u>\$ (457,523)</u>
\$ 1	\$ 9,576	\$ —	\$ —	\$ 382,825	\$ 368,369
(878)	(876)	(22)	—	(1,776)	(1,615)
—	(517)	—	—	(517)	—
—	—	20	—	20	340
<u>\$ (877)</u>	<u>\$ 8,183</u>	<u>\$ (2)</u>	<u>\$ —</u>	<u>\$ 380,552</u>	<u>\$ 367,094</u>
\$ 3,047	\$ 2,018	\$ 5,018	\$ 40,980	\$ 52,839	\$ (90,429)
11,524	9,932	95,177	210,303	809,225	899,654
220	—	—	—	220	—
—	(160)	—	—	(160)	—
<u>\$ 14,791</u>	<u>\$ 11,790</u>	<u>\$ 100,195</u>	<u>\$ 251,283</u>	<u>\$ 862,124</u>	<u>\$ 809,225</u>

STATE OF MINNESOTA

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 1994
(IN THOUSANDS)

	BALANCE JULY 1, 1993	INCREASES	DECREASES	BALANCE JUNE 30, 1994
<u>SOCIAL WELFARE</u>				
ASSETS				
Cash and Cash Equivalents.....	\$ 6,061	\$ 17,143	\$ 16,798	\$ 6,406
Total Assets.....	\$ 6,061	\$ 17,143	\$ 16,798	\$ 6,406
LIABILITIES				
Accounts Payable.....	\$ 316	\$ 240	\$ 316	\$ 240
Interfund Payables.....	1	—	1	—
Funds Held in Trust.....	5,744	17,128	16,706	6,166
Total Liabilities.....	\$ 6,061	\$ 17,368	\$ 17,023	\$ 6,406
<u>DEFERRED COMPENSATION</u>				
ASSETS				
Cash and Cash Equivalents.....	\$ 2,379	\$ 96,711	\$ 96,623	\$ 2,467
Investments.....	611,618	148,127	43,899	715,846
Accounts Receivable.....	2,619	3,026	2,621	3,024
Prepaid Expenses.....	—	4	—	4
Equity in Investment Trust Funds.....	229,994	137,519	116,419	251,094
Total Assets.....	\$ 846,610	\$ 385,387	\$ 259,562	\$ 972,435
LIABILITIES				
Accounts Payable.....	\$ 222	\$ 119	\$ 222	\$ 119
Interfund Payables.....	317	457	317	457
Funds Held in Trust.....	846,071	172,304	46,516	971,859
Total Liabilities.....	\$ 846,610	\$ 172,880	\$ 47,055	\$ 972,435
<u>TAXES CLEARING</u>				
ASSETS				
Cash and Cash Equivalents.....	\$ 6,570	\$ 42,608	\$ 44,936	\$ 4,242
Total Assets.....	\$ 6,570	\$ 42,608	\$ 44,936	\$ 4,242
LIABILITIES				
Accounts Payable.....	\$ 117	\$ 115	\$ 117	\$ 115
Payable to Other Governmental Units.....	752	569	752	569
Funds Held in Trust.....	5,701	42,610	44,753	3,558
Total Liabilities.....	\$ 6,570	\$ 43,294	\$ 45,622	\$ 4,242

STATE OF MINNESOTA

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
YEAR ENDED JUNE 30, 1994
(IN THOUSANDS)

	BALANCE JULY 1, 1993	INCREASES	DECREASES	BALANCE JUNE 30, 1994
DISBURSEMENT CLEARING				
ASSETS				
Cash and Cash Equivalents.....	\$ 165,227	\$ 12,503,709	\$ 12,542,229	\$ 126,707
Total Assets.....	\$ 165,227	\$ 12,503,709	\$ 12,542,229	\$ 126,707
LIABILITIES				
Warrants Payable.....	\$ 165,227	\$ 12,503,709	\$ 12,542,229	\$ 126,707
Total Liabilities.....	\$ 165,227	\$ 12,503,709	\$ 12,542,229	\$ 126,707
MISCELLANEOUS AGENCY				
ASSETS				
Cash and Cash Equivalents.....	\$ 15,624	\$ 136,955	\$ 135,628	\$ 16,951
Accounts Receivable.....	1,585	1,746	1,585	1,746
Deferred Costs.....	109	363	109	363
Total Assets.....	\$ 17,318	\$ 139,064	\$ 137,322	\$ 19,060
LIABILITIES				
Accounts Payable.....	\$ 1,194	\$ 2,077	\$ 1,195	\$ 2,076
Interfund Payables.....	11	22	11	22
Advances from Other Funds.....	525	—	525	—
Payable to Other Governmental Units.....	5,234	5,185	5,234	5,185
Funds Held in Trust.....	10,354	131,691	130,268	11,777
Total Liabilities.....	\$ 17,318	\$ 138,975	\$ 137,233	\$ 19,060
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents.....	\$ 195,861	\$ 12,797,126	\$ 12,836,214	\$ 156,773
Investments.....	611,618	148,127	43,899	715,846
Accounts Receivable.....	4,204	4,772	4,206	4,770
Deferred Costs.....	109	363	109	363
Prepaid Expenses.....	—	4	—	4
Equity in Investment Trust Funds.....	229,994	137,519	116,419	251,094
Total Assets.....	\$ 1,041,786	\$ 13,087,911	\$ 13,000,847	\$ 1,128,850
LIABILITIES				
Warrants Payable.....	\$ 165,227	\$ 12,503,709	\$ 12,542,229	\$ 126,707
Accounts Payable.....	1,849	2,551	1,850	2,550
Interfund Payables.....	329	479	329	479
Advances from Other Funds.....	525	—	525	—
Payable to Other Governmental Units.....	5,986	5,754	5,986	5,754
Funds Held in Trust.....	867,870	363,733	238,243	993,360
Total Liabilities.....	\$ 1,041,786	\$ 12,876,226	\$ 12,789,162	\$ 1,128,850

This page intentionally left blank.

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

**COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCES
JUNE 30, 1994 and 1993
(IN THOUSANDS)**

	TOTALS	
	JUNE 30, 1994	JUNE 30, 1993
GENERAL FIXED ASSETS:		
Land.....	\$ 246,770	\$ 238,214
Buildings.....	1,109,396	1,059,847
Equipment.....	322,871	302,980
Construction in Progress.....	162,922	155,603
Total General Fixed Assets.....	<u>\$ 1,841,959</u>	<u>\$ 1,756,644</u>
INVESTMENT IN GENERAL FIXED ASSETS:		
Investment in Assets Acquired Prior to July 1, 1984 – Source Unidentified.....	\$ 833,523	\$ 833,886
Expenditures from:		
General Fund.....	114,370	105,340
Special Revenue Funds:		
Trunk Highway Fund.....	241,597	226,375
Highway User Tax Distribution Fund.....	622	624
Other Transportation Funds.....	6,294	3,453
Federal Fund.....	88,726	84,914
Environmental Fund.....	827	696
Natural Resources Funds.....	23,191	21,046
Special Workers Compensation Fund.....	4,833	4,696
Health Care Access Fund.....	482	132
Iron Range Resources and Rehabilitation Fund.....	22,489	21,462
Miscellaneous Special Revenue Fund.....	38,651	35,561
Capital Projects Funds:		
General Project Fund.....	5,884	5,834
Building Fund.....	435,241	391,238
Donations.....	25,229	21,387
Total Investment in General Fixed Assets.....	<u>\$ 1,841,959</u>	<u>\$ 1,756,644</u>

STATE OF MINNESOTA

**SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 1994
(IN THOUSANDS)**

Function and Activity	LAND	BUILDINGS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Protection of Persons and Property:					
Military Affairs.....	\$ 4,275	\$ 77,632	\$ 225	\$ 25,519	\$ 107,651
Public Safety.....	—	—	25,973	—	25,973
Others.....	—	—	816	—	816
Total Protection of Persons and Property.....	\$ 4,275	\$ 77,632	\$ 27,014	\$ 25,519	\$ 134,440
Transportation:					
Transportation.....	\$ 4,555	\$ 123,994	\$ 149,084	\$ 10,879	\$ 288,512
Total Transportation.....	\$ 4,555	\$ 123,994	\$ 149,084	\$ 10,879	\$ 288,512
Resource Management:					
Natural Resources.....	\$ 185,591	\$ 37,670	\$ 37,759	\$ 389	\$ 261,409
Pollution Control.....	—	—	3,153	—	3,153
Others.....	—	—	106	—	106
Total Resource Management.....	\$ 185,591	\$ 37,670	\$ 41,018	\$ 389	\$ 264,668
Economic and Manpower Development:					
Agriculture.....	\$ —	\$ —	\$ 2,199	\$ —	\$ 2,199
Commerce.....	—	—	97	—	97
Economic Security.....	1,976	7,410	9,008	—	18,394
Trade and Economic Development.....	—	—	747	—	747
Labor and Industry.....	—	—	3,743	—	3,743
Iron Range Resources and Rehabilitation.....	1,050	27,711	2,393	1,209	32,363
Public Service.....	—	—	1,654	—	1,654
Amateur Sports Commission.....	1,262	14,412	22	—	15,696
Others.....	—	—	146	—	146
Total Economic and Manpower Development.....	\$ 4,288	\$ 49,533	\$ 20,009	\$ 1,209	\$ 75,039
Education:					
Center for Arts Education.....	\$ 1,955	\$ 2,955	\$ 128	\$ —	\$ 5,038
State University System.....	16,457	230,188	33,969	19,571	300,185
Community College System.....	10,578	154,795	7,428	38,099	210,900
Technical College System.....	319	—	1,811	—	2,130
Education (K-12).....	30	10,516	370	672	11,588
Higher Education Coordinating Board.....	—	—	460	—	460
Zoological Garden.....	1,175	38,700	1,416	1,126	42,417
Total Education.....	\$ 30,514	\$ 437,154	\$ 45,582	\$ 59,468	\$ 572,718
Health and Social Services:					
Health.....	\$ —	\$ —	\$ 4,207	\$ —	\$ 4,207
Human Services.....	585	141,964	9,790	5,312	157,651
Veterans Affairs.....	134	26,509	906	6,998	34,547
Corrections.....	108	118,360	5,104	12,471	136,043
Others.....	30	—	1,974	—	2,004
Total Health and Human Services.....	\$ 857	\$ 286,833	\$ 21,981	\$ 24,781	\$ 334,452
General Government:					
Administration (1).....	\$ 16,690	\$ 96,580	\$ 1,231	\$ 40,677	\$ 155,178
Attorney General.....	—	—	842	—	842
Employee Relations.....	—	—	1,579	—	1,579
Office of Strategic and Long Range Planning.....	—	—	313	—	313
Governor.....	—	—	114	—	114
Legislature.....	—	—	21	—	21
Secretary of State.....	—	—	4,677	—	4,677
Supreme Court.....	—	—	4,760	—	4,760
Revenue.....	—	—	3,388	—	3,388
Others.....	—	—	1,258	—	1,258
Total General Government.....	\$ 16,690	\$ 96,580	\$ 18,183	\$ 40,677	\$ 172,130
Total General Fixed Assets.....	\$ 246,770	\$ 1,109,396	\$ 322,871	\$ 162,922	\$ 1,841,959

