

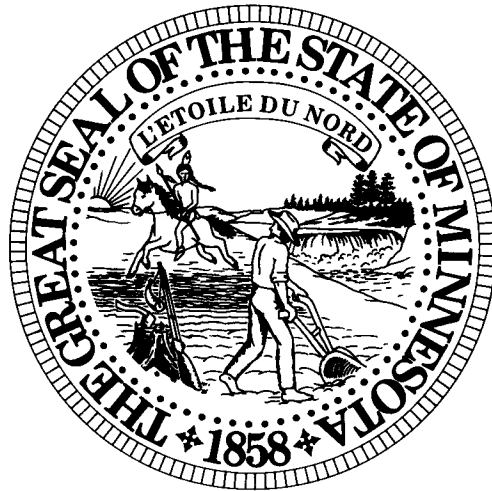
STATE OF MINNESOTA

# **Comprehensive Annual Financial Report**

**For the Year Ended June 30, 1999**



**STATE OF MINNESOTA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 1999**

PREPARED BY  
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**STATE OF MINNESOTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR YEAR ENDED JUNE 30, 1999**

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This document is available in alternate formats upon request.

# **INTRODUCTION**

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# State of Minnesota Department of Finance

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December 8, 1999

The Honorable Jesse Ventura, Governor

Members of the Legislature

In accordance with Minnesota Statutes, Section 16A.50, the Department of Finance is pleased to submit the Comprehensive Annual Financial Report for the state of Minnesota for the fiscal year ended June 30, 1999. 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 current and prior years. The Notes to the Financial Statements, in the financial section, are necessary for an understanding of the information included in the statements. 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 financial reporting entity consists of all the funds and account groups of the primary government, as well as its component units. Component units are legally separate organizations for which the state is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either (a) the ability of the state to impose its will, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on the primary government.

The Housing Finance Agency, Higher Education Services Office, Public Facilities Authority, Minnesota Technology, Inc., Metropolitan Council, Rural Finance Authority, Agricultural and Economic Development Board, Export Finance Authority, University of Minnesota, Workers

Compensation Assigned Risk Plan, Minnesota Partnership for Action Against Tobacco, and the National Sports Center Foundation are component units reported discretely. The state has either the ability to impose its will over these agencies or provides substantial funding.

### **Economic Condition and Outlook**

Minnesota's economy continued its superb performance during fiscal year 1999. Personal income grew by 5.9 percent, which is 0.3 percent greater than the U.S. average of 5.6 percent, despite extremely low agricultural commodity prices. The state's unemployment rate continued to be among the lowest in the nation, reaching an all time low of 2.1 percent in April. For fiscal year 1999, unemployment in Minnesota averaged 2.4 percent on a seasonally adjusted basis, which is down from the fiscal year 1997 average of 2.8 percent. Nationally, seasonally adjusted unemployment rates averaged 4.4 percent during fiscal year 1999. Even with these low unemployment rates and historically high labor force participation rates, job growth was strong. During fiscal year 1999, payroll employment grew by a healthy 1.8 percent, with more than 45,000 new jobs being added. Nationally, payroll employment grew by 2.1 percent.

Minnesota's economy is projected to grow at the same rate as its U.S. counterpart during fiscal year 2000. The strengthening of the Asian economies will be important, since Minnesota is among the leaders in the proportion of manufacturing output exported to Asia. While continuing tight labor markets are expected to hold job growth to levels slightly below the U.S. averages, wage growth is expected to match the U.S. average as labor shortages lead to the use of the existing work force in more productive and higher paying positions. Federal farm disaster assistance will keep farm incomes in fiscal year 2000 near the average of the nineties. However, that assistance does nothing to remedy the longer term problems facing American agriculture.

### **Major Program Initiatives**

- *Minnesota's Tobacco Settlement.* On May 8, 1998, Minnesota settled its lawsuit with the tobacco industry, resulting in accumulated estimated payments of \$6.1 billion by 2023. A small portion of the payments (\$202 million) are dedicated for two specific purposes: research and smoking cessation. These payments are administered by the Minnesota Partnership for Action Against Tobacco (component unit) and will not be a part of the state's general revenues.

The state will receive a series of up front, one time payments, called "settlement" payments, which end after fiscal year 2003. "Annual" payments are intended to be on-going revenues to the General Fund, increasing to \$203 million in fiscal year 2004. Based upon the laws enacted in the 1999 Legislative session, the first \$922 million of the one-time settlement payments (payments received in fiscal years 1999, 2000 and 2001) will be used to create endowments for medical education, tobacco prevention, and local public health. All other payments will be general fund revenues and subject to the appropriation process.

**Estimated General Fund Non-Dedicated Tobacco Revenues**  
(in \$ Millions)

| <u>Fiscal Year</u>    | <u>Settlement Payments</u> | <u>Annual Payments</u> | <u>Total<br/>General Fund</u> |
|-----------------------|----------------------------|------------------------|-------------------------------|
| 1998                  | 0.0                        | 0.0                    | 0.0                           |
| 1999                  | 0.0                        | 0.0                    | 0.0                           |
| 2000*                 | 0.0                        | 108.8                  | 108.8                         |
| 2001*                 | 0.0                        | 121.3                  | 121.3                         |
| 2002*                 | 233.2                      | 159.3                  | 392.5                         |
| 2003*                 | <u>118.7</u>               | <u>161.9</u>           | <u>280.6</u>                  |
| Total, F.Y. 1998-2003 | 351.9                      | 551.3                  | 903.2                         |

\* These payment amount have been adjusted upward for inflation only.

- *Higher Education.* Minnesota's funding for higher education grew by approximately 10 percent in fiscal year 1999. New funding was provided for business and industry partnerships and strategic academic initiatives, including molecular and cellular biology. Technology continued its prominent role in higher education spending, with new funding provided for digital technology. The state continued development and implementation of other technology initiatives, such as MnLINK, a statewide library information system.
- *K-12 Education.* State aid to education increased by \$370 million (more than 11 percent) in fiscal year 1999. Much of the increase was in the general education program, the primary source of general operating funds for school districts. In this program, school districts received a \$79 increase per pupil unit in the basic per pupil funding amount, and also received significant increases in the funds available for poorer students (compensatory funding). State funding for special programs also increased, as the state continued its takeover of the local role in special education funding.
- *Repayment of School "Shift."* The continued strength of the state's budget allowed for the complete reversal of a school aid payment adjustment, commonly known as the property tax recognition "shift." The remainder of the shift, approximately \$90 million, was repaid in fiscal year 1999, fully eliminating an obligation of more than \$775 million to school districts. This shift was first begun in the mid 1980's, during a time of fiscal difficulties for the state and allowed the state to recognize one-time savings by delaying state aid payments to school districts. While the shift was revenue neutral to schools, it created cash flow difficulties in some districts.
- *Sales Tax Rebate.* A sales tax rebate, not to exceed \$1.3 billion, was approved by the 1999 legislature. The law specifies that the rebate is a reduction of fiscal year 1999 sales tax revenue and appropriated money from the General Fund to make the payments. The 1997 individual income tax returns were used to determine the estimated amount of 1999 sales tax paid by individuals.

The majority of the \$1.3 billion accrued was issued to the taxpayers in August and September 1999. Of this amount, about \$17 million was recollected by the state through revenue recapture for delinquent taxes. An additional \$10 million was collected for delinquent child support payments and \$12 million for restitution, fines and other amounts owed state and local agencies.

- *Preparation for the Year 2000.* Like all organizations, the state of Minnesota is preparing itself for the year 2000. A central project office was established to coordinate both planning and budgeting for changes needed so that all systems are year 2000 compliant in time to avoid business interruption. The project office had an original budget of \$1 million. In 1997, \$23 million was appropriated for all agencies to make preparations to modify or replace all critical systems that were not year 2000 compliant. An additional \$4 million was requested in fiscal year 1998 to cover additional identified costs. In addition to these amounts, many agencies are using existing resources to prepare for the change of century. While the project office is coordinating the effort, each agency is responsible for ensuring that business will continue uninterrupted into the next year.

The state's central accounting and procurement system has been upgraded to make it year 2000 compliant. The statewide payroll system is year 2000 compliant.

The state of Minnesota also recognizes that the year 2000 issue is not just a technical issue, but is also a business issue. Given the complex nature of the problem, each state agency has been working on contingency plans, which will help us respond to events that may disrupt normal business processes. It is the goal of the state to ensure that year 2000 problems in our mission-critical computer systems and business processes are identified and addressed so that delivery of systems and services continue uninterrupted in 2000.

## **Financial Information**

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

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

- *Budget Process.* The state's fiscal period is a biennium. The governor's biennial budget is presented to the legislature in January of 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, Solid Waste, Special Compensation 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 1999, the total fund balance, on a GAAP basis, for the General Fund decreased by \$316.9 million to \$2.031 billion. At June 30, 1999, the unreserved, undesignated portion of the fund balance reflected a positive balance of \$62.1 million, after providing for a \$1.3 billion budgetary reserve. This compares with a \$386.8 million unreserved, undesignated fund balance at the end of fiscal year 1998 with a \$1.4 billion budgetary reserve. On a budgetary basis, the June 30, 1999 unrestricted (undesignated) fund balance for the General Fund was \$483 million, compared with a balance of \$709 million at the end of 1998.

General Fund revenues and transfers-in totaled \$11.172 billion for fiscal year 1999, down 1.3 percent from those for fiscal year 1998. General Fund expenditures and transfers-out for the year totaled \$11.485 billion, an increase of 9.7 percent from the previous year. Of this amount, \$7.910 billion (69 percent), is in the form of grants and subsidies to local governments, individuals and non-profit organizations.

- *General Government Functions.* General government functions are funded from the General, special revenue, capital projects and Debt Service Funds. These funds account for the activities of most state operations, including those also financed from transportation, natural resources and federal revenue sources, plus numerous other smaller revenue sources. The total fund balances for all of these funds decreased by \$475.9 million, with a General Fund balance decrease of \$316.9 million, special revenue funds increase of \$36.1 million, Capital projects funds decrease of \$105.8 million and Debt Service Fund decrease of \$89.3 million.

The net revenues, expenditures and transfers for these funds are presented below (expressed in thousands). The percent of total and the increases or decreases over fiscal year 1998 are also presented.

| <u>NET REVENUES</u>        | <u>Amount</u> | <u>%</u> | <u>Increase(Decrease)<br/>over F.Y. 1998</u> |          |
|----------------------------|---------------|----------|--|----------|
|                            |               |          | <u>Amount</u>                                | <u>%</u> |
| Individual Income Taxes    | \$5,695,664   | 33.8%    | \$549,078                                    | 10.7%    |
| Corporate Income Taxes     | 767,364       | 4.6%     | 20,644                                       | 2.8%     |
| Sales Tax                  | 2,119,403     | 12.6%    | (1,135,354)                                  | (34.9)%  |
| Fuel Taxes                 | 587,954       | 3.5%     | 30,398                                       | 5.4%     |
| Other Taxes                | 2,230,807     | 13.2%    | 165,768                                      | 8.0%     |
| Federal Revenues           | 3,726,654     | 22.1%    | 83,437                                       | 2.3%     |
| Investment/Interest Income | 314,311       | 1.9%     | 49,881                                       | 18.9%    |
| Tuition and Student Fees   | 291,187       | 1.7%     | (2,105)                                      | (0.7)%   |
| Other Revenue              | 1,117,616     | 6.6%     | 223,409                                      | 25.0%    |
| Total Net Revenue          | \$16,850,960  | 100.0%   | (\$14,844)                                   | (0.1)%   |

Overall revenues remained the same as recent years. The increase in corporate and individual income tax were the result of a favorable economic climate. The sales tax rebate of up to \$1.3 billion resulted in a decrease in sales tax collected. The increase in investment earnings is attributable to the favorable cash position that the state was able to maintain as a result of the increased revenue collections. Other revenue consists of license fees, departmental earnings, care and hospitalization and various miscellaneous earnings.

| <u>EXPENDITURES &amp; NET TRANSFERS</u> | <u>Amount</u>     | <u>%</u>     | <u>Increase(Decrease)<br/>over F.Y. 1998</u> |              |
|---|-------------------|--------------|--|--------------|
|   |                   |              | <u>Amount</u>                                | <u>%</u>     |
| Protection of Persons and Property      | \$254,229         | 1.5%         | \$18,474                                     | 7.8%         |
| Transportation                          | 427,351           | 2.4%         | 566  | .1%          |
| Resource Management                     | 321,046           | 1.8%         | 27,600                                       | 9.4%         |
| Economic and Manpower Development       | 238,670           | 1.4%         | 29,209                                       | 13.9%        |
| Education                               | 1,006,093         | 5.7%         | 77,611                                       | 8.4%         |
| Health and Social Services              | 884,919           | 5.0%         | (3,542)                                      | (.4)%        |
| General Government                      | 359,706           | 2.0%         | 6,338  | 1.8%         |
| Capital Outlays                         | 636,503           | 3.6%         | 48,753                                       | 8.3%         |
| Debt Service                            | 653,510           | 3.7%         | 281,594                                      | 75.7%        |
| Grants and Subsidies                    | <u>11,505,072</u> | <u>65.3%</u> | <u>1,007,408</u>                             | <u>9.6%</u>  |
| Total Expenditures                      | \$16,287,099      | 92.4%        | \$1,494,011                                  | 10.1%        |
| Net Transfers-Out                       | <u>1,338,179</u>  | <u>7.6%</u>  | <u>138,225</u>                               | <u>11.5%</u> |
| Total Expenditures and Net Transfers    | \$17,625,278      | 100.0%       | \$1,632,236                                  | 10.2%        |

A \$79 per pupil general increase in school aid resulted in a \$312 million increase in grants from the general fund. The new education homestead and farm aid credits accounted for an additional \$178 million in grants and subsidies. Education expenditures increased due to an increase in operation costs for the State College and University System. During fiscal year 1999, Minnesota refunded \$198.7 million of bonds resulting in a substantial increase in debt service expenditures.

- *Enterprise Fund Operations.* Retained earnings for the enterprise funds increased by \$8 million to \$167.7 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 \$60.4 million after taxes was transferred to other state funds. This is slightly less than last year's transfer of \$63.1 million. The Minnesota Correctional Industries Fund reported net income of \$2.4 million compared with \$.8 million last year. As a result of economic conditions occurring in the small group health insurance market, the Private Employers Insurance Fund was discontinued effective September 1998.
- *Internal Service Fund Operations.* State internal service funds provide a variety of services to state agencies. These include computer services, motor pool, telecommunications, printing, management of the capitol complex buildings and insurance (employee health and life, and auto liability). The objective of these funds is to recover the full costs of services provided to other governmental organizations. The internal service funds reported a net loss of \$1.7 million for

fiscal year 1999 with total operating revenues of \$434.7 million. The internal service funds ended the year with total retained earnings of \$82.7 million, down \$1.7 million from last year. The largest fluctuation in retained earnings occurred in the Employee Insurance Fund, with a net loss of \$3.8 million compared to net income of \$4.0 million in fiscal year 1998. This loss is primarily associated with claims paid to the Blue Cross/Blue Shield account. Claims paid increased by 30 percent.

- *Fiduciary Fund Operations.* Contributions to the various pension plans are set in statute at rates expected to fully amortize the unfunded pension benefit obligations of all plans by about 2020, with differing years for each fund. In recent years, contributions have been sufficient to cover the actuarially determined contribution requirements for most funds. Actuarial valuations are performed annually for all defined benefit pension funds, and the results are used to determine any changes needed in the contribution rates.

Grants totaling more than \$875.7 million were provided from the expendable trust funds, primarily to local governments and individuals. Of this amount, \$447.9 million of the various highway taxes went to cities and counties for roads and bridges. Another \$19.5 million from earnings on the Endowment School Fund assets was distributed to school districts. Most of the remainder of the grants, \$369.1 million, were for unemployment benefits funded by taxes on employers. The fund balance for the Reemployment Insurance Fund increased by \$55.9 million to \$614.3 million.

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

The state issued \$200.0 million of new general obligation bonds, and \$216.9 million of general obligation bonds were redeemed during 1999, leaving an outstanding balance of \$2.4 billion. An additional \$99.7 million of refunding bonds were issued to refund \$96.1 million of bonds outstanding, saving the state aggregate debt service payments of \$3.4 million.

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

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

The state debt management policy has four guidelines. The first requires that the ratio of budgeted biennial debt service expenditures for general obligation bonded debt, paid by transfers from the General Fund, should not exceed 3.0 percent of total projected biennial General Fund non-dedicated revenues, net of refunds, on a budgetary basis. The ratio of transfers to net non-dedicated revenues for the biennium ending June 30, 1999, is 2.6 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 1.8 percent and 3.2 percent, respectively, based on debt outstanding at June 30, 1999, and estimated personal income for the year ending on that date.

The fourth guideline states that the total amount of state general obligation debt, moral obligation debt, state bond guarantees, equipment capital leases and real estate leases should not exceed 5.0 percent of the total personal income for the state. The ratio was 3.6 percent based on information at June 30, 1999.

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

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

The majority of the state's investing is managed by the State Board of Investment. Minnesota Statute broadly restricts investment to obligations and stocks of U.S. and Canadian governments, their agencies and their registered corporations, short-term obligations of specified high quality, restricted participation as a limited partner in venture capital, real estate, or resource equity investments and restricted participation in registered mutual funds.

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

Employee's health, 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 or management letter to state agencies and a summary report to the legislature.

As a part of the audit of these financial statements, a single audit of federal programs is being conducted by the Office of the Legislative Auditor. This audit meets the requirements of the federal Single Audit Act. The audit covers federal program activities for state agencies for the year ended June 30, 1999. A supplementary report, "Financial and Compliance Report on Federally Assisted Programs" will be available in March 2000.

### **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, 1998. 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 CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The state of Minnesota has received a Certificate of Achievement for each of the last fourteen fiscal years through June 30, 1998. The Department of Finance believes this current report continues to conform to the Certificate of Achievement Program requirements, and is being submitted to the GFOA.

### **Acknowledgments**

Although the Department of Finance accepts final responsibility for this report, 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 agencies, without whose efforts this report would not have been possible.

Sincerely,



Pamela Wheelock  
Commissioner

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# 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, 1998

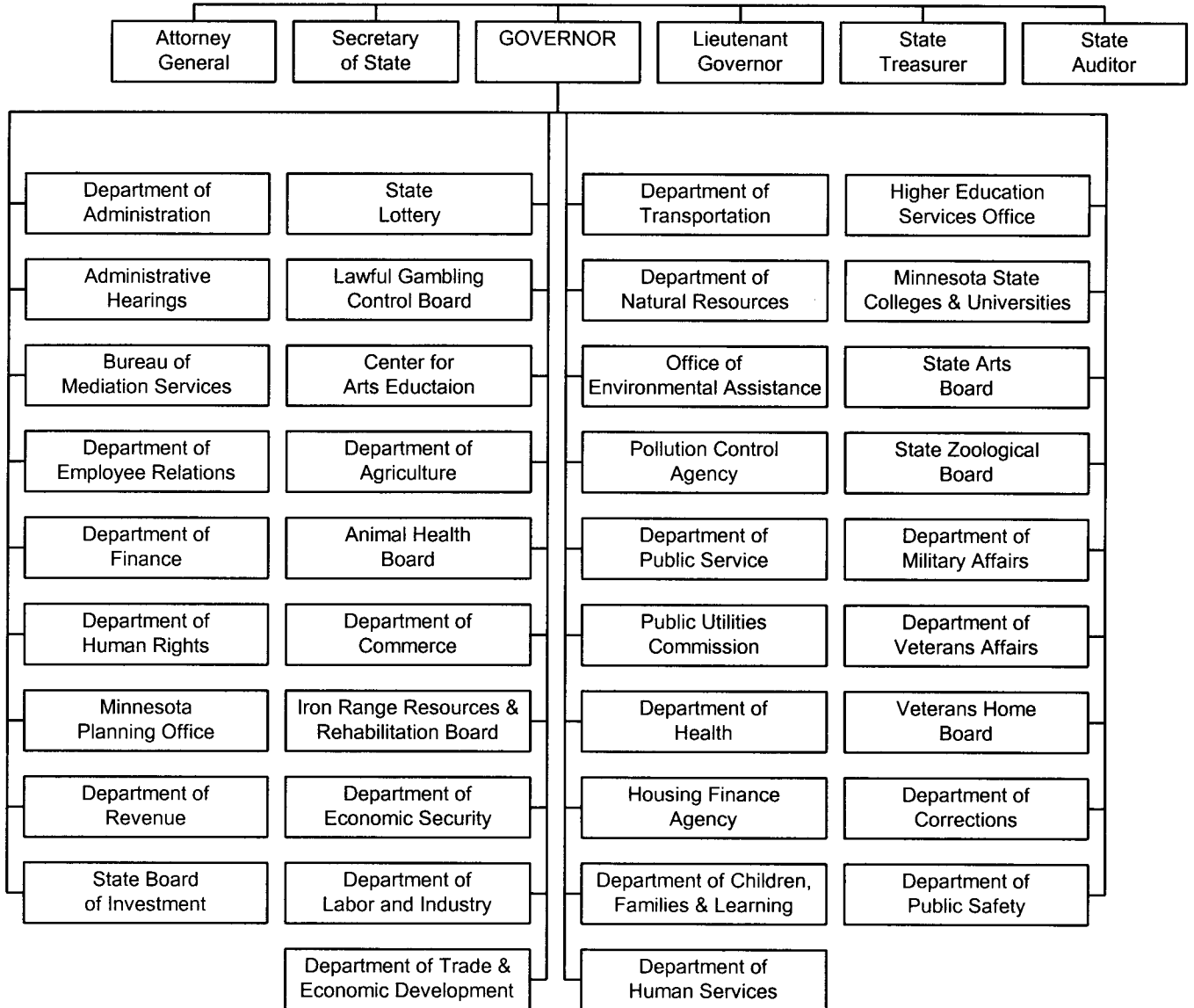
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Cary Brueck*  
President

*Jeffrey L. Esler*  
Executive Director

# STATE ORGANIZATION CHART





**STATE OF MINNESOTA**  
Principal Officials

**EXECUTIVE BRANCH**

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

**LEGISLATIVE BRANCH**

SPEAKER OF THE HOUSE OF REPRESENTATIVES  
Steve Sviggum

PRESIDENT OF THE SENATE  
Allan H. Spear

**JUDICIAL BRANCH**

CHIEF JUSTICE OF THE SUPREME COURT  
Kathleen Blatz

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# **FINANCIAL SECTION**

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## **Independent Auditor's Report**

Members of the Legislature

The Honorable Jesse Ventura, Governor

Ms. Pamela Wheelock, Commissioner of Finance

We have audited the accompanying general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 1999, 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 Metropolitan Council, Minnesota Technology Incorporated, Higher Education Services Office, Minnesota Partnership for Action Against Tobacco, Housing Finance Agency, Public Facilities Authority, Workers Compensation Assigned Risk Plan, National Sports Center Foundation, and University of Minnesota, which represent 99 percent of the assets and 99 percent of the revenues of the discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned discretely presented component units, is based solely on the reports of other auditors.

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

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Minnesota as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

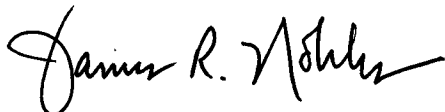
Members of the Legislature  
The Honorable Jesse Ventura, Governor  
Ms. Pamela Wheelock, Commissioner of Finance  
Page 2

As discussed in Note 21 to the general purpose financial statements, the 1999 Legislature approved a \$1.3 billion rebate of General Fund resources to eligible taxpayers. Based on statutory guidance, the State of Minnesota has reported the \$1.3 billion rebate amount as a reduction of General Fund sales tax revenue for the year ended June 30, 1999. As a result, the amount of General Fund sales tax revenue reported for the year ended June 30, 1999, is not comparable to prior years.


The year 2000 supplementary information is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We did not audit the information and do not express an opinion on it. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the State of Minnesota is or will become year 2000 compliant, the state's year 2000 remediation efforts will be successful in whole or in part, or that parties which the state does business are or will become year 2000 compliant.

Our audit was made for the purposes 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 to 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 1999, on our consideration of the State of Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and grants.



James R. Nobles  
Legislative Auditor



Claudia J. Gudvangen, CPA  
Deputy Legislative Auditor

December 1, 1999

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# **General Purpose Financial Statements**

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STATE OF MINNESOTA

**COMBINED BALANCE SHEET**  
**ALL FUND TYPES, ACCOUNT GROUPS AND**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**JUNE 30, 1999**  
**(IN THOUSANDS)**

|   | GOVERNMENTAL FUND TYPES |                     |                     |                   |
|---|-------------------------|---------------------|---------------------|-------------------|
|   | GENERAL                 | SPECIAL<br>REVENUE  | CAPITAL<br>PROJECTS | DEBT<br>SERVICE   |
| <b>ASSETS AND OTHER DEBITS</b>                          |                         |                     |                     |                   |
| Cash and Cash Equivalents.....                          | \$ 4,053,615            | \$ 1,160,836        | \$ 427,815          | \$ 250,639        |
| Investments.....  | 6,107                   | 1,850               | -                   | 116,627           |
| Accounts Receivable.....                                | 523,697                 | 152,650             | 93                  | 52                |
| Settlement Receivable.....                              | -                       | -                   | -                   | -                 |
| Interfund Receivables.....                              | 83,320                  | 68,773              | -                   | 16,727            |
| Due from Other Governmental Units.....                  | -                       | -                   | -                   | -                 |
| Due from Primary Government.....                        | -                       | -                   | -                   | -                 |
| Accrued Investment/Interest Income.....                 | 79,682                  | 9                   | 4                   | 1,513             |
| Federal Aid Receivable.....                             | -                       | 375,849             | -                   | -                 |
| Inventories.....  | -                       | 16,048              | -                   | -                 |
| Grant Advances.....                                     | -                       | 5,757               | 9,633               | -                 |
| Food Stamps.....  | -                       | 28,024              | -                   | -                 |
| Deferred Costs.....                                     | -                       | -                   | -                   | -                 |
| Restricted Assets:                                      |                         |                     |                     |                   |
| Cash and Cash Equivalents.....                          | -                       | -                   | -                   | -                 |
| Investments.....  | -                       | -                   | -                   | -                 |
| Loans Receivable.....                                   | -                       | -                   | -                   | -                 |
| Interfund Receivables.....                              | -                       | -                   | -                   | -                 |
| Other Restricted Assets.....                            | -                       | -                   | -                   | -                 |
| Loans and Notes Receivable.....                         | 7,486                   | 92,557              | 48,198              | -                 |
| Advances to Other Funds.....                            | 3,100                   | 740                 | -                   | -                 |
| Securities Lending Collateral.....                      | -                       | -                   | -                   | -                 |
| Fixed Assets (Net).....                                 | -                       | -                   | -                   | -                 |
| Other Assets.....                                       | -                       | 312                 | -                   | -                 |
| Amount Available for Debt Service.....                  | -                       | -                   | -                   | -                 |
| Amount to be Provided for Debt Service.....             | -                       | -                   | -                   | -                 |
| <b>Total Assets and Other Debits.....</b>               | <b>\$ 4,757,007</b>     | <b>\$ 1,903,405</b> | <b>\$ 485,743</b>   | <b>\$ 385,558</b> |
| <b>LIABILITIES, EQUITY AND OTHER CREDITS</b>            |                         |                     |                     |                   |
| <b>Liabilities:</b>                                     |                         |                     |                     |                   |
| Warrants Payable.....                                   | \$ -                    | \$ -                | \$ -                | \$ -              |
| Accounts Payable.....                                   | 2,410,900               | 509,825             | 36,265              | 365               |
| Interfund Payables.....                                 | 44,145                  | 117,436             | 21,549              | -                 |
| Payable to Other Governmental Units.....                | -                       | -                   | -                   | -                 |
| Due to Component Units.....                             | 127,562                 | 769                 | 20,500              | -                 |
| Due to Primary Government.....                          | -                       | -                   | -                   | -                 |
| Loans Payable between Component Units.....              | -                       | -                   | -                   | -                 |
| Deferred Revenue.....                                   | 142,989                 | 75,629              | -                   | -                 |
| Payable from Restricted Assets:                         |                         |                     |                     |                   |
| Accounts Payable.....                                   | -                       | -                   | -                   | -                 |
| General Obligation Bonds Payable.....                   | -                       | -                   | -                   | -                 |
| Revenue Bonds Payable.....                              | -                       | -                   | -                   | -                 |
| Accrued Bond Interest Payable.....                      | -                       | -                   | -                   | -                 |
| Other Payable from Restricted Assets.....               | -                       | -                   | -                   | -                 |
| General Obligation Bonds Payable.....                   | -                       | -                   | -                   | -                 |
| Loans and Notes Payable.....                            | -                       | -                   | -                   | -                 |
| Revenue Bonds Payable.....                              | -                       | -                   | -                   | -                 |
| Grants Payable.....                                     | -                       | -                   | -                   | -                 |
| Claims Payable.....                                     | -                       | -                   | -                   | -                 |
| Compensated Absences Payable.....                       | -                       | -                   | -                   | -                 |
| Advances from Other Funds.....                          | -                       | -                   | -                   | -                 |
| Workers Compensation Liability.....                     | -                       | -                   | -                   | -                 |
| Securities Lending Collateral.....                      | -                       | -                   | -                   | -                 |
| Funds Held in Trust.....                                | -                       | -                   | -                   | -                 |
| Other Liabilities.....                                  | -                       | 230                 | -                   | -                 |
| <b>Total Liabilities.....</b>                           | <b>\$ 2,725,596</b>     | <b>\$ 703,889</b>   | <b>\$ 78,314</b>    | <b>\$ 365</b>     |
| <b>Equity and Other Credits:</b>                        |                         |                     |                     |                   |
| Contributed Capital.....                                | \$ -                    | \$ -                | \$ -                | \$ -              |
| Investment in General Fixed Assets.....                 | -                       | -                   | -                   | -                 |
| Retained Earnings:                                      |                         |                     |                     |                   |
| Reserved Retained Earnings.....                         | -                       | -                   | -                   | -                 |
| Unreserved Retained Earnings.....                       | -                       | -                   | -                   | -                 |
| Fund Balances:  |                         |                     |                     |                   |
| Reserved for Encumbrances.....                          | 180,034                 | 150,485             | 34,250              | -                 |
| Budgetary Reserve.....                                  | 1,299,962               | 78,095              | -                   | -                 |
| Other Reserved Fund Balances.....                       | 10,438                  | 195,417             | 248,952             | 385,193           |
| Unreserved Fund Balances:                               |                         |                     |                     |                   |
| Designated Fund Balances.....                           | 478,883                 | 298,099             | 739                 | -                 |
| Undesignated Fund Balances.....                         | 62,094                  | 477,420             | 123,488             | -                 |
| <b>Total Equity and Other Credits.....</b>              | <b>\$ 2,031,411</b>     | <b>\$ 1,199,516</b> | <b>\$ 407,429</b>   | <b>\$ 385,193</b> |
| <b>Total Liabilities, Equity and Other Credits.....</b> | <b>\$ 4,757,007</b>     | <b>\$ 1,903,405</b> | <b>\$ 485,743</b>   | <b>\$ 385,558</b> |