(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, 1994 (IN THOUSANDS)

Function and Activity	GENERAL FIXED ASSETS JULY 1, 1993	ADDITIONS	DEDUCTIONS/ NET TRANSFERS	ADJUSTMENTS	GENERAL FIXED ASSETS JUNE 30, 1994
Protection of Persons and Property:					
Military Affairs.....	\$ 100,772	\$ 18,429	\$ 12,071	\$ 521	\$ 107,651
Public Safety.....	21,827	6,413	2,475	208	25,973
Others.....	194	—	(68)	554	816
Total Protection of Persons and Property.....	\$ 122,793	\$ 24,842	\$ 14,478	\$ 1,283	\$ 134,440
Transportation:					
Transportation.....	\$ 271,021	\$ 35,657	\$ 18,790	\$ 624	\$ 288,512
Total Transportation.....	\$ 271,021	\$ 35,657	\$ 18,790	\$ 624	\$ 288,512
Resource Management:					
Natural Resources.....	\$ 252,157	\$ 10,440	\$ 2,391	\$ 1,203	\$ 261,409
Pollution Control.....	2,991	162	—	—	3,153
Others.....	106	—	—	—	106
Total Resource Management.....	\$ 255,254	\$ 10,602	\$ 2,391	\$ 1,203	\$ 264,668
Economic and Manpower Development:					
Agriculture.....	\$ 1,943	\$ 272	\$ 16	\$ —	\$ 2,199
Commerce.....	97	—	—	—	97
Economic Security.....	18,209	216	87	56	18,394
Trade and Economic Development.....	689	58	—	—	747
Labor and Industry.....	6,110	233	2,600	—	3,743
Iron Range Resources and Rehabilitation.....	31,356	2,704	1,845	148	32,363
Public Service.....	1,238	517	142	41	1,654
Amateur Sports Commission.....	15,555	238	119	22	15,696
Others.....	158	—	—	(12)	146
Total Economic and Manpower Development.....	\$ 75,355	\$ 4,238	\$ 4,809	\$ 255	\$ 75,039
Education:					
Center for Arts Education.....	\$ 5,038	\$ 660	\$ 660	\$ —	\$ 5,038
State University System.....	284,441	25,091	10,011	664	300,185
Community College System.....	203,994	16,149	10,248	1,005	210,900
Technical College System.....	3,656	12	—	(1,538)	2,130
Education (K-12).....	10,943	672	27	—	11,588
Higher Education Coordinating Board.....	1,120	40	700	—	460
Zoological Garden.....	41,773	564	—	80	42,417
Total Education.....	\$ 550,965	\$ 43,188	\$ 21,646	\$ 211	\$ 572,718
Health and Social Services:					
Health.....	\$ 3,510	\$ 310	\$ 24	\$ 411	\$ 4,207
Human Services.....	149,186	12,427	4,899	937	157,651
Veterans Affairs.....	34,010	835	298	—	34,547
Corrections.....	122,437	12,411	(976)	219	136,043
Others.....	1,988	25	20	11	2,004
Total Health and Human Services.....	\$ 311,131	\$ 26,008	\$ 4,265	\$ 1,578	\$ 334,452
General Government:					
Administration (1).....	\$ 153,656	\$ 1,471	\$ 124	\$ 175	\$ 155,178
Attorney General.....	831	—	—	11	842
Employee Relations.....	1,712	55	187	(1)	1,579
Office of Strategic and Long Range Planning.....	80	56	—	177	313
Governor.....	78	51	15	—	114
Legislature.....	21	—	—	—	21
Secretary of State.....	5,274	190	787	—	4,677
Supreme Court.....	4,525	47	—	188	4,760
Revenue.....	2,698	742	398	346	3,388
Others.....	1,250	42	44	10	1,258
Total General Government.....	\$ 170,125	\$ 2,654	\$ 1,555	\$ 906	\$ 172,130
Total General Fixed Assets.....	\$ 1,756,644	\$ 147,189	\$ 67,934	\$ 6,060	\$ 1,841,959

(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, 1994 (IN THOUSANDS)

	BALANCE JULY 1, 1993	INCREASE	DECREASE	BALANCE JUNE 30, 1994
Amount Available and to be Provided for Payment of General Long-Term Obligations:				
Amount Available in Debt Service Fund.....	\$ 164,350	\$ 174,744	\$ 161,224	\$ 177,870
Amount to be Provided:				
General Fund.....	\$ 1,988,734	\$ 1,214,006	\$ 793,811	\$ 2,408,929
Trunk Highway Fund.....	145,960	17,172	23,583	139,549
Highway User Tax Distribution Fund.....	702	149	—	851
Other Transportation Funds.....	292	96	—	388
Federal Fund.....	13,582	3,629	—	17,211
Environmental Fund.....	800	801	—	1,601
Petroleum Tank Cleanup Fund.....	64	53	—	117
Natural Resources Funds.....	5,700	1,780	—	7,480
Maximum Effort School Loan Fund.....	99,251	44,290	40,941	102,600
Special Workers Compensation Fund.....	56,918	2,803	579	59,142
Health Care Access Fund.....	207	251	—	458
Iron Range Resources and Rehabilitation Fund.....	330	132	—	462
Miscellaneous Special Revenue Fund.....	57,510	1,019	7,906	50,623
Total Amount to be Provided.....	\$ 2,370,050	\$ 1,286,181	\$ 866,820	\$ 2,789,411
Total Amount Available and to be Provided.....	\$ 2,534,400	\$ 1,460,925	\$ 1,028,044	\$ 2,967,281
General Long-Term Obligations Payable:				
General Obligation Bonds Payable.....	\$ 1,706,885	\$ 485,338	\$ 422,788	\$ 1,769,435
Loans Payable.....	42,218	—	5,481	36,737
Revenue Bonds Payable.....	39,350	—	3,450	35,900
Grants Payable.....	395,126	424,874	395,126	424,874
Claims Payable.....	54,103	308,391	—	362,494
Compensated Absences Payable.....	154,227	36,957	—	191,184
Workers Compensation Liability.....	108,961	22,789	14,893	116,857
Capital Leases Payable.....	27,575	5,124	9,136	23,563
Pension Liabilities.....	564	2,733	—	3,297
Arbitrage Payable.....	5,391	—	2,451	2,940
Total General Long-Term Obligations Payable.....	\$ 2,534,400	\$ 1,286,206	\$ 853,325	\$ 2,967,281

COMPONENT UNITS

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 will by the primary government, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on the primary government. They are presented here in three reporting groups, Governmental fund type, Proprietary fund type and Universities.

GOVERNMENTAL FUND TYPE:

The *Metropolitan Council* is responsible for coordinating the planning and development of the Twin Cities metropolitan area. Also included as a governmental component unit of the Metropolitan Council is the Regional Transit Board, which directs, coordinates and prioritizes transit services in the Twin Cities metropolitan area.

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

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* consist of the following proprietary component units: Metropolitan Sports Facilities Commission (MSFC), Metropolitan Waste Control Commission (MWCC), and Metropolitan Transit Commission (MTC). The MSFC operates the Metropolitan Sports Center and Hubert H. Humphrey Metrodome sports facilities. The MWCC operates the metropolitan regional sewage treatment and disposal systems.

The *Minnesota 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.

COLLEGE AND UNIVERSITY TYPE:

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

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 1993 and JUNE 30, 1994
(IN THOUSANDS)

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPES		
	METROPOLITAN COUNCIL	MINNESOTA TECHNOLOGY	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL
ASSETS					
Cash and Cash Equivalents.....	\$ 264,880	\$ 11,777	\$ 537,259	\$ —	\$ 4,917
Investments.....	4,036	775	187,606	—	29,989
Accounts Receivable.....	554,928	1,951	5,499	—	23,383
Accrued Investment/Interest Income.....	—	—	28,343	—	—
Due from Other Governmental Units.....	1,935	—	—	—	9,644
Due from Primary Government.....	3,703	—	—	—	—
Accrued Earnings.....	4,611	—	—	—	544
Federal Aid Receivable.....	—	—	—	—	—
Loans and Notes Receivable.....	9,982	250	1,458,957	—	—
Inventories.....	10	—	3,676	—	12,901
Deferred Costs.....	—	24	22,948	—	—
Restricted Assets:					
Cash and Cash Equivalents.....	—	—	159,996	3,167	30,344
Investments.....	—	—	166,079	117,461	100,315
Accrued Investment Income.....	—	—	—	2,623	—
Loans Receivable.....	—	—	—	59,941	—
Loans Receivable between Component Units.....	—	—	—	226,557	—
Other Restricted Assets.....	—	—	—	41,190	5,762
Fixed Assets (Net).....	3,304	812	591	38	1,134,356
Other Assets.....	15	—	—	—	1,702
Amount Available for Debt Service.....	208,455	—	—	—	—
Amount to be Provided for Debt Service.....	538,685	—	—	—	—
Total Assets and Other Debits.....	\$ 1,594,544	\$ 15,589	\$ 2,570,954	\$ 450,977	\$ 1,353,857
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable.....	\$ 53,328	\$ 691	\$ 5,011	\$ —	\$ 531,012
Loans/Notes Payables.....	—	—	—	—	—
Capital Leases Payable.....	237	—	—	—	826
Payables to Other Governmental Units.....	43	—	—	—	762
Due to Primary Government.....	—	—	—	—	—
Loans Payables between Component Units.....	211,511	—	—	—	—
Deferred Revenue.....	533,809	783	—	—	58,080
Claims and Judgements.....	—	—	—	—	—
Pension Liabilities.....	—	—	—	—	—
Funds Held in Trust.....	4,036	—	140,964	—	—
Payable from Restricted Assets:					
Accounts Payable.....	—	—	—	194	32,067
Revenue Bonds Payable.....	—	—	176,888	236,188	—
Revenue Bonds Interest Payable.....	—	—	59,772	4,735	568
General Obligation Bonds Payable.....	—	—	—	—	—
Funds Held in Trust.....	—	—	—	—	18,002
Revenue Bonds Payable.....	—	—	1,749,883	—	39,810
General Obligation Bonds Payable.....	534,620	—	—	—	1,400
Compensated Absences Payable.....	494	128	662	—	—
Total Liabilities.....	\$ 1,338,078	\$ 1,602	\$ 2,133,180	\$ 241,117	\$ 682,527
Fund Equity:					
Contributed Capital.....	\$ —	\$ —	\$ —	\$ 194,916	\$ 415,067
Investment in Fixed Assets.....	\$ 3,304	\$ —	\$ —	\$ —	\$ —
Retained Earnings:					
Reserved for Debt Requirements.....	\$ —	\$ —	\$ 387,774	\$ —	\$ 8,904
Reserved per State Law.....	—	—	50,000	—	—
Reserved for Claims.....	—	—	—	—	120,134
Unreserved Retained Earnings.....	—	—	—	14,944	127,225
Total Retained Earnings.....	\$ —	\$ —	\$ 437,774	\$ 14,944	\$ 256,263
Fund Balances:					
Reserved Fund Balances:					
Reserved for Encumbrances.....	\$ 638	\$ —	\$ —	\$ —	\$ —
Reserved for Long-Term Receivables.....	8,594	—	—	—	—
Reserved for Long-Term Commitments.....	13,486	—	—	—	—
Reserved for Other.....	—	—	—	—	—
Total Reserved Fund Balances.....	\$ 22,718	\$ —	\$ —	\$ —	\$ —
Unreserved Fund Balances:					
Designated for Fund Purposes.....	\$ 221,476	\$ 13,170	\$ —	\$ —	\$ —
Undesignated.....	8,968	817	—	—	—
Total Unreserved Fund Balances.....	\$ 230,444	\$ 13,987	\$ —	\$ —	\$ —
Total Fund Balances.....	\$ 253,162	\$ 13,987	\$ —	\$ —	\$ —
Total Fund Equity.....	\$ 256,466	\$ 13,987	\$ 437,774	\$ 209,860	\$ 671,330
Total Liabilities, Equity and Other Credits.....	\$ 1,594,544	\$ 15,589	\$ 2,570,954	\$ 450,977	\$ 1,353,857

WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	UNIVERSITY FUND TYPE	
		UNIVERSITY OF MINNESOTA	COMBINED TOTALS
\$ 34,535	\$ 52	\$ 378,092	\$ 1,231,512
404,705	—	518,270	1,145,381
55,694	129	103,934	745,518
4,732	—	1,312	34,387
—	—	—	11,579
—	—	199,410	203,113
—	—	5,460	10,615
—	—	50,110	50,110
—	—	54,400	1,523,589
—	18	22,703	39,308
—	50	19,778	42,800
—	—	31,163	224,670
—	—	—	383,855
—	—	—	2,623
—	—	—	59,941
—	—	—	226,557
—	—	—	46,952
—	89	1,076,400	2,215,590
1,398	—	7,478	10,593
—	—	—	208,455
—	—	—	538,685
<u>\$ 501,064</u>	<u>\$ 338</u>	<u>\$ 2,468,510</u>	<u>\$ 8,955,833</u>
\$ 509,962	\$ 310	\$ 106,994	\$ 1,207,308
—	240	54,000	54,240
—	—	399	1,462
—	—	—	805
—	—	19,025	19,025
—	—	—	211,511
87,033	43	23,181	702,929
—	—	30,805	30,805
—	—	16,792	16,792
—	—	—	145,000
—	—	—	32,261
—	—	15,805	428,881
—	—	—	65,075
—	—	246,905	246,905
—	—	—	18,002
—	—	—	1,789,693
—	—	—	536,020
—	—	43,332	44,616
<u>\$ 596,995</u>	<u>\$ 593</u>	<u>\$ 557,238</u>	<u>\$ 5,551,330</u>
\$ —	\$ —	\$ —	\$ 609,983
\$ —	\$ —	\$ 860,747	\$ 864,051
\$ —	\$ —	\$ —	\$ 396,678
—	—	—	50,000
—	—	—	120,134
(95,931)	(255)	—	45,983
<u>\$ (95,931)</u>	<u>\$ (255)</u>	<u>\$ —</u>	<u>\$ 612,795</u>
\$ —	\$ —	\$ 7,650	\$ 8,288
—	—	—	8,594
—	—	—	13,486
—	—	673,114	673,114
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 680,764</u>	<u>\$ 703,482</u>
\$ —	\$ —	\$ 205,568	\$ 440,214
—	—	164,193	173,978
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 369,761</u>	<u>\$ 614,192</u>
\$ —	\$ —	\$ 1,050,525	\$ 1,317,674
\$ (95,931)	\$ (255)	\$ 1,911,272	\$ 3,404,503
<u>\$ 501,064</u>	<u>\$ 338</u>	<u>\$ 2,468,510</u>	<u>\$ 8,955,833</u>

STATE OF MINNESOTA

COMPONENT UNIT FUNDS – GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEARS ENDED DECEMBER 31, 1993 AND JUNE 30, 1994

(IN THOUSANDS)

	METROPOLITAN COUNCIL	MINNESOTA TECHNOLOGY	COMBINED TOTALS
Net Revenues:			
Other Taxes.....	\$ 55,009	\$ —	\$ 55,009
Other Intergovernmental Revenues.....	33,577	2,863	36,440
Departmental Services.....	—	—	—
Investment/Interest Income.....	15,184	517	15,701
Other Revenues.....	1,065	654	1,719
Net Revenues.....	\$ 104,835	\$ 4,034	\$ 108,869
Expenditures:			
Current:			
Transportation.....	\$ 97,449	\$ —	\$ 97,449
Resource Management.....	11,274	—	11,274
Economic and Manpower Development.....	—	8,096	8,096
Health and Social Services.....	30,486	—	30,486
General Government.....	7,530	—	7,530
Total Current Expenditures.....	\$ 146,739	\$ 8,096	\$ 154,835
Capital Outlay.....	307	—	307
Debt Service.....	112,294	—	112,294
Grants and Subsidies.....	—	2,993	2,993
Total Expenditures.....	\$ 259,340	\$ 11,089	\$ 270,429
Excess of Revenues Over (Under) Expenditures.....	\$ (154,505)	\$ (7,055)	\$ (161,560)
Other Financing Sources (Uses):			
General Obligation Bonds.....	\$ 122,698	\$ —	\$ 122,698
Transfers—In from Primary Government.....	59,204	7,872	67,076
Other Sources.....	13,096	—	13,096
Net Other Financing Sources (Uses).....	\$ 194,998	\$ 7,872	\$ 202,870
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 40,493	\$ 817	\$ 41,310
Fund Balances, Beginning as Reported.....	\$ 212,669	\$ 778	\$ 213,447
Change in Reporting Entity.....	—	12,392	12,392
Fund Balances, Ending.....	\$ 253,162	\$ 13,987	\$ 267,149

STATE OF MINNESOTA

COMPONENT UNIT FUNDS – PROPRIETARY FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEARS ENDED DECEMBER 31, 1993 AND JUNE 30, 1994 (IN THOUSANDS)

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	COMBINED TOTALS
Operating Revenues:						
Net Sales.....	\$ —	\$ —	\$ 12,903	\$ —	\$ 1,865	\$ 14,768
Interest Income on Loans.....	118,629	12,630	—	—	—	131,259
Investment Income.....	51,510	8,026	1,623	—	—	61,159
Rental and Service Fees.....	3,414	—	183,295	—	272	186,981
Insurance Premiums.....	—	—	—	161,677	—	161,677
Other Income.....	—	—	2,930	—	2	2,932
Total Operating Revenues.....	\$ 173,553	\$ 20,656	\$ 200,751	\$ 161,677	\$ 2,139	\$ 558,776
Operating Expenses:						
Interest and Financing Costs.....	\$ 125,201	\$ 16,413	\$ —	\$ —	\$ 10	\$ 141,624
Purchases Services.....	7,391	50	56,217	23,003	1,090	87,751
Salaries and Fringe Benefits.....	6,336	812	151,972	—	648	159,768
Claims.....	—	—	—	136,117	—	136,117
Depreciation.....	312	44	56,079	—	12	56,447
Amortization.....	2,171	230	—	—	—	2,401
Supplies and Materials.....	265	3	19,231	—	152	19,651
Indirect Costs.....	88	155	—	—	—	243
Other Administrative Expenses.....	—	—	—	—	121	121
Other Expenses.....	1,863	—	8,739	9,571	—	20,173
Total Operating Expenses.....	\$ 143,627	\$ 17,707	\$ 292,238	\$ 168,691	\$ 2,033	\$ 624,296
Operating Income (Loss).....	\$ 29,926	\$ 2,949	\$ (91,487)	\$ (7,014)	\$ 106	\$ (65,520)
Nonoperating Revenues (Expenses):						
Investment Income.....	\$ —	\$ —	\$ 5,372	\$ 29,950	\$ —	\$ 35,322
Interest and Financing Costs.....	—	—	(2,408)	—	—	(2,408)
Federal Grants and Subsidies.....	70,938	—	10,054	—	—	80,992
Other Nonoperating Revenues.....	50	—	78,639	—	—	78,689
General Obligation Bonds.....	—	—	12,831	—	—	12,831
Gains (Losses) on Sale of Fixed Assets.....	—	—	(988)	—	—	(988)
Grants, Aids and Subsidies.....	(89,931)	—	—	—	—	(89,931)
Other Nonoperating Expenses.....	—	—	(31,945)	(12,297)	—	(44,242)
Total Nonoperating Revenues (Expenses).....	\$ (18,943)	\$ —	\$ 71,555	\$ 17,653	\$ —	\$ 70,265
Income (Loss) Before Transfers.....	\$ 10,983	\$ 2,949	\$ (19,932)	\$ 10,639	\$ 106	\$ 4,745
Transfers—In from Primary Government.....	21,282	7,818	—	—	—	29,100
Net Income (Loss) before Extraordinary Item.....	\$ 32,265	\$ 10,767	\$ (19,932)	\$ 10,639	\$ 106	\$ 33,845
Extraordinary Gain (Loss) on Bond Refunding.....	(10,212)	—	—	—	—	(10,212)
Extraordinary Items – Donations.....	—	—	5,375	—	—	5,375
Depreciation on Fixed Assets Acquired with Contributed Capital.....	—	—	24,182	—	—	24,182
Increase (Decrease) in Retained Earnings.....	\$ 22,053	\$ 10,767	\$ 9,625	\$ 10,639	\$ 106	\$ 53,190
Retained Earnings, Beginning.....	415,721	4,177	246,638	(106,570)	(361)	559,605
Retained Earnings, Ending.....	\$ 437,774	\$ 14,944	\$ 256,263	\$ (95,931)	\$ (255)	\$ 612,795

STATE OF MINNESOTA

COMPONENT UNIT FUNDS COMBINING STATEMENT OF CASH FLOWS YEARS ENDED DECEMBER 31, 1993 AND JUNE 30, 1994 (IN THOUSANDS)