The notes are an integral part of the financial statements.



| PROPRIETARY FUND TYPES |                   | FIDUCIARY            | ACCOUNT GROUPS      |                      | PRIMARY GOVERNMENT   |                      |
|------------------------|-------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| ENTERPRISE             | INTERNAL SERVICE  | FUND TYPES           | GENERAL             | GENERAL              | TOTALS               | COMPONENT            |
|                        |                   | TRUST AND AGENCY     | FIXED ASSETS        | LONG-TERM OBLIGATION | (MEMORANDUM ONLY)    | UNITS                |
| \$ 68,021              | \$ 95,327         | \$ 4,678,256         | \$ -                | \$ -                 | \$ 10,734,509        | \$ 1,301,419         |
| 29,750                 | 15,090            | 40,151,658           | -                   | -                    | 40,321,082           | 2,050,517            |
| 25,511                 | 34,017            | 184,714              | -                   | -                    | 920,734              | 300,479              |
| -                      | -                 | -                    | -                   | -                    | -                    | 63,900               |
| 5,058                  | 28                | 54,956               | -                   | -                    | 228,862              | 13,306               |
| -                      | -                 | -                    | -                   | -                    | -                    | 4,712                |
| -                      | -                 | -                    | -                   | -                    | -                    | 148,831              |
| 799                    | 259               | 183,053              | -                   | -                    | 265,319              | 40,409               |
| -                      | -                 | 94                   | -                   | -                    | 375,943              | 57,021               |
| 15,376                 | 1,198             | 2,197                | -                   | -                    | 34,819               | 31,905               |
| -                      | -                 | -                    | -                   | -                    | 15,390               | -                    |
| -                      | -                 | -                    | -                   | -                    | 28,024               | -                    |
| 983                    | 420               | -                    | -                   | -                    | 1,403                | 13,400               |
| -                      | -                 | -                    | -                   | -                    | -                    | 598,030              |
| 18,604                 | -                 | -                    | -                   | -                    | 18,604               | 361,539              |
| -                      | -                 | -                    | -                   | -                    | -                    | 560,166              |
| -                      | -                 | -                    | -                   | -                    | -                    | 21,244               |
| -                      | -                 | -                    | -                   | -                    | -                    | 118,302              |
| 34,803                 | -                 | 22,850               | -                   | -                    | 205,894              | 2,108,620            |
| -                      | -                 | -                    | -                   | -                    | 3,840                | -                    |
| -                      | -                 | 3,934,909            | -                   | -                    | 3,934,909            | 71,622               |
| 91,109                 | 34,433            | 17,701               | 3,112,593           | -                    | 3,255,836            | 2,441,411            |
| 939                    | -                 | -                    | -                   | -                    | 1,251                | 1,078                |
| -                      | -                 | -                    | -                   | 232,095              | 232,095              | 44,202               |
| -                      | -                 | -                    | -                   | 2,964,315            | 2,964,315            | 130,204              |
| <u>\$ 290,953</u>      | <u>\$ 180,772</u> | <u>\$ 49,230,388</u> | <u>\$ 3,112,593</u> | <u>\$ 3,196,410</u>  | <u>\$ 63,542,829</u> | <u>\$ 10,482,317</u> |
| \$ -                   | \$ -              | \$ 193,340           | \$ -                | \$ -                 | \$ 193,340           | \$ -                 |
| 27,443                 | 53,807            | 1,528,812            | -                   | -                    | 4,567,417            | 279,139              |
| 14,551                 | 696               | 30,485               | -                   | -                    | 228,862              | 34,550               |
| -                      | -                 | -                    | -                   | -                    | -                    | 5                    |
| -                      | -                 | -                    | -                   | -                    | 148,831              | -                    |
| -                      | -                 | -                    | -                   | -                    | -                    | 50,442               |
| -                      | -                 | -                    | -                   | -                    | -                    | 302,999              |
| 3,592                  | 1,137             | 3,513                | -                   | -                    | 226,860              | 56,025               |
| -                      | -                 | -                    | -                   | -                    | -                    | 14,765               |
| -                      | -                 | -                    | -                   | -                    | -                    | 72,460               |
| 665                    | -                 | -                    | -                   | -                    | 665                  | 742,270              |
| -                      | -                 | -                    | -                   | -                    | -                    | 74,026               |
| 7,450                  | -                 | -                    | -                   | -                    | 7,450                | 83,198               |
| 4,790                  | -                 | -                    | -                   | 2,384,195            | 2,388,985            | 798,152              |
| 528                    | 29,671            | -                    | -                   | 10,482               | 40,681               | 4,649                |
| 29,015                 | -                 | -                    | -                   | 108,565              | 137,580              | 2,016,577            |
| -                      | -                 | -                    | -                   | -                    | -                    | 26,553               |
| -                      | -                 | -                    | -                   | 292,045              | 292,045              | 431,280              |
| 6,593                  | 3,526             | 1,860                | -                   | 265,063              | 277,042              | 58,958               |
| 740                    | 3,100             | -                    | -                   | -                    | 3,840                | -                    |
| -                      | -                 | -                    | -                   | 116,135              | 116,135              | -                    |
| -                      | -                 | 3,934,909            | -                   | -                    | 3,934,909            | 71,622               |
| -                      | -                 | 63,430               | -                   | -                    | 63,430               | 103,911              |
| 2,408                  | -                 | -                    | -                   | 19,925               | 22,563               | 27,809               |
| <u>\$ 97,775</u>       | <u>\$ 91,937</u>  | <u>\$ 5,756,349</u>  | <u>\$ -</u>         | <u>\$ 3,196,410</u>  | <u>\$ 12,650,635</u> | <u>\$ 5,249,390</u>  |
| \$ 25,474              | \$ 6,064          | \$ -                 | \$ -                | \$ -                 | \$ 31,538            | \$ 852,490           |
| -                      | -                 | -                    | 3,112,593           | -                    | 3,112,593            | 1,018,085            |
| 11,137                 | 64,170            | -                    | -                   | -                    | 75,307               | 676,802              |
| 156,567                | 18,601            | -                    | -                   | -                    | 175,168              | 1,002,973            |
| -                      | -                 | 5,494                | -                   | -                    | 370,263              | 32,859               |
| -                      | -                 | -                    | -                   | -                    | 1,378,057            | -                    |
| -                      | -                 | 42,734,224           | -                   | -                    | 43,574,224           | 902,894              |
| -                      | -                 | 731,790              | -                   | -                    | 1,509,511            | 557,357              |
| -                      | -                 | 2,531                | -                   | -                    | 665,533              | 189,467              |
| <u>\$ 193,178</u>      | <u>\$ 88,835</u>  | <u>\$ 43,474,039</u> | <u>\$ 3,112,593</u> | <u>\$ -</u>          | <u>\$ 50,892,194</u> | <u>\$ 5,232,927</u>  |
| <u>\$ 290,953</u>      | <u>\$ 180,772</u> | <u>\$ 49,230,388</u> | <u>\$ 3,112,593</u> | <u>\$ 3,196,410</u>  | <u>\$ 63,542,829</u> | <u>\$ 10,482,317</u> |

**STATE OF MINNESOTA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS  
AND DISCRETELY PRESENTED COMPONENT UNITS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|   | GOVERNMENTAL FUND TYPES |                     |                     |                     | FIDUCIARY<br>FUND TYPE<br>EXPENDABLE<br>TRUST |
|---|-------------------------|---------------------|---------------------|---------------------|---|
|   | GENERAL                 | SPECIAL<br>REVENUE  | CAPITAL<br>PROJECTS | DEBT<br>SERVICE     |   |
| <b>Net Revenues:</b>                              |                         |                     |                     |                     |   |
| Individual Income Taxes.....                      | \$ 5,695,664            | \$ -                | \$ -                | \$ -                | \$ -  |
| Corporate Income Taxes.....                       | 767,364                 | -                   | -                   | -                   | -   |
| Sales Taxes.....                                  | 2,117,038               | -                   | -                   | 2,365               | -   |
| Motor Vehicle License Taxes.....                  | 959                     | 554,598             | -                   | -                   | -   |
| Fuel Taxes.....                                   | -                       | 587,954             | -                   | -                   | -   |
| Other Taxes.....                                  | 1,304,171               | 368,314             | -                   | 2,765               | 384,788                                       |
| Tobacco Settlement.....                           | 281,088                 | -                   | -                   | -                   | -   |
| Federal Revenues.....                             | 223                     | 3,726,431           | -                   | -                   | 4,469   |
| Licenses and Fees.....                            | 155,301                 | 184,457             | -                   | -                   | -   |
| Care and Hospitalization Revenues.....            | 90,170                  | 233                 | -                   | -                   | -   |
| Tuition and Student Fees.....                     | 275,446                 | 15,741              | -                   | -                   | -   |
| Departmental Services.....                        | 53,999                  | 122,677             | -                   | -                   | -   |
| Investment/Interest Income.....                   | 220,582                 | 58,040              | 3,643               | 32,046              | 148,480                                       |
| Deferred Compensation Contributions.....          | -                       | -                   | -                   | -                   | 57,530  |
| Securities Lending Income.....                    | -                       | -                   | -                   | -                   | 2,371   |
| Other Revenues.....                               | 105,314                 | 122,477             | 614                 | 1,286               | 49,480  |
| <b>Net Revenues.....</b>                          | <b>\$ 11,067,319</b>    | <b>\$ 5,740,922</b> | <b>\$ 4,257</b>     | <b>\$ 38,462</b>    | <b>\$ 647,118</b>                             |
| <b>Expenditures:</b>                              |                         |                     |                     |                     |   |
| <b>Current:</b>                                   |                         |                     |                     |                     |   |
| Protection of Persons and Property.....           | \$ 121,808              | \$ 132,255          | \$ 166              | \$ -                | \$ 26   |
| Transportation.....                               | 457                     | 425,908             | 986                 | -                   | 5,439   |
| Resource Management.....                          | 120,272                 | 190,512             | 10,262              | -                   | 4,406   |
| Economic and Manpower Development.....            | 83,477                  | 153,628             | 1,565               | -                   | 1,757   |
| Education.....                                    | 905,305                 | 82,518              | 18,270              | -                   | 7,629   |
| Health and Social Services.....                   | 553,111                 | 331,636             | 172                 | -                   | 904   |
| General Government.....                           | 281,806                 | 39,830              | 37,962              | 108                 | 4,045   |
| Securities Lending Rebates and Fees.....          | -                       | -                   | -                   | -                   | 2,147   |
| <b>Total Current Expenditures.....</b>            | <b>\$ 2,066,236</b>     | <b>\$ 1,356,287</b> | <b>\$ 69,383</b>    | <b>\$ 108</b>       | <b>\$ 26,353</b>                              |
| Capital Outlay.....                               | 17,222                  | 486,901             | 132,380             | -                   | 3,496   |
| Debt Service.....                                 | 60,883                  | 9,013               | 482                 | 583,132             | -   |
| Grants and Subsidies.....                         | 7,910,296               | 3,471,005           | 123,771             | -                   | 875,678                                       |
| Deferred Compensation Withdrawals.....            | -                       | -                   | -                   | -                   | 32,554  |
| <b>Total Expenditures.....</b>                    | <b>\$ 10,054,637</b>    | <b>\$ 5,323,206</b> | <b>\$ 326,016</b>   | <b>\$ 583,240</b>   | <b>\$ 938,081</b>                             |
| <b>Excess of Revenues Over (Under)</b>            |                         |                     |                     |                     |   |
| <b>Expenditures.....</b>                          | <b>\$ 1,012,682</b>     | <b>\$ 417,716</b>   | <b>\$ (321,759)</b> | <b>\$ (544,778)</b> | <b>\$ (290,963)</b>                           |
| <b>Other Financing Sources (Uses):</b>            |                         |                     |                     |                     |   |
| General Obligation Bonds.....                     | \$ -                    | \$ 7,100            | \$ 195,500          | \$ 107,148          | \$ -  |
| Operating Transfers-In.....                       | 104,229                 | 816,561             | 159,617             | 334,035             | 477,833                                       |
| Operating Transfers to Debt Service.....          | (321,060)               | (6,675)             | (6,300)             | -                   | -   |
| Other Operating Transfers-Out.....                | (276,613)               | (1,203,012)         | (1,563)             | -                   | (93)  |
| Transfers-In from Primary Government.....         | -                       | -                   | -                   | -                   | -   |
| Transfers-Out to Primary Government.....          | -                       | -                   | -                   | -                   | -   |
| Transfers-In from Component Units.....            | 1,040                   | -                   | -                   | 14,298              | -   |
| Transfers-Out to Component Units.....             | (833,083)               | (16,385)            | (103,268)           | -                   | (1,089)                                       |
| Capital Leases.....                               | 4,007                   | 2,947               | -                   | -                   | -   |
| Other Sources (Uses).....                         | -                       | -                   | -                   | -                   | -   |
| <b>Net Other Financing Sources (Uses).....</b>    | <b>\$ (1,321,480)</b>   | <b>\$ (399,464)</b> | <b>\$ 243,986</b>   | <b>\$ 455,481</b>   | <b>\$ 476,651</b>                             |
| <b>Excess of Revenues and Other Sources Over</b>  |                         |                     |                     |                     |   |
| <b>(Under) Expenditures and Other Uses.....</b>   | <b>\$ (308,798)</b>     | <b>\$ 18,252</b>    | <b>\$ (77,773)</b>  | <b>\$ (89,297)</b>  | <b>\$ 185,688</b>                             |
| <b>Fund Balances, Beginning, as Reported.....</b> | <b>\$ 2,348,340</b>     | <b>\$ 1,163,391</b> | <b>\$ 513,277</b>   | <b>\$ 474,490</b>   | <b>\$ 1,633,629</b>                           |
| Prior Period Adjustments.....                     | -                       | 19,433              | (28,075)            | -                   | -   |
| Change in Fund Structure.....                     | (11,131)                | (289)               | -                   | -                   | -   |
| <b>Fund Balances, Beginning, as Restated.....</b> | <b>\$ 2,337,209</b>     | <b>\$ 1,182,535</b> | <b>\$ 485,202</b>   | <b>\$ 474,490</b>   | <b>\$ 1,633,629</b>                           |
| Residual Equity Transfers-In.....                 | 3,000                   | -                   | -                   | -                   | -   |
| Residual Equity Transfers-Out.....                | -                       | (3,000)             | -                   | -                   | (63)  |
| Change in Inventory.....                          | -                       | 1,729               | -                   | -                   | -   |
| <b>Fund Balances, Ending.....</b>                 | <b>\$ 2,031,411</b>     | <b>\$ 1,199,516</b> | <b>\$ 407,429</b>   | <b>\$ 385,193</b>   | <b>\$ 1,819,254</b>                           |

The notes are an integral part of the financial statements.

| PRIMARY GOVERNMENT<br>TOTALS<br>(MEMORANDUM ONLY) | COMPONENT<br>UNITS |
|---|--------------------|
| \$ 5,695,664                                      | \$ -               |
| 767,364   | -                  |
| 2,119,403   | -                  |
| 555,557   | -                  |
| 587,954   | -                  |
| 2,060,038   | 47,944             |
| 281,088   | 186,159            |
| 3,731,123   | 1,782              |
| 339,758   | -                  |
| 90,403  | -                  |
| 291,187   | -                  |
| 176,676   | -                  |
| 462,791   | 18,885             |
| 57,530  | -                  |
| 2,371   | -                  |
| 279,171   | 17,846             |
| <u>\$ 17,498,078</u>                              | <u>\$ 272,616</u>  |
| <br>  |                    |
| \$ 254,255  | \$ -               |
| 432,790   | 35,799             |
| 325,452   | 28,791             |
| 240,427   | 11,466             |
| 1,013,722   | 4,212              |
| 885,823   | 30,658             |
| 363,751   | 41,049             |
| 2,147   | -                  |
| <u>\$ 3,518,367</u>                               | <u>\$ 151,975</u>  |
| 639,999   | 865                |
| 653,510   | 37,452             |
| 12,380,750  | 151,997            |
| 32,554  | -                  |
| <u>\$ 17,225,180</u>                              | <u>\$ 342,289</u>  |
| <br>  |                    |
| \$ 272,898  | \$ (69,673)        |
| <br>  |                    |
| \$ 309,748  | \$ 28,488          |
| 1,892,275   | 30,124             |
| (334,035)   | -                  |
| (1,481,281)                                       | (5,960)            |
| -   | 242,138            |
| -   | (8,651)            |
| 15,338  | -                  |
| (953,825)   | -                  |
| 6,954   | -                  |
| -   | 1,333              |
| <u>\$ (544,826)</u>                               | <u>\$ 287,472</u>  |
| <br>  |                    |
| \$ (271,928)                                      | \$ 217,799         |
| <br>  |                    |
| \$ 6,133,127                                      | \$ 293,020         |
| (8,642)   | 24,890             |
| (11,420)  | -                  |
| <br>  |                    |
| \$ 6,113,065                                      | \$ 317,910         |
| 3,000   | -                  |
| (3,063)   | (21,060)           |
| 1,729   | -                  |
| <u>\$ 5,842,803</u>                               | <u>\$ 514,649</u>  |

STATE OF MINNESOTA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND AND APPROPRIATED SPECIAL REVENUE FUNDS  
BUDGETARY BASIS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|  | GENERAL FUND          |                       |  | SPECIAL REVENUE FUNDS |                     |  |
|--|-----------------------|-----------------------|--|-----------------------|---------------------|--|
|  | BUDGET                | ACTUAL                | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | BUDGET                | ACTUAL              | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
| <b>Net Revenues:</b>                             |                       |                       |  |                       |                     |  |
| Individual Income Taxes.....                     | \$ 5,138,580          | \$ 5,305,177          | \$ 166,597                             | \$ -                  | \$ -                | \$ -                                   |
| Corporate Income Taxes.....                      | 781,820               | 778,282               | (3,538)                                | -                     | -                   | -                                      |
| Sales Taxes.....                                 | 2,164,627             | 2,127,043             | (37,584)                               | -                     | -                   | -                                      |
| Motor Vehicle License Taxes.....                 | -                     | -                     | -                                      | 559,886               | 555,443             | (4,443)                                |
| Fuel Taxes.....                                  | -                     | -                     | -                                      | 579,366               | 583,102             | 3,736                                  |
| Tobacco Taxes.....                               | -                     | -                     | -                                      | 7,433                 | 6,591               | (842)                                  |
| Other Taxes.....                                 | 1,275,426             | 1,331,214             | 55,788                                 | 285,571               | 300,726             | 15,155                                 |
| Federal Revenues.....                            | -                     | -                     | -                                      | 294,813               | 301,766             | 6,953                                  |
| Other Intergovernmental Revenues.....            | 149,202               | 148,935               | (267)                                  | -                     | -                   | -                                      |
| Licenses and Fees.....                           | -                     | -                     | -                                      | 52,904                | 56,449              | 3,545                                  |
| Care and Hospitalization Revenues.....           | 20,836                | 25,554                | 4,718                                  | -                     | -                   | -                                      |
| Tuition and Student Fees.....                    | 239,683               | 275,138               | 35,455                                 | -                     | -                   | -                                      |
| Departmental Services.....                       | 54,794                | 34,789                | (20,005)                               | 84,322                | 82,267              | (2,055)                                |
| Investment/Interest Income.....                  | 192,000               | 219,586               | 27,586                                 | 36,597                | 41,950              | 5,353                                  |
| Other Revenues.....                              | 199,210               | 235,354               | 36,144                                 | 36,884                | 30,703              | (6,181)                                |
| <b>Net Revenues.....</b>                         | <b>\$ 10,216,178</b>  | <b>\$ 10,481,072</b>  | <b>\$ 264,894</b>                      | <b>\$ 1,937,776</b>   | <b>\$ 1,958,997</b> | <b>\$ 21,221</b>                       |
| <b>Expenditures:</b>                             |                       |                       |  |                       |                     |  |
| Protection of Persons and Property.....          | \$ 156,115            | \$ 153,863            | \$ 2,252                               | \$ 98,701             | \$ 97,947           | \$ 754                                 |
| Transportation.....                              | 12,433                | 12,319                | 114                                    | 1,002,566             | 976,466             | 26,100                                 |
| Resource Management.....                         | 188,975               | 187,428               | 1,547                                  | 137,931               | 134,536             | 3,395                                  |
| Economic and Manpower Development.....           | 194,335               | 189,279               | 5,056                                  | 141,233               | 138,714             | 2,519                                  |
| Education.....                                   | 5,219,588             | 5,075,656             | 143,932                                | 285                   | 285                 | -                                      |
| Health and Social Services.....                  | 3,140,974             | 2,885,037             | 255,937                                | 161,126               | 148,796             | 12,330                                 |
| General Government.....                          | 1,590,722             | 1,577,117             | 13,605                                 | 17,603                | 14,896              | 2,707                                  |
| <b>Total Expenditures.....</b>                   | <b>\$ 10,503,142</b>  | <b>\$ 10,080,699</b>  | <b>\$ 422,443</b>                      | <b>\$ 1,559,445</b>   | <b>\$ 1,511,640</b> | <b>\$ 47,805</b>                       |
| <b>Excess of Revenues Over (Under)</b>           |                       |                       |  |                       |                     |  |
| Expenditures.....                                | \$ (286,964)          | \$ 400,373            | \$ 687,337                             | \$ 378,331            | \$ 447,357          | \$ 69,026                              |
| <b>Other Financing Sources (Uses):</b>           |                       |                       |  |                       |                     |  |
| Operating Transfers-In.....                      | \$ 324,434            | \$ 334,678            | \$ 10,244                              | \$ 664,108            | \$ 687,993          | \$ 23,885                              |
| Operating Transfers to Debt Service.....         | (299,581)             | (299,581)             | -                                      | (5,230)               | (5,230)             | -                                      |
| Other Operating Transfers-Out.....               | (385,128)             | (385,128)             | -                                      | (1,145,639)           | (1,145,639)         | -                                      |
| Transfers-Out to Component Units.....            | (664,008)             | (663,233)             | 775                                    | (3,714)               | (3,714)             | -                                      |
| <b>Net Other Financing Sources (Uses).....</b>   | <b>\$ (1,024,283)</b> | <b>\$ (1,013,264)</b> | <b>\$ 11,019</b>                       | <b>\$ (490,475)</b>   | <b>\$ (466,590)</b> | <b>\$ 23,885</b>                       |
| <b>Excess of Revenues and Other Sources Over</b> |                       |                       |  |                       |                     |  |
| <b>(Under) Expenditures and Other Uses.....</b>  | <b>\$ (1,311,247)</b> | <b>\$ (612,891)</b>   | <b>\$ 698,356</b>                      | <b>\$ (112,144)</b>   | <b>\$ (19,233)</b>  | <b>\$ 92,911</b>                       |
| Fund Balances, Beginning, as Reported.....       | 2,560,891             | 2,560,891             | -                                      | 591,282               | 591,282             | -                                      |
| Prior Period Adjustments.....                    | -                     | 39,350                | 39,350                                 | 1                     | 2,468               | 2,467                                  |
| <b>Budgetary Fund Balances, Ending.....</b>      | <b>\$ 1,249,644</b>   | <b>\$ 1,987,350</b>   | <b>\$ 737,706</b>                      | <b>\$ 479,139</b>     | <b>\$ 574,517</b>   | <b>\$ 95,378</b>                       |
| Less: Appropriation Carryover.....               | -                     | 204,856               | (204,856)                              | -                     | 42,999              | (42,999)                               |
| Less: Budgetary Reserve.....                     | 1,120,366             | 1,299,962             | (179,596)                              | 78,095                | 78,095              | -                                      |
| Less: Reserve for Other.....                     | -                     | -                     | -                                      | 3,559                 | 3,559               | -                                      |
| <b>Undesignated Fund Balances, Ending.....</b>   | <b>\$ 129,278</b>     | <b>\$ 482,532</b>     | <b>\$ 353,254</b>                      | <b>\$ 397,485</b>     | <b>\$ 449,864</b>   | <b>\$ 52,379</b>                       |