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	COMBINED TOTALS
Cash Flows from Operating Activities:						
Operating Income (Loss).....	\$ 29,926	\$ 2,949	\$ (91,488)	\$ (7,014)	\$ 106	\$ (65,521)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:						
Depreciation.....	\$ 312	\$ 44	\$ 56,079	\$ —	\$ 12	\$ 56,447
Amortization.....	2,171	230	—	—	—	2,401
Investment Income.....	(51,510)	(8,026)	(1,623)	—	—	(61,159)
Interest and Financing Costs.....	125,201	16,413	—	—	—	141,614
Loan Principal Repayments.....	306,537	3,724	—	—	—	310,261
Loans Issued.....	(210,234)	(50,147)	—	—	—	(260,381)
Customer Deposits.....	48,350	—	—	—	—	48,350
Return of Customer Deposits.....	(62,772)	—	—	—	—	(62,772)
Provision for Loan Defaults.....	1,863	—	—	—	—	1,863
Net Nonoperating Revenues (Expenses).....	—	—	3,800	(410)	—	3,390
Change in Assets and Liabilities:						
Accounts Receivable.....	(2,736)	—	(650)	(11,902)	(53)	(15,341)
Inventories.....	6,767	—	1,357	—	(11)	8,113
Other Assets.....	899	(159)	83	(414)	(21)	388
Accounts Payable.....	1,789	42	2,458	23,523	57	27,869
Deferred Revenues.....	—	—	—	15,937	6	15,943
Claims and Judgements Payable.....	—	—	—	23,321	—	23,321
Other Liabilities.....	211	(79)	3,570	—	11	3,713
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 166,848	\$ (37,958)	\$ 65,074	\$ 50,055	\$ 1	\$ 244,020
Net Cash Flows from Operating Activities.....	\$ 196,774	\$ (35,009)	\$ (26,414)	\$ 43,041	\$ 107	\$ 178,499
Cash Flows from Noncapital Financing Activities:						
Grant Receipts.....	\$ 70,938	\$ —	\$ 75,368	\$ —	\$ —	\$ 146,306
Grant Disbursements.....	(89,931)	—	—	—	—	(89,931)
Transfers—In.....	21,282	—	—	—	—	21,282
Residual Equity Transfers—Out.....	—	(174)	—	—	—	(174)
Capital Contributions.....	—	38,618	—	—	—	38,618
Proceeds from Bond Sales.....	600,320	—	—	—	—	600,320
Repayment of Bond Principal.....	(505,240)	(23,445)	—	—	—	(528,685)
Bond Issuance Costs.....	(7,451)	(40)	—	—	—	(7,491)
Interest Paid.....	(139,318)	(15,181)	—	—	—	(154,499)
Net Cash Flows from Noncapital Financing Activities.....	\$ (49,400)	\$ (222)	\$ 75,368	\$ —	\$ —	\$ 25,746
Cash Flows from Capital and Related Financing Activities:						
Investment in Fixed Assets.....	\$ (77)	\$ (52)	\$ (50,195)	\$ —	\$ (26)	\$ (50,350)
Proceeds from the Sale of Fixed Assets.....	—	—	276	—	—	276
Transfers—In from Primary Government.....	—	7,818	1,778	—	—	9,596
Capital Contributions.....	—	—	17,248	—	—	17,248
Repayment of Loans.....	—	—	—	—	(85)	(85)
Proceeds from Bond Sales.....	—	—	34,457	—	—	34,457
Repayment of Bond Principal.....	—	—	(31,508)	—	—	(31,508)
Interest Paid.....	—	—	(28,193)	—	—	(28,193)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (77)	\$ 7,766	\$ (56,137)	\$ —	\$ (111)	\$ (48,559)
Cash Flows from Investing Activities:						
Proceeds from Sales and Maturities of Investments.....	\$ 465,202	\$ 56,659	\$ 573,526	\$ 371,474	\$ —	\$ 1,466,861
Purchase of Investments.....	(406,658)	(45,307)	(579,226)	(417,302)	—	(1,448,493)
Investment Earnings.....	46,706	9,556	5,650	22,180	—	84,092
Net Cash Flows from Investing Activities.....	\$ 105,250	\$ 20,908	\$ (50)	\$ (23,648)	\$ —	\$ 102,460
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 252,547	\$ (6,557)	\$ (7,233)	\$ 19,393	\$ (4)	\$ 258,146
Cash and Cash Equivalents, Beginning.....	444,708	9,724	42,494	15,142	56	512,124
Cash and Cash Equivalents, Ending.....	\$ 697,255	\$ 3,167	\$ 35,261	\$ 34,535	\$ 52	\$ 770,270

**GENERAL OBLIGATION
DEBT SCHEDULES**

STATE OF MINNESOTA

**GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014**

PRINCIPAL PAYMENTS - BOLD

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>FUND & TYPE</u>	<u>AUTHORIZATION YEAR-CHAPTER</u>	<u>AMOUNT OUTSTANDING 06/30/1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
GENERAL FUND								
STATE BUILDING (VOC TECH)	'75-436	600	600 17	-- --	-- --	-- --	-- --	-- --
STATE BUILDING, CAPITAL IMPROVEMENT	'71-963	1,268	1,268 33	-- --	-- --	-- --	-- --	-- --
	'73-778	876	876 23	-- --	-- --	-- --	-- --	-- --
	'74-541	205	205 5	-- --	-- --	-- --	-- --	-- --
	'75-436	552	552 15	-- --	-- --	-- --	-- --	-- --
	'76-348	600	600 17	-- --	-- --	-- --	-- --	-- --
	'81-4	129	129 6	-- --	-- --	-- --	-- --	-- --
	'81-334	1,281	361 71	305 49	305 30	305 10	5 --	-- --
	'81-361	15	15 1	-- --	-- --	-- --	-- --	-- --
	'81-362	743	743 34	-- --	-- --	-- --	-- --	-- --
	'83-344	2,894	2,894 134	-- --	-- --	-- --	-- --	-- --
	'84-597	18,659	11,179 875	5,410 302	945 104	1,125 37	-- --	-- --
	'87-400	83,550	13,230 5,018	13,085 4,154	13,045 3,293	13,055 2,431	13,010 1,567	9,630 823
	'88-718	2,185	305 137	295 117	300 96	300 75	310 55	310 34
	'89-41	1,135	190 69	190 56	190 44	190 31	190 18	185 6
	'89-290	3,755	535 228	535 192	540 156	540 121	540 85	540 49
	'89-300	50,815	5,045 2,802	5,045 2,493	5,050 2,184	5,050 1,876	5,225 1,562	5,220 1,243
	'90-365	699	95 45	95 38	100 31	100 24	100 17	104 10
	'90-610	35,692	2,783 2,062	2,842 1,880	3,070 1,689	3,047 1,490	4,634 1,249	4,625 968
	'91-354	3,500	175 173	175 165	175 156	175 148	175 139	175 131
	'92-558	99,077	5,055 5,001	5,990 4,723	5,990 4,418	5,990 4,113	5,985 3,807	5,980 3,501
	'93-558	11,000	550 545	550 518	550 491	550 464	550 437	550 410
	X'85-15	39,451	13,691 2,136	10,800 1,324	7,025 752	6,805 300	935 44	195 6

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014

PRINCIPAL PAYMENTS - BOLD

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
4,225	1,380	440	230	230	230	230	230	230	230	230	230	230	150
373	196	144	125	114	102	90	78	66	54	41	29	17	4
310	45	10	--	--	--	--	--	--	--	--	--	--	--
13	2	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
250	65	60	15	15	15	15	15	15	15	15	15	15	--
23	14	11	8	7	6	6	5	4	3	2	2	1	--
2,820	2,795	1,615	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,000
1,004	845	726	654	594	534	473	411	348	285	221	156	92	27
105	--	--	--	--	--	--	--	--	--	--	--	--	--
3	--	--	--	--	--	--	--	--	--	--	--	--	--
4,724	2,862	2,100	455	455	455	455	455	455	455	455	455	455	455
685	460	319	250	228	205	181	158	134	110	86	61	37	12
175	175	175	175	175	175	175	175	175	175	175	175	175	175
122	113	105	96	88	79	70	61	52	42	33	24	14	5
5,980	5,982	6,050	4,235	4,235	4,235	4,235	4,235	4,235	4,235	4,235	4,235	4,235	3,725
3,195	2,888	2,581	2,320	2,110	1,896	1,679	1,459	1,237	1,013	787	559	330	101
550	550	550	550	550	550	550	550	550	550	550	550	550	550
383	356	329	302	275	247	219	191	162	133	104	74	45	15
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--

STATE OF MINNESOTA

**GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014**

PRINCIPAL PAYMENTS - BOLD

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 06/30/1994	1995	1996	1997	1998	1999	2000
			X'87-300 110	20 7	20 5	20 4	25 2	25 1
STATE BUILDING, TAXABLE BONDS	'87-400	4,050	290 373	290 346	290 318	290 291	290 263	290 236
STATE SCHOOL ENERGY BUILDING BONDS	'83-323	6,510	2,160 307	1,665 203	365 133	365 113	365 93	365 74
REFUNDING BONDS	M.S.16A.66	868,417	42,279 45,594	70,469 42,478	55,304 39,496	54,317 36,630	65,036 33,002	64,933 29,554
REINVEST IN MINNESOTA (RIM)	'86-383	6,400	1,600 355	1,600 258	1,600 157	1,600 53	--	--
	'89-300	2,020	260 123	260 105	260 88	265 70	265 53	265 36
	'91-354	8,935	690 481	690 442	690 401	690 362	790 319	790 274
	'87-400	520	30 27	30 26	30 24	30 23	50 20	50 18
	'90-610	1,610	85 83	85 79	85 75	85 70	90 66	80 62
RURAL FINANCE AUTHORITY (RFA)	'86-398	17,385	-- 1,034	-- 1,034	2,815 944	3,750 733	2,980 512	1,440 364
STATE BUILDING (NATURAL RESOURCES)	'75-415	1,000	1,000 28	--	--	--	--	--
POLLUTION CONTROL	'73-771	263	263 7	--	--	--	--	--
	'83-116.17	729	729 35	--	--	--	--	--
	'84-597	3,970	1,925 186	1,550 80	260 24	235 8	--	--
	'87-400	19,275	2,585 1,169	2,585 999	2,750 822	2,755 639	2,805 455	2,805 272
	'89-300	8,560	1,040 522	1,040 453	1,165 378	1,160 300	1,180 222	1,170 145
	'90-610	3,705	195 192	195 182	195 172	195 162	195 153	195 143
	'92-558	9,700	495 486	495 462	490 437	490 413	495 389	485 365
	'93-558	8,000	400 396	400 377	400 357	400 338	400 318	400 298
	X'71-20	488	488 13	--	--	--	--	--
STATE TRANSPORTATION	'79-280	1,181	921 55	195 10	25 3	40 1	--	--
	'80-610	140	140 6	--	--	--	--	--
	'84-597	600	600 28	--	--	--	--	--

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014

PRINCIPAL PAYMENTS - BOLD

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
--	--	--	--	--	--	--	--	--	--	--	--	--	--
290	290	290	290	290	290	285	285	--	--	--	--	--	--
208	180	152	125	97	69	41	14	--	--	--	--	--	--
365	360	300	200	--	--	--	--	--	--	--	--	--	--
55	36	19	5	--	--	--	--	--	--	--	--	--	--
59,448	61,408	68,001	60,938	52,541	43,339	42,824	37,924	32,708	32,188	12,515	12,245	--	--
26,173	22,844	19,259	15,703	12,636	10,090	7,814	5,659	3,792	2,094	935	310	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
240	70	25	10	10	10	10	10	10	10	10	10	10	10
19	10	6	5	5	4	4	3	3	2	2	1	1	--
790	790	440	240	240	240	240	240	240	240	240	240	240	175
229	183	148	131	119	107	94	82	69	57	44	31	18	5
50	50	100	10	10	10	10	10	10	10	10	10	10	--
15	12	9	5	5	4	4	3	3	2	2	1	1	--
80	80	140	80	80	80	80	80	80	80	80	80	80	--
58	54	50	43	39	35	30	26	22	18	13	9	4	--
400	--	1,000	5,000	--	--	--	--	--	--	--	--	--	--
306	295	295	123	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
1,485	525	180	80	80	80	80	80	80	80	80	80	80	--
134	70	49	43	39	35	30	26	22	18	13	9	4	--
915	120	170	60	60	60	60	60	60	60	60	60	60	--
78	46	39	32	29	26	23	20	16	13	10	7	3	--
195	195	195	195	195	195	195	195	195	195	195	195	195	--
133	123	114	104	94	84	74	64	53	43	32	21	11	--
485	485	530	490	490	490	490	490	490	490	485	485	490	360
341	317	293	267	242	217	192	167	141	115	89	63	36	10
400	400	400	400	400	400	400	400	400	400	400	400	400	400
279	259	240	220	200	180	159	139	118	97	75	54	32	11
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014

PRINCIPAL PAYMENTS - BOLD

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 06/30/1994	1995	1996	1997	1998	1999	2000
			'87-400	'87-400	'87-400	'87-400	'87-400	'87-400
		1,045	65	65	70	70	95	95
			55	51	48	44	39	33
	'89-300	2,550	335	335	340	340	350	350
			154	131	109	86	63	40
	'90-610	2,835	230	230	235	235	275	275
			155	141	127	113	98	82
	'92-558	4,350	355	355	355	355	355	355
			223	204	185	166	147	128
	'93-373	90	5	5	5	5	5	5
			4	4	4	4	3	3
	X'85-15	475	95	95	95	95	95	—
			28	22	16	9	3	--
WASTE MANAGEMENT	'80-564	1,313	668	485	80	80	—	—
			62	25	8	3	--	--
	'87-400	1,665	185	185	185	190	190	190
			97	85	73	61	50	38
	'90-610	1,800	195	195	195	195	235	235
			105	93	80	68	55	41
	'92-558	225	25	25	25	25	25	25
			12	11	9	8	6	5
	X'85-15	2,359	709	555	370	370	345	5
			132	90	60	36	12	--
EXCHANGE BONDS	85-16A.66	6,290	—	—	—	—	—	—
			3	3	3	3	3	3
ZOOLOGICAL GARDENS	'73-207	1,100	1,100	—	—	—	—	—
			28	--	--	--	--	--
INFRASTRUCTURE DEVELOPMENT								
STATE BUILDING, CAPITAL IMPROVEMENT	'90-610	84,529	7,472	7,483	7,495	7,508	7,521	7,531
			4,665	4,210	3,754	3,297	2,841	2,389
	'92-558	2,108	235	235	235	235	235	235
			111	98	85	72	59	46
REFUNDING BONDS	'85-16A.66	60,750	710	555	120	120	580	650
			3,062	3,032	3,015	3,010	2,994	2,964
REINVEST IN MINNESOTA (RIM)	'90-610	1,655	165	170	170	170	180	180
			95	85	74	63	52	41
POLLUTION CONTROL	'90-610	15,440	1,730	1,730	1,730	1,730	1,795	1,795
			902	792	682	572	460	348
SPECIAL BUILDING	'90-610	1,295	185	185	185	185	185	185
			82	69	56	43	31	18
CIGARETTE TAX								
STATE BUILDING, CAPITAL IMPROVEMENT	'87-400	40,080	8,440	8,440	8,445	8,445	6,310	—
			2,338	1,798	1,253	701	211	--
REFUNDING BONDS	'85-16A.66	11,890	—	—	215	—	2,335	2,335
			608	608	603	598	543	430
REINVEST IN MINNESOTA (RIM)	'87-400	7,600	1,720	1,720	1,720	1,720	720	—
			435	327	217	105	24	--
POLLUTION CONTROL	'87-400	4,850	970	970	970	970	970	—
			287	224	161	97	32	--

STATE OF MINNESOTA

**GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014**

PRINCIPAL PAYMENTS - BOLD

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
95 28	80 24	80 19	30 16	30 15	30 13	30 12	30 10	30 9	30 7	30 6	30 4	30 2	30 1
250 21	40 12	40 10	20 8	15 8	15 7	15 6	15 5	15 4	15 4	15 3	15 2	15 1	15 --
275 66	235 51	135 41	60 36	65 33	65 29	65 26	65 23	65 19	65 16	65 12	65 9	65 5	65 2
355 109	355 89	355 70	105 58	105 53	105 47	105 42	105 36	105 31	105 25	105 20	105 14	105 9	105 3
5 3	5 3	5 2	5 2	5 2	5 2	5 1	5 1	5 1	5 1	5 --	5 --	-- --	-- --
-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
180 26	145 16	30 10	15 9	15 9	15 8	15 7	15 6	15 5	15 5	20 4	20 3	20 2	20 1
235 26	235 12	80 2	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
25 4	25 2	25 1	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
5 --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
3,145 2	3,145 1	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
7,546 1,937	5,563 1,550	2,560 1,327	2,210 1,207	2,210 1,098	2,210 986	2,210 872	2,210 758	2,210 641	2,210 524	2,210 406	2,210 287	2,210 167	1,750 47
235 33	233 20	230 7	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
1,420 2,914	2,170 2,827	5,580 2,639	5,915 2,357	5,955 2,065	5,770 1,773	5,760 1,482	5,760 1,184	5,685 885	5,690 586	4,135 327	4,175 109	-- --	-- --
180 29	120 20	45 16	25 14	25 13	25 11	25 10	25 9	25 7	25 6	25 5	25 3	25 2	25 1
1,795 236	1,505 132	255 79	125 69	125 63	125 56	125 50	125 43	125 37	125 30	125 24	125 17	125 10	125 3
185 6	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
2,335 311	2,335 188	2,335 63	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --

STATE OF MINNESOTA

**GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014**

PRINCIPAL PAYMENTS - BOLD			INTEREST PAYMENTS - MEDIUM FACE						
			(\$ IN THOUSANDS)						
FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 06/30/1994	1995	1996	1997	1998	1999	2000	
STATE TRANSPORTATION	'87-400	1,900	420 109	420 83	420 56	420 29	220 7	--	--
SPORTS AND HEALTH CLUB TAX STATE BUILDING, CAPITAL IMPROVEMENT	'87-400	7,895	1,610 463	1,615 360	1,615 255	1,615 149	1,280 53	160 5	
ARBITRAGE REFUNDING BONDS	'85-16A.66	13,560	60 724	45 721	120 717	5 714	375 705	1,540 660	
TOTAL GENERAL FUND		1,611,898	146,895 85,614	146,761 84,143	146,343 82,673	146,356 81,203	143,234 79,829	136,644 78,810	
			(339)	1,103	30,665	37,173	38,425	52,230	
GAME AND FISH FUND REFUNDING BONDS	'85A.16A.66	457	41 26	56 23	26 20	44 18	50 17	47 13	
EXCHANGE BONDS	'85A.16A.66	10	-- --	-- --	-- --	-- --	-- --	-- --	
TOTAL GAME AND FISH FUND		467	41 26	56 23	26 20	44 18	50 17	47 13	
TRUNK HIGHWAY FUND REFUNDING BONDS	'85A.16A.66	46,115	2,175 2,425	4,890 2,249	10,150 1,798	6,315 1,326	4,910 1,040	4,605 798	
TRUNK HIGHWAY BONDS	'83-17	2,335	2,335 108	-- --	-- --	-- --	-- --	-- --	
TOTAL TRUNK HIGHWAY FUND		48,450	4,510 2,533	4,890 2,249	10,150 1,798	6,315 1,326	4,910 1,040	4,605 798	
MAXIMUM EFFORT SCHOOL LOAN FUND REFUNDING BONDS	'85-16A.66	51,265	510 2,738	870 2,706	1,080 2,655	1,780 2,577	2,235 2,463	2,540 2,324	
SCHOOL LOAN BONDS	'69-1056	150	150 4	-- --	-- --	-- --	-- --	-- --	
'80-	'80-545	1,451	306 86	255 67	255 50	255 34	255 17	125 4	
'88-	'88-718	7,910	1,140 497	1,135 419	1,140 340	1,140 262	1,140 184	1,140 108	
'90-	'90-610	9,585	1,165 558	1,165 485	1,165 414	1,165 341	1,165 269	1,165 196	
'91-265	'91-265	27,305	1,740 1,392	1,740 1,303	1,740 1,213	1,740 1,123	1,740 1,033	1,735 943	
'92-558	'92-558	8,455	585 428	585 397	585 367	585 336	585 305	585 275	
'93-373	'93-373	2,500	125 124	125 118	125 112	125 105	125 99	125 93	
TOTAL MAXIMUM EFFORT SCHOOL LOAN FUND		108,621	5,721 5,827	5,875 5,495	6,090 5,151	6,790 4,778	7,245 4,370	7,415 3,943	
STATE UNIVERSITIES REFUNDING	'73-759	3,220	805 156	805 111	805 67	805 23	-- --	-- --	
TOTAL STATE UNIVERSITY BOARD		3,220	805 156	805 111	805 67	805 23	-- --	-- --	