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS/FUND BALANCES  
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS  
AND DISCRETELY PRESENTED COMPONENT UNITS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|  | PROPRIETARY<br>FUND TYPES |                     | FIDUCIARY<br>FUND TYPE | PRIMARY GOVERNMENT<br>TOTALS<br>(MEMORANDUM ONLY) | COMPONENT<br>UNITS  |
|--|---------------------------|---------------------|------------------------|---|---------------------|
|  | ENTERPRISE                | INTERNAL<br>SERVICE | NONEXPENDABLE<br>TRUST |   |                     |
| <b>Operating Revenues:</b>   |                           |                     |                        |   |                     |
| Net Sales.....   | \$ 473,882                | \$ 22,419           | \$ 10,989              | \$ 507,290  | \$ 16,962           |
| Interest Income.....   | 1,283                     | -                   | -                      | 1,283   | 158,325             |
| Investment Income.....   | -                         | -                   | 103,676                | 103,676   | 59,351              |
| Tobacco Settlement.....  | -                         | -                   | 179,712                | 179,712   | -                   |
| Rental and Service Fees.....   | 67,402                    | 114,384             | -                      | 181,786   | 214,679             |
| Insurance Premiums.....  | 7,536                     | 292,687             | -                      | 300,223   | 47,530              |
| Other Income.....  | 1,204                     | 5,215               | 14                     | 6,433   | 7,724               |
| <b>Total Operating Revenues.....</b>                                   | <b>\$ 551,307</b>         | <b>\$ 434,705</b>   | <b>\$ 294,391</b>      | <b>\$ 1,280,403</b>                               | <b>\$ 504,571</b>   |
| Less: Cost of Goods Sold.....  | 313,502                   | 11,770              | -                      | 325,272   | -                   |
| <b>Gross Margin.....</b>   | <b>\$ 237,805</b>         | <b>\$ 422,935</b>   | <b>\$ 294,391</b>      | <b>\$ 955,131</b>                                 | <b>\$ 504,571</b>   |
| <b>Operating Expenses:</b>   |                           |                     |                        |   |                     |
| Interest and Financing Costs.....                                      | \$ -                      | \$ -                | \$ -                   | \$ -  | \$ 158,167          |
| Purchased Services.....  | 58,513                    | 194,003             | 315                    | 252,831   | 66,167              |
| Salaries and Fringe Benefits.....                                      | 89,426                    | 32,674              | 4,685                  | 126,785   | 185,655             |
| Claims.....  | 5,992                     | 164,754             | -                      | 170,746   | (7,977)             |
| Depreciation.....  | 8,358                     | 14,957              | -                      | 23,315  | 63,058              |
| Amortization.....  | 25                        | 325                 | -                      | 350   | 49                  |
| Supplies and Materials.....  | 6,273                     | 6,028               | -                      | 12,301  | 20,404              |
| Indirect Costs.....  | 2,634                     | 2,201               | -                      | 4,835   | 524                 |
| Other Expenses.....  | 5,759                     | 1,770               | -                      | 7,529   | 17,786              |
| <b>Total Operating Expenses.....</b>                                   | <b>\$ 176,980</b>         | <b>\$ 416,712</b>   | <b>\$ 5,000</b>        | <b>\$ 598,692</b>                                 | <b>\$ 503,833</b>   |
| <b>Operating Income (Loss).....</b>                                    | <b>\$ 60,825</b>          | <b>\$ 6,223</b>     | <b>\$ 289,391</b>      | <b>\$ 356,439</b>                                 | <b>\$ 738</b>       |
| <b>Nonoperating Revenues (Expenses):</b>                               |                           |                     |                        |   |                     |
| Investment Income.....   | \$ 6,419                  | \$ 7,115            | \$ -                   | \$ 13,534   | \$ 103,128          |
| Grants and Subsidies.....  | 231                       | -                   | -                      | 231   | 79,325              |
| Other Nonoperating Revenues.....                                       | 913                       | 705                 | -                      | 1,618   | 107,187             |
| Interest and Financing Costs.....                                      | (2,332)                   | (1,421)             | -                      | (3,753)   | (28,529)            |
| Rebate Costs.....  | -                         | (3,341)             | -                      | (3,341)   | -                   |
| Grants, Aids and Subsidies.....  | (566)                     | -                   | -                      | (566)   | (109,849)           |
| Other Nonoperating Expenses.....                                       | -                         | -                   | -                      | -   | (1,380)             |
| Gain (Loss) on Sale of Fixed Assets.....                               | (49)                      | 481                 | 125                    | 557   | 21,885              |
| <b>Net Nonoperating Revenues (Expenses).....</b>                       | <b>\$ 4,616</b>           | <b>\$ 3,539</b>     | <b>\$ 125</b>          | <b>\$ 8,280</b>                                   | <b>\$ 171,767</b>   |
| <b>Income Before Operating Transfers.....</b>                          | <b>\$ 65,441</b>          | <b>\$ 9,762</b>     | <b>\$ 289,516</b>      | <b>\$ 364,719</b>                                 | <b>\$ 172,505</b>   |
| Operating Transfers-In.....  | 5,404                     | -                   | 23,210                 | 28,614  | 778                 |
| Operating Transfers-Out.....   | (63,246)                  | (11,433)            | (30,894)               | (105,573)   | (24,942)            |
| Transfers-In from Primary Government.....                              | -                         | -                   | -                      | -   | 40,076              |
| Transfers-Out to Primary Government.....                               | -                         | -                   | -                      | -   | (1,040)             |
| <b>Net Income (Loss).....</b>  | <b>\$ 7,599</b>           | <b>\$ (1,671)</b>   | <b>\$ 281,832</b>      | <b>\$ 287,760</b>                                 | <b>\$ 187,377</b>   |
| Depreciation on Fixed Assets Acquired with<br>Contributed Capital..... | 352                       | -                   | -                      | 352   | 29,606              |
| <b>Increase (Decrease) in Retained Earnings/Fund Balances.....</b>     | <b>\$ 7,951</b>           | <b>\$ (1,671)</b>   | <b>\$ 281,832</b>      | <b>\$ 288,112</b>                                 | <b>\$ 216,983</b>   |
| Retained Earnings/Fund Balances, Beginning, as Reported.....           | \$ 159,673                | \$ 84,442           | \$ 762,650             | \$ 1,006,765                                      | \$ 1,462,121        |
| Prior Period Adjustments.....  | 80                        | -                   | -                      | 80  | 671                 |
| Retained Earnings/Fund Balances, Beginning, as Restated.....           | \$ 159,753                | \$ 84,442           | \$ 762,650             | \$ 1,006,845                                      | \$ 1,462,792        |
| Residual Equity Transfers-In.....                                      | -                         | -                   | 63                     | 63  | -                   |
| <b>Retained Earnings/Fund Balances, Ending.....</b>                    | <b>\$ 167,704</b>         | <b>\$ 82,771</b>    | <b>\$ 1,044,545</b>    | <b>\$ 1,295,020</b>                               | <b>\$ 1,679,775</b> |

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|  | PROPRIETARY<br>FUND TYPES |                     | FIDUCIARY<br>FUND TYPE      | PRIMARY GOVERNMENT<br>TOTALS<br>(MEMORANDUM ONLY) | COMPONENT<br>UNITS |
|--|---------------------------|---------------------|-----------------------------|---|--------------------|
|  | ENTERPRISE                | INTERNAL<br>SERVICE | NON-<br>EXPENDABLE<br>TRUST |   |                    |
| <b>Cash Flows from Operating Activities:</b>                             |                           |                     |                             |   |                    |
| Operating Income (Loss).....   | \$ 60,825                 | \$ 6,223            | \$ 289,391                  | \$ 356,439  | \$ 738             |
| <b>Adjustments to Reconcile Operating Income to</b>                      |                           |                     |                             |   |                    |
| <b>Net Cash Flows from Operating Activities:</b>                         |                           |                     |                             |   |                    |
| Depreciation.....  | \$ 8,358                  | \$ 15,087           | \$ -                        | \$ 23,445   | \$ 63,058          |
| Amortization.....  | 25                        | 325                 | -                           | 350   | 49                 |
| Write-off of Equipment.....  | 22                        | -                   | -                           | 22  | -                  |
| Investment Income.....   | -                         | -                   | (103,676)                   | (103,676)   | (62,186)           |
| Interest and Financing Costs.....  | -                         | -                   | -                           | -   | 158,167            |
| Loan Principal Repayments.....   | 4,119                     | -                   | -                           | 4,119   | 346,695            |
| Loans Issued.....  | (4,580)                   | -                   | -                           | (4,580)   | (371,006)          |
| Provision for Loan Defaults.....   | 390                       | -                   | -                           | 390   | (1,331)            |
| Customer Deposits.....   | -                         | -                   | -                           | -   | 33,767             |
| Return of Customer Deposits.....   | -                         | -                   | -                           | -   | (46,842)           |
| Net Nonoperating Revenues (Expenses).....                                | 912                       | -                   | -                           | 912   | 1,971              |
| <b>Change in Assets and Liabilities:</b>                                 |                           |                     |                             |   |                    |
| Accounts Receivable.....   | (6,663)                   | (1,010)             | (699)                       | (8,372)   | 26,785             |
| Inventories.....   | (1,771)                   | 214                 | -                           | (1,557)   | 344                |
| Other Assets.....  | (1,422)                   | (11)                | -                           | (1,433)   | 2,140              |
| Accounts Payable.....  | 6,086                     | 8,291               | 162                         | 14,539  | 3,290              |
| Deferred Revenues.....   | 1,759                     | 373                 | -                           | 2,132   | (1,651)            |
| Claims and Judgments Payable.....  | -                         | -                   | -                           | -   | (78,000)           |
| Other Liabilities.....   | 2,858                     | 357                 | -                           | 3,215   | 1,405              |
| <b>Net Reconciling Items to be Added (Deducted)</b>                      |                           |                     |                             |   |                    |
| <b>from Operating Income.....</b>  | <b>\$ 10,093</b>          | <b>\$ 23,626</b>    | <b>\$ (104,213)</b>         | <b>\$ (70,494)</b>                                | <b>\$ 78,655</b>   |
| <b>Net Cash Flows from Operating Activities.....</b>                     | <b>\$ 70,918</b>          | <b>\$ 29,849</b>    | <b>\$ 185,178</b>           | <b>\$ 285,945</b>                                 | <b>\$ 79,393</b>   |
| <b>Cash Flows from Noncapital Financing Activities:</b>                  |                           |                     |                             |   |                    |
| Grant Receipts.....  | \$ 204                    | \$ 705              | \$ -                        | \$ 909  | \$ 242,417         |
| Grant Disbursements.....   | (566)                     | -                   | -                           | (566)   | (118,835)          |
| Transfers-In.....  | 6,454                     | -                   | 22,304                      | 28,758  | 42,784             |
| Transfers-Out.....   | (61,747)                  | (11,433)            | (29,133)                    | (102,313)   | (23,167)           |
| Residual Equity Transfers-In.....  | -                         | -                   | (63)                        | (63)  | -                  |
| Advances from Other Funds.....   | 20                        | 6,365               | -                           | 6,385   | -                  |
| Advances to Other Funds.....   | (49)                      | (33)                | -                           | (82)  | -                  |
| Repayments of Advances from Other Funds.....                             | -                         | (6,325)             | -                           | (6,325)   | -                  |
| Repayments of Advances to Other Funds.....                               | -                         | 30                  | -                           | 30  | -                  |
| Rebate Costs.....  | -                         | (841)               | -                           | (841)   | -                  |
| Proceeds from Bond Sales.....  | -                         | -                   | -                           | -   | 499,620            |
| Repayment of Debt.....   | -                         | -                   | -                           | -   | (379,647)          |
| Bond Issuance Costs.....   | -                         | -                   | -                           | -   | (2,586)            |
| Interest Paid.....   | -                         | -                   | -                           | -   | (158,275)          |
| <b>Net Cash Flows from Noncapital Financing Activities.....</b>          | <b>\$ (55,684)</b>        | <b>\$ (11,532)</b>  | <b>\$ (6,892)</b>           | <b>\$ (74,108)</b>                                | <b>\$ 102,311</b>  |
| <b>Cash Flows from Capital and Related Financing Activities:</b>         |                           |                     |                             |   |                    |
| Investment in Fixed Assets.....  | \$ (11,369)               | \$ (19,409)         | \$ -                        | \$ (30,778)                                       | \$ (99,898)        |
| Investment Leasehold Improvements.....                                   | -                         | (58)                | -                           | (58)  | -                  |
| Proceeds from the Sale of Fixed Assets.....                              | -                         | 1,110               | 865                         | 1,975   | 25,630             |
| Proceeds of Capital Loan.....  | 86                        | -                   | -                           | 86  | -                  |
| Capital Contributions.....   | -                         | -                   | -                           | -   | 37,933             |
| Capital Lease Payments.....  | -                         | 51                  | -                           | 51  | -                  |
| Proceeds from Loans.....   | -                         | 18,557              | -                           | 18,557  | -                  |
| Repayment of Loan Principal and Other Capital Debt.....                  | -                         | (16,308)            | -                           | (16,308)  | -                  |
| Proceeds from Bond Sales.....  | -                         | -                   | -                           | -   | 53,674             |
| Repayment of Bond Principal.....   | (2,458)                   | -                   | -                           | (2,458)   | (73,670)           |
| Interest Paid.....   | (2,327)                   | (1,401)             | -                           | (3,728)   | (30,123)           |
| <b>Net Cash Flows from Capital and Related Financing Activities.....</b> | <b>\$ (16,068)</b>        | <b>\$ (17,458)</b>  | <b>\$ 865</b>               | <b>\$ (32,661)</b>                                | <b>\$ (86,454)</b> |
| <b>Cash Flows from Investing Activities:</b>                             |                           |                     |                             |   |                    |
| Proceeds from Sales and Maturities of Investments.....                   | \$ 337,555                | \$ 4,998            | \$ -                        | \$ 342,553  | \$ 1,194,672       |
| Purchase of Investments.....   | (340,448)                 | -                   | (58,968)                    | (399,416)   | (1,216,198)        |
| Investment Earnings.....   | 6,275                     | 7,323               | 30,364                      | 43,962  | 123,252            |
| <b>Net Cash Flows from Investing Activities.....</b>                     | <b>\$ 3,382</b>           | <b>\$ 12,321</b>    | <b>\$ (28,604)</b>          | <b>\$ (12,901)</b>                                | <b>\$ 101,726</b>  |

## STATE OF MINNESOTA

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|   | PROPRIETARY<br>FUND TYPES |                     | FIDUCIARY<br>FUND TYPE      | PRIMARY GOVERNMENT<br>TOTALS<br>(MEMORANDUM ONLY) | COMPONENT<br>UNITS |
|---|---------------------------|---------------------|-----------------------------|---|--------------------|
|   | ENTERPRISE                | INTERNAL<br>SERVICE | NON-<br>EXPENDABLE<br>TRUST |   |                    |
| Net Increase (Decrease) in Cash and Cash Equivalents..... | \$ 2,548                  | \$ 13,180           | \$ 150,547                  | \$ 166,275  | \$ 196,976         |
| Cash and Cash Equivalents, Beginning, As Reported.....    | \$ 58,888                 | \$ 82,147           | \$ 42,029                   | \$ 183,064  | \$ 781,455         |
| Prior Period Adjustment.....                              | -                         | -                   | -                           | -   | 197,160            |
| Change in Fund Structure.....                             | 6,585                     | -                   | -                           | 6,585   | -                  |
| Cash and Cash Equivalents, Beginning, As Restated.....    | \$ 65,473                 | \$ 82,147           | \$ 42,029                   | \$ 189,649  | \$ 978,615         |
| Cash and Cash Equivalents, Ending.....                    | \$ 68,021                 | \$ 95,327           | \$ 192,576                  | \$ 355,924  | \$ 1,175,591       |

**Reconciliation of Cash and Cash Equivalents to the Combined Balance Sheet:**

Cash and Cash Equivalents for the Nonexpendable Trust Funds and the Component Units as of June 30, 1999, on the Combined Statement of Cash Flows is reconciled to the Cash and Cash Equivalents on the Combined Balance Sheet as follows:

**Cash and Cash Equivalents June 30, 1999:**  
**(In Thousands)**

|                                |              |
|--------------------------------|--------------|
| Fiduciary Funds:               |              |
| Pension Trust Funds.....       | \$ 3,068,649 |
| Investment Trust Funds.....    | 32,977       |
| Nonexpendable Trust Funds..... | 192,576      |
| Expendable Trust Funds.....    | 1,152,830    |
| Agency Funds.....              | 231,224      |
| Total Fiduciary Funds.....     | \$ 4,678,256 |
| Component Units:               |              |
| Governmental Funds.....        | \$ 112,487   |
| Proprietary Funds.....         | 1,175,591    |
| University Fund.....           | 611,371      |
| Total Component Units.....     | \$ 1,899,449 |

**Noncash Investing, Capital, and Financing Activities:**

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

The notes are an integral part of the financial statements.

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STATE OF MINNESOTA

**COMBINED STATEMENT OF CHANGES  
IN PLAN NET ASSETS  
PENSION AND INVESTMENT TRUST FUNDS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|  | PENSION TRUST FUNDS  |                      |                      | INVESTMENT TRUST        | TOTAL                |
|--|----------------------|----------------------|----------------------|-------------------------|----------------------|
|  | DEFINED BENEFIT      | DEFINED CONTRIBUTION | TOTAL PENSION TRUST  | SUPPLEMENTAL RETIREMENT |                      |
| <b>Additions:</b>  |                      |                      |                      |                         |                      |
| <b>Contributions:</b>  |                      |                      |                      |                         |                      |
| Employer.....  | \$ 450,789           | \$ 21,992            | \$ 472,781           | \$ -                    | \$ 472,781           |
| Member.....  | 404,661              | 18,371               | 423,032              | -                       | 423,032              |
| Contributions from Other Sources.....                                | 50                   | -                    | 50                   | -                       | 50                   |
| Participating Plans.....   | -                    | -                    | -                    | 222,107                 | 222,107              |
| <b>Total Contributions.....</b>                                      | <b>\$ 855,500</b>    | <b>\$ 40,363</b>     | <b>\$ 895,863</b>    | <b>\$ 222,107</b>       | <b>\$ 1,117,970</b>  |
| <b>Net Investment Income:</b>  |                      |                      |                      |                         |                      |
| Investment Income.....   | \$ 4,123,194         | \$ 99,551            | \$ 4,222,745         | \$ 44,627               | \$ 4,267,372         |
| Less: Investment Expense.....  | (25,067)             | -                    | (25,067)             | (180)                   | (25,247)             |
| <b>Net Investment Income.....</b>                                    | <b>\$ 4,098,127</b>  | <b>\$ 99,551</b>     | <b>\$ 4,197,678</b>  | <b>\$ 44,447</b>        | <b>\$ 4,242,125</b>  |
| <b>Securities Lending Revenues (Expenses):</b>                       |                      |                      |                      |                         |                      |
| Securities Lending Income.....                                       | \$ 198,560           | \$ 2,516             | \$ 201,076           | \$ 1,689                | \$ 202,765           |
| Borrower Rebates.....  | (174,949)            | (2,224)              | (177,173)            | (1,489)                 | (178,662)            |
| Management Fees.....   | (6,155)              | (70)                 | (6,225)              | (48)                    | (6,273)              |
| <b>Net Securities Lending Revenue.....</b>                           | <b>\$ 17,456</b>     | <b>\$ 222</b>        | <b>\$ 17,678</b>     | <b>\$ 152</b>           | <b>\$ 17,830</b>     |
| <b>Total Investment Income.....</b>                                  | <b>\$ 4,115,583</b>  | <b>\$ 99,773</b>     | <b>\$ 4,215,356</b>  | <b>\$ 44,599</b>        | <b>\$ 4,259,955</b>  |
| Transfers From Other Funds.....                                      | \$ 7,899             | \$ 1,101             | \$ 9,000             | \$ -                    | \$ 9,000             |
| Other Additions.....   | 6,382                | 351                  | 6,733                | -                       | 6,733                |
| <b>Total Additions.....</b>  | <b>\$ 4,985,364</b>  | <b>\$ 141,588</b>    | <b>\$ 5,126,952</b>  | <b>\$ 266,706</b>       | <b>\$ 5,393,658</b>  |
| <b>Deductions:</b>   |                      |                      |                      |                         |                      |
| Benefits.....  | \$ 1,482,319         | \$ -                 | \$ 1,482,319         | \$ -                    | \$ 1,482,319         |
| Refunds/Withdrawals.....   | 36,657               | 33,024               | 69,681               | 24,713                  | 94,394               |
| Administrative Expenses.....   | 26,454               | 4,556                | 31,010               | -                       | 31,010               |
| Transfers to Other Funds.....  | 3,639                | 5,361                | 9,000                | -                       | 9,000                |
| <b>Total Deductions.....</b>   | <b>\$ 1,549,069</b>  | <b>\$ 42,941</b>     | <b>\$ 1,592,010</b>  | <b>\$ 24,713</b>        | <b>\$ 1,616,723</b>  |
| <b>Net Increase.....</b>   | <b>\$ 3,436,295</b>  | <b>\$ 98,647</b>     | <b>\$ 3,534,942</b>  | <b>\$ 241,993</b>       | <b>\$ 3,776,935</b>  |
| <b>Net Assets Held in Trust for Pension Benefits, Beginning.....</b> | <b>\$ 35,960,404</b> | <b>\$ 687,904</b>    | <b>\$ 36,648,308</b> | <b>\$ 184,997</b>       | <b>\$ 36,833,305</b> |
| <b>Net Assets Held in Trust for Pension Benefits, Ending.....</b>    | <b>\$ 39,396,699</b> | <b>\$ 786,551</b>    | <b>\$ 40,183,250</b> | <b>\$ 426,990</b>       | <b>\$ 40,610,240</b> |

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

**UNIVERSITY OF MINNESOTA**  
**STATEMENT OF CHANGES IN FUND BALANCES - CONSOLIDATED TOTALS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|  | CONSOLIDATED<br>TOTALS |
|--|------------------------|
| Revenues and Other Additions:                            |                        |
| Unrestricted Revenues.....                               | \$ 663,708             |
| Federal Appropriations.....                              | 16,178                 |
| Transfers from Primary Government.....                   | 643,682                |
| Federal Grants and Contracts.....                        | 256,465                |
| State Grants and Contracts.....                          | 43,630                 |
| Other Government Grants and Contracts.....               | 6,778                  |
| Private Gifts, Grants, and Contracts.....                | 215,582                |
| Endowment Income.....                                    | 11,137                 |
| Investment Income.....                                   | 11,191                 |
| Realized Gains and Adjustments to Market Value, Net..... | 91,177                 |
| Student Loan Interest.....                               | 1,867                  |
| Expended for Plant Facilities.....                       | 230,083                |
| Retirement of Indebtedness.....                          | 5,094                  |
| Other Additions.....                                     | 7,804                  |
|  | <u>7,804</u>           |
| Total Revenues and Other Additions.....                  | <u>\$ 2,204,376</u>    |
| Expenditures and Other Deductions:                       |                        |
| Education and General.....                               | \$ 1,578,263           |
| Auxiliary Enterprises.....                               | 148,036                |
| Indirect Costs Recovered.....                            | 55,391                 |
| Adjustments to Carrying Value of Loans.....              | 304                    |
| Administrative and Collection Costs.....                 | 611                    |
| Expended for Plant Facilities.....                       | 164,119                |
| Transfer to Primary Government.....                      | 5,647                  |
| Retirement of Indebtedness.....                          | 612                    |
| Debt Incurred.....                                       | 7,956                  |
| Interest on Indebtedness.....                            | 17,432                 |
| Depreciation of Investment in Plant.....                 | 111,900                |
| Disposal of Plant.....                                   | 7,123                  |
|  | <u>7,123</u>           |
| Total Expenditures and Other Deductions.....             | <u>\$ 2,097,394</u>    |
| Net Increase for the Year .....                          | <u>\$ 106,982</u>      |
| Fund Balance, Beginning, as Reported.....                | \$ 2,105,557           |
| Change in Accounting Principle.....                      | (40,702)               |
|  | <u>(40,702)</u>        |
| Fund Balance, Beginning, as Restated.....                | <u>\$ 2,064,855</u>    |
| Fund Balance, Ending.....                                | <u>\$ 2,171,837</u>    |

The notes are an integral part of the financial statements.

**STATE OF MINNESOTA**

**UNIVERSITY OF MINNESOTA  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|  | UNRESTRICTED        | RESTRICTED        | TOTAL               |
|--|---------------------|-------------------|---------------------|
| <b>Revenues and Transfers from Primary Government:</b>           |                     |                   |                     |
| Tuition and Fees.....  | \$ 279,083          | \$ -              | \$ 279,083          |
| Federal Appropriations.....                                      | -                   | 16,153            | 16,153              |
| Transfers from Primary Government.....                           | 501,950             | 77,268            | 579,218             |
| Federal Grants and Contracts.....                                | 48,145              | 206,164           | 254,309             |
| State Grants and Contracts.....                                  | 540                 | 48,886            | 49,426              |
| Other Government Grants and Contracts.....                       | 75                  | 4,160             | 4,235               |
| Private Gifts, Grants and Contracts.....                         | 15,082              | 211,561           | 226,643             |
| Endowment Income.....  | 87                  | 11,100            | 11,187              |
| Investment Income.....   | 27,772              | 1,434             | 29,206              |
| Realized Gains and Adjustments to Market Value, Net.....         | (1,480)             | (66)              | (1,546)             |
| Sales and Services of Educational Activities.....                | 98,074              | -                 | 98,074              |
| Sales and Services of Auxiliary Enterprises.....                 | 196,330             | -                 | 196,330             |
| <b>Total Revenues and Transfers from Primary Government.....</b> | <b>\$ 1,165,658</b> | <b>\$ 576,660</b> | <b>\$ 1,742,318</b> |
| <b>Expenditures and Mandatory Transfers:</b>                     |                     |                   |                     |
| <b>Education and General:</b>                                    |                     |                   |                     |
| Instruction.....   | \$ 365,980          | \$ 82,030         | \$ 448,010          |
| Research.....  | 60,090              | 281,424           | 341,514             |
| Public Service.....  | 32,982              | 112,816           | 145,798             |
| Academic Support.....  | 164,988             | 38,569            | 203,557             |
| Student Services.....  | 57,190              | 5,299             | 62,489              |
| Institutional Support.....                                       | 156,736             | 3,933             | 160,669             |
| Operation and Maintenance of Plant.....                          | 124,379             | 303               | 124,682             |
| Scholarship and Fellowships.....                                 | 40,753              | 50,791            | 91,544              |
| <b>Education and General Expenditures.....</b>                   | <b>\$ 1,003,098</b> | <b>\$ 575,165</b> | <b>\$ 1,578,263</b> |
| <b>Mandatory Transfers for:</b>                                  |                     |                   |                     |
| Principal and Interest.....                                      | \$ 5,449            | \$ 38             | \$ 5,487            |
| Student Aid Matching.....  | 732                 | (588)             | 144                 |
| <b>Total Education and General.....</b>                          | <b>\$ 1,009,279</b> | <b>\$ 574,615</b> | <b>\$ 1,583,894</b> |
| <b>Auxiliary Enterprises:</b>                                    |                     |                   |                     |
| Expenditures.....  | \$ 145,991          | \$ 2,045          | \$ 148,036          |
| <b>Mandatory Transfers for:</b>                                  |                     |                   |                     |
| Principal and Interest.....                                      | 1,106               | -                 | 1,106               |
| Renewals and Replacements.....                                   | 144                 | -                 | 144                 |
| <b>Total Auxiliary Enterprises.....</b>                          | <b>\$ 147,241</b>   | <b>\$ 2,045</b>   | <b>\$ 149,286</b>   |
| <b>Total Current Expenditures and Mandatory Transfers.....</b>   | <b>\$ 1,156,520</b> | <b>\$ 576,660</b> | <b>\$ 1,733,180</b> |
| <b>Other Transfers, Additions (Deductions):</b>                  |                     |                   |                     |
| Excess of Restricted Additions Over Expenditures.....            | \$ -                | \$ (3,668)        | \$ (3,668)          |
| Refunded to Grantors.....  | -                   | (2,695)           | (2,695)             |
| Nonmandatory Transfers.....                                      | (53,050)            | 3,850             | (49,200)            |
| <b>Total Other Transfers, Additions (Deductions).....</b>        | <b>\$ (53,050)</b>  | <b>\$ (2,513)</b> | <b>\$ (55,563)</b>  |
| <b>Net Increase (Decrease) for the Year.....</b>                 | <b>\$ (43,912)</b>  | <b>\$ (2,513)</b> | <b>\$ (46,425)</b>  |

The notes are an integral part of the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 1999

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 state's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose, specific financial burdens on the state. As required by GAAP, these financial statements include the state of Minnesota (the primary government) and its component units.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Higher Education Facilities Authority.** The governor appoints a majority of the board. The Authority can issue revenue bonds and notes in its name. The state has no statutory authority to affect the operations of the Authority.
- **Joint Underwriting Association.** The governor appoints a majority of each board. The board establishes the operating plan and determines premium rates and assessments. Membership in the associations is a condition for doing business in the state.
- **Medical Malpractice Joint Underwriting Association.** The governor appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments. Membership in the association is a condition for doing business in the state.
- **Metropolitan Airports Commission.** The governor appoints a majority of the voting commissioners. The state has no statutory authority to directly affect the commission's activities and operations. Holders of the commission's debt instruments have no recourse against the state.
- **State Fund Mutual Insurance Company.** The governor appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments.
- **Workers' Compensation Reinsurance Association.** The governor appoints a majority of the board. The association supports itself solely from revenues derived from premiums charged to its members. The state has no authority to affect the operations of the association.

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.

State Lottery  
2645 Long Lake Road  
Roseville, Minnesota 55113

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

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

State Board of Investment  
Capital Professional Office Building  
590 Park Street, Suite 200  
St. Paul, Minnesota 55155

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

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

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



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

*Revenues.* Individual income, sales and unemployment compensation taxes and federal grants are the major revenue sources susceptible to accrual. Tax revenues are recognized in the period they become both measurable and available to finance expenditures of the current period. *Measurable* means that taxpayer liability is supported by sufficient documentation and can be reasonably estimated. *Available* means the revenue is collectible by the close of the books in September. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the claim is received and the state's liability is measurable. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are 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.

Taxpayer assessed revenues are recognized in accordance with GASB Statement 22, "Accounting for Taxpayer Assessed Tax Revenues". This principle requires that revenues are recognized in the accounting period in which they become susceptible to accrual. These tax revenues include sales, income, gasoline, medical providers and miscellaneous taxes, which are accrued in the fiscal period when they become both measurable and available to finance expenditures.

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

*Encumbrances.* Encumbrance accounting is used for budgetary control and reporting purposes only. In the financial statements, encumbrances are recorded 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 10.

*College and university type.* 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' audit guide, Audits of Colleges and Universities and guidelines suggested by the National Association of College and University Business Officers. Under these standards, two types of operating statements are prepared, which should not be combined with governmental or proprietary statements. Only the combined totals are presented for the statement of revenues, expenses and changes in fund balance.

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

### **Grant Expenditures and Liabilities Recognition**

Grants are contributions of cash or other assets by the state to other governmental units, individuals or non-governmental organizations. Because the state does not receive a direct service for grant payments, the GAAP requirement that expenditures and liabilities be recognized at the point goods and services are received is not relevant for grants. Therefore, it is 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 are 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 the

services provided or the 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 the 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. Cash management pools and money market funds that are used essentially as demand deposit accounts are also included in cash equivalents.

Investments are reported at fair value. The basis for determining the fair value of investments that are not based on market quotations includes analysis of future cash flows, audited financial statements and independent appraisals.

### **Inventories**

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

### **Restricted Assets**

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

### **Fixed Assets**

*Governmental Fund Types.* Fixed assets for these funds are reported in the General Fixed Assets Account Group. General fixed assets are recorded at cost or, for donated assets, at fair value at the date of acquisition. An inventory of land and buildings for the general fixed assets was completed in 1985. Historical cost records for older fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used in these situations. Tax forfeited land is not included in land inventory because the state does not take permanent title; when the land is sold, proceeds are distributed to local jurisdictions. Public domain (infrastructure) general fixed assets, such as highways, curbs, bridges and lighting systems, are not capitalized. Depreciation is not provided on the general fixed assets nor is interest capitalized during construction.

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

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

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

Depreciation reported on the Statement of Cash Flows exceeds 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, closure and postclosure care for landfills, workers compensation claims and arbitrage rebate requirements (see Note 7).