STATE OF MINNESOTA

**GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014**

PRINCIPAL PAYMENTS - BOLD

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
1,565	1,625	1,630	1,275	1,280	1,260	1,260	1,260	130	130	--	--	--	--
582	499	413	335	265	194	122	50	11	4	--	--	--	--
138,389	136,619	135,698	132,633	132,673	132,488	132,478	132,478	131,283	131,288	129,733	129,773	125,598	125,138
77,988	77,183	76,499	75,945	75,475	74,999	74,523	74,038	73,582	73,158	72,774	72,428	72,191	72,063
72,102	82,610	86,454	99,273	116,522	128,767	132,044	139,581	147,435	150,116	171,546	172,907	185,930	187,818
37	32	34	27	24	16	11	6	3	3	--	--	--	--
10	9	6	5	3	3	1	--	--	--	--	--	--	--
5	5	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
42	37	34	27	24	16	11	6	3	3	--	--	--	--
10	9	6	5	3	3	1	--	--	--	--	--	--	--
3,350	2,730	2,655	2,560	600	600	575	--	--	--	--	--	--	--
599	444	306	168	84	50	17	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
3,350	2,730	2,655	2,560	600	600	575	--	--	--	--	--	--	--
599	444	306	168	84	50	17	--	--	--	--	--	--	--
2,795	3,090	4,330	4,900	4,515	3,790	3,770	3,670	3,325	3,305	2,385	2,375	--	--
2,167	1,994	1,781	1,526	1,277	1,061	870	678	497	327	181	60	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
985	90	--	--	--	--	--	--	--	--	--	--	--	--
38	3	--	--	--	--	--	--	--	--	--	--	--	--
1,165	1,165	265	--	--	--	--	--	--	--	--	--	--	--
124	52	8	--	--	--	--	--	--	--	--	--	--	--
1,735	1,735	1,750	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	600
853	763	672	599	544	488	431	373	315	256	196	136	76	16
585	585	585	290	290	290	290	290	290	290	290	290	290	290
244	213	182	159	145	130	116	101	85	70	55	39	23	8
125	125	125	125	125	125	125	125	125	125	125	125	125	125
87	81	75	69	63	56	50	43	37	30	24	17	10	3
7,390	6,790	7,055	6,420	6,035	5,310	5,290	5,190	4,845	4,825	3,905	3,895	1,520	1,015
3,513	3,106	2,718	2,353	2,029	1,735	1,467	1,195	934	683	456	252	109	27
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--	--	--

STATE OF MINNESOTA

**GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014**

PRINCIPAL PAYMENTS - BOLD

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>FUND & TYPE</u>	<u>AUTHORIZATION YEAR-CHAPTER</u>	<u>AMOUNT OUTSTANDING 06/30/1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
TOTAL PRINCIPAL - ALL FUNDS		1,772,656	158,032	164,610	146,495	142,961	143,506	128,995
TOTAL INTEREST - ALL FUNDS		665,424	94,435	84,695	75,963	67,524	58,764	51,050
TOTAL DEBT SERVICE - ALL FUNDS (1)		<u>2,438,080</u>	<u>252,467</u>	<u>249,305</u>	<u>222,458</u>	<u>210,485</u>	<u>202,270</u>	<u>180,045</u>

(1) The Total Debt Service - All Funds does not include:

\$116,500,000 of the bonds dated June 1, 1985; \$22,550,000 of the bonds dated July 1, 1985; \$116,750,000 of the bonds dated August 1, 1986; \$32,400,000 of the bonds dated July 1, 1987; \$38,690,000 of the bonds dated April 1, 1988; \$20,280,000 of the bonds dated July 1, 1988; \$110,050,000 of the bonds dated August 1, 1989; \$97,900,000 of the bonds dated July 1, 1990; \$95,900,000 of the bonds dated August 1, 1991; and \$81,650,000 of the bonds dated July 1, 1992 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.

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995 - 2014

PRINCIPAL PAYMENTS - BOLD

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
114,895	106,000	105,900	93,640	77,740	67,600	67,020	61,440	54,386	53,851	31,570	31,330	12,535	10,150
44,284	38,308	32,617	27,198	22,661	18,834	15,298	11,886	8,826	5,990	3,752	2,111	953	275
<u>159,179</u>	<u>144,308</u>	<u>138,517</u>	<u>120,838</u>	<u>100,401</u>	<u>86,434</u>	<u>82,318</u>	<u>73,326</u>	<u>63,212</u>	<u>59,841</u>	<u>35,322</u>	<u>33,441</u>	<u>13,488</u>	<u>10,425</u>

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JUNE 30, 1994
(In Thousands)

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1971- 856 (1)	Municipal Aid	\$ 4,330	Municipal Aid	\$ 4,330	\$ -	\$ 4,330
1980- 564 (3)	Waste Management	12,500	Waste Processing Facility Assistance	8,800		
			Acquisition of Real Property for Hazardous Waste Facility Sites	3,700	12,500	-
1983- 323	Building	30,000	Municipal Energy	30,000	26,545	3,455
1984- 597	Transportation	16,000	Railroad Rehabilitation	12,000		
			Local Interstate Substitution	4,000	9,000	7,000
1986- 398	Rural Finance Authority	50,000	Farm Loan Restructuring	50,000	18,375	31,625
1987- 400 (2)(3)	Building	370,032	Supreme Court	32,500		
			Administration	19,614		
			Capital Area Architectural Planning Board	300		
			Natural Resources	16,745		
			Energy & Economic Development	46,250		
			Iron Range Resources and Rehabilitation Board	2,200		
			Military Affairs	2,500		
			Veterans Affairs	2,500		
			Historical Society	54,284		
			Education	10,981		
			Vocational Technical Education	33,198		
			Community College	34,960		
			State Universities	52,486		
			University of Minnesota	47,773		
			Corrections	2,274		
			Human Services	7,175		
			Minnesota Center for the Arts	4,000		
			Other	292	368,266	1,767
1987- 400	Transportation	8,800	County Municipal Township Bridges	8,800	7,330	1,470
1987- 400	Waste Management	4,000	Waste Processing Facility Assistance	4,000	3,985	15
1987- 400	Water Pollution Control	66,747	Prevention, Control, Abatement of Water Pollution	66,747	63,570	3,177
1987- 400	Reinvest in Minnesota	19,000	Agriculture	9,000		
			Natural Resources	10,000	18,570	430
1989- 41	Building	3,799	Administration	3,799	3,745	54
1989- 290	Building	10,755	Administration	10,755	10,700	55
1989- 300 (2)(3)	Building	139,140	Vocational Technical Education	5,471		
			Community Colleges	5,805		
			State Universities	27,680		
			University of Minnesota	14,194		
			Education	2,703		
			Human Services	11,751		
			Corrections	2,600		
			Health	390		
			Veterans Home Board	165		
			Economic Security	1,000		
			Historical Society	301		
			Administration	35,939		
			Capital Area Architectural and Planning Board	450		
			Natural Resources	3,348		
			Pollution Control Agency	10,125		

**STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JUNE 30, 1994
(In Thousands)**

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
			Public Facilities Authority	12,700		
			Trade and Economic Development	4,021		
			Military Affairs	400		
			Other	97	126,555	12,585
1989- 300	Transportation	8,000	County Municipal Township Bridges	8,000	7,150	850
1989- 300	Reinvest in Minnesota	5,000	Board of Water and Soil Resources Natural Resources	1,500 3,500	4,950	50
1990- 610 (2)(3)	Building	338,180	Technical Colleges Community Colleges State Universities University of Minnesota Education Human Services Corrections Health Veterans Home Board Economic Security Historical Society Administration Capital Area Architectural and Planning Board Natural Resources Pollution Control Agency Public Facilities Authority Trade and Economic Development Military Affairs Public Safety Indian Affairs Council Amateur Sports Commission Housing Finance Agency Other	25,362 50,500 42,945 71,480 4,793 22,675 13,121 1,376 1,750 750 3,475 13,950 300 14,950 27,225 30,954 5,000 200 545 50 5,000 1,500 279		302,281 35,899
1990- 610	Transportation	11,200	County Municipal Township Bridges	11,200	6,330	4,870
1990- 610	Reinvest in Minnesota	5,395	Board of Water and Soil Resources Natural Resources	2,395 3,000	5,195	200
1990- 610	Waste Management	7,000	Waste Processing Facility Assistance	7,000	4,750	2,250
1991- 265	School Loan	45,065	Acquisition and Betterment of Public School Land and Buildings	45,065	35,745	9,320
1991- 350	Airport Facilities	175,000	Airport Facilities	175,000	-	175,000
1991- 354	Wetlands/Reinvest in Minnesota	28,000	Board of Water and Soil Resources Natural Resources Trade and Economic Development	13,900 7,545 6,525	19,300	8,700
1992- 558 (3)	Building	229,630	Technical Colleges Community Colleges State Universities University of Minnesota Education Human Services Corrections Economic Security Housing Finance Agency Administration Military Affairs Trade and Economic Development Public Facilities Authority Natural Resources Board of Water and Soil Resources	12,607 14,630 12,870 61,900 13,606 24,105 15,382 2,000 3,000 24,343 2,400 4,550 7,500 11,682 1,250		

**STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JUNE 30, 1994
(In Thousands)**

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
			Agriculture	365		
			Pollution Control Agency	13,050		
			Minnesota Zoological Garden	1,820		
			Historical Society	2,375		
			Other	195	116,815	112,815
1992- 558 (2)	School Loan	10,000	Acquisition and Betterment of Public School Land and Buildings	10,000	9,800	200
1992- 558	Transportation	17,500	County Municipal Township Bridges	17,500	5,790	11,710
1992- 558	Waste Management	2,000	Waste Processing Facility Assistance	2,000	-	2,000
1993- 373 (3)	Building	54,625	Technical Colleges	667		
			Community Colleges	1,367		
			State Universities	1,161		
			University of Minnesota	2,000		
			Education	7,000		
			Human Services	8,765		
			Corrections	9,812		
			Administration	8,255		
			Historical Society	150		
			Public Facilities Authority	4,000		
			Pollution Control Agency	11,000		
			Veterans Home Board	400		
			Other	48	19,000	35,625
1993- 373	School Loan	5,000	Acquisition and Betterment of Public School Land and Buildings	5,000	2,500	2,500
1993- 373	Transportation	9,900	County Municipal Township Bridges	9,900	90	9,810
1994- 639	Landfill	90,000	Environmental Response Actions at Municipal Solid Waste Disposal facilities	90,000	-	90,000
1994- 643	Building	569,385	Technical Colleges	45,505		
			Community Colleges	36,945		
			State Universities	57,250		
			University of Minnesota	68,700		
			Education	37,337		
			Human Services	47,550		
			Corrections	72,953		
			Administration	33,050		
			Capital Area Architectural and Planning Board	5,098		
			Finance	5,500		
			Veterans Homes Board	10,630		
			Amateur Sports Commission	3,119		
			Military Affairs	366		
			Housing Finance Agency	2,500		
			Economic Security	2,500		
			Labor Interpretive Center	750		
			Historical Society	6,960		
			Trade and Economic Development	4,900		
			MN Technologies, Inc.	400		
			Natural Resources	58,641		
			Public Facilities Authority	13,400		
			Pollution Control Agency	23,401		
			Board of Water and Soil Resources	9,800		
			Zoological Garden	21,500		
			Other	630	-	569,385
1994- 643	School Loan	2,970	Acquisition and Betterment of Public School Land and Buildings	2,970	-	2,970
1994- 643	Building	4,000	Municipal Energy	4,000	-	4,000

**STATE OF MINNESOTA
 AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
 BY PURPOSE AS OF JUNE 30, 1994
 (In Thousands)**

<u>Authorization</u>	<u>Type</u>	<u>Total Authorized</u>	<u>Components/Purpose</u>	<u>Amounts Authorized</u>	<u>Issued</u>	<u>Net Authorized Unissued</u>
1994- 643	Transportation	45,000	County Municipal Township Bridges Federal Aid Demonstration Projects Light Rail Transit Transit Capital Improvements	21,076 3,924 10,000 10,000	-	45,000
Total Authorized, Unissued						\$ 1,189,117

- (1) Laws 1984, Chapter 597 reduced the Municipal Aid Bonds authorization in Laws 1971, Chapter 856 by \$15,670,000.
- (2) 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. Laws 1993, Chapter 373 also reduced the School Loan Bond authorization in Laws 1992, Chapter 558 by \$2,130,000.
- (3) 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. Laws 1994, Chapter 643 also reduced the Waste Management Bond authorization in Laws 1980, Chapter 564 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 1985-1994
(In Thousands)

	1985	1986	1987	1988
Individual Income Taxes.....	\$ 2,638,570	\$ 2,488,268	\$ 2,757,164	\$ 2,626,343
Corporate Income Taxes.....	420,235	403,121	501,091	416,646
Sales Taxes.....	1,357,131	1,374,652	1,478,303	1,681,263
Gross Earnings Taxes.....	133,041	160,611	223,995	224,490
Motor Vehicle Excise Tax.....	197,213	207,774	225,617	235,907
Motor Vehicle Licenses.....	228,017	239,409	259,112	254,061
Gasoline and Special Fuel Taxes.....	360,517	342,349	361,386	386,971
Other Taxes.....	409,425	353,868	336,660	382,140
Federal Revenues.....	1,462,835	1,724,286	1,765,052	1,821,810
Other Revenues.....	640,057	537,426	522,133	601,652
Gross Revenues.....	\$ 7,847,041	\$ 7,831,764	\$ 8,430,513	\$ 8,631,283
Less Revenue Refunds (2).....	558,406	683,744	574,815	-
Net Revenues.....	\$ 7,288,635	\$ 7,148,020	\$ 7,855,698	\$ 8,631,283

STATE OF MINNESOTA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION AND NET TRANSFERS-OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1985-1994
(In Thousands)

	1985	1986	1987	1988
Current Expenditures:				
Protection of Persons/Property.....	\$ 94,708	\$ 103,018	\$ 105,574	\$ 118,376
Transportation.....	219,422	223,550	241,552	253,540
Resource Management.....	109,707	115,351	123,411	145,498
Economic/Manpower Development.....	139,395	150,968	159,967	157,734
Education.....	293,380	305,576	324,758	365,818
Health and Social Services.....	324,254	348,992	367,186	399,713
General Government.....	136,136	142,766	146,419	166,060
Capital Outlay.....	348,670	384,850	408,734	446,849
Debt Service.....	289,324	165,934	181,697	175,702
Grants and Subsidies.....	4,953,819	5,138,516	5,480,781	5,812,261
Total Expenditures.....	\$ 6,908,815	\$ 7,079,521	\$ 7,540,079	\$ 8,041,551
Net Operating Transfers-Out (3).....	197,735	207,311	238,639	245,917
Total Expenditures and Net Transfers-Out.....	\$ 7,106,550	\$ 7,286,832	\$ 7,778,718	\$ 8,287,468

(1) Revenues and expenditures are accounted for on the modified accrual basis.

(2) Revenue for fiscal years 1985-1987 is shown at gross with revenue refunds shown separately. Fiscal years 1988 through 1994 revenue is shown net of revenue refunds.

(3) Net operating transfers-out are reduced by bond proceeds of the Special Revenue Funds for the following years:

1985	\$35,000,000	1988	\$ 10,500,000	1991	\$32,904,000	1994	\$25,300,000
1986	1,250,000	1989	7,750,000	1992	22,460,000		
1987	8,000,000	1990	20,370,000	1993	34,945,000		

STATE OF MINNESOTA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1985-1994
(In Thousands)

1989	1990	1991	1992	1993	1994
\$ 2,491,602	\$ 2,881,050	\$ 2,969,239	\$ 3,148,740	\$ 3,470,244	\$ 3,532,965
500,177	481,311	462,943	428,412	507,703	546,558
1,779,569	1,869,592	1,961,716	2,192,547	2,375,793	2,515,224
220,007	164,139	159,745	146,487	145,248	136,768
249,507	256,589	236,236	270,151	295,755	332,491
272,476	297,351	331,783	349,549	384,209	420,471
449,621	456,723	451,995	457,826	462,136	482,453
427,094	441,290	516,981	623,714	712,043	827,520
1,959,518	2,151,582	2,213,281	2,508,640	2,777,061	2,986,532
679,575	751,114	756,795	781,761	789,002	906,180
\$ 9,029,146	\$ 9,750,741	\$ 10,060,714	\$ 10,907,827	11,919,194	12,687,162
-	-	-	-	-	-
\$ 9,029,146	\$ 9,750,741	\$ 10,060,714	\$ 10,907,827	\$ 11,919,194	\$ 12,687,162

STATE OF MINNESOTA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION AND NET TRANSFERS-OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1985-1994
(In Thousands)

1989	1990	1991	1992	1993	1994
\$ 129,357	\$ 142,613	\$ 157,528	\$ 169,391	\$ 178,778	\$ 183,875
263,339	283,256	304,486	316,628	329,310	326,588
158,710	177,919	196,699	216,059	226,664	236,979
176,742	192,726	200,036	221,856	258,183	251,600
408,984	461,412	501,098	505,997	529,844	569,360
417,716	467,149	545,547	539,419	558,076	600,156
178,581	200,603	187,190	205,434	222,141	255,357
443,365	508,723	465,632	492,968	486,578	442,765
181,330	245,278	276,982	277,741	313,776	295,746
6,136,187	6,750,608	7,453,042	7,868,726	8,164,541	9,522,467
\$ 8,494,311	\$ 9,430,287	\$ 10,288,240	\$ 10,814,219	\$ 11,267,891	\$ 12,684,893
301,420	293,079	232,882	247,642	296,850	515,205
\$ 8,795,731	\$ 9,723,366	\$ 10,521,122	\$ 11,061,861	\$ 11,564,741	\$ 13,200,098

STATE OF MINNESOTA
ASSESSED VALUE OF TAXABLE PROPERTY
1985-1994

Year of Assessment	Real Property	Personal Property	Total Assessed Value/ Tax Capacity (1)	Percentage Increase Per Year	
1985	\$ 28,412,803,371	\$ 828,890,699	\$ 29,241,694,070	1.03	%
1986	28,589,100,164	857,267,746	29,446,367,910	0.70	
1987	29,019,276,963	875,697,037	29,894,974,000	1.52	
1988 (1)	3,789,536,570	108,915,980	3,898,452,550	N/A	
1989	3,023,231,788	131,014,287	3,154,246,075	N/A	
1990	3,146,653,676	134,539,984	3,281,193,660	4.02	
1991	3,100,542,487	133,137,661	3,233,680,148	(1.45)	
1992	3,068,090,432	137,961,249	3,206,051,681	(0.85)	
1993	3,067,358,127	137,837,745	3,205,195,872	(0.03)	
1994 (est)	3,036,843,689	134,339,758	3,171,183,447	(1.06)	

(1) Laws of 1988 changed the basis for calculating taxes from the assessed value and mill rate to the gross tax capacity rate for 1988 taxes payable in 1989, and to the net tax capacity rate for 1989 and subsequent years. Therefore, values for 1988 and 1989 are not comparable with each other nor with values for earlier years.

Source: Minnesota Department of Revenue.

STATE OF MINNESOTA
MARKET VALUE OF TAXABLE PROPERTY
1985-1994

Year of Assessment	Real Property	Personal Property	Total Market Value	Percentage Increase Per Year	
1985	\$ 121,217,292,475	\$ 1,967,183,838	\$ 123,184,476,313	0.51	%
1986	119,726,713,732	2,033,815,060	121,760,528,792	(1.16)	
1987	121,569,192,136	2,077,487,365	123,646,679,501	1.55	
1988	128,658,534,060	2,111,366,270	130,769,900,330	5.76	
1989	135,675,706,727	2,649,874,844	138,325,581,571	5.78	
1990	143,606,454,726	2,783,575,907	146,390,030,633	5.83	
1991	149,150,447,836	2,873,816,502	152,024,264,338	3.85	
1992	153,992,637,000	2,968,756,000	156,961,393,000	3.25	
1993	153,992,608,020	3,007,985,604	157,000,593,624	0.02	
1994 (est)	159,008,719,142	2,990,779,548	161,999,498,690	3.18	

Source: Minnesota Department of Revenue.

STATE OF MINNESOTA
SCHEDULE OF RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
OF TAXABLE PROPERTY AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
FISCAL YEARS 1985-1994

<u>Year</u>	<u>General Obligation Bonded Debt (In Thousands)</u>	<u>Percent Debt to Assessed Value (1)</u>	<u>Bonded Debt Per Capita</u>
1985	\$ 1,130,155	3.98 %	\$ 269.7
1986	1,202,536	4.31	285.4
1987	1,137,560	4.07	267.9
1988	1,277,783	4.12	296.7
1989	1,404,145	N/A (2)	322.6
1990	1,507,645	N/A	344.6
1991	1,573,630	N/A	357.9
1992	1,630,105	N/A	364.7
1993	1,706,885	N/A	377.5
1994	1,769,435	N/A	388.7

(1) Includes real property only.

(2) Comparable information no longer available. See note on statistical table for assessed value of taxable property.