### **Deferred Costs**

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

### **Deferred Compensation Plan**

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. The State Board of Investment (SBI) and two insurance companies manage investments. The portion of the plan where participants have selected investment options provided by the two insurance companies is excluded from the state's financial statements because the funds are not under the state's control. The portion of the plan where participants have selected investment options provided by SBI is accounted for in the State Deferred Compensation Fund, an expendable trust fund, with its investments reported at fair value.

Under this plan, compensation is deferred for income tax purposes in accordance with Section 457 and is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with state statute, effective July 1, 1997, contributions are held for the exclusive benefit of the participants and their beneficiaries. These amounts will be held in trust, in custodial accounts or in qualifying contracts as required by federal law. The state is not liable for any investment losses under the plan, but does have the duty of due care of a prudent investor where SBI manages the investments.

Effective July 1, 1999, this plan will be administered by Great West Life and Annuity.

### **Budgeting and Budgetary Control**

Minnesota operates on a two-year (biennial) budget cycle ending on June 30 of odd-numbered years. Appropriations in the biennial budget are usually for a single year; however, where specified, single year appropriations are available for either year of the biennium. The governor's budget for the biennium is developed by the Department of Finance and presented to the legislature for approval. Specific

appropriations are required for all expenditures from the General Fund and all special revenue funds except the Federal, Maximum Effort School Loan, 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, the amount that 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 notifying the governor and legislative leadership, department heads are permitted to revise budgets by transferring amounts between programs in their departments.

It is standard practice for unencumbered appropriation balances to cancel to the fund at the end of the fiscal year. However, if specifically provided for in law, or if statutory authority is invoked by the agency, the unencumbered balance may be carried forward between fiscal years. The budget and the state accounting system are maintained essentially on a cash basis with the exception that, at year end, encumbered amounts are included in the expenditures of the year appropriated for budgetary reporting. The accounting system controls expenditures by appropriation line item as established in the legally adopted appropriation bills. There are no instances where expenditures exceed the authorized limits at the legal level of budgetary control. A separate report showing the detail of legal level of control and actual expenditures is available from the Department of Finance.

#### **Memorandum Only Totals Column**

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

## **2. CASH AND INVESTMENTS**

### **Cash and Cash Equivalents**

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

The following table summarizes the state's cash and cash equivalents (in thousands), including amounts reported as restricted assets at December 31, 1998 or June 30, 1999, whichever is applicable. Cash with the U.S. Treasury is available for the cash demands of the Reemployment Insurance Fund (expendable trust fund).

| <u>Carrying Amount</u>           | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|----------------------------------|-------------------------------|----------------------------|
| Cash in Bank                     | \$ 44,888                     | \$ 1,332                   |
| Cash on Hand and Imprest Cash    | 3,114                         | 9,200                      |
| Cash with Fiscal Agent           | 4,379                         | -                          |
| Cash with U.S. Treasury          | 621,651                       | -                          |
| Cash Equivalents:                |                               |                            |
| Cash Management Investment Pools | 9,953,937                     | 94,340                     |
| Other                            | <u>106,540</u>                | <u>1,794,577</u>           |
| Total Cash and Cash Equivalents  | <u>\$ 10,734,509</u>          | <u>\$ 1,899,449</u>        |

## **Deposits**

At June 30, 1999, the primary government's bank balance was \$57,774,000. For component units at December 31, 1998 or June 30, 1999, whichever is applicable, the bank balances were \$16,961,000. These bank balances were adjusted by items in transit to arrive at the state's cash in bank balance. The bank balances were fully covered by federal depository insurance or collateral held by the state's agent in the state's name or held by the component unit in the component unit's name (lowest risk category). Minnesota Statutes, Section 9.031 requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amount and the fair value of the collateral.

## **Investments**

The majority 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. The state has invested in derivatives. The risks and exposure of these investments at June 30, 1999 cannot be determined.

The state statutes do not prohibit Minnesota from participating in securities lending transactions, and Minnesota has, by way of a Custodial Trust Agreement, authorized State Street Bank and Trust Company (State Street) to act as agent in lending the Minnesota's securities to broker-dealers and banks pursuant to a form of loan agreement.

During the fiscal year, State Street lent on behalf of Minnesota certain securities held by State Street as custodian and received cash (both United States and foreign currency) and securities issued or guaranteed by the United States government, sovereign debt of foreign countries and irrevocable bank letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities absent borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than one hundred percent (100%) of the fair value of the loaned securities.

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

During the fiscal year, Minnesota and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in the Minnesota State Board of Investments Fund, a separately managed vehicle. As of June 30, 1999, the investment pool had an average duration of 75 days and an average weighted maturity of 434 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 1999, Minnesota had no credit risk exposure to borrowers. The collateral held and the fair value of securities on loan for Minnesota as of June 30, 1999 were \$4,184,333,000 and \$4,066,935,000 respectively.

Primary Government - Investments at June 30, 1999  
(in thousands)

| Investment Type                         | Fair Value                  |
|---|-----------------------------|
| Repurchase Agreements                   | \$ 90,034                   |
| Commercial Paper                        | 4,515,155                   |
| Short Term Corporate Notes              | 7,770                       |
| U.S. Treasury Obligations               | 2,027,433                   |
| Mortgaged Backed                        | 5,480,441                   |
| Corporate Obligations                   | 4,457,567                   |
| Foreign & Other Obligations             | 398,820                     |
| Corporate Stocks                        | 27,858,803                  |
| Other Equity                            | 2,039,419                   |
| Total Investments in Risk Category 1    | <u>\$ 46,875,442</u>        |
| Trustee Managed Pools (not categorized) | <u>3,524,721</u>            |
| Total Investments                       | <u><u>\$ 50,400,163</u></u> |

Component Units - Investments at June 30, 1999 or December 31, 1998  
(in thousands)

| Investment Type   | Risk Category              |                    |                        | Fair Value                |
|---|----------------------------|--------------------|------------------------|---------------------------|
|   | 1                          | 2                  | 3                      |                           |
| Repurchase Agreements                                   | \$ 82,342                  | \$ -               | \$ -                   | \$ 82,342                 |
| Commercial Paper  | 454,473                    | -                  | -                      | 454,473                   |
| Short Term Corporate Notes                              | 63,550                     | -                  | -                      | 63,550                    |
| U.S. Treasury Obligations                               | 695,431                    | -                  | 84,041                 | 779,472                   |
| Mortgaged Backed  | 461,523                    | -                  | -                      | 461,523                   |
| Corporate Obligations                                   | 1,024,544                  | -                  | -                      | 1,024,544                 |
| Municipal & Other Obligations                           | 138,520                    | -                  | -                      | 138,520                   |
| Corporate Stocks  | 689,479                    | -                  | -                      | 689,479                   |
| Other Equity  | 77,245                     | -                  | -                      | 77,245                    |
| Total Investments                                       | <u>\$ 3,687,107</u>        | <u>\$ -</u>        | <u>\$84,041</u>        | <u>\$3,771,148</u>        |
| Trustee Managed Pool/<br>Mutual Funds (not categorized) | -                          | -                  | -                      | 529,825                   |
| Total Investments                                       | <u><u>\$ 3,687,107</u></u> | <u><u>\$ -</u></u> | <u><u>\$84,041</u></u> | <u><u>\$4,300,973</u></u> |

Funds not invested by MSBI are primarily enterprise type funds. Investments for these funds must also conform to the above statute and may be further restricted by bond indentures.

The investment table above shows the state's risk category 1 and other investments, including cash equivalents, at their carrying and fair 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 counter party's trust department or agent in the component unit's name. Neither the primary government nor the component units have investments in risk category 2. Investments in risk category 3 include uninsured and unregistered securities held by the counter party or by its trust department or agent, but not in the component unit's name. The primary government has no investments in risk category 3.

### 3. CAMBRIDGE BANK LITIGATION FUNDS

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

The General Fund, as presented herein, includes the Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund, which were established and maintained in the state treasury and on the state's books and records as a separate Special Revenue Fund, pursuant to Minnesota Statutes, Section 16A.67. The Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund were established by the Commissioner of Finance's order dated May 1, 1996, which was entitled "Order of the Minnesota Commissioner of Finance for Issuance and Sale of \$200,000,000 State Revenue Bonds, Series 1996A" (the "Order") and are required to be maintained until the State Revenue Bonds, Series 1996A, and any other revenue bonds hereafter issued and made payable from the Cambridge Litigation Revenue Bond Fund (the "Revenue Bonds") are paid or discharged in accordance with the Order. The Cambridge Litigation Revenue Fund is used to record receipts of certain non-tax revenues (comprising departmental earnings, medical payments and non-dedicated lottery revenues, all as defined in the Order), revenue bond proceeds and investment earnings, and the disbursement of revenue bond proceeds to pay costs of a judgment against the state and related claims described below, and the transfer of revenues and investment earnings first to the Cambridge Litigation Revenue Bond Debt Service Fund to pay debt service on the revenue bonds, and second to the General Fund to pay costs of state government.

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

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

For the fiscal year ended June 30, 1999, the funding received by and transferred from the Cambridge Litigation Revenue Fund, including revenues, investment earnings and the moneys received by and disbursed from the Cambridge Litigation Revenue Bond Fund, were as follows (in thousands):

Cambridge Litigation Revenue Fund and  
Cambridge Litigation Revenue Bond Fund

|  |                  |
|--|------------------|
| Net Revenues:  |                  |
| License and Fees   | \$ 99,532        |
| Care & Hospitalization   | 75,815           |
| Department Services  | 36,423           |
| Penalties & Fines  | 5,165            |
| Investment/Interest Income   | <u>472</u>       |
| Net Revenues   | \$ 217,407       |
| Other Financing Sources (Uses):  |                  |
| Operating Transfers  | \$ 31,697        |
| Transfers to Debt Service<br>and General Fund                                    | <u>(241,546)</u> |
| Net Other Financing Sources (Uses)   | \$ (209,849)     |
| Excess of Revenues and Other Sources<br>Over (Under) Expenditures and Other Uses | <u>\$ 7,558</u>  |

The 1997 legislature appropriated \$16,600,000 from the General Fund to pay any additional claims. The total remaining claims are estimated to be \$4,000,000 for the General Fund as of June 30, 1999. No additional claims are expected to be paid from the Cambridge Litigation Revenue Bond Fund. The principal and interest on claims paid during fiscal year 1999 totaled \$2,196,000 and \$2,704,000 respectively.

The Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund, while maintained and administered as separate funds on the official books and records of the state as covenanted and agreed in the Order, have been presented as part of the General Fund for financial reporting purposes for the following reasons. First, the purpose for which the revenue bonds were issued is to fund a portion of the judgment entered against the state in Cambridge State Bank vs. James, 514 N.W.2d 565 (Minn. 1994) and related claims, wherein the Minnesota Supreme Court held that certain banks were entitled to a refund of taxes paid on income from federal obligations. The judgment and related claims are obligations of the General Fund and have been recorded as an accrued liability in the General Long-Term Obligation Account Group. Second, the revenues appropriated to the Cambridge Litigation Revenue Fund, prior to the establishment of the Cambridge Litigation Revenue Fund, have been revenues of the General Fund. Third, revenues appropriated to the Cambridge Litigation Revenue Fund, which are not required to be transferred to the Cambridge Litigation Revenue Bond Debt Service Fund to pay debt service on the Revenue Bonds, are required to be and have been transferred to the General Fund, and once so transferred, are available only for General Fund purposes.



4. INTERFUND ACTIVITY

**Primary Government**

Interfund receivables and payables at June 30, 1999 of the primary government, including current portion of interfund advances, are summarized as follows (in thousands):

| Primary Government                   |             |            |                                   |             |            |
|--------------------------------------|-------------|------------|-----------------------------------|-------------|------------|
| Fund                                 | Receivables | Payables   | Fund                              | Receivables | Payables   |
| General Fund:                        | \$ 83,320   | \$ 44,145  | Fiduciary Funds:                  |             |            |
| Special Revenue Funds:               |             |            | Pension Trust Funds:              |             |            |
| Trunk Highway                        | \$ 37,365   | \$ -       | Defined Benefit Pension Funds:    |             |            |
| Highway User Tax Distribution        | -           | 65,106     | Public Employees Retirement       | \$ 1,027    | \$ 27      |
| Federal                              | 12,975      | 27,273     | Police and Fire                   | 36          | 738        |
| Maximum Effort School Loan           | -           | 2,189      | Police and Fire Consolidation     | 1           | 232        |
| Natural Resources                    | 3,170       | -          | State Employees Retirement        | 1,083       | 373        |
| Health Care Access                   | -           | 7,300      | State Patrol Retirement           | -           | 64         |
| Solid Waste                          | -           | 10,752     | Correctional Employees Retirement | 308         | 148        |
| Miscellaneous Special Revenue        | 15,263      | 4,816      | Judicial Retirement               | -           | 31         |
| Total Special Revenue Funds          | \$ 68,773   | \$ 117,436 | Elective State Officers           | 203         | 1          |
| Capital Projects Funds:              |             |            | Legislative Retirement            | 7,064       | 38         |
| General Projects                     | \$ -        | \$ 18,620  | Defined Contribution Fund:        |             |            |
| Transportation                       | -           | 16         | Unclassified Employees Retirement | 84          | 125        |
| Building                             | -           | 2,913      | Public Employees Retirement       | -           | 67         |
| Total Capital Projects Funds         | \$ -        | \$ 21,549  | Nonexpendable Trust Funds:        |             |            |
| Debt Service Fund:                   | \$ 16,727   | \$ -       | Permanent School                  | -           | 9,040      |
| Enterprise Funds:                    |             |            | Environment & Natural Resources   | 4,789       | 1,958      |
| College & University Enterprise Act. | \$ 60       | \$ -       | Expendable Trust Funds:           |             |            |
| State Operated Community Services    | 4,230       | -          | Municipal State-Aid Street        | 6,946       | -          |
| State Lottery                        | -           | 14,551     | County State-Aid Highway          | 23,655      | -          |
| State College & Universities Revenue | 740         | -          | Endowment School                  | 4,410       | -          |
| Private Employers Insurance          | -           | -          | Endowment                         | 99          | 40         |
| Enterprise Activities                | 28          | -          | Environment & Natural Resources   | 1,958       | 63         |
| Total Enterprise Funds               | \$ 5,058    | \$ 14,551  | Reemployment Insurance            | -           | 9,613      |
| Internal Service Funds:              |             |            | State Deferred Compensation       | -           | 695        |
| State Printer                        | \$ 28       | \$ -       | Agency Funds:                     |             |            |
| Central Motor Pool                   | -           | 640        | Miscellaneous Agency              | 3,293       | 7,232      |
| Central Services                     | -           | 56         | Total Fiduciary Funds             | \$ 54,956   | \$ 30,485  |
| Total Internal Service Funds         | \$ 28       | \$ 696     | Total Primary Government          | \$ 228,862  | \$ 228,862 |

The noncurrent portion of interfund advances for the primary government at June 30, 1999 are summarized as follows (in thousands):

|                             | Advances<br>to Other<br>Funds | Advances<br>from Other<br>Funds |
|-----------------------------|-------------------------------|---------------------------------|
| General Fund                | \$ 3,100                      | \$ -                            |
| Special Revenue Funds:      |                               |                                 |
| Health Care Access          | 740                           | -                               |
| Internal Service Funds:     |                               |                                 |
| Central Motor Pool          | -                             | 3,100                           |
| Enterprise Funds:           |                               |                                 |
| Private Employers Insurance | -                             | 740                             |
| Total All Funds             | <u>\$ 3,840</u>               | <u>\$ 3,840</u>                 |

During the year ended June 30, 1999, the advance from the Health Care Access Fund (special revenue fund) to the Private Employers Insurance Fund (enterprise fund) was written down by \$150,000 to \$740,000. The Private Employers Insurance Fund is discontinuing the full operation of the Minnesota Employees Insurance Program, which provides the income for the fund.

### Component Units

Interfund receivables and payables at June 30, 1999 within component units and between the primary government and component units are summarized as follows (in thousands):

| Fund                              | Component Units  |                  |
|-----------------------------------|------------------|------------------|
|                                   | Receivables      | Payables         |
| Governmental Funds:               |                  |                  |
| Metropolitan Council              | \$ 12,372        | \$ 26,358        |
| Proprietary Funds:                |                  |                  |
| Metropolitan Council-Unrestricted | 934              | 8,192            |
| Metropolitan Council-Restricted   | 21,244           | -                |
| Totals                            | <u>\$ 34,550</u> | <u>\$ 34,550</u> |

### Primary Government and Component Units

| Fund  | Due from<br>Primary<br>Government | Due to<br>Primary<br>Government |
|---|-----------------------------------|---------------------------------|
| Component Units                             |                                   |                                 |
| Governmental Funds:                         |                                   |                                 |
| Public Facilities Authority                 | \$ 20,500                         | \$ -                            |
| Proprietary Funds:                          |                                   |                                 |
| Workers' Compensation<br>Assigned Risk Plan | -                                 | 4,757                           |
| College and University Funds:               |                                   |                                 |
| University of Minnesota                     | 128,331                           | 45,685                          |
| Total Component Units                       | <u>\$ 148,831</u>                 | <u>\$ 50,442</u>                |
| Primary Government                          |                                   |                                 |
| Governmental Funds:                         |                                   |                                 |
| General Fund                                | \$ -                              | \$ 127,562                      |
| Health Care Access                          | -                                 | 769                             |
| Building Fund                               | -                                 | 20,500                          |
| Total Primary Government                    | <u>\$ -</u>                       | <u>\$ 148,831</u>               |
| Total                                       | <u>\$ 148,831</u>                 | <u>\$ 199,273</u>               |

Due to primary government exceeds the due from component units by \$50,442,000. An amount of \$45,685,000 is because of the University of Minnesota's unmatured long-term debt being included in the Long-Term Debt Account Group, which the state cannot recognize as a receivable. The remaining difference of \$4,757,000 results from the Workers' Compensation Assigned Risk Plan having a different fiscal year end than the primary government.

Transfers-out to component units exceeds transfers-in from primary government by \$27,929,000. Of this amount, \$4,561,000, \$4,158,000, \$13,173,000 and \$6,037,000 were reported as transfers-out to component units in the General Fund, Trunk Highway Fund (special revenue fund), General Project Fund and Building Fund (capital project funds), respectively. The \$27,929,000 was recorded as contributed capital in the Public Facilities Authority Fund (proprietary fund type).

Residual equity transfers-out exceed similar transfers-in by \$21,060,000 because of differing reporting focuses for proprietary and governmental fund types. These residual equity transfers from governmental fund types are reported as part of the increase to contributed capital in the proprietary funds.

#### 5. LOANS, NOTES AND FINANCING LEASES RECEIVABLE

Loans, notes and financing leases receivable, net of allowances for possible losses, as of June 30, 1999, consisted of the following (in thousands):

|                      | <u>General</u>  | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Enterprise</u> | <u>Fiduciary</u> |
|----------------------|-----------------|----------------------------|-----------------------------|-------------------|------------------|
| Student Loan Program | \$ 180          | \$ -                       | \$ -                        | \$ 34,803         | \$ -             |
| Economic Development | 337             | 19,301                     | 36,395                      | -                 | 22,850           |
| School Districts     | -               | 14,221                     | -                           | -                 | -                |
| Energy               | -               | 3,411                      | 9,959                       | -                 | -                |
| Agricultural         | 4,721           | 25,493                     | 1,756                       | -                 | -                |
| Transportation       | -               | 21,387                     | -                           | -                 | -                |
| Resources            | 2,248           | 7,475                      | 68                          | -                 | -                |
| Other                | -               | 1,269                      | 20                          | -                 | -                |
| Total                | <u>\$ 7,486</u> | <u>\$ 92,557</u>           | <u>\$ 48,198</u>            | <u>\$ 34,803</u>  | <u>\$ 22,850</u> |

|  | <u>Component Units</u> |                   |
|--|------------------------|-------------------|
|  | <u>Non-restricted</u>  | <u>Restricted</u> |
| Metropolitan Council (Governmental)            | \$ 15,461              | \$ -              |
| Agricultural and Economic Development Board    | 31,542                 | -                 |
| Rural Finance Authority                        | 50,335                 | -                 |
| Housing Finance Authority                      | 1,730,678              | -                 |
| Higher Education Services Office (Proprietary) | 217,414                | -                 |
| University of Minnesota                        | 63,190                 | -                 |
| Public Facilities Authority (Proprietary)      | -                      | 560,166           |
| Total  | <u>\$ 2,108,620</u>    | <u>\$ 560,166</u> |

6. FIXED ASSETS

**Primary Government**

Summary of Changes in General Fixed Assets  
(in thousands)

|                          | <u>Beginning Balances</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Completed Construction</u> | <u>Other Adjustments</u> | <u>Ending Balances</u> |
|--------------------------|---------------------------|-------------------|-------------------|-------------------------------|--------------------------|------------------------|
| Land                     | \$ 306,186                | \$ 15,303         | \$ 103            | \$ -                          | \$ 972                   | \$ 322,358             |
| Buildings                | 1,931,550                 | 10                | 1,695             | 174,860                       | (3,228)                  | 2,101,497              |
| Equipment                | 443,187                   | 42,056            | 86,984            | -                             | 61,282                   | 459,541                |
| Construction in Progress | 215,086                   | 155,662           | -                 | (174,860)                     | 33,309                   | 229,197                |
| Total                    | <u>\$ 2,896,009</u>       | <u>\$ 213,031</u> | <u>\$ 88,782</u>  | <u>\$ -</u>                   | <u>\$ 92,335</u>         | <u>\$ 3,112,593</u>    |

Governmental and expendable trust funds' capital outlay expenditures totaled \$639,999,000 for fiscal year 1999. Of this amount, \$440,244,000 was for infrastructure fixed assets, which are not included in general fixed assets. Donations of general fixed assets received during fiscal year 1999 are valued at \$13,276,000.

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1999 consisted of equipment costing \$77,266,000 and buildings costing \$1,781,000.

Authorizations and commitments as of June 30, 1999 for the largest construction in progress projects consisted of the following (in thousands):

|                                | <u>Administration Projects</u> | <u>Educational Buildings</u> | <u>Iron Range Resources</u> | <u>Military Affairs</u> | <u>Corrections Facilities</u> | <u>Human Services</u> |
|--------------------------------|--------------------------------|------------------------------|-----------------------------|-------------------------|-------------------------------|-----------------------|
| Authorization                  | \$ 74,875                      | \$ 138,525                   | \$ 2,074                    | \$ 3,319                | \$ 4,725                      | \$ 49,822             |
| Expended through June 30, 1999 | 74,742                         | 71,361                       | 950                         | 988                     | 4,115                         | 45,231                |
| Unexpended Commitment          | -                              | 12                           | -                           | -                       | -                             | -                     |
| Available Authorization        | <u>\$ 133</u>                  | <u>\$ 67,152</u>             | <u>\$ 1,124</u>             | <u>\$ 2,331</u>         | <u>\$ 610</u>                 | <u>\$ 4,591</u>       |

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, 1999 (in thousands):

|                                | <u>Enterprise Funds</u> | <u>Internal Service Funds</u> | <u>Fiduciary Funds</u> | <u>Combined Totals</u> |
|--------------------------------|-------------------------|-------------------------------|------------------------|------------------------|
| Land                           | \$ 788                  | \$ -                          | \$ 15,404              | \$ 16,192              |
| Buildings                      | 112,481                 | -                             | -                      | 112,481                |
| Land and Building Improvements | 54,279                  | 6,610                         | -                      | 60,889                 |
| Equipment                      | 28,045                  | 100,821                       | 3,272                  | 132,138                |
| Total                          | <u>\$ 195,593</u>       | <u>\$ 107,431</u>             | <u>\$ 18,676</u>       | <u>\$ 321,700</u>      |
| Less: Accumulated Depreciation | <u>104,484</u>          | <u>72,998</u>                 | <u>975</u>             | <u>178,457</u>         |
| Net Total                      | <u>\$ 91,109</u>        | <u>\$ 34,433</u>              | <u>\$ 17,701</u>       | <u>\$ 143,243</u>      |

Land in the Permanent School Fund (nonexpendable trust fund) totaling 2,509,227 acres were donated by the federal government and was valued at the estimated fair value at the time of donation.

## Component Units

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

|                                | Governmental Type    |                                   |                                  | Proprietary Type       |                             |                      |                                   | College and University Type      |                         | Combined Totals |
|--------------------------------|----------------------|-----------------------------------|----------------------------------|------------------------|-----------------------------|----------------------|-----------------------------------|----------------------------------|-------------------------|-----------------|
|                                | Metropolitan Council | Minnesota Technology Incorporated | Higher Education Services Office | Housing Finance Agency | Public Facilities Authority | Metropolitan Council | National Sports Center Foundation | Higher Education Services Office | University of Minnesota |                 |
| Land                           | \$ -                 | \$ -                              | \$ -                             | \$ -                   | \$ -                        | \$ 26,996            | \$ 174                            | \$ -                             | \$ 33,754               | \$ 60,924       |
| Buildings and Improvements     | -                    | -                                 | -                                | -                      | -                           | 1,493,976            | 278                               | -                                | 1,704,141               | 3,198,395       |
| Equipment                      | 13,909               | 2,518                             | 757                              | 2,410                  | 2                           | 306,972              | 411                               | 193                              | 563,508                 | 890,680         |
| Other Fixed Assets             | -                    | -                                 | -                                | -                      | -                           | -                    | -                                 | -                                | 158,505                 | 158,505         |
| Total                          | \$ 13,909            | \$ 2,518                          | \$ 757                           | \$ 2,410               | \$ 2                        | \$ 1,827,944         | \$ 863                            | \$ 193                           | \$ 2,459,908            | \$ 4,308,504    |
| Less: Accumulated Depreciation | -                    | 2,047                             | 490                              | 1,380                  | -                           | 671,487              | 342                               | 112                              | 1,191,235               | 1,867,093       |
| Total                          | \$ 13,909            | \$ 471                            | \$ 267                           | \$ 1,030               | \$ 2                        | \$ 1,156,457         | \$ 521                            | \$ 81                            | \$ 1,268,673            | \$ 2,441,411    |

## 7. GENERAL LONG-TERM OBLIGATIONS

### Primary Government

A summary of general long-term obligations at June 30, 1999 and the changes during fiscal year 1999 are as follows (in thousands):

|                          | Beginning Balances | Increases  | Decreases  | Ending Balances |
|--------------------------|--------------------|------------|------------|-----------------|
| Liabilities for:         |                    |            |            |                 |
| General Obligation Bonds | \$ 2,506,939       | \$ 299,700 | \$ 422,444 | \$ 2,384,195    |
| Loans                    | 15,723             | -          | 5,241      | 10,482          |
| Revenue Bonds            | 132,825            | -          | 24,260     | 108,565         |
| Claims                   | 385,790            | 102,533    | 196,278    | 292,045         |
| Compensated Absences     | 254,774            | 10,289     | -          | 265,063         |
| Workers Compensation     | 113,732            | 15,164     | 12,761     | 116,135         |
| Capital Leases           | 18,313             | 6,954      | 6,172      | 19,095          |
| Arbitrage Liabilities    | 840                | -          | 10         | 830             |
| Totals                   | \$ 3,428,936       | \$ 434,640 | \$ 667,166 | \$ 3,196,410    |

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

|                          | General Fund | Special Revenue Funds | Total        |
|--------------------------|--------------|-----------------------|--------------|
| Liabilities for:         |              |                       |              |
| General Obligation Bonds | \$ 2,264,243 | \$ 119,952            | \$ 2,384,195 |
| Loans                    | -            | 10,482                | 10,482       |
| Revenue bonds            | 104,660      | 3,905                 | 108,565      |
| Claims                   | 110,656      | 181,389               | 292,045      |
| Compensated Absences     | 163,501      | 101,562               | 265,063      |
| Workers Compensation     | 95,464       | 20,671                | 116,135      |
| Capital Leases           | 10,304       | 8,791                 | 19,095       |
| Arbitrage Liabilities    | 830          | -                     | 830          |
| Totals                   | \$ 2,749,658 | \$ 446,752            | \$ 3,196,410 |

Principal and interest payment schedules (in thousands) are provided in the following table for general obligation bonds, revenue bonds, loans, capital leases and arbitrage. There are no payment schedules for claims, compensated absences or workers compensation.

| Fiscal Year     | General<br>Obligation<br>Bonds | Loans            | Revenue<br>Bonds  | Capital<br>Leases | Arbitrage     | Totals              |
|-----------------|--------------------------------|------------------|-------------------|-------------------|---------------|---------------------|
| 2000            | \$ 332,511                     | \$ 5,241         | \$ 56,084         | \$ 7,644          | \$ 347        | \$ 401,827          |
| 2001            | 307,547                        | 5,241            | 55,960            | 6,479             | 483           | 375,710             |
| 2002            | 283,727                        | -                | 884               | 4,391             | -             | 289,002             |
| 2003            | 270,579                        | -                | 883               | 2,084             | -             | 273,546             |
| 2004            | 245,584                        | -                | 880               | 150               | -             | 246,614             |
| Thereafter      | 1,853,311                      | -                | 4,102             | -                 | -             | 1,857,413           |
| Total Payments  | \$ 3,293,259                   | \$ 10,482        | \$ 118,793        | \$ 20,748         | \$ 830        | \$ 3,444,112        |
| Interest        | 909,064                        | -                | 10,228            | 1,653             | -             | 920,945             |
| Total Principal | <u>\$ 2,384,195</u>            | <u>\$ 10,482</u> | <u>\$ 108,565</u> | <u>\$ 19,095</u>  | <u>\$ 830</u> | <u>\$ 2,523,167</u> |

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

In fiscal year 1999, the Department of Finance made the necessary transfers (in thousands) to the Debt Service Fund as follows:

|  |                   |
|--|-------------------|
| General Fund                                   | \$ 321,060        |
| Special Revenue Funds:                         |                   |
| Trunk Highway Fund                             | \$ 5,149          |
| Natural Resources Fund                         | 81                |
| Maximum Effort School Loan Fund                | 1,294             |
| Miscellaneous Special Revenue Fund             | 151               |
| Total Special Revenue Funds                    | \$ 6,675          |
| Capital Projects Funds:                        |                   |
| Building Fund                                  | \$ 6,296          |
| Transportation                                 | 4                 |
| Total Capital Projects Funds                   | \$ 6,300          |
| Component Units:                               |                   |
| Rural Finance Authority                        | \$ 8,651          |
| University of Minnesota                        | 5,647             |
| Total Component Units                          | \$ 14,298         |
| Total Operating Transfers to Debt Service Fund | <u>\$ 348,333</u> |

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

## General Obligation Bond Issues

On November 1, 1998, \$299,700,000 in general obligation state various purpose and state refunding bonds were issued at a true interest rate of 4.41 percent. During fiscal year 1999, \$422,444,000 in general obligation bonds principal was repaid.