STATE OF MINNESOTA
SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION
BONDED DEBT TO GENERAL EXPENDITURES
FISCAL YEARS 1985-1994
(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>
1985	\$ 84,890	\$ 71,578	\$ 156,468	\$ 6,908,815	2.26 %
1986	85,860	74,943	160,803	7,079,521	2.27
1987	92,665	82,515	175,180	7,540,079	2.32
1988	87,195	88,507	175,702	8,041,551	2.18
1989	83,865	87,528	171,393	8,494,311	2.02
1990	121,475	96,276	217,751	9,430,287	2.31
1991	133,990	103,642	237,632	10,288,240	2.31
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	12,684,893	2.16

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

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HIGHER EDUCATION COORDINATING BOARD
STUDENT LOAN FUND
FISCAL YEARS 1985-1994
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1985	\$ 103,416	\$ 52,408	\$ 5,092	\$ 150,732	\$ 108,500	\$ 29,060	\$ 137,560	1.10
1986	47,014	51,049	5,232	92,831	20,720	22,524	43,244	2.15
1987	29,449	36,295	5,359	60,385	20,585	19,806	40,391	1.50
1988	37,077	37,417	6,152	68,342	22,000	18,431	40,431	1.69
1989	37,012	20,117	4,324	52,805	114,427	4,263	118,690	0.44
1990	27,502	21,106	4,564	44,044	2,300	3,629	5,929	7.43
1991	24,779	21,671	4,944	41,506	9,200	3,307	12,507	3.32
1992	23,938	16,777	4,699	36,016	9,800	2,451	12,251	2.94
1993	26,324	14,488	4,504	36,308	7,000	2,197	9,197	3.95
1994	26,426	12,605	5,205	33,826	45,000	145	45,145	0.75

(1) Proceeds from nonstate grants and subsidies are included. Also included are gains (losses) on revenue bond refunds and investment income from nonoperating revenues.

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

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
AGRICULTURAL AND ECONOMIC DEVELOPMENT BOARD
MISCELLANEOUS SPECIAL REVENUE FUND
FISCAL YEARS 1985-1994
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue (2)	Direct Operating Expenses	Net Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1985(1)	\$ -	\$ 654	\$ 165	\$ 489	\$ -	\$ 372	\$ 372	1.31
1986	166	5,574	3,083	2,657	120	4,696	4,816	0.55
1987	589	9,703	79	10,213	575	8,564	9,139	1.12
1988	1,721	10,501	96	12,126	2,485	8,829	11,314	1.07
1989	1,228	10,533	53	11,708	10,730	8,805	19,535	0.60
1990	1,401	4,448	12	5,837	1,300	3,028	4,328	1.35
1991	5,436	5,577	19	10,994	1,590	3,846	5,436	2.02
1992	4,763	3,893	11	8,645	3,225	4,172	7,397	1.17
1993	6,561	4,317	9	10,869	7,440	3,628	11,068	0.98
1994	6,636	5,209	29	11,816	3,450	3,327	6,777	1.74

(1) First year revenue bonds were issued.

(2) Investment income from nonoperating revenues is included.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
STATE UNIVERSITY BOARD REVENUE FUND
FISCAL YEARS 1985-1994
(Dollars in Thousands)

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1985	\$ 29,642	\$ 21,546	\$ 8,096	\$ 1,565	\$ 2,136	\$ 3,701	2.19
1986	29,891	22,247	7,644	1,605	2,061	3,666	2.09
1987	31,695	22,637	9,058	1,655	1,983	3,638	2.49
1988	33,675	24,683	8,992	1,700	1,903	3,603	2.50
1989	36,813	26,053	10,760	1,510	1,649	3,159	3.41
1990	39,415	27,610	11,805	3,215	1,828	5,043	2.34
1991	40,449	30,790	9,659	4,675	1,746	6,421	1.50
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	605	1,371	1,976	4.09

- (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
VERMILION COMMUNITY COLLEGE DORMITORY
COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES
FISCAL YEARS 1989-1994
(Dollars in Thousands)

Year	Gross Revenue (2)	Direct Operating Expenses (3)	Net Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1989(1)	\$ 268	\$ 55	\$ 213	\$ -	\$ 130	\$ 130	1.64
1990	243	84	159	35	111	146	1.09
1991	269	98	171	35	107	142	1.20
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

- (1) First year revenue bonds were issued.
(2) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.
(3) Depreciation, amortization, interest and financing expenses are not included.

MINNESOTA BANK DEPOSITS AND GROSS RETAIL SALES

1985-1994

(In Millions)

Year	Bank Deposits	Retail Sales
1985	\$ 39,236	\$ 26,734
1986	41,601	29,450
1987	42,400	30,994
1988	41,176	33,302
1989	40,799	37,019
1990	45,384	39,638
1991	45,300	37,919
1992	43,771	38,630
1993	45,157	N/A
1994	44,826	N/A

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

MINNESOTA POPULATION, PER CAPITA PERSONAL INCOME AND UNEMPLOYMENT RATE

1985-1994

Year	Population (In Thousands)	Personal Income	Unemployment Rate
1985	4,191	\$ 14,144	6.0 %
1986	4,214	14,900	5.3
1987	4,246	15,788	5.4
1988	4,307	16,653	4.0
1989	4,353	17,747	4.4
1990	4,390	18,729	4.8
1991	4,432	19,108	5.1
1992	4,478	20,227	5.1
1993	4,517	21,065	5.1
1994 (est)	4,552	24,464	3.9

Source: Data Resources Incorporated.

STATE OF MINNESOTA NEW HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING LOCALITIES

1985-1994

(In Thousands)

Year	Valuation	Year	Valuation
1985	\$ 1,650,678	1990	\$ 1,867,065
1986	2,141,579	1991	1,882,328
1987	2,421,528	1992	2,481,644
1988	2,071,921	1993	2,672,436
1989	1,946,611	1994	N/A

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

EMPLOYMENT MIX IN MINNESOTA

1985-1994

(In Thousands)

Category	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994 (est)
Manufacturing Durable	225.1	217.5	221.1	234.5	235.0	231.5	225.3	223.9	230.8	236.2
Manufacturing Non-Durable	149.0	150.0	154.0	159.6	164.8	169.3	171.0	171.9	174.7	177.8
Mining	8.3	6.5	6.0	7.1	7.7	8.1	7.9	7.6	7.5	7.6
Construction	71.3	74.9	80.3	77.9	79.0	79.5	75.8	76.9	79.1	81.6
Transportation/Public Utilities	98.4	98.0	99.9	101.7	105.2	109.5	110.2	109.4	109.2	100.0
Trade	465.6	470.5	489.3	505.3	514.3	518.5	517.4	426.9	536.6	549.5
Finance/Insurance/Real Estate	110.3	115.0	119.1	119.6	121.0	125.2	127.5	129.6	135.7	139.1
Service	435.0	452.3	478.0	501.6	531.1	549.3	558.2	592.6	614.4	639.7
Government	301.2	307.9	313.8	320.8	328.7	337.8	343.3	346.9	353.8	326.6
Agriculture	113.1	96.0	97.9	101.2	101.6	107.6	93.8	84.1	85.6	85.5
Total Employed	1,977.3	1,988.6	2,059.4	2,129.3	2,188.4	2,236.3	2,230.4	2,169.8	2,327.4	2,343.6

Source: Minnesota Department of Jobs and Training.

STATE OF MINNESOTA AVERAGE DAILY PUBLIC SCHOOL MEMBERSHIP

School Year	Kindergarten	Elementary	Secondary	Total All Grades
1984-85	58,129	292,873	344,817	695,819
1985-86	61,151	301,282	336,573	699,006
1986-87	60,893	312,687	331,496	705,076
1987-88	61,915	327,518	323,314	712,747
1988-89	61,917	340,969	315,349	718,235
1989-90	62,002	353,944	312,545	728,491
1990-91	63,886	363,978	317,730	745,594
1991-92	67,310	372,558	323,891	763,759
1992-93	68,320	377,274	374,299	819,892
1993-94	65,872	378,214	337,314	781,401

Source: Minnesota Department of Education

MINNESOTA BASED CORPORATIONS INCLUDED IN THE FORTUNE 500 (Dollars in Thousands)

Rank 1993	Rank 1992	Company	Sales	Assets	Rank	Net Income	Rank
31	28	Minnesota Mining & Manufacturing	\$ 14,020,000	\$ 12,197,000	37	\$ 123,000	19
63	68	General Mills	8,134,600	4,650,800	109	506,100	43
89	86	Honeywell	5,963,000	4,598,100	112	322,200	69
169	169	Hormel Foods	2,854,000	1,093,600	307	(26,800)	391
172	181	Land O'Lakes	2,733,300	866,000	352	N/A	-
208	202	International Multifoods	2,223,900	803,500	370	41,200	259
215	239	Cenex	2,048,000	1,099,000	305	N/A	-
266	268	Deluxe Check Printers	1,581,800	1,252,000	278	141,900	123
300	313	Medtronic	1,328,200	1,286,500	272	197,200	93
301	308	Pentair	1,328,200	958,800	326	46,600	240
323	316	Bemis	1,203,500	789,800	373	44,300	249
357	302	Alliant Techsystems	1,062,000	457,200	457	(114,200)	433
361	358	Ecolab	1,041,500	871,500	350	76,600	192
368	372	H. B. Fuller	975,300	564,500	430	10,000	346
376	391	Jostens	914,800	583,300	421	(12,100)	380
382	408	Cray Research	498,900	1,169,800	295	60,900	214
451	449	Valspar	693,700	336,800	486	40,200	263
459	470	Toro	684,300	419,200	469	13,000	338

Source: Fortune Magazine, dated April 18, 1994.

STATE OF MINNESOTA
MISCELLANEOUS STATISTICS
JUNE 30, 1994

Date of Statehood	May 11, 1858 - 32nd State
Land Area - 12th Largest State	84,068 Square Miles
Higher Education:	
2 Year State Community Colleges	18
4 Year State Universities	7
University of Minnesota	4 Campuses
2 Year Technical Colleges	18 Campuses
4 Year Private Colleges	29
2 Year Private Colleges	3
Private Professional Schools	13
Private Vocational Schools	77
Trade Routes:	
Miles of Highways	133,139
Miles of Main Line Railroad Track	4,791
Public Airports	138
Waterways -	
Lake Superior	
Mississippi River	
Recreation:	
Lakes	11,842
State Forests	57
Area of State Forests	3,200,000 Acres
State Parks	66
Area of State Parks	220,000 Acres
Sources:	
Community College System	
Higher Education Coordinating Board	
Department of Natural Resources	
State University System	
Technical College System	
Department of Transportation	

HJ 11 .M616b 1994

Minnesota. Department of Finance.

Comprehensive annual financial report for the
year ended June 30, ...

HJ 11 .M616b 1994

Minnesota. Department of Finance.

Comprehensive annual financial report for the
year ended June 30, ...

DATE	ISSUED TO
OCT 11 '95	[REDACTED]
NOV 8 '95	[REDACTED]
DEC 20 '95	[REDACTED]

LEGISLATIVE REFERENCE LIBRARY

615 S. 3RD ST. 1ST FL.
Saint Paul, Minnesota 55105

DEMCO