The entire refunding bond proceeds of \$99,700,000 (net of \$103,000 and an additional \$3,392,000 from existing funds in the Debt Service Fund) 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 have been added to the General Long-Term Obligation Account Group.

The balance outstanding for all extinguished debt at June 30, 1999 was \$481,600,000, which is shown below (in thousands). The state remains contingently liable to pay the refunded general obligation bonds.

### Outstanding Defeased Debt

| Refunding Date   | Refunding Amount  | Refunded Amount   | Outstanding Amount | Refunded Bond Call Date |
|------------------|-------------------|-------------------|--------------------|-------------------------|
| May 1, 1993      | \$ 292,260        | \$ 273,190        | \$ 207,950         | August 1, 2000          |
| August 1, 1993   | 146,995           | 133,770           | 95,900             | August 1, 2001          |
| November 1, 1993 | 91,720            | 81,650            | 81,650             | August 1, 2002          |
| November 1, 1998 | 99,700            | 96,100            | 96,100             | October 1, 2004         |
| Total            | <u>\$ 630,675</u> | <u>\$ 584,710</u> | <u>\$ 481,600</u>  |                         |

The most recent refunding transactions will save the state aggregate debt service payments of approximately \$4.1 million and will result in an economic gain or present value savings of approximately \$3.4 million over the life of the refunded bonds.

A schedule of general obligation bonds authorized, but unissued and bonds outstanding at June 30, 1999 is provided in the table below (in thousands). This schedule includes general obligation bonds that were sold for the State Operated Community Services Fund, which is presented as an enterprise fund.

| Purpose                           | Authorized But Unissued | Amount Outstanding  | Interest Rates Range - % |
|-----------------------------------|-------------------------|---------------------|--------------------------|
| State Building                    | \$ 742,076              | \$ 1,228,434        | 3.75 - 7.56              |
| State Operated Community Services | 2,845                   | 4,790               | 3.75 - 7.56              |
| State Transportation              | 48,260                  | 65,610              | 4.69 - 7.56              |
| Waste Management                  | 3,680                   | 4,865               | 5.00 - 7.56              |
| Water Pollution Control           | 7                       | 98,126              | 4.58 - 7.56              |
| Maximum Effort School Loan        | 1,192                   | 93,275              | 5.00 - 7.56              |
| Reinvest in Minnesota             | 525                     | 15,340              | 5.00 - 6.90              |
| Rural Finance Administration      | 8,500                   | 67,965              | 5.00 - 6.98              |
| Refunding Bonds                   | -                       | 707,348             | 3.97 - 6.95              |
| Exchange Bonds                    | -                       | 6,289               | 0.05                     |
| Municipal Energy Building         | 970                     | 8,915               | 5.00 - 7.56              |
| Game and Fish Building            | -                       | 138                 | 5.33 - 6.95              |
| Trunk Highway                     | -                       | 17,675              | 3.75 - 6.95              |
| Airport Facilities                | 81,275                  | 44,125              | 4.40 - 7.95              |
| Landfill                          | 60,100                  | 26,090              | 4.54 - 5.76              |
| Totals                            | <u>\$ 949,430</u>       | <u>\$ 2,388,985</u> |                          |

## Revenue Bonds Payable

Revenue bonds payable of \$104,660,000 as reported in the General Long-Term Obligation Account Group are special obligations of the state and are for airport facilities secured by St. Louis County. The remaining \$3,905,000 bonds payable are special obligations of the state for the financing of the Giants Ridge recreational area.

## Loans

Loans payable are the result of loans from local governments to the state for the 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

Municipal solid waste landfills liability totaling \$239,734,000 for closure and postclosure care are reported for the landfill cleanup program payable from the Solid Waste Fund (special revenue fund) and the General Fund.

Additional claims of \$52,311,000 are for workers' compensation claims of employees of uninsured and bankrupt firms. These claims are funded by an assessment on insurers and are payable from the Special Compensation Fund (special revenue fund).

## Compensated Absences

The liability for compensated absences for governmental funds totaling \$265,063,000 is primarily for vacation leave and for vested sick leave, which are 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, 1999 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 which meet the criteria in GASB Statement 1, "Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide". See Note 8 for the minimum future payments under operating leases.

## Arbitrage Liabilities

The arbitrage rebate payable to the federal government of \$830,000 is required by the Tax Reform Act of 1986 and the U.S. Treasury regulations and penalties. It is the estimate of the excess earnings on tax-exempt bond proceeds and debt service reserves. Interest earnings on bond proceeds are used primarily for debt service payments. The arbitrage rebate will be paid through an appropriation from the General Fund. There is no reservation of assets for this liability.

## Component Units

The Metropolitan Council (MC, governmental fund type) issues general obligation bonds for parks, solid waste, sewers and transportation, backed by MC's full faith and credit and taxing powers. MC had \$133,060,000 in general obligation bonds outstanding on December 31, 1998.



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

The following is a debt repayment schedule for MC and AEDB.

Long-Term Debt Repayment Schedule  
Component Units - Government Funds  
(in thousands)

| Year Ending<br>December 31 | General<br>Obligation<br>Bonds<br>MC | Year Ending<br>June 30 | Revenue<br>Bonds<br>AEDB |
|----------------------------|--------------------------------------|------------------------|--------------------------|
| Amount                     | Amount                               | Amount                 | Amount                   |
| 1999                       | \$ 37,031                            | 2000                   | \$ 4,947                 |
| 2000                       | 26,058                               | 2001                   | 4,771                    |
| 2001                       | 18,384                               | 2002                   | 4,743                    |
| 2002                       | 15,704                               | 2003                   | 4,776                    |
| 2003                       | 11,391                               | 2004                   | 5,006                    |
| Thereafter                 | <u>51,512</u>                        | Thereafter             | <u>34,793</u>            |
| Total                      | \$ 160,080                           |                        | \$ 59,036                |
| Interest                   | <u>27,020</u>                        |                        | <u>19,879</u>            |
| Bond Principal             | <u>\$ 133,060</u>                    |                        | <u>\$ 39,157</u>         |

8. 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, 1999 totaled approximately \$64,905,000 and \$10,448,000 for the primary government and component units, respectively. Lease expenditures for the year ended December 31, 1998 totaled approximately \$2,248,000 for component units. Future minimum lease payments for existing lease agreements are as follows (in thousands):

| Primary Government     |                  | Component Units        |                 |                            |                |
|------------------------|------------------|------------------------|-----------------|----------------------------|----------------|
| Year Ending<br>June 30 | Amount           | Year Ending<br>June 30 | Amount          | Year Ending<br>December 31 | Amount         |
| 2000                   | \$ 61,204        | 2000                   | \$ 6,099        | 1999                       | \$1,729        |
| 2001                   | 54,747           | 2001                   | 5,508           | 2000                       | 1,508          |
| 2002                   | 48,540           | 2002                   | 5,288           | 2001                       | 1,340          |
| 2003                   | 38,795           | 2003                   | 4,935           | 2002                       | 1,225          |
| 2004                   | 26,854           | 2004                   | 4,982           | 2003                       | 1,184          |
| Thereafter             | <u>1,995</u>     | Thereafter             | <u>41,476</u>   | Thereafter                 | <u>2,530</u>   |
| Total                  | <u>\$232,135</u> | Total                  | <u>\$68,288</u> | Total                      | <u>\$9,516</u> |

**Capital Leases**

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

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

## 9. LONG-TERM OBLIGATIONS - PROPRIETARY FUNDS

### Revenue and General Obligation Bonds

#### Primary Government

The enterprise funds listed below have the authority to issue, and have issued, revenue bonds which are not general obligations of the state, but are payable solely from rentals, revenues and other income, charges and monies 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 Colleges and Universities Revenue (SCU) is authorized by Minnesota Statutes, Section 136F.98 to issue revenue bonds in the principal amount of \$40,000,000 to finance the acquisition, construction and remodeling of college buildings for dormitory, residence hall, student union and food service purposes.

The Minnesota State Colleges and Universities (MnSCU), which is included in the College and Universities Enterprise Activities (CUEA), financed the construction of a dormitory and a modular housing project through the Higher Education Facilities Authority. The \$1,625,000 debt for these two projects is reported by MnSCU in CUEA.

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

#### Component Units (proprietary funds)

The Housing Finance Agency (HFA) is authorized by Minnesota Statutes, Section 462A.21-.22 to issue bonds and notes for the purpose of providing funds for rehabilitation, construction and mortgage loans, or for refunding bonds to sponsors of residential housing for families of low and moderate income. The amount outstanding on these bonds at any time shall not exceed \$2,400,000,000, according to Minnesota Statutes, Section 462A.22.

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

The Higher Education Services Office (HESO) is authorized by Minnesota Statutes, Sections 136A.171-.175 to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post-secondary educational institutions. The amount outstanding on these bonds at any one time, not including refunded bonds or otherwise defeased or discharged bonds, may not exceed \$550,000,000, according to Minnesota Statutes, Section 136A.171.

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

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

Primary Government

Long-Term Debt Repayment Schedule  
 Proprietary Funds - June 30, 1999  
 (in thousands)

| Fiscal Year(s) | Revenue Bonds |          | General<br>Obligation<br>Bonds |
|----------------|---------------|----------|--------------------------------|
|                | SCU           | CUEA     | SOCS                           |
| 2000           | \$ 2,407      | \$ 105   | \$ 415                         |
| 2001           | 2,422         | 110      | 415                            |
| 2002           | 2,409         | 120      | 415                            |
| 2003           | 2,419         | 130      | 415                            |
| 2004           | 2,429         | 140      | 415                            |
| Thereafter     | 40,777        | 1,020    | 5,289                          |
|                | \$ 52,863     | \$ 1,625 | \$ 7,364                       |
| Interest       | (24,808)      | -        | (2,574)                        |
| Bond Principal | \$ 28,055     | \$ 1,625 | \$ 4,790                       |

Component Units

Long-Term Debt Repayment Schedule  
 Component Units - June 30, 1999  
 (in thousands)

| Fiscal Year(s)                    | Revenue Bonds |            |            |           | General Obligation Bonds |            |
|-----------------------------------|---------------|------------|------------|-----------|--------------------------|------------|
|                                   | HFA           | PFA        | HESO       | U of M    | MC*                      | U of M     |
| 1999                              | \$ -          | \$ -       | \$ -       | \$ -      | \$ 101,841               | \$ -       |
| 2000                              | 313,143       | 53,719     | 2,671      | 1,458     | 92,748                   | 22,866     |
| 2001                              | 313,602       | 55,549     | 2,671      | 1,437     | 59,892                   | 22,866     |
| 2002                              | 144,265       | 56,872     | 2,671      | 1,411     | 56,384                   | 36,474     |
| 2003                              | 145,052       | 55,932     | 2,671      | 1,397     | 53,089                   | 37,102     |
| 2004                              | 141,749       | 53,361     | 2,671      | 1,407     | 51,876                   | 116,228    |
| Thereafter                        | 2,893,333     | 553,645    | 116,470    | 12,192    | 42,482                   | 518,780    |
|                                   | \$ 3,951,144  | \$ 829,078 | \$ 129,825 | \$ 19,302 | \$ 458,312               | \$ 754,316 |
| Unamortized<br>(Discount)/Premium | -             | 3,730      | 392        | -         | (2,049)                  | -          |
| Interest                          | (1,869,439)   | (276,248)  | (61,717)   | (6,377)   | (194,227)                | (278,800)  |
| Bond Principal                    | \$ 2,081,705  | \$ 556,560 | \$ 68,500  | \$ 12,925 | \$ 262,036               | \$ 475,516 |

\*MC fiscal year ends December 31, 1998

**Bond Defeasances**

Primary Government

For proprietary fund debt that was defeased in prior years through in-substance defeasances, the outstanding defeased amount as of June 30, 1999 for SCU is \$11,612,000. SCU remains contingently liable to pay this defeased debt.

Component Units

Public Facilities Authority (proprietary fund type) had \$105,617,000 various refunding series bonds that were defeased and not reflected in the financial statements as of June 30, 1999.

## 10. LONG-TERM COMMITMENTS

Long-term commitments consist of grant agreements, construction and other contracts. These commitments will be partially funded by current reserves for long-term commitments with the remaining resources provided by future bond proceeds, mining tax revenues and federal grants. Long-term commitments as of June 30, 1999 were as follows (in thousands):

|                          |                   |
|--------------------------|-------------------|
| Special Revenue Fund:    |                   |
| Trunk Highway Fund       | \$ 448,666        |
| Capital Projects Funds:  |                   |
| General Project Fund     | 159,354           |
| Transportation Fund      | 19,078            |
| Building Fund            | <u>275,080</u>    |
| Total Primary Government | <u>\$ 902,178</u> |
| Component Unit:          |                   |
| University of Minnesota  | <u>\$ 412,121</u> |

## 11. CONTINGENT LIABILITIES – LITIGATION

- 1) Payment of tort claims against the state is made from funds appropriated by the Minnesota Legislature to agencies for their general operations to the extent such funds are available without unduly hindering the operation of the agency, from appropriations of dedicated receipts if practicable or from funds appropriated for the payment of tort claims. The tort claims appropriations for fiscal years ending June 30, 2000 and June 30, 2001 were \$875,000 for each year. The maximum limits of liability for tort claims are \$300,000 for any one claim and \$750,000 for any number of claims arising out of a single occurrence. The limit on liability for a single occurrence rises to \$1,000,000 on January 1, 2000.
- 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 Department of Transportation eminent domain actions being litigated in district courts throughout the state. There is a continuous flow of such cases, with the actual number depending on many factors such as the number of parcels of land that can be acquired by direct purchase, the construction needs of the Department and revenues available for highway projects. In the aggregate, the potential cost to the state for property which has been or will be acquired exceeds \$10 million. Liability arising out of decisions unfavorable to the state may impact the state's trunk highway fund.
  - b. At any one time, there are claims and cases pending against various state agencies, including but not limited to, the Departments of Administration and Transportation and the Minnesota State Colleges and Universities, and other state agencies which may be potentially responsible parties for 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.
  - c. *Jesse Lee Brown and Ronald Bergeron v. State of Minnesota*. Hennepin County District Court. Plaintiffs are Medicaid and GAMC recipients who suffered tobacco-related illnesses during the period of January 1, 1978 and December 31, 1996. Plaintiffs claim rights to a share of the settlement proceeds in *State of Minnesota, et al. v. Philip Morris Incorporated, et al.* Plaintiffs have claimed that they are entitled to the difference between the amount of the tobacco trial

settlement and the amount of moneys expended to treat smoking-related illnesses, but not less than one-third of the end recovery. This would amount to between \$2.05 billion and \$4.86 billion. The State has moved to dismiss the case for failure to state a claim upon which relief could be granted, and to sanction the attorneys for bringing a frivolous suit. The District Court granted the State's motion to dismiss on December 15, 1998. Plaintiffs have appealed the District Court's dismissal to the Court of Appeals.

- d. *Eveleth Taconite Company and Eveleth Mines LLC v. Commissioner*. Tax Court. The taxpayers in this and four other such cases contend that a 1994 recodification of a 1993 provision allowing a specific exemption for replacement equipment purchased by the taconite industry, without regard to the expansion of a facility (at a time when replacement equipment was otherwise fully taxable), rendered their repair and replacement parts exempt as well. The Commissioner determined that parts purchased by the taconite industry were subject a specific reduced rate rather than a complete exemption. The Tax Court ruled that the repair and replacement parts were exempt as capital equipment and that the Commissioner must pay refunds in this case. The Commissioner did not appeal the Tax Court's decision. The aggregate amount of refunds in all of these cases, as well as in administrative claims and appeals pending before the Commissioner, is estimated to approximate \$21 million dollars.
- e. *Minneapolis Branch of the NAACP v. State of Minnesota and Xiong v. State*. Hennepin County District Court. In September 1995, the Minnesota Branch of the NAACP and several Minneapolis school children and their parents brought suit in State Court against the State of Minnesota, the Governor, the Treasurer, the Auditor, the Attorney General, the Legislature, various legislators, the State Department of Children, Families and Learning and several of its officials, the State Board of Education and its members, and the Metropolitan Council, claiming that the segregation of minority and poor students in the Minneapolis public schools has deprived the students of an adequate education in violation of the Minnesota Constitution. The plaintiffs also claim that the unequal education received by Minneapolis students relative to students in suburban schools violates the Minneapolis students' right to equal protection under the Minnesota Constitution. The Metropolitan Council is no longer a defendant in the plaintiffs' state court action. The suit, which is being brought as a class action, seeks a declaratory judgment that the defendants have violated the law, an injunction requiring them to obey the law and to provide the students an adequate and desegregated education, and an award of attorney fees. It is impossible at this point to estimate the State's exposure in this case especially since the plaintiffs have not articulated the precise relief they are seeking. While the complaint does not request monetary damages, it does request injunctive relief that could force the State to spend a substantial sum of money for additional funding of various items for the Minneapolis schools, and increased busing expenses. Since the complaint alleges that the segregation of the Minneapolis schools is at least partially the result of housing practices and policies that have caused disproportionate concentrations of poor and minority students in select areas, it is possible that the relief the plaintiffs will ultimately request will involve the redistribution of minority and poor families in the Minneapolis/St. Paul metropolitan area. The cost of any such relief, if required to be paid by the State, could exceed \$10 million. The district court denied the State's motion to dismiss as to the State and certain principal named defendants but the district court did grant the motion to dismiss as to certain other state officials. The district court denied the plaintiffs' motion for partial summary judgment. The State, in response to the District Court's denial of its motion to dismiss, filed an appeal to and petition for accelerated review by the Minnesota Supreme Court. In January of 1997, the Minnesota Supreme Court dismissed the State's appeal as premature. In May of 1997, the State filed a motion with the district court seeking judgment on the pleadings for lack of subject matter jurisdiction which the district court denied. To date the alternative dispute resolution process has not been successful. In the meantime, district court proceedings are continuing. The *Xiong* case, filed in February 1998, also challenges the adequacy of the education provided in the Minneapolis Public Schools. Although the plaintiffs are different, this case is brought by the same attorneys as the *NAACP* case and alleges essentially the same claims. Some of the claims are now based on events that happened since the filing of the *NAACP* case. A motion to consolidate the *Xiong* case with *NAACP* has been granted.

## 12. CONTINGENT LIABILITIES - OTHER

### Primary Government

#### Pension Trust Funds

In addition to the pension trust funds included in the reporting entity (see Note 16), there are other public employee pension funds which the state may be contingently liable for the unfunded liability. These are pension trust funds where the state is funding a portion of the unfunded liability. The pension trust funds involve the year-end in which the most current data is available and the unfunded liabilities are provided for below (in thousands):

|                                      |                   |            |
|--------------------------------------|-------------------|------------|
| Minneapolis Employee Retirement Fund | June 30, 1999     | \$ 106,487 |
| Minneapolis Teachers Retirement Fund | June 30, 1999     | \$ 454,898 |
| St. Paul Teachers Retirement Fund    | June 30, 1999     | \$ 234,614 |
| Local Police and Fire Funds          | December 31, 1998 | \$ 13,494  |

In 1996, the Local Police and Fire funds consisted of nine local plans. In 1998, five of the plans were reported as part of the Public Employees Retirement pension trust funds, so the unfunded liability of the Local Police and Fire Fund for 1998 consisted of four local plans.

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

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.09) 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 come from the Petroleum Tank Cleanup Fund (Petrofund, special revenue fund). A significant number of unreported tank contamination sites and cleanup costs presently exist, which will require Petrofund expenditures. As of June 30, 1999, the Petrofund has recognized cumulative liabilities of \$284 million. Various studies have estimated that the total of all payments for the program may reach \$450 to \$800 million in cleanup costs (based on data available through July 1992).

#### Solid Waste Fund

The Closed Landfill program was established to provide environmental response to 106 qualified landfill sites. There are currently 90 closed state-permitted sites that are in the program. The state becomes responsible for closed municipal solid waste facilities only after certain eligibility requirements are met. The state may perform cleanup and final cover procedures as well as all maintenance and monitoring functions at these qualifying sites in perpetuity. The state reports a portion of these costs as operating expenses in each fiscal year. As of June 30, 1999, cumulative expenditures of \$77.7 million have been made by the Solid Waste Fund. Various studies have estimated that the total of all payments for the program may reach \$477 million for those sites currently in the program (based on 1999 dollars). These estimates include response action costs, costs for natural resources damage, costs representing future unknown additional remedies, which have some probability of occurring and reimbursements. Actual costs

may be higher because of inflation, changes in technology, inclusion of additional qualifying sites or changes in regulations.

**Component Units**

The *Metropolitan Council* enters into contracts for various purposes, including transit services and construction projects, among others. As of December 31, 1998, unpaid commitments for transit services were approximately \$36.5 million, unpaid commitments for construction contracts were approximately \$24.7 million and future commitments for regional transit capital projects were approximately \$45.9 million.

The *Workers' Compensation Assigned Risk Plan (WCARP)* contracts with five servicing contractors to provide policy issuance, premium accounting and claim settlement services in exchange for a service fee based upon a standard written premium. Contingent liabilities exist with respect to performance of the above services to the extent that the servicing carriers are unable to meet their obligations under terms of the general service agreement.

WCARP, through Employers Life Insurance Company of Wausau, has purchased annuities to settle certain claims with the claimant as payee, but for which WCARP remains contingently liable. WCARP eliminated its loss reserves for these claims at the time the annuities were purchased. A contingent liability exists to the extent that the issuer of the annuity contracts becomes unable to fulfill its contractual obligations. The present value of annuity contracts still in force at December 31, 1998 was approximately \$5.1 million.

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

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, 1999 approximating \$225,757,000. The estimated cost to complete these facilities is \$412,121,000, which is to be funded from plant fund assets and \$154,354,000 in appropriations available from the state of Minnesota.

The U of M owns certain steam production facilities, which produce steam for heating and cooling for the Twin Cities campuses, which are managed, operated and maintained by an unaffiliated company by agreement. 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, 1999 are as follows (in thousands):

| Fiscal Year<br><u>Ending June 30</u> | <u>Total</u>      |
|--------------------------------------|-------------------|
| 2000                                 | \$ 5,619          |
| 2001                                 | 5,619             |
| 2002                                 | 5,619             |
| 2003                                 | 5,619             |
| 2004                                 | 5,620             |
| Thereafter                           | <u>\$ 73,048</u>  |
| Total                                | <u>\$ 101,144</u> |

**Other Contingent Liabilities**

The 1993 legislature established a School District Credit Enhancement Program. The legislation authorized and directs the Commissioner of Finance to issue a warrant and authorize the Commissioner of Children, Families and Learning (CFL) to pay debt service coming due, under certain circumstances and subject to the availability of funds. Payments made on behalf of the school district are paid for the following: 1) the school district tax and the state-aid anticipation certificates of indebtedness, 2) certificates of indebtedness and capital notes for equipment, 3) certificates of participation and 4) school district

general obligation bonds. The school district must notify the Commissioner of CFL that it does not have sufficient money in its debt service fund for this purpose. Payment can also be made if the paying agent informs the Commissioner of CFL that it has not received from the school district timely payments to be used to pay debt service. The amounts paid on behalf of any school district are required to be repaid by the district with interest, either through a reduction of subsequent state-aid payments, or by the levy of an *ad valorem* tax, which may be made with the approval of the Commissioner of Children, Families and Learning. As of November 1, 1999, there was approximately \$5.79 billion in principal and interest of bonds, certificates of indebtedness and capital notes enrolled in the program. The state has not had to make any debt service payments on behalf of school districts under the program and does not expect to make any payments in the future.

### 13. NORTHWEST AIRLINES MAINTENANCE FACILITIES

Minnesota Laws 1991, Chapter 350 authorized the state to issue revenue bonds secured by the state's full faith and credit in an amount up to \$50,000,000 to finance the construction and equipping of an engine repair facility in Hibbing, and up to \$125,000,000 to finance the construction and equipping of an aircraft maintenance facility in Duluth. By agreement dated December 21, 1994 with Northwest Airlines, Inc. (NAI), the intended lessee of both facilities and certain other parties, it was agreed that the Hibbing facility would not be constructed and that the state would use its best efforts to issue revenue bonds secured by the state's full faith and credit for the Duluth facility. The state issued \$47,670,000 of revenue bonds in May 1995. As of June 30, 1999, \$46,255,000 of the revenue bonds remained outstanding, of which \$27,250,000 are payable primarily from lease payments of NAI, and of which \$19,005,000 are payable primarily from tax increment revenues derived from the Duluth facility and other revenues of the city of Duluth. In the event such revenues are insufficient, the state will have the right to apply to the payment of such bonds, or to reimburse itself for making such payments from, certain state-aid payments otherwise payable to the city of Duluth. Of the \$46,255,000 revenue bonds issued by the state, \$44,125,000 are secured by the state's full faith and credit, and \$2,130,000 are secured by the full faith and credit of St. Louis County. The bonds are structured so that the initial bonds, together with expected later refundings, will provide financing over a 30-year amortization period. On July 1, 1999, \$3,435,000 of the revenue bonds were defeased, thereby reducing the amount of the stated outstanding balance. The defeased funds are to be held in escrow. The invested funds will be sufficient to pay principal of, and interest on, the bonds to their earliest call date. The 1997 Minnesota legislature cancelled \$48,765,000 of the bonding authorization for the engine repair facility.

### 14. 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            |
|--|---------------------|------------------------------|-----------|----------------------|
|  | Enterprise<br>Funds | Internal<br>Service<br>Funds | Total     | Units<br>Proprietary |
| Contributed Capital, Beginning   | \$ 14,717           | \$ 6,064                     | \$ 20,781 | \$ 686,450           |
| Additions:   |                     |                              |           |                      |
| General Fund Contributions   | 11,109              | -                            | 11,109    | 20,439               |
| Federal Grants   | -                   | -                            | -         | 108,565              |
| Prior Period Adjustment  | -                   | -                            | -         | 44,377               |
| Other Contributions  | -                   | -                            | -         | 22,265               |
| Reductions:  |                     |                              |           |                      |
| Amortization/Depreciation on Fixed Assets<br>Acquired with Contributed Capital | (352)               | -                            | (352)     | (29,606)             |
| Contributed Capital, Ending  | \$ 25,474           | \$ 6,064                     | \$ 31,538 | \$ 852,490           |



## Retained Earnings

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

|                                  | Proprietary Fund Types |                  |                 |
|----------------------------------|------------------------|------------------|-----------------|
|                                  | Enterprise             | Internal Service | Component Units |
| Retained Earnings:               |                        |                  |                 |
| Reserved for Debt Requirements   | \$ 11,137              | \$ -             | \$ 557,833      |
| Reserved per State Law           | -                      | -                | 92,302          |
| Reserved for Claims              | -                      | 64,170           | 26,667          |
| Total Reserved Retained Earnings | \$ 11,137              | \$ 64,170        | \$ 676,802      |
| Unreserved Retained Earnings     | 156,567                | 18,601           | 1,002,973       |
| Total Retained Earnings          | \$ 167,704             | \$ 82,771        | \$ 1,679,775    |

### Reserved Retained Earnings

#### Primary Government

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

#### Component Units

*Reserved Retained Earnings per State Law* consists of \$92,302,000 in the Housing Finance Agency Fund. This reserve is the unused portion of state appropriations provided for specific programs. These programs are primarily for interest rate reductions on housing mortgages and home improvement loans.

*Reserve for Claims* consists of claims submitted to the Metropolitan Council for construction in progress.

### Fund Balances

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

|  | Governmental Fund Types |                 |                  |              |                 | Fiduciary        | University              |
|--|-------------------------|-----------------|------------------|--------------|-----------------|------------------|-------------------------|
|  | General                 | Special Revenue | Capital Projects | Debt Service | Component Units | Trust and Agency | University of Minnesota |
| Fund Balances:                         |                         |                 |                  |              |                 |                  |                         |
| Reserved for Encumbrances              | \$ 180,034              | \$ 150,485      | \$ 34,250        | \$ -         | \$ 8,013        | \$ 5,494         | \$ 24,846               |
| Reserved for Inventory                 | -                       | 16,048          | -                | -            | -               | 2,197            | -                       |
| Reserved for Long-Term Receivables     | 7,338                   | 88,457          | 48,198           | -            | 96,622          | 22,799           | -                       |
| Reserved for Long-Term Commitments     | -                       | 84,719          | 200,754          | -            | 37,647          | -                | -                       |
| Reserved for Local Governments         | -                       | -               | -                | -            | -               | 398,151          | -                       |
| Reserved for Trust Principal           | -                       | -               | -                | -            | -               | 1,044,545        | -                       |
| Reserved for Debt Requirements         | -                       | -               | -                | 385,193      | -               | -                | -                       |
| Reserved for Pension Benefits          | -                       | -               | -                | -            | -               | 41,266,532       | -                       |
| Budgetary Reserve                      | 1,299,962               | 78,095          | -                | -            | -               | -                | -                       |
| Reserved for Long-Term Advances        | 3,100                   | 740             | -                | -            | -               | -                | -                       |
| Reserved for Other                     | -                       | 5,453           | -                | -            | -               | -                | 768,625                 |
| Total Reserved Fund Balances           | \$ 1,490,434            | \$ 423,997      | \$ 283,202       | \$ 385,193   | \$ 142,282      | \$ 42,739,718    | \$ 793,471              |
| Unreserved Fund Balances:              |                         |                 |                  |              |                 |                  |                         |
| Designated for Appropriation Carryover | 478,883                 | 72,050          | -                | -            | -               | -                | -                       |
| Designated for Fund Purposes           | -                       | 226,049         | 739              | -            | 339,317         | 731,790          | 218,040                 |
| Total Designated Fund Balance          | \$ 478,883              | \$ 298,099      | \$ 739           | \$ -         | \$ 339,317      | \$ 731,790       | \$ 218,040              |
| Undesignated                           | 62,094                  | 477,420         | 123,488          | -            | 33,050          | 2,531            | 156,417                 |
| Total Unreserved Fund Balances         | \$ 540,977              | \$ 775,519      | \$ 124,227       | \$ -         | \$ 372,367      | \$ 734,321       | \$ 374,457              |
| Total Fund Balance                     | \$ 2,031,411            | \$ 1,199,516    | \$ 407,429       | \$ 385,193   | \$ 514,649      | \$ 43,474,039    | \$ 1,167,928            |

**Reserved Fund Balance**

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

The *Budgetary Reserve* in the General Fund consists of three different accounts. First, there is the budget reserve account that is 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. Next, there is the cash flow account that is used to meet cash flow deficiencies resulting from the uneven distribution of revenue collections and required expenditures during a fiscal year. Finally, there is the property tax reform account that is available for and may only be spent on reforming the property tax system. The balance in this account does not cancel and remains in the account until appropriated for property tax reform.

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

The *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.

The *Reserved for Other* totaling \$5,453,000 in the special revenue funds consists primarily of petroleum overcharge fines (\$4,239,000 in the Federal Fund and \$506,000 in the Miscellaneous Special Revenue Fund) allocated by the federal courts to be used for energy conservation programs. The balance consists of the reserve for a revenue bond (\$708,000 in the Iron Range Resources and Rehabilitation Fund) as required by bond covenants.

*Reserved for Other - University of Minnesota (component unit)* totaling \$768,625,000, consists primarily of current externally restricted operating funds along with restricted plant funds that may be utilized only in accordance with the purposes established by the source of the funds.

**Unreserved Fund Balance**

*Primary Government*

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

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

|                            | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Expendable<br>Trust Funds |
|----------------------------|-----------------------------|------------------------------|---------------------------|
| Education                  | \$ 3,841                    | \$ -                         | \$ -                      |
| Economic Development       | 57,155                      | 739                          | 712,993                   |
| Health and Social Services | 73,545                      | -                            | -                         |
| Transportation             | 2,245                       | -                            | -                         |
| Resource Management        | 10,085                      | -                            | 4,817                     |
| Miscellaneous              | 79,178                      | -                            | 13,980                    |
| <b>Totals</b>              | <b>\$ 226,049</b>           | <b>\$ 739</b>                | <b>\$ 731,790</b>         |

The total Designated for Fund Purposes of Governmental Component Units and the University of Minnesota of \$339,317,000 and \$218,040,000 respectively, is to be used primarily for debt service.

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

### Prior Period Adjustments

#### Primary Government

The Chemical Dependency Treatment (enterprise fund) Fund Balance increased by \$80,000 due to the capitalization of capital assets and corresponding accumulated depreciation that were previously expensed.

The Maximum Effort School Loan Fund (special revenue fund) did not report deferred revenue in previous years. This adjustment resulted in a prior period adjustment of \$3,093,000 because the fund recognized revenue in prior years that did not meet the available criteria for recognition.

#### Component Units

A portion of the Public Facilities Authority (governmental fund type) operations, with a June 30, 1998 fund balance of \$28,075,000, was previously reported as part of the primary government in the Building Fund (capital project fund). The Public Facilities Authority receives direct appropriations from the legislature to fund the program. Based upon a full entity wide audit, compared to a program specific audit in prior years, this activity was determined to be part of this component unit; not part of the primary government.

The Minnesota Technologies Incorporated (governmental fund type) fund balance decreased \$3,185,000 as a result of adjusting the investments at the beginning of the fiscal year to fair value and adjusting prior year interest receivable to actual.

Beginning retained earnings for Metropolitan Council's (MC) Environmental Services Fund (enterprise fund) was restated by \$671,000 due to implementation of GASB Statement 31.

Beginning in 1998, MC changed its policy on the treatment of cash equivalents. In prior years, MC considered cash and cash equivalents to be only cash. Cash and cash equivalents are now identified as cash and pooled investments. The beginning balance for cash and cash equivalents increased and investments decreased by \$197,160,000.

### Other Changes in Accounting Principles

#### Primary Government

The State Operated Community Services Fund (SOCS) activity was previously reported as part of the General Fund and the Miscellaneous Special Revenue Fund (special revenue fund). Based on re-evaluation of the fund structure, this activity has been reclassified as an enterprise fund. The net effect of this change for SOCS is an increase of \$6,585,000 on the cash flow statement and no beginning retained earnings. The General Fund and the Miscellaneous Special Revenue Fund are reporting a Change in Fund Structure adjustment of \$11,131,000 and \$289,000 respectively, which are increases to SOCS contributed capital. Other contributed capital came from the General Fixed Assets Account Group and the General Long-Term Obligation Account Group.

Certain loan receivable balances, which have not been reported, are now being reported in the Miscellaneous Special Revenue Fund (special revenue fund). These programs derived funding of \$22,526,000 from the U. S. Environmental Protection Agency over fiscal years 1996 - 1998, which was used entirely for loan issuance. There were no loan repayments prior to July 1, 1999.

## Component Units

The University of Minnesota changed its method for depreciating certain buildings to comply with the requirement of the federal government in its OMB Circular A-21 that the depreciation methods used to calculate the depreciation amounts for facilities and administrative rate proposals be the same methods used to calculate the depreciation for financial statements. This change in depreciation method assigns various useful lives to the individual components of certain research buildings, as opposed to the previous method of using one life for the entire building. The adjustment of \$40,702,000 is the increase to accumulated depreciation of investment in plant. The current year effect of the change was an increase of \$1,020,000 to depreciation of investment in plant.

## 16. PENSION AND INVESTMENT TRUST FUNDS

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 trust funds are categorized as either defined benefit or defined contribution (pension trust funds) or investment trust funds.

Pension fund information is provided by three plan administrators, who prepare and publish their own stand-alone comprehensive annual financial reports, including financial statements and required supplementary information. Each plan administrator accounts for one or more pension plans. Copies of these reports may be obtained directly from the organizations listed below. See Summary of Significant Accounting and Reporting Policies (Note 1) for addresses.

### **Plan Administrator**

Public Employees Retirement Association (PERA)

Teachers Retirement Association (TRA)

Minnesota State Retirement System (MSRS)

### **Plans Covered**

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

Teachers Retirement Fund

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

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

## **Defined Benefit Pension Funds**

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

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

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

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

The Public Employees Retirement Fund (PERF) covers employees of various governmental subdivisions, including counties, cities, school districts and related organizations. Approximately 2,000 employers participate in this plan. There are two types of membership: basic and coordinated. Normal retirement age is 65. The annuity formula for each type of membership is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for basic members are 2.2 and 2.7 percent, and for coordinated members, 1.2 and 1.7 percent. The state is not an employer of the participants in the plan, but performs only in a fiduciary capacity and is not responsible for the unfunded accrued liability of this fund.

The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental subdivisions. Prior to 1981, these employees were not covered by a local relief association. The fund covers all those hired since 1980. The state is not an employer of participants in the plan, but performs in a fiduciary capacity. Approximately 500 employers participate in this plan.

- 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 3.0 percent for each year of service.

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

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

The Elective State Officers Fund (ESOF) covers the state's constitutional officers. Vesting occurs after eight years. Normal retirement age is 62. Annuities are 2.5 percent for each year of service.

The Legislative Retirement Fund (LRF) covers members of the state's house of representatives and senate. Vesting occurs after six years. Normal retirement age is 62. 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). The state is not an employer of participants of the plan, but performs only in a fiduciary capacity. Forty-four employers participate in this plan.

|   | Funding Policy Information |      |       |      |      |                   |      |
|---|----------------------------|------|-------|------|------|-------------------|------|
|   | Single Employer            |      |       |      |      | Multiple Employer |      |
|   | SPRF                       | CERF | JRF   | ESOF | LRF  | SERF              | TRF  |
| Statutory Authority,<br>Minnesota, Chapter          | 352B                       | 352  | 490   | 352C | 3A   | 352               | 354  |
| Required Contribution Rate of<br>Active Members (%) | 8.40                       | 5.50 | 8.00  | 9.00 | 9.00 | 4.00              | 5.00 |
| Required Contribution<br>Rate of Employer (%)       | 12.60                      | 7.70 | 20.50 | N/A  | N/A  | 4.00              | 5.00 |

Cost Sharing Plan Required Contributions  
(in thousands)

| Required Contributions<br>(employee and employer)* |      | SERF       | TRF        |
|--|------|------------|------------|
|  | 1999 | \$ 132,802 | \$ 262,565 |
|  | 1998 | \$ 125,216 | \$ 275,419 |
|  | 1997 | \$ 130,416 | \$ 345,830 |

\* Contributions were 100 percent of required contributions.

Single Employer Plan Disclosures  
(in thousands)

|   |      | SPRF     | CERF      | JRF      | ESOF   | LRF      |
|---|------|----------|-----------|----------|--------|----------|
| Annual Required Contributions (ARC)*      | 1999 | \$ 6,410 | \$ 13,786 | \$ 8,999 | \$ 150 | \$ 3,535 |
|   | 1998 | \$ 6,765 | \$ 12,161 | \$ 6,803 | \$ 243 | \$ 3,345 |
|   | 1997 | \$ 6,388 | \$ 10,133 | \$ 6,367 | \$ 235 | \$ 3,616 |
| Interest on Net Pension Obligation (NPO)* | 1999 | \$ -     | \$ -      | \$ -     | \$ -   | \$ -     |
|   | 1998 | \$ -     | \$ -      | \$ -     | \$ -   | \$ 27    |
|   | 1997 | \$ -     | \$ -      | \$ -     | \$ -   | \$ 73    |
| Amort adj to ARC*                         | 1999 | \$ -     | \$ -      | \$ -     | \$ -   | \$ -     |
|   | 1998 | \$ -     | \$ -      | \$ -     | \$ -   | \$ (19)  |
|   | 1997 | \$ -     | \$ -      | \$ -     | \$ -   | \$ (54)  |
| Annual Pension Cost                       | 1999 | \$ 6,410 | \$ 13,786 | \$ 8,999 | \$ 150 | \$ 3,535 |
|   | 1998 | \$ 6,765 | \$ 12,161 | \$ 6,803 | \$ 243 | \$ 3,353 |
|   | 1997 | \$ 6,388 | \$ 10,133 | \$ 6,367 | \$ 235 | \$ 3,635 |
| Contributions                             | 1999 | \$ 9,562 | \$ 14,550 | \$ 9,120 | \$ 66  | \$ 2,765 |
|   | 1998 | \$ 9,110 | \$ 14,100 | \$ 8,700 | \$ 217 | \$ 5,799 |
|   | 1997 | \$ 9,897 | \$ 14,636 | \$ 8,099 | \$ 209 | \$ 3,874 |
| % of ARC Contributed                      | 1999 | 149%     | 106%      | 101%     | 44%    | 78%      |
|   | 1998 | 135%     | 116%      | 128%     | 89%    | 173%     |
|   | 1997 | 155%     | 144%      | 127%     | 89%    | 107%     |
| NPO (end of year)                         | 1999 | \$ -     | \$ -      | \$ -     | \$ -   | \$ -     |
|   | 1998 | \$ -     | \$ -      | \$ -     | \$ -   | \$ -     |
|   | 1997 | \$ -     | \$ -      | \$ -     | \$ -   | \$ 620   |
| Increase (Decrease) in NPO                | 1999 | \$ -     | \$ -      | \$ -     | \$ -   | \$ -     |
|   | 1998 | \$ -     | \$ -      | \$ -     | \$ -   | \$ (620) |
|   | 1997 | \$ -     | \$ -      | \$ -     | \$ -   | \$ (239) |

\* Components of Annual Pension Cost

*Actuarial Assumptions for Single Employers*

- The actuarial cost method used by all plans is the Entry Age Normal method.
- The method used to determine actuarial valuation of assets is cost plus one-third unrealized gains or losses.
- Minnesota statutes or valuation standards do not require an inflation rate assumption to cost the plans.
- Investment returns for pre-retirement and post-retirement are 8.5 percent and 6.0 percent respectively for SPRF, CERF and JRF, and 8.5 percent and 5.0 percent, respectively for LRF and ESOF.
- Projected salary increases are graded from 7.75 percent to 5.25 percent for SPRF and CERF. For LRF, ESOF and JRF, projected salary increases are a level 5.0 percent.
- The payment of earnings on retired reserves in excess of 6.0 percent are accounted for by 6.0 percent post-retirement assumptions for SPRF, CERF and JRF. Payment of earnings on retired reserves in excess of 5.0 percent are accounted for by 5.0 percent post-retirement assumptions for LRF and ESOF.
- The level percentage of projected payroll is the amortization method used.
- The amortization period is through July 1, 2020.

Required Supplementary Information  
Schedule of Funding Progress  
(in thousands)

|   |      | <u>SPRF</u> | <u>CERF</u> | <u>JRF</u> | <u>ESOF</u> | <u>LRF</u> |
|---|------|-------------|-------------|------------|-------------|------------|
| Actuarial Valuation Date  | 1999 | 7/1/99      | 7/1/99      | 7/1/99     | 7/1/99      | 7/1/99     |
|   | 1998 | 7/1/98      | 7/1/98      | 7/1/98     | 7/1/98      | 7/1/98     |
|   | 1997 | 7/1/97      | 7/1/97      | 7/1/97     | 7/1/97      | 7/1/97     |
| Actuarial Value of Plan Assets                                  | 1999 | \$ 472,687  | \$ 335,408  | \$ 97,692  | \$ 198      | \$ 33,474  |
|   | 1998 | \$ 430,011  | \$ 295,291  | \$ 86,578  | \$ 500      | \$ 31,212  |
|   | 1997 | \$ 375,650  | \$ 241,916  | \$ 74,681  | \$ 456      | \$ 25,678  |
| Actuarial Accrued Liability                                     | 1999 | \$ 406,215  | \$ 307,408  | \$ 139,587 | \$ 3,373    | \$ 66,418  |
|   | 1998 | \$ 371,369  | \$ 261,869  | \$ 130,727 | \$ 3,369    | \$ 62,928  |
|   | 1997 | \$ 332,427  | \$ 212,638  | \$ 117,714 | \$ 3,214    | \$ 60,055  |
| Total Unfunded Actuarial Liability (Asset)                      | 1999 | \$ (66,472) | \$ (28,000) | \$ 41,895  | \$ 3,175    | \$ 32,944  |
|   | 1998 | \$ (58,642) | \$ (33,422) | \$ 44,149  | \$ 2,869    | \$ 31,716  |
|   | 1997 | \$ (43,223) | \$ (29,278) | \$ 43,033  | \$ 2,758    | \$ 34,377  |
| Funded Ratio*   | 1999 | 116%        | 109%        | 70%        | 6%          | 50%        |
|   | 1998 | 116%        | 113%        | 66%        | 15%         | 50%        |
|   | 1997 | 113%        | 114%        | 63%        | 14%         | 43%        |
| Annual Covered Payroll  | 1999 | \$ 45,333   | \$ 106,131  | \$ 32,940  | \$ 291      | \$ 7,490   |
|   | 1998 | \$ 43,170   | \$ 97,363   | \$ 24,647  | \$ 476      | \$ 6,965   |
|   | 1997 | \$ 40,763   | \$ 81,132   | \$ 23,068  | \$ 460      | \$ 7,529   |
| Ratio of Unfunded Actuarial Liability to Annual Covered Payroll | 1999 | (147%)      | (26%)       | 127%       | 1091%       | 440%       |
|   | 1998 | (136%)      | (34%)       | 179%       | 603%        | 455%       |
|   | 1997 | (106%)      | (36%)       | 187%       | 600%        | 457%       |

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

## Defined Contribution Funds

The defined contribution funds presented in the financial statements include various statewide public employee retirement funds 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 and Contribution Information

The Unclassified Employee Retirement Fund, authorized by Minnesota Statutes, Chapter 352D, covers only those state employees who are included either by statute or policy in the "unclassified service" of the state. Statutory contribution rates are 4.0 percent for employee and 6.0 percent for employer. Vesting occurs immediately, and normal retirement age is 58. Annuity is based on age and value of participant's account. Eighteen employers participate in this plan.

The College and Universities Retirement funds, authorized by Minnesota Statutes, Chapter 354B and Chapter 354C, cover unclassified teachers, librarians, administrators and certain other staff members who have been employed full-time for a minimum of two academic years. The plan administrator is Norwest Banks. Participation is mandatory for qualified employees. These funds consist of an Individual Retirement Account Plan (IRAP) and a Supplemental Retirement Plan (SRP). There are 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 6.0 and 4.5 percent respectively, while for the managerial employees the employer rate is 6.0 percent and the employee rate is 4.1 percent. For the SRP, the statutory contribution rate is 5 percent of salary between \$6,000 and \$40,000. Vesting occurs immediately, and normal retirement is age 55. One employer participates in this plan. Total current membership in the plan is approximately 12,500.

The Public Employee Defined Contribution Retirement Fund (PEDCR) is authorized by Minnesota Statutes, Chapter 353D. The plan covers local units of government of which current or former elected officials elect to participate (with the exception of elected county sheriffs), emergency medical service personnel employed by or providing service to any of the participating ambulance services and physicians employed at public facilities. The plan administrator is the Public Employee Retirement Association. Plan benefits depend solely on amounts contributed to the plan plus investment earnings less administrative expenses. There is no vesting period required to receive benefits from this plan. PEDCR Fund covers approximately 1,000 units of government. There are 4,031 members in the plan.

### Defined Contribution Plans Contributions Made for Fiscal Year 1999 (in thousands)

|                        | Unclassified Employee<br>Retirement Fund | Colleges and<br>Universities<br>Retirement Fund | PERA Defined<br>Contribution Fund |
|------------------------|--|---|-----------------------------------|
| Employee Contributions | \$3,885                                  | \$13,708  | \$778                             |
| Employer Contributions | \$5,574                                  | \$15,560  | \$858                             |



## **Investment Trust Funds**

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

## **Component Units**

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

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

## **17. POST-RETIREMENT BENEFITS**

For certain employees, post-retirement benefits are available upon retirement at age 55 under terms of their employment contract. Through fiscal year 1999, 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's share of health insurance benefits until the employees reach age 65.

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

The cost of these benefits, which is recognized as paid, was \$4,468,000 during fiscal year 1999. The number of employees currently receiving this benefit is approximately 1,065.

18. SEGMENT INFORMATION AND CONDENSED BALANCE SHEET

Significant enterprise fund financial data for the year ended June 30, 1999 follows.

**Primary Government**

Enterprise Funds' Segment Information  
(in thousands)

|                                      | State<br>Colleges &<br>Universities |             | Colleges &<br>University |   |                                     |                         | Public                 |                          | Private               |             | State<br>Operated |  | Total |
|--------------------------------------|-------------------------------------|-------------|--------------------------|---|-------------------------------------|-------------------------|------------------------|--------------------------|-----------------------|-------------|-------------------|--|-------|
|                                      | Revenue                             | Lottery     | Enterprise<br>Activities | Minnesota<br>Correctional<br>Industries | Chemical<br>Dependency<br>Treatment | Employees'<br>Insurance | Employers<br>Insurance | Enterprise<br>Activities | Community<br>Services |             |                   |  |       |
| Operating Revenues                   | \$ 46,003                           | \$ 364,661  | \$ 60,324                | \$ 18,469                               | \$ 13,465                           | \$ 7,830                | \$ 53                  | \$ 4,106                 | \$ 36,396             | \$ 551,307  |                   |  |       |
| Depreciation/Amortization Expense    | \$ 5,534                            | \$ 1,468    | \$ 140                   | \$ 451                                  | \$ 58                               | \$ 4                    | \$ 1                   | \$ 67                    | \$ 660                | \$ 8,383    |                   |  |       |
| Operating Income (Loss)              | \$ 20                               | \$ 58,358   | \$ 4,221                 | \$ (1,759)                              | \$ 370                              | \$ (210)                | \$ (185)               | \$ 200                   | \$ (190)              | \$ 60,825   |                   |  |       |
| Nonoperating Revenues (Expenses):    |                                     |             |                          |   |                                     |                         |                        |                          |                       |             |                   |  |       |
| Investment Income                    | \$ 2,854                            | \$ 1,668    | \$ 1,115                 | \$ 276                                  | \$ 189                              | \$ 267                  | \$ 50                  | \$ -                     | \$ -                  | \$ 6,419    |                   |  |       |
| Grants (Revenue)                     | \$ -                                | \$ -        | \$ 211                   | \$ -                                    | \$ -                                | \$ -                    | \$ -                   | \$ 20                    | \$ -                  | \$ 231      |                   |  |       |
| Grants (Expense)                     | \$ -                                | \$ -        | \$ (566)                 | \$ -                                    | \$ -                                | \$ -                    | \$ -                   | \$ -                     | \$ -                  | \$ (566)    |                   |  |       |
| Net Operating Transfers-In (Out)     | \$ -                                | \$ (60,391) | \$ (2,834)               | \$ 3,348                                | \$ -                                | \$ 750                  | \$ 150                 | \$ (21)                  | \$ 1,156              | \$ (57,842) |                   |  |       |
| Net Income (Loss)                    | \$ 986                              | \$ -        | \$ 1,958                 | \$ 2,363                                | \$ 559                              | \$ 807                  | \$ 15                  | \$ 199                   | \$ 712                | \$ 7,599    |                   |  |       |
| Changes in Contributed Capital       | \$ (352)                            | \$ -        | \$ -                     | \$ 4                                    | \$ -                                | \$ -                    | \$ -                   | \$ -                     | \$ 11,105             | \$ 10,757   |                   |  |       |
| Fixed Assets:                        |                                     |             |                          |   |                                     |                         |                        |                          |                       |             |                   |  |       |
| Additions                            | \$ 7,565                            | \$ 1,548    | \$ 576                   | \$ 451                                  | \$ 69                               | \$ -                    | \$ -                   | \$ 20                    | \$ 1,140              | \$ 11,369   |                   |  |       |
| Net Working Capital                  | \$ 89                               | \$ (3,632)  | \$ 27,355                | \$ 14,148                               | \$ 6,195                            | \$ 4,406                | \$ 743                 | \$ 3,061                 | \$ 15,674             | \$ 68,039   |                   |  |       |
| Total Assets                         | \$ 116,907                          | \$ 37,467   | \$ 76,630                | \$ 17,496                               | \$ 7,104                            | \$ 5,967                | \$ 864                 | \$ 4,505                 | \$ 24,013             | \$ 290,953  |                   |  |       |
| Noncurrent Liabilities Payable from: |                                     |             |                          |   |                                     |                         |                        |                          |                       |             |                   |  |       |
| Other Sources                        | \$ -                                | \$ -        | \$ -                     | \$ -                                    | \$ -                                | \$ -                    | \$ 740                 | \$ -                     | \$ -                  | \$ 740      |                   |  |       |
| Total Fund Equity                    | \$ 82,974                           | \$ -        | \$ 69,521                | \$ 15,607                               | \$ 5,744                            | \$ 4,400                | \$ -                   | \$ 3,115                 | \$ 11,817             | \$ 193,178  |                   |  |       |

Listed below are the discretely presented component units:

**Component Units - Governmental Funds**

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

**Component Units - Proprietary Funds**

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

**Other Component Units**

- University of Minnesota (U of M)

Significant component unit financial data for the year ended June 30, 1999 follows.

**Component Units**

Condensed Statements - Governmental Funds  
(in thousands)

|  | PFA               | MC*                | MTI                | HESO                | EFA             | AEDB              | RFA              | MPAAT             | Totals             |
|--|-------------------|--------------------|--------------------|---------------------|-----------------|-------------------|------------------|-------------------|--------------------|
| <b>Balance Sheet:</b>  |                   |                    |                    |                     |                 |                   |                  |                   |                    |
| Current Assets   | \$ 42,865         | \$ 60,776          | \$ 9,858           | \$ 4,302            | \$ 1,063        | \$ 14,394         | \$ 17,880        | \$ 64,689         | \$ 215,827         |
| Non-Current Assets   | -                 | 159,308            | -                  | -                   | -               | 49,037            | 50,335           | 122,306           | 380,986            |
| Due from Other Governmental Units  | -                 | 2,444              | -                  | -                   | -               | -                 | -                | -                 | 2,444              |
| Fixed Assets   | -                 | 13,909             | 471                | 267                 | -               | -                 | -                | -                 | 14,647             |
| Amount Available for Debt Service  | -                 | 44,202             | -                  | -                   | -               | -                 | -                | -                 | 44,202             |
| Amount to be Provided for Debt Service                                       | -                 | 91,047             | -                  | -                   | -               | 39,157            | -                | -                 | 130,204            |
| <b>Total Assets and Other Debits</b>   | <b>\$ 42,865</b>  | <b>\$ 371,686</b>  | <b>\$ 10,329</b>   | <b>\$ 4,569</b>     | <b>\$ 1,063</b> | <b>\$ 102,588</b> | <b>\$ 68,215</b> | <b>\$ 186,995</b> | <b>\$ 788,310</b>  |
| Current Liabilities  | \$ 822            | \$ 72,953          | \$ 935             | \$ 4,059            | \$ -            | \$ 1,084          | \$ -             | \$ 151            | \$ 80,004          |
| Due to Other Governmental Units  | -                 | 5                  | -                  | -                   | -               | -                 | -                | -                 | 5                  |
| Long-Term Liabilities  | -                 | 139,758            | 270                | 291                 | -               | 39,157            | -                | -                 | 179,476            |
| <b>Total Liabilities</b>   | <b>\$ 822</b>     | <b>\$ 212,716</b>  | <b>\$ 1,205</b>    | <b>\$ 4,350</b>     | <b>\$ -</b>     | <b>\$ 40,241</b>  | <b>\$ -</b>      | <b>\$ 151</b>     | <b>\$ 259,485</b>  |
| <b>Total Equity</b>  | <b>\$ 42,043</b>  | <b>\$ 158,970</b>  | <b>\$ 9,124</b>    | <b>\$ 219</b>       | <b>\$ 1,063</b> | <b>\$ 62,347</b>  | <b>\$ 68,215</b> | <b>\$ 186,844</b> | <b>\$ 528,825</b>  |
| <b>Operating Statement:</b>  |                   |                    |                    |                     |                 |                   |                  |                   |                    |
| Revenues   | \$ -              | \$ 68,802          | \$ 3,653           | \$ 2,015            | \$ 56           | \$ 4,402          | \$ 3,785         | \$ 189,903        | \$ 272,616         |
| Current Expenditures   | -                 | (127,396)          | (13,248)           | (8,131)             | -               | (141)             | -                | (3,059)           | (151,975)          |
| Capital Outlay   | -                 | (865)              | -                  | -                   | -               | -                 | -                | -                 | (865)              |
| Debt Service   | -                 | (25,709)           | -                  | -                   | -               | (11,743)          | -                | -                 | (37,452)           |
| Grants & Subsidies   | (7,282)           | -                  | (8,871)            | (135,844)           | -               | -                 | -                | -                 | (151,997)          |
| <b>Excess of Revenues Over Expenditures</b>                                  | <b>\$ (7,282)</b> | <b>\$ (85,168)</b> | <b>\$ (18,466)</b> | <b>\$ (141,960)</b> | <b>\$ 56</b>    | <b>\$ (7,482)</b> | <b>\$ 3,785</b>  | <b>\$ 186,844</b> | <b>\$ (69,673)</b> |
| Bond Proceeds  | -                 | 18,773             | -                  | -                   | -               | 5,215             | 4,500            | -                 | 28,488             |
| Transfers-In from Primary Government   | 21,250            | 69,316             | 10,037             | 141,535             | -               | -                 | -                | -                 | 242,138            |
| Other Financing Sources (Uses)   | -                 | 25,532             | (35)               | -                   | -               | -                 | (8,651)          | -                 | 16,846             |
| <b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b> | <b>\$ 13,968</b>  | <b>\$ 28,453</b>   | <b>\$ (8,464)</b>  | <b>\$ (425)</b>     | <b>\$ 56</b>    | <b>\$ (2,267)</b> | <b>\$ (366)</b>  | <b>\$ 186,844</b> | <b>\$ 217,799</b>  |

\* December 31 year end

Condensed Statements - Proprietary Funds  
(in thousands)

|  | HFA                 | PFA                 | MC*                 | WCARP*            | NSCF*           | HESO              | Totals              |
|--|---------------------|---------------------|---------------------|-------------------|-----------------|-------------------|---------------------|
| <b>Balance Sheet:</b>                    |                     |                     |                     |                   |                 |                   |                     |
| Current Assets                           | \$ 480,874          | \$ -                | \$ 106,193          | \$ 254,609        | \$ 551          | \$ 12,547         | \$ 854,774          |
| Non-Current Assets                       | 2,013,204           | -                   | 5,576               | 675,547           | -               | 280,430           | 2,974,757           |
| Due from Other Governmental Units        | -                   | -                   | 2,268               | -                 | -               | -                 | 2,268               |
| Restricted Assets                        | 360,493             | 1,017,115           | 234,952             | -                 | -               | 35,589            | 1,648,149           |
| Fixed Assets                             | 1,030               | 2                   | 1,156,457           | -                 | 521             | 81                | 1,158,091           |
| <b>Total Assets</b>                      | <b>\$ 2,855,601</b> | <b>\$ 1,017,117</b> | <b>\$ 1,505,446</b> | <b>\$ 930,156</b> | <b>\$ 1,072</b> | <b>\$ 328,647</b> | <b>\$ 6,638,039</b> |
| Current Liabilities                      | \$ 7,938            | \$ 29,647           | \$ 77,523           | \$ 21,526         | \$ 659          | \$ 450            | \$ 137,743          |
| Due to Primary Government                | -                   | -                   | -                   | 4,757             | -               | -                 | 4,757               |
| Long-Term Liabilities                    | 2,243,157           | 566,106             | 679,928             | 405,000           | 260             | 68,823            | 3,963,274           |
| <b>Total Liabilities</b>                 | <b>\$ 2,251,095</b> | <b>\$ 595,753</b>   | <b>\$ 757,451</b>   | <b>\$ 431,283</b> | <b>\$ 919</b>   | <b>\$ 69,273</b>  | <b>\$ 4,105,774</b> |
| <b>Total Equity</b>                      | <b>\$ 604,506</b>   | <b>\$ 421,364</b>   | <b>\$ 747,995</b>   | <b>\$ 498,873</b> | <b>\$ 153</b>   | <b>\$ 259,374</b> | <b>\$ 2,532,265</b> |
| <b>Operating Statement:</b>              |                     |                     |                     |                   |                 |                   |                     |
| Revenues                                 | \$ 175,827          | \$ 35,386           | \$ 227,328          | \$ 47,530         | \$ 4,976        | \$ 13,524         | \$ 504,571          |
| Operating Expenditures                   | (150,260)           | (30,599)            | (305,361)           | (2,564)           | (5,729)         | (9,320)           | (503,833)           |
| Operating Income (Loss)                  | \$ 25,567           | \$ 4,787            | \$ (78,033)         | \$ 44,966         | \$ (753)        | \$ 4,204          | \$ 738              |
| Nonoperating Revenues (Expenses)         | (29,753)            | (771)               | 114,758             | 81,208            | 706             | 5,619             | 171,767             |
| Transfer-in from Primary Government      | 40,076              | -                   | -                   | -                 | -               | -                 | 40,076              |
| Other sources (uses)                     | (1,040)             | -                   | 5,442               | -                 | -               | -                 | 4,402               |
| <b>Incr.(Decr.) in Retained Earnings</b> | <b>\$ 34,850</b>    | <b>\$ 4,016</b>     | <b>\$ 42,167</b>    | <b>\$ 126,174</b> | <b>\$ (47)</b>  | <b>\$ 9,823</b>   | <b>\$ 216,983</b>   |
| Changes in Contributed Capital           | \$ -                | \$ 133,831          | \$ 32,209           | \$ -              | \$ -            | \$ -              | \$ 166,040          |

\* December 31 year end

Component Unit Condensed Balance Sheet  
University Fund  
(in thousands)

|                                       | U of M              |
|---------------------------------------|---------------------|
| Current Assets                        | \$ 761,538          |
| Non-Current Assets                    | 886,294             |
| Due from Primary Government           | 128,331             |
| Fixed Assets                          | 1,268,673           |
| Restricted Assets                     | 11,132              |
| <b>Total Assets</b>                   | <b>\$ 3,055,968</b> |
| Current Liabilities                   | \$ 174,423          |
| Due to Primary Government             | 45,685              |
| Bonds and Other Long-Term Liabilities | 664,023             |
| <b>Total Liabilities</b>              | <b>\$ 884,131</b>   |
| <b>Total Equity</b>                   | <b>\$ 2,171,837</b> |

|                                   | Governmental<br>Totals | Proprietary<br>Totals | University<br>Totals | Total<br>Component<br>Units |
|-----------------------------------|------------------------|-----------------------|----------------------|-----------------------------|
| <b>Balance Sheet:</b>             |                        |                       |                      |                             |
| Current Assets                    | \$ 215,827             | \$ 854,774            | \$ 761,538           | \$ 1,832,139                |
| Non-Current Assets                | 380,986                | 2,974,757             | 886,294              | 4,242,037                   |
| Due from other Governmental Units | 2,444                  | 2,268                 | -                    | 4,712                       |
| Due from Primary Government       | -                      | -                     | 128,331              | 128,331                     |
| Restricted Assets                 | -                      | 1,648,149             | 11,132               | 1,659,281                   |
| Fixed Assets                      | 14,647                 | 1,158,091             | 1,268,673            | 2,441,411                   |
| Amount Available for Debt Service | 44,202                 | -                     | -                    | 44,202                      |
| Amount to be Provided             | 130,204                | -                     | -                    | 130,204                     |
| <b>Total Assets</b>               | <b>\$ 788,310</b>      | <b>\$ 6,638,039</b>   | <b>\$ 3,055,968</b>  | <b>\$ 10,482,317</b>        |
| Current Liabilities               | \$ 80,004              | \$ 137,743            | \$ 174,423           | \$ 392,170                  |
| Due to Other Governmental Units   | 5                      | -                     | -                    | 5                           |
| Due to Primary Government         | -                      | 4,757                 | 45,685               | 50,442                      |
| Long-term Liabilities             | 179,476                | 3,963,274             | 664,023              | 4,806,773                   |
| <b>Total Liabilities</b>          | <b>\$ 259,485</b>      | <b>\$ 4,105,774</b>   | <b>\$ 884,131</b>    | <b>\$ 5,249,390</b>         |
| <b>Total Equity</b>               | <b>\$ 528,825</b>      | <b>\$ 2,532,265</b>   | <b>\$ 2,171,837</b>  | <b>\$ 5,232,927</b>         |

Investments are no longer included in the current asset calculation; they are represented within non-current assets.

## 19. RISK MANAGEMENT

### Primary Government

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

The state has not experienced significant reduction in insurance coverage from the prior year. It has not had any settlements in excess of coverage for the past three years.

### Risk Management Fund

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

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

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

The state is prevented from insuring property against loss because of statutory prohibition. Certain agencies and programs are exempted from this prohibition. These include the Stillwater Prison, Minnesota

State Colleges and Universities, Family Farm Security Program, Department of Military Affairs, Iron Range Resources and Rehabilitation Board and the Sibley House. The Commissioner of the Department of Administration may authorize the purchase of insurance on state properties should it be deemed necessary and appropriate to protect buildings and content. All losses of state property are self-insured or are covered by programs of the Risk Management Fund or by insurance policies purchased by the Risk Management Fund on behalf of state agencies.

#### Tort Claims

Tort claims against the state are limited by statute to \$300,000 per person for property damage or bodily injury up to \$750,000 per occurrence. These risks are covered through self-insurance for which each state agency is responsible to pay for the cost of claims from their operating budgets of various funds. The legislature also makes an annual Tort Claim Appropriation to cover claims that would unduly impair agency operations. Agencies not able to cover claims through these two avenues must seek additional appropriations from the legislature.

#### Workers Compensation

The state also participates in the Workers' Compensation Reinsurance Association, which pays for catastrophic workers' compensation claims in excess of the retention amount of \$1,160,000. These risks are covered through self-insurance for which each state agency is responsible to pay for the cost of claims from their operating budgets of various funds.

#### State Employee Group Insurance Program

The State Employee Group Insurance Program (SEGIP) was created by the Minnesota Legislature as an employee insurance trust fund with the intent to "provide eligible employees and other eligible persons with life insurance and hospital, medical and dental benefits coverage through provider organizations". The trust fund is not associated with a public risk pool. The fund used to account for SEGIP is an internal service fund dedicated solely for the purpose of this program. A contingency reserve is maintained within the trust fund to increase the controls over medical plan provisions and other insurance costs for the purpose of moderating premium fluctuations, and to assume all inherent risk associated with the self-funded insurance programs, which would also include losses to the fund. The fund has the authority to invest discretionary resources with the State Board of Investment and credit the earnings to the fund.

SEGIP provides benefits coverage to employees by contracting with carriers to provide a network of providers. Agencies are assessed premiums based on the employees' enrollment selections.

The self-funded programs within the fund establish claims liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported, but not paid, and of claims that have been incurred, but not reported. These estimates are provided by the insurance carriers and reviewed by the program managers for accuracy and reasonableness. The estimates are based on claim experience and claim lag timetables provided by the carriers and do not include additional estimates for subrogation, salvage or unallocated claim adjustments.

#### Public Employee Insurance Program

The Public Employees Insurance Program (PEIP) is a public entity risk pool currently operating as an insurance program. The risk pool was created by the Minnesota Legislature to "provide public employees and other eligible persons with life insurance and hospital, medical and dental benefit coverage" to "result in a greater utilization of government resources" and "advance the health and welfare of the citizens of the state".

PEIP's membership as of June 30, 1999 was 5,326 members, which include three school districts, 44 cities/townships, six counties and 20 other public employers. PEIP provides medical benefits coverage to public employees through a self-insured statewide program administered through several private-sector

claims administrators/managed care organizations, as well as fully insured life and dental coverage. The pool will be self-sustaining through member premiums and will reinsure for claims through its administrators/managed care organizations for Stop-Loss coverage for claims in excess of \$50,000. The employers' premium would be increased the next plan year and over several plan years, if necessary, to recover costs in the event of a deficiency. Investment income is not anticipated in calculating premium deficiencies. In the event the assets of the pool would be exhausted, members would not be responsible for the pool's liabilities.

The pool establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred, but not reported. The estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. The pool uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the pool as direct insurer of the risks reinsured.

The following table presents changes in the balances of self-insured claims liabilities during the fiscal years ended June 30, 1999 and 1998:

|  | <u>Beginning<br/>Claims<br/>Liability</u> | <u>Net Additions<br/>and Changes<br/>in Claims</u> | <u>Payment<br/>of<br/>Claims</u> | <u>Ending<br/>Claims<br/>Liability</u> |
|--|---|--|----------------------------------|--|
| <b>Risk Management Fund</b>              |   |  |                                  |  |
| Fiscal Year Ended 6/30/98                | \$ 5,121,000                              | \$ 4,097,000                                       | \$ 2,686,000                     | \$ 6,532,000                           |
| Fiscal Year Ended 6/30/99                | \$ 6,532,000                              | \$ 1,807,000                                       | \$ 2,210,000                     | \$ 6,129,000                           |
| <b>Tort Claims (*)</b>                   |   |  |                                  |  |
| Fiscal Year Ended 6/30/98                | \$ -                                      | \$ 589,500   | \$ 589,500                       | \$ -                                   |
| Fiscal Year Ended 6/30/99                | \$ -                                      | \$ 702,000   | \$ 702,000                       | \$ -                                   |
| <b>Workers Compensation</b>              |   |  |                                  |  |
| Fiscal Year Ended 6/30/98                | \$106,877,000                             | \$ 18,180,000                                      | \$ 11,325,000                    | \$113,732,000                          |
| Fiscal Year Ended 6/30/99                | \$113,732,000                             | \$ 15,164,000                                      | \$ 12,761,000                    | \$116,135,000                          |
| <b>State Employee Insurance Plans</b>    |   |  |                                  |  |
| Fiscal Year Ended 6/30/98                | \$ 14,899,000                             | \$232,594,000                                      | \$231,078,000                    | \$ 16,415,000                          |
| Fiscal Year Ended 6/30/99                | \$ 16,415,000                             | \$276,882,000                                      | \$271,944,000                    | \$ 21,353,000                          |
| <b>Public Employee Insurance Program</b> |   |  |                                  |  |
| Fiscal Year Ended 6/30/98                | \$ -                                      | \$ 1,968,000                                       | \$ 1,433,000                     | \$ 535,000                             |
| Fiscal Year Ended 6/30/99                | \$ 535,000                                | \$ 5,796,000                                       | \$ 5,495,000                     | \$ 836,000                             |

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

### Component Units

#### Metropolitan Council

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

## *Liability*

MC purchases general liability insurance to protect all divisions of MC and recognizes a current liability for incurred, reported claims, and a long-term liability for claims incurred, but not reported. Claims liabilities are calculated considering recent claims settlement trends including frequency and amount of payouts. Minnesota Statute 466.04 generally limits the MC's 1998 tort exposure to \$300,000 per claim and \$750,000 per occurrence for a claim arising on or after January 1, 1998. For claims arising earlier, the limits are \$200,000 per claim and \$600,000 per occurrence. In addition, an amount equal to twice these limits applies if the claim arises out of the release or threatened release of a hazardous substance.

## *Workers Compensation*

MC has self-administered workers' compensation claims for all divisions. Liabilities are reported when information is available that suggests there has been an occurrence with probable loss incurred. Liabilities include an amount for claims that have been incurred, but not reported. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a discount rate of 4.96 percent.

The self-insurance retention limit for workers' compensation is \$1,080,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses MC.

## *University of Minnesota*

The University is self-insured for medical malpractice, general liability, directors and officers liability and automobile liability through RUMINCO, Ltd., a wholly owned single parent captive insurance company. Claims are reported to a third-party administrator, which pays expenses and sets up reserves. The total estimated expense of a claim is estimated and booked as a liability when it is probable a loss has occurred and the amount of the loss can be reasonably estimated in the year in which it is reported. In addition, an actuarial liability is established for incurred, but not reported claims.

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

The following table presents changes in the balances of claims liabilities during the fiscal years ended December 31, 1998 and 1997 or June 30, 1999 and 1998, as applicable:

|  | <u>Beginning<br/>Claims<br/>Liability</u> | <u>Net Additions<br/>and Changes<br/>in Claims</u> | <u>Payment<br/>of<br/>Claims</u> | <u>Ending<br/>Claims<br/>Liability</u> |
|--|---|--|----------------------------------|--|
| <b>Metropolitan Council</b>                            |   |  |                                  |  |
| Fiscal Year Ended 12/31/97                             | \$15,151,000                              | \$5,049,000  | \$4,886,000                      | \$15,314,000                           |
| Fiscal Year Ended 12/31/98                             | \$15,314,000                              | \$5,649,000  | \$5,546,000                      | \$15,417,000                           |
| <b>University of Minnesota – RUMINCO, Ltd.</b>         |   |  |                                  |  |
| Fiscal Year Ended 6/30/98                              | \$ 7,458,000                              | \$6,258,000  | \$3,165,000                      | \$10,551,000                           |
| Fiscal Year Ended 6/30/99                              | \$10,551,000                              | \$4,651,000  | \$3,622,000                      | \$11,580,000                           |
| <b>University of Minnesota – Workers' Compensation</b> |   |  |                                  |  |
| Fiscal Year Ended 6/30/98                              | \$20,033,000                              | \$ 869,000   | \$3,902,000                      | \$17,000,000                           |
| Fiscal Year Ended 6/30/99                              | \$17,000,000                              | \$ 549,000   | \$2,849,000                      | \$14,700,000                           |



20. BUDGETARY BASIS VS GAAP

Actual revenues, transfers-in, expenditures, encumbrances and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds. This inequality results primarily from differences in the recognition of accruals, reimbursements, deferred revenue, intrafund and loan transactions, and from the budgetary basis of accounting for encumbrances. On the budgetary basis, encumbrances are recognized as expenditures in the year encumbered, while on the modified accrual basis of accounting, expenditures are recognized when the goods or services are received, regardless of the year encumbered. A reconciliation of the fund balances under the two bases for the General and special revenue funds is provided in the table "Reconciliation of GAAP Basis Fund Balances to Budgetary Basis Fund Balances".

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

|                                     |                   |
|-------------------------------------|-------------------|
| Total GAAP Basis Fund Balances -    |                   |
| All Special Revenue Funds           | \$ 1,199,516      |
| Special Revenue Funds not requiring |                   |
| Legal appropriation                 | <u>(396,508)</u>  |
| Total GAAP Fund Balance -           |                   |
| Appropriated Special Revenue Funds  | <u>\$ 803,008</u> |

|  | Special Revenue Funds |                   |                               |                  |                 |                  |                   |                      |                    |                       |
|--|-----------------------|-------------------|-------------------------------|------------------|-----------------|------------------|-------------------|----------------------|--------------------|-----------------------|
|  | General Fund          | Trunk Highway     | Highway User Tax Distribution | State Airport    | Environmental   | Solid Waste      | Natural Resources | Special Compensation | Health Care Access | Total Special Revenue |
| GAAP Basis Fund Balances                   | \$2,031,411           | \$ 343,884        | \$ 139                        | \$ 26,030        | \$ 23,216       | \$ 54,467        | \$ 42,428         | \$ 1,471             | \$ 311,373         | \$ 803,008            |
| Less: Reserved Fund Balances               | 1,490,434             | 162,584           | 139                           | 13,704           | 4,951           | -                | 11,336            | 613                  | 90,118             | 283,445               |
| Less: Designated Fund Balances             | 478,883               | 16,254            | -                             | 2,400            | 15,927          | -                | 5,101             | -                    | 272                | 39,954                |
| Undesignated Fund Balances                 | \$ 62,094             | \$ 165,046        | \$ -                          | \$ 9,926         | \$ 2,338        | \$ 54,467        | \$ 25,991         | \$ 858               | \$ 220,983         | \$ 479,609            |
| Basis of Accounting Differences            |                       |                   |                               |                  |                 |                  |                   |                      |                    |                       |
| Revenue Accruals/Adjustments:              |                       |                   |                               |                  |                 |                  |                   |                      |                    |                       |
| Taxes Receivable                           | \$ (383,694)          | \$ -              | \$ (2,184)                    | \$ -             | \$ -            | \$ -             | \$ -              | \$ -                 | \$ (29,236)        | \$ (31,420)           |
| Human Services Receivable                  | (12,624)              | -                 | -                             | -                | -               | -                | -                 | -                    | -                  | -                     |
| Deferred Revenue                           | 128,019               | -                 | -                             | -                | -               | -                | -                 | 5,687                | -                  | 5,687                 |
| Other Receivables                          | (1,618)               | -                 | -                             | (49)             | -               | -                | (6,224)           | -                    | 74                 | (6,199)               |
| Expenditure Accruals/Adjustments:          |                       |                   |                               |                  |                 |                  |                   |                      |                    |                       |
| Family Support, Medical Assist., and MAXIS | 167,627               | -                 | -                             | -                | -               | -                | -                 | -                    | -                  | -                     |
| Police and Fire Aid                        | 58,205                | -                 | -                             | -                | -               | -                | -                 | -                    | -                  | -                     |
| Community Service Grants                   | 14,787                | -                 | -                             | -                | -               | -                | -                 | -                    | -                  | -                     |
| Education Aids                             | 397,199               | -                 | -                             | -                | -               | -                | -                 | -                    | -                  | -                     |
| Other Payables                             | 61,301                | 4                 | -                             | 839              | 926             | (1,462)          | -                 | 30,050               | -                  | 30,357                |
| Other Financial Sources (Uses):            |                       |                   |                               |                  |                 |                  |                   |                      |                    |                       |
| Transfers-In                               | (4,630)               | (31,335)          | -                             | -                | -               | -                | (3,022)           | -                    | -                  | (34,357)              |
| Transfers-Out                              | -                     | -                 | 3,140                         | -                | -               | -                | -                 | -                    | -                  | 3,140                 |
| Reserved Fund Balances:                    |                       |                   |                               |                  |                 |                  |                   |                      |                    |                       |
| Long-Term Receivables                      | -                     | -                 | -                             | 3,047            | -               | -                | -                 | -                    | -                  | 3,047                 |
| Fund Structure Differences                 |                       |                   |                               |                  |                 |                  |                   |                      |                    |                       |
| Terminally Funded Pension Plan             | 7,257                 | -                 | -                             | -                | -               | -                | -                 | -                    | -                  | -                     |
| Cambridge Bank Fund Consolidation          | (6,604)               | -                 | -                             | -                | -               | -                | -                 | -                    | -                  | -                     |
| Other                                      | (4,787)               | -                 | -                             | -                | -               | -                | -                 | -                    | -                  | -                     |
| Budgetary Basis:                           |                       |                   |                               |                  |                 |                  |                   |                      |                    |                       |
| Undesignated Fund Balances                 | <u>\$ 482,532</u>     | <u>\$ 133,715</u> | <u>\$ 956</u>                 | <u>\$ 13,763</u> | <u>\$ 3,264</u> | <u>\$ 53,005</u> | <u>\$ 16,745</u>  | <u>\$ 36,595</u>     | <u>\$ 191,821</u>  | <u>\$ 449,864</u>     |

## 21. SALES TAX REBATE

A sales tax rebate not to exceed \$1.3 billion was approved by the 1999 legislature. The law specifies that the rebate is a reduction of fiscal year 1999 sales tax revenues. The amount necessary to pay the sales tax rebates and interest is appropriated from the General Fund to the Commissioner of Revenue in fiscal year 1999 and is available to claim by taxpayers until June 30, 2001.

In order to calculate the individual taxpayer's rebate, the law specifies that the state will use the 1997 income tax returns to determine the estimated amount of 1999 sales tax paid by individual taxpayers.

Eligible taxpayers for this rebate include either of the following:

- Individuals who filed a 1997 Minnesota income tax return on or before June 15, 1999, and had a tax liability before refundable credits. In addition, these individual must not be claimed as a dependent on a 1997 federal income tax return filed by another person.
- Individuals who had property taxes payable on his or her homestead abated to zero.

This rebate was recorded in the financial statements as reduction of the sales tax revenue and recorded as an additional accounts payable in the General Fund as of June 30, 1999.

The majority of the \$1.3 billion accrued in fiscal year 1999 was issued to the taxpayers in August and September of 1999. Of this amount, approximately \$39 million was collected by the state through revenue recapture programs.

## 22. SUBSEQUENT EVENTS

### Primary Government

On August 9, 1999, \$185,000,000 of general obligation state various purpose bonds were sold at a true interest rate of 5.01 percent. The bonds were issued to finance the cost of capital improvements. These bonds are backed by the full faith and credit and taxing powers of the state of Minnesota.

As required by the constitution and statutes, transfers from the funds presented below were made on November 30, 1999 to the separately invested Debt Service Fund to cover the principal and interest maturing through July 1, 2001 (in thousands):

|                                 |                  |
|---------------------------------|------------------|
| General                         | \$255,037        |
| Natural Resources               | 27               |
| Trunk Highway                   | 3,744            |
| Maximum Effort School Loan      | 1,720            |
| Colleges and Universities       | <u>14,078</u>    |
| Total Transfers to Debt Service | <u>\$274,606</u> |

### Component Units

In December 1998, Metropolitan Council (MC, governmental and proprietary fund types) entered into a \$60 million loan agreement with Public Facilities Authority (PFA) on behalf of its environmental services division. In March 1999, MC entered into a \$21 million loan agreement with PFA on behalf of its transportation division. The loans are scheduled for repayment over a period of approximately 20 years.

On August 9, 1999, Housing Finance Authority (proprietary fund type) remarketed \$65,640,000 of convertible option bonds.

On October 4, 1999, Glaxo Wellcome Inc. (Glaxo) agreed to pay the University of Minnesota (U of M) royalties on Glaxo's worldwide sales of Zaigen ®, an antiviral drug used to treat AIDS. The agreement settled a lawsuit brought by the U of M in October 1998, in which it claimed that Zaigen is among several compounds first patented in the 1980s by a U of M professor and subsequently licensed to Glaxo. Under the term of the settlement, Glaxo will pay the U of M a percentage of sales on a sliding fee scale. In addition, the U of M received a one-time payment of \$7.25 million in October 1999.

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Background**

The state and its component units are currently addressing the year 2000 (Y2K) issues relating to its computer systems and other electronic equipment. The Y2K issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond. For many years, programmers eliminated the first two digits from a year when writing programs. For example, programmers would designate January 1, 1965 as "01/01/65" instead of "01/01/1965." On January 1, 2000 at 12:00:01 a.m., the internal clock in computers and other equipment will roll over from "12/31/99" to "01/01/00." Unfortunately, many programs (if not corrected) will not be able to distinguish between the year 2000 and the year 1900. Also, some programs may not be able to recognize that 2000 is a leap year. These issues may cause the programs to process data inaccurately or to stop processing data altogether.

During 1996, the state established the Minnesota Year 2000 Project Office (Project Office) under the Department of Administration to develop and monitor a statewide Y2K effort for Executive Branch agencies. The Project Office worked with agencies to identify various computer systems and pieces of electronic equipment critical to conducting the state's operations and that need to be Y2K compliant. The Project Office is monitoring Y2K compliance efforts at the various agencies on a quarterly basis and is providing assistance and assigning resources to accelerate compliance for all mission-critical systems and equipment. The Project Office is also monitoring and assisting the agencies with efforts to develop contingency plans should Y2K failures adversely affect mission-critical operations. Individual agencies are solely responsible for the Y2K compliance of systems and equipment that are not deemed mission-critical.

### **Stages of Work**

#### **Primary Government**

The Department of Finance in 1995 implemented a new non-Y2K compliant accounting/procurement system referred to as MAPS. The department knew that a new version of the software would have to be put in place to achieve Y2K compliance. In mid-1997, state technical staff, along with the system vendor, American Management Systems, Inc., began a \$6.5 million project to install the new compliant version of the accounting software. The state has completed the validation/testing of the new version of the accounting software and fully implemented the accounting software during fiscal year 1999.

MAPS has many interfaces to other systems, which may have Y2K issues of their own. These include 52 interfaces, which have had identifiable Y2K issues, and five others that are discussed in the following paragraph. Of the 52 interfaces, statistics show Y2K status as follows: 92% implemented, 6% in validation/testing, none in remediation and the remainder in assessment stage. A contingency plan has been developed for the interface in the assessment stage; transactions could be handled manually if necessary.

Five additional interfaces were identified by two state agencies. Both of these agencies have extensive knowledge of these systems and have determined that no modifications are necessary.

The state of Minnesota also has many other computer type systems and other equipment running in state agencies. The Project Office had an initial budget of \$1 million. The scope of the Project Office was originally to engage state agencies in the awareness of Y2K issues and to ensure that each agency moved through the appropriate assessment stages. The 1997 and 1998 legislatures approved an additional \$23 million and \$4.3 million respectively, for Y2K issues and to maintain the Project Office. Those monies are being spent by the agencies ensuring Y2K readiness of their systems.

The state Y2K Project Office is tracking over 1,300 mission-critical applications running in state agencies. As of October 1999, 99 percent of the applications have been tested for Y2K issues and have completed the necessary modifications. The applications not yet compliant reside in agencies that have developed

continuation plans. These agencies include four very small agencies whose transactions can be handled manually if necessary and one agency that is waiting for a federal interface.

The Project Office monitors the majority of the state's agencies. However, the state has one large agency that is monitoring its own Y2K issues. This agency has a full-time project manager and several sub-committees to oversee the Y2K efforts. The administrative systems have been tested and implemented. The project manager is in the process of identifying other mission-critical systems and equipment. The majority of these systems and equipment are in the remediation stage. The remediation stage is expected to be completed by December 1, 1999 and agency plans to complete the validation/testing stage by December 15, 1999. In addition, the project manager is in the process of developing contingency plans to deal with any unexpected problems.

#### **Component Units**

Governmental and Proprietary type component units have evaluated the potential impact of Y2K issues. Of these component units, the statistics are currently showing a Y2K status as follows: 64% implemented, 9% in validation/testing and 27% in remediation stage. The component units that are not yet compliant will not have a material impact on the state.

The University of Minnesota (U of M) began to evaluate the potential impact of Y2K on the U of M systems starting with the critical central administration systems in 1996. A plan was developed to replace the central U of M systems most at risk, which included the various student and human resource management systems, with commercial software. Other central systems, which included payroll and accounting, were remediated and extensively tested. The U of M appointed an oversight committee to provide executive leadership and to monitor the Y2K progress.

The U of M has identified 401 projects, which may have Y2K issues of their own. These projects include 16 projects that remain to be completed. Of these 16 projects, 44% are in the validation/testing stage and 56% are in the remediation stage.

#### **Resources Committed**

As of June 30, 1999, the primary government and its component units have contracted with several vendors for assistance in addressing year 2000 issues as well as the purchase of additional computer hardware and software related to upgrades and the ongoing operations. The amount of those commitments are approximately \$29,000,000 and \$65,000,000 for the primary government and its component units, respectively. The majority of the commitments for the component units represent the replacement or upgrade of the central administrative systems of the U of M.

#### **Uncertainties**

Because of the unprecedented nature of the Y2K issue, the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. The state and its component units cannot assure that it is or will be Y2K ready, that remediation efforts will be successful in whole or in part, or that parties with whom the state and its component units interact will be Y2K ready.

# Combining Financial Statements

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## 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 the 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 *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 *Solid Waste Fund* receives funding from a fee imposed on solid waste haulers for the purpose of cleanup of closed municipal landfills.

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 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, 1999**  
**(IN THOUSANDS)**

| ASSETS  | TRUNK<br>HIGHWAY  | HIGHWAY USER<br>TAX<br>DISTRIBUTION | STATE<br>AIRPORTS | FEDERAL           | ENVIRONMENTAL    | PETROLEUM<br>TANK<br>CLEANUP |
|---|-------------------|-------------------------------------|-------------------|-------------------|------------------|------------------------------|
| Cash and Cash Equivalents.....                  | \$ 340,965        | \$ 7,165                            | \$ 24,562         | \$ 327            | \$ 24,356        | \$ 28,728                    |
| Investments.....                                | -                 | -                                   | -                 | -                 | -                | -                            |
| Accounts Receivable.....                        | 1,669             | 59,032                              | 318               | 11,501            | 467              | 55                           |
| Interfund Receivables.....                      | 37,365            | -                                   | -                 | 12,975            | -                | -                            |
| Accrued Investment/Interest Income.....         | -                 | -                                   | -                 | -                 | -                | -                            |
| Federal Aid Receivable.....                     | 27,617            | -                                   | -                 | 347,830           | -                | -                            |
| Inventories.....                                | 16,048            | -                                   | -                 | -                 | -                | -                            |
| Grant Advances.....                             | -                 | -                                   | -                 | 5,757             | -                | -                            |
| Food Stamps.....                                | -                 | -                                   | -                 | 28,024            | -                | -                            |
| Loans Receivable.....                           | -                 | -                                   | 3,048             | 3,411             | 629              | 578                          |
| Advances to Other Funds.....                    | -                 | -                                   | -                 | -                 | -                | -                            |
| Other Assets.....                               | -                 | -                                   | -                 | 152               | -                | -                            |
| <b>Total Assets.....</b>                        | <b>\$ 423,664</b> | <b>\$ 66,197</b>                    | <b>\$ 27,928</b>  | <b>\$ 409,977</b> | <b>\$ 25,452</b> | <b>\$ 29,361</b>             |
| <b>LIABILITIES AND FUND BALANCES</b>            |                   |                                     |                   |                   |                  |                              |
| <b>Liabilities:</b>                             |                   |                                     |                   |                   |                  |                              |
| Accounts Payable.....                           | \$ 79,630         | \$ 944                              | \$ 1,898          | \$ 311,007        | \$ 2,236         | \$ 16,498                    |
| Interfund Payables.....                         | -                 | 65,106                              | -                 | 27,273            | -                | -                            |
| Deferred Revenue.....                           | 150               | 8                                   | -                 | 63,817            | -                | -                            |
| Due to Component Units.....                     | -                 | -                                   | -                 | -                 | -                | -                            |
| Other Liabilities.....                          | -                 | -                                   | -                 | 230               | -                | -                            |
| <b>Total Liabilities.....</b>                   | <b>\$ 79,780</b>  | <b>\$ 66,058</b>                    | <b>\$ 1,898</b>   | <b>\$ 402,327</b> | <b>\$ 2,236</b>  | <b>\$ 16,498</b>             |
| <b>Fund Balances:</b>                           |                   |                                     |                   |                   |                  |                              |
| <b>Reserved Fund Balances:</b>                  |                   |                                     |                   |                   |                  |                              |
| Reserved for Encumbrances.....                  | \$ 61,817         | \$ 139                              | \$ 10,656         | \$ -              | \$ 4,322         | \$ 7,577                     |
| Budgetary Reserve.....                          | -                 | -                                   | -                 | -                 | -                | -                            |
| Reserved for Inventory.....                     | 16,048            | -                                   | -                 | -                 | -                | -                            |
| Reserved for Long-Term Receivables.....         | -                 | -                                   | 3,048             | 3,411             | 629              | 578                          |
| Reserved for Long-Term Advances.....            | -                 | -                                   | -                 | -                 | -                | -                            |
| Reserved for Long-Term Commitments.....         | 84,719            | -                                   | -                 | -                 | -                | -                            |
| Reserved for Other.....                         | -                 | -                                   | -                 | 4,239             | -                | -                            |
| <b>Total Reserved Fund Balances.....</b>        | <b>\$ 162,584</b> | <b>\$ 139</b>                       | <b>\$ 13,704</b>  | <b>\$ 7,650</b>   | <b>\$ 4,951</b>  | <b>\$ 8,155</b>              |
| <b>Unreserved Fund Balances:</b>                |                   |                                     |                   |                   |                  |                              |
| Designated for Appropriation Carryover.....     | \$ 16,254         | \$ -                                | \$ 2,400          | \$ -              | \$ 15,927        | \$ -                         |
| Designated for Fund Purposes.....               | -                 | -                                   | -                 | -                 | -                | 4,708                        |
| Undesignated.....                               | 165,046           | -                                   | 9,926             | -                 | 2,338            | -                            |
| <b>Total Unreserved Fund Balances.....</b>      | <b>\$ 181,300</b> | <b>\$ -</b>                         | <b>\$ 12,326</b>  | <b>\$ -</b>       | <b>\$ 18,265</b> | <b>\$ 4,708</b>              |
| <b>Total Fund Balances.....</b>                 | <b>\$ 343,884</b> | <b>\$ 139</b>                       | <b>\$ 26,030</b>  | <b>\$ 7,650</b>   | <b>\$ 23,216</b> | <b>\$ 12,863</b>             |
| <b>Total Liabilities and Fund Balances.....</b> | <b>\$ 423,664</b> | <b>\$ 66,197</b>                    | <b>\$ 27,928</b>  | <b>\$ 409,977</b> | <b>\$ 25,452</b> | <b>\$ 29,361</b>             |



| SOLID WASTE      | NATURAL RESOURCES | MAXIMUM EFFORT SCHOOL LOAN | SPECIAL COMPENSATION | HEALTH CARE ACCESS | IRON RANGE RESOURCES AND REHABILITATION | MISCELLANEOUS SPECIAL REVENUE | TOTAL               |
|------------------|-------------------|----------------------------|----------------------|--------------------|---|-------------------------------|---------------------|
| \$ 62,516        | \$ 39,369         | \$ -                       | \$ 39,940            | \$ 293,462         | \$ 54,539                               | \$ 244,907                    | \$ 1,160,836        |
| -                | -                 | -                          | -                    | -                  | 1,850                                   | -                             | 1,850               |
| 3,595            | 7,790             | -                          | 6,103                | 29,319             | 297                                     | 32,504                        | 152,650             |
| -                | 3,170             | -                          | -                    | -                  | -                                       | 15,263                        | 68,773              |
| -                | -                 | -                          | -                    | -                  | -                                       | 9                             | 9                   |
| -                | 402               | -                          | -                    | -                  | -                                       | -                             | 375,849             |
| -                | -                 | -                          | -                    | -                  | -                                       | -                             | 16,048              |
| -                | -                 | -                          | -                    | -                  | -                                       | -                             | 5,757               |
| -                | -                 | -                          | -                    | -                  | -                                       | -                             | 28,024              |
| -                | -                 | 14,221                     | -                    | 189                | 6,698                                   | 63,783                        | 92,557              |
| -                | -                 | -                          | -                    | 740                | -                                       | -                             | 740                 |
| -                | -                 | -                          | -                    | -                  | -                                       | 160                           | 312                 |
| <u>\$ 66,111</u> | <u>\$ 50,731</u>  | <u>\$ 14,221</u>           | <u>\$ 46,043</u>     | <u>\$ 323,710</u>  | <u>\$ 63,384</u>                        | <u>\$ 356,626</u>             | <u>\$ 1,903,405</u> |
| \$ 892           | \$ 8,303          | \$ -                       | \$ 38,885            | \$ 3,464           | \$ 1,939                                | \$ 44,129                     | \$ 509,825          |
| 10,752           | -                 | 2,189                      | -                    | 7,300              | -                                       | 4,816                         | 117,436             |
| -                | -                 | 3,791                      | 5,687                | 804                | -                                       | 1,372                         | 75,629              |
| -                | -                 | -                          | -                    | 769                | -                                       | -                             | 769                 |
| -                | -                 | -                          | -                    | -                  | -                                       | -                             | 230                 |
| <u>\$ 11,644</u> | <u>\$ 8,303</u>   | <u>\$ 5,980</u>            | <u>\$ 44,572</u>     | <u>\$ 12,337</u>   | <u>\$ 1,939</u>                         | <u>\$ 50,317</u>              | <u>\$ 703,889</u>   |
| \$ -             | \$ 11,336         | \$ -                       | \$ 613               | \$ 11,094          | \$ 20,572                               | \$ 22,359                     | \$ 150,485          |
| -                | -                 | -                          | -                    | 78,095             | -                                       | -                             | 78,095              |
| -                | -                 | -                          | -                    | -                  | -                                       | -                             | 16,048              |
| -                | -                 | 10,430                     | -                    | 189                | 6,389                                   | 63,783                        | 88,457              |
| -                | -                 | -                          | -                    | 740                | -                                       | -                             | 740                 |
| -                | -                 | -                          | -                    | -                  | -                                       | -                             | 84,719              |
| -                | -                 | -                          | -                    | -                  | 708                                     | 506                           | 5,453               |
| <u>\$ -</u>      | <u>\$ 11,336</u>  | <u>\$ 10,430</u>           | <u>\$ 613</u>        | <u>\$ 90,118</u>   | <u>\$ 27,669</u>                        | <u>\$ 86,648</u>              | <u>\$ 423,997</u>   |
| \$ -             | \$ 5,101          | \$ -                       | \$ -                 | \$ 272             | \$ 32,096                               | \$ -                          | \$ 72,050           |
| -                | -                 | -                          | -                    | -                  | 1,680                                   | 219,661                       | 226,049             |
| 54,467           | 25,991            | (2,189)                    | 858                  | 220,983            | -                                       | -                             | 477,420             |
| <u>\$ 54,467</u> | <u>\$ 31,092</u>  | <u>\$ (2,189)</u>          | <u>\$ 858</u>        | <u>\$ 221,255</u>  | <u>\$ 33,776</u>                        | <u>\$ 219,661</u>             | <u>\$ 775,519</u>   |
| <u>\$ 54,467</u> | <u>\$ 42,428</u>  | <u>\$ 8,241</u>            | <u>\$ 1,471</u>      | <u>\$ 311,373</u>  | <u>\$ 61,445</u>                        | <u>\$ 306,309</u>             | <u>\$ 1,199,516</u> |
| <u>\$ 66,111</u> | <u>\$ 50,731</u>  | <u>\$ 14,221</u>           | <u>\$ 46,043</u>     | <u>\$ 323,710</u>  | <u>\$ 63,384</u>                        | <u>\$ 356,626</u>             | <u>\$ 1,903,405</u> |

STATE OF MINNESOTA

**SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|   | TRUNK<br>HIGHWAY    | HIGHWAY USER<br>TAX<br>DISTRIBUTION | STATE<br>AIRPORTS | FEDERAL             | ENVIRONMENTAL    | PETROLEUM<br>TANK<br>CLEANUP |
|---|---------------------|-------------------------------------|-------------------|---------------------|------------------|------------------------------|
| <b>Net Revenues:</b>  |                     |                                     |                   |                     |                  |                              |
| Motor Vehicle License Taxes.....  | \$ -                | \$ 554,598                          | \$ -              | \$ -                | \$ -             | \$ -                         |
| Fuel Taxes.....   | -                   | 584,616                             | 3,338             | -                   | -                | -                            |
| Other Taxes.....  | -                   | -                                   | 12,475            | -                   | 4,382            | -                            |
| Federal Revenues.....   | 240,353             | -                                   | -                 | 3,456,511           | -                | -                            |
| Licenses and Fees.....  | 29,625              | 5,604                               | 761               | -                   | 19,140           | 309                          |
| Care and Hospitalization Revenues.....  | -                   | -                                   | -                 | -                   | -                | -                            |
| Tuition and Student Fees.....   | -                   | -                                   | -                 | -                   | -                | -                            |
| Departmental Services.....  | 2,525               | 99                                  | -                 | 4,657               | 56               | -                            |
| Investment/Interest Income.....   | 15,699              | 1,479                               | 1,159             | 574                 | 906              | 1,995                        |
| Penalties and Fines.....  | 6,901               | 534                                 | -                 | -                   | 4,528            | 98                           |
| Other Revenues.....   | 16,148              | 51                                  | 389               | 15,941              | 98               | 245                          |
| <b>Net Revenues.....</b>  | <b>\$ 311,251</b>   | <b>\$ 1,146,981</b>                 | <b>\$ 18,122</b>  | <b>\$ 3,477,683</b> | <b>\$ 29,110</b> | <b>\$ 2,647</b>              |
| <b>Expenditures:</b>  |                     |                                     |                   |                     |                  |                              |
| <b>Current:</b>   |                     |                                     |                   |                     |                  |                              |
| Protection of Persons and Property.....   | \$ 80,469           | \$ 13,653                           | \$ -              | \$ 26,012           | \$ 43            | \$ -                         |
| Transportation.....   | 413,876             | 519                                 | 6,547             | 2,074               | 14               | -                            |
| Resource Management.....  | -                   | -                                   | -                 | 18,193              | 21,461           | 23,721                       |
| Economic and Manpower Development.....  | 735                 | -                                   | -                 | 76,150              | 287              | -                            |
| Education.....  | 14                  | -                                   | -                 | 48,502              | -                | -                            |
| Health and Social Services.....   | 1,134               | -                                   | -                 | 196,506             | 84               | -                            |
| General Government.....   | 1,534               | 2,148                               | -                 | 7,603               | 193              | 131                          |
| <b>Total Current Expenditures.....</b>  | <b>\$ 497,762</b>   | <b>\$ 16,320</b>                    | <b>\$ 6,547</b>   | <b>\$ 375,040</b>   | <b>\$ 22,082</b> | <b>\$ 23,852</b>             |
| Capital Outlay.....   | 469,831             | -                                   | -                 | 3,681               | 112              | -                            |
| Debt Service.....   | 5,804               | -                                   | -                 | 286                 | 2                | -                            |
| Grants and Subsidies.....   | 3,562               | -                                   | 8,926             | 3,086,102           | 1,673            | 1,999                        |
| <b>Total Expenditures.....</b>  | <b>\$ 976,959</b>   | <b>\$ 16,320</b>                    | <b>\$ 15,473</b>  | <b>\$ 3,465,109</b> | <b>\$ 23,869</b> | <b>\$ 25,851</b>             |
| <b>Excess of Revenues Over (Under) Expenditures.....</b>                                      | <b>\$ (665,708)</b> | <b>\$ 1,130,661</b>                 | <b>\$ 2,649</b>   | <b>\$ 12,574</b>    | <b>\$ 5,241</b>  | <b>\$ (23,204)</b>           |
| <b>Other Financing Sources (Uses):</b>  |                     |                                     |                   |                     |                  |                              |
| General Obligation Bonds.....   | \$ -                | \$ -                                | \$ -              | \$ -                | \$ -             | \$ -                         |
| Operating Transfers-In.....   | 680,811             | -                                   | 61                | -                   | -                | -                            |
| Operating Transfers to Debt Service.....  | (5,149)             | -                                   | -                 | -                   | -                | -                            |
| Other Operating Transfers-Out.....  | (11)                | (1,139,323)                         | -                 | (5,601)             | -                | -                            |
| Transfers-Out to Component Units.....   | (4,158)             | -                                   | -                 | (6,693)             | (680)            | -                            |
| Capital Leases.....   | -                   | -                                   | -                 | -                   | -                | -                            |
| <b>Net Other Financing Sources (Uses).....</b>  | <b>\$ 671,493</b>   | <b>\$ (1,139,323)</b>               | <b>\$ 61</b>      | <b>\$ (12,294)</b>  | <b>\$ (680)</b>  | <b>\$ -</b>                  |
| <b>Excess of Revenues and Other Sources Over<br/>(Under) Expenditures and Other Uses.....</b> | <b>\$ 5,785</b>     | <b>\$ (8,662)</b>                   | <b>\$ 2,710</b>   | <b>\$ 280</b>       | <b>\$ 4,561</b>  | <b>\$ (23,204)</b>           |
| <b>Fund Balances, Beginning, As Reported.....</b>   | <b>\$ 336,370</b>   | <b>\$ 8,801</b>                     | <b>\$ 23,320</b>  | <b>\$ 7,370</b>     | <b>\$ 18,655</b> | <b>\$ 36,067</b>             |
| Prior Period Adjustment.....  | -                   | -                                   | -                 | -                   | -                | -                            |
| Change in Fund Structure.....   | -                   | -                                   | -                 | -                   | -                | -                            |
| <b>Fund Balances, Beginning, As Restated</b>  | <b>\$ 336,370</b>   | <b>\$ 8,801</b>                     | <b>\$ 23,320</b>  | <b>\$ 7,370</b>     | <b>\$ 18,655</b> | <b>\$ 36,067</b>             |
| Residual Equity Transfers-Out.....  | -                   | -                                   | -                 | -                   | -                | -                            |
| Change in Inventory.....  | 1,729               | -                                   | -                 | -                   | -                | -                            |
| <b>Fund Balances, Ending.....</b>   | <b>\$ 343,884</b>   | <b>\$ 139</b>                       | <b>\$ 26,030</b>  | <b>\$ 7,650</b>     | <b>\$ 23,216</b> | <b>\$ 12,863</b>             |

| SOLID WASTE      | NATURAL RESOURCES | MAXIMUM EFFORT SCHOOL LOAN | SPECIAL COMPENSATION | HEALTH CARE ACCESS | IRON RANGE RESOURCES AND REHABILITATION | MISCELLANEOUS SPECIAL REVENUE | TOTAL               |
|------------------|-------------------|----------------------------|----------------------|--------------------|---|-------------------------------|---------------------|
| \$ -             | \$ -              | \$ -                       | \$ -                 | \$ -               | \$ -                                    | \$ -                          | \$ 554,598          |
| -                | -                 | -                          | -                    | -                  | -                                       | -                             | 587,954             |
| 27,589           | 6,591             | -                          | 106,617              | 149,143            | 27,094                                  | 34,423                        | 368,314             |
| -                | 13,844            | -                          | -                    | -                  | -                                       | 15,723                        | 3,726,431           |
| 1,748            | 52,853            | -                          | -                    | -                  | -                                       | 74,417                        | 184,457             |
| -                | -                 | -                          | -                    | -                  | -                                       | 233                           | 233                 |
| -                | -                 | -                          | -                    | -                  | -                                       | 15,741                        | 15,741              |
| -                | -                 | -                          | -                    | 21,620             | 2,753                                   | 90,967                        | 122,677             |
| 2,544            | 1,300             | 1,577                      | 3,171                | 15,783             | 2,862                                   | 8,991                         | 58,040              |
| -                | -                 | -                          | -                    | -                  | -                                       | 2,838                         | 14,899              |
| 417              | 4,837             | -                          | 3,409                | 3,823              | 1,176                                   | 61,044                        | 107,578             |
| <u>\$ 32,298</u> | <u>\$ 79,425</u>  | <u>\$ 1,577</u>            | <u>\$ 113,197</u>    | <u>\$ 190,369</u>  | <u>\$ 33,885</u>                        | <u>\$ 304,377</u>             | <u>\$ 5,740,922</u> |
| \$ -             | \$ -              | \$ -                       | \$ -                 | \$ -               | \$ -                                    | \$ 12,078                     | \$ 132,255          |
| -                | -                 | -                          | -                    | -                  | -                                       | 2,878                         | 425,908             |
| 17,418           | 75,590            | -                          | -                    | -                  | -                                       | 34,129                        | 190,512             |
| -                | 176               | -                          | 22,057               | -                  | 11,503                                  | 42,720                        | 153,628             |
| -                | -                 | -                          | -                    | -                  | -                                       | 34,002                        | 82,518              |
| -                | 19                | -                          | -                    | 18,684             | -                                       | 115,209                       | 331,636             |
| 601              | 679               | -                          | 6,561                | 1,892              | -                                       | 18,488                        | 39,830              |
| <u>\$ 18,019</u> | <u>\$ 76,464</u>  | <u>\$ -</u>                | <u>\$ 28,618</u>     | <u>\$ 20,576</u>   | <u>\$ 11,503</u>                        | <u>\$ 259,504</u>             | <u>\$ 1,356,287</u> |
| 19               | 1,303             | -                          | 98                   | 149                | 890                                     | 10,818                        | 486,901             |
| -                | -                 | -                          | -                    | 916                | 525                                     | 1,480                         | 9,013               |
| -                | 9,944             | 18                         | 94,087               | 139,904            | 22,470                                  | 102,320                       | 3,471,005           |
| <u>\$ 18,038</u> | <u>\$ 87,711</u>  | <u>\$ 18</u>               | <u>\$ 122,803</u>    | <u>\$ 161,545</u>  | <u>\$ 35,388</u>                        | <u>\$ 374,122</u>             | <u>\$ 5,323,206</u> |
| <u>\$ 14,260</u> | <u>\$ (8,286)</u> | <u>\$ 1,559</u>            | <u>\$ (9,606)</u>    | <u>\$ 28,824</u>   | <u>\$ (1,503)</u>                       | <u>\$ (69,745)</u>            | <u>\$ 417,716</u>   |
| \$ -             | \$ -              | \$ -                       | \$ -                 | \$ -               | \$ -                                    | \$ 7,100                      | \$ 7,100            |
| -                | 14,173            | -                          | -                    | 93                 | 665                                     | 120,758                       | 816,561             |
| -                | (81)              | (1,294)                    | -                    | -                  | -                                       | (151)                         | (6,675)             |
| -                | -                 | -                          | -                    | (13,942)           | -                                       | (44,135)                      | (1,203,012)         |
| -                | (497)             | -                          | -                    | (2,537)            | -                                       | (1,820)                       | (16,385)            |
| -                | -                 | -                          | -                    | -                  | -                                       | 2,947                         | 2,947               |
| <u>\$ -</u>      | <u>\$ 13,595</u>  | <u>\$ (1,294)</u>          | <u>\$ -</u>          | <u>\$ (16,386)</u> | <u>\$ 665</u>                           | <u>\$ 84,699</u>              | <u>\$ (399,464)</u> |
| <u>\$ 14,260</u> | <u>\$ 5,309</u>   | <u>\$ 265</u>              | <u>\$ (9,606)</u>    | <u>\$ 12,438</u>   | <u>\$ (838)</u>                         | <u>\$ 14,954</u>              | <u>\$ 18,252</u>    |
| \$ 40,207        | \$ 37,119         | \$ 11,069                  | \$ 11,077            | \$ 298,935         | \$ 62,283                               | \$ 272,118                    | \$ 1,163,391        |
| -                | -                 | (3,093)                    | -                    | -                  | -                                       | 22,526                        | 19,433              |
| -                | -                 | -                          | -                    | -                  | -                                       | (289)                         | (289)               |
| \$ 40,207        | \$ 37,119         | \$ 7,976                   | \$ 11,077            | \$ 298,935         | \$ 62,283                               | \$ 294,355                    | \$ 1,182,535        |
| -                | -                 | -                          | -                    | -                  | -                                       | (3,000)                       | (3,000)             |
| -                | -                 | -                          | -                    | -                  | -                                       | -                             | 1,729               |
| <u>\$ 54,467</u> | <u>\$ 42,428</u>  | <u>\$ 8,241</u>            | <u>\$ 1,471</u>      | <u>\$ 311,373</u>  | <u>\$ 61,445</u>                        | <u>\$ 306,309</u>             | <u>\$ 1,199,516</u> |

STATE OF MINNESOTA

**APPROPRIATED SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 BUDGETARY BASIS  
 YEAR ENDED JUNE 30, 1999  
 (IN THOUSANDS)**

|  | TRUNK HIGHWAY       |                     |  | HIGHWAY USER TAX DISTRIBUTION |                       |  | STATE AIRPORTS   |                  |  |
|--|---------------------|---------------------|--|-------------------------------|-----------------------|--|------------------|------------------|--|
|  | BUDGET              | ACTUAL              | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | BUDGET                        | ACTUAL                | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | BUDGET           | ACTUAL           | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
| <b>Net Revenues:</b>                             |                     |                     |  |                               |                       |  |                  |                  |  |
| Motor Vehicle License Taxes.....                 | \$ -                | \$ -                | \$ -                                   | \$ 559,886                    | \$ 555,443            | \$ (4,443)                             | \$ -             | \$ -             | \$ -                                   |
| Fuel Taxes.....                                  | -                   | -                   | -                                      | 575,239                       | 579,764               | 4,525                                  | 4,127            | 3,338            | (789)                                  |
| Tobacco Taxes.....                               | -                   | -                   | -                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| Other Taxes.....                                 | -                   | -                   | -                                      | -                             | -                     | -                                      | 10,979           | 12,475           | 1,496                                  |
| Federal Revenues.....                            | 280,213             | 287,922             | 7,709                                  | -                             | -                     | -                                      | -                | -                | -                                      |
| Licenses and Fees.....                           | -                   | -                   | -                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| Departmental Services.....                       | 35,094              | 31,963              | (3,131)                                | 5,313                         | 5,626                 | 313                                    | 980              | 794              | (186)                                  |
| Investment/Interest Income.....                  | 13,000              | 15,698              | 2,698                                  | 1,380                         | 1,393                 | 13                                     | 1,033            | 1,160            | 127                                    |
| Other Revenues.....                              | 28,975              | 23,792              | (5,183)                                | 938                           | 749                   | (189)                                  | 412              | 389              | (23)                                   |
| <b>Net Revenues.....</b>                         | <b>\$ 357,282</b>   | <b>\$ 359,375</b>   | <b>\$ 2,093</b>                        | <b>\$ 1,142,756</b>           | <b>\$ 1,142,975</b>   | <b>\$ 219</b>                          | <b>\$ 17,531</b> | <b>\$ 18,156</b> | <b>\$ 625</b>                          |
| <b>Expenditures:</b>                             |                     |                     |  |                               |                       |  |                  |                  |  |
| Protection of Persons and Property.....          | \$ 84,930           | \$ 84,229           | \$ 701                                 | \$ 13,728                     | \$ 13,675             | \$ 53                                  | \$ -             | \$ -             | \$ -                                   |
| Transportation.....                              | 983,879             | 958,822             | 25,057                                 | 415                           | 415                   | -                                      | 18,257           | 17,214           | 1,043                                  |
| Resource Management.....                         | -                   | -                   | -                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| Economic and Manpower Development.....           | 723                 | 723                 | -                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| Education.....                                   | 35                  | 35                  | -                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| Health and Social Services.....                  | 1,775               | 1,770               | 5                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| General Government.....                          | 2,390               | 1,870               | 520                                    | 2,296                         | 2,212                 | 84                                     | 100              | -                | 100                                    |
| <b>Total Expenditures.....</b>                   | <b>\$ 1,073,732</b> | <b>\$ 1,047,449</b> | <b>\$ 26,283</b>                       | <b>\$ 16,439</b>              | <b>\$ 16,302</b>      | <b>\$ 137</b>                          | <b>\$ 18,357</b> | <b>\$ 17,214</b> | <b>\$ 1,143</b>                        |
| <b>Excess of Revenues Over (Under)</b>           |                     |                     |  |                               |                       |  |                  |                  |  |
| Expenditures.....                                | \$ (716,450)        | \$ (688,074)        | \$ 28,376                              | \$ 1,126,317                  | \$ 1,126,673          | \$ 356                                 | \$ (826)         | \$ 942           | \$ 1,768                               |
| <b>Other Financing Sources (Uses):</b>           |                     |                     |  |                               |                       |  |                  |                  |  |
| Operating Transfers-In.....                      | \$ 649,930          | \$ 673,784          | \$ 23,854                              | \$ -                          | \$ -                  | \$ -                                   | \$ 61            | \$ 61            | \$ -                                   |
| Operating Transfers to Debt Service.....         | (5,149)             | (5,149)             | -                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| Other Operating Transfers-Out.....               | (4,169)             | (4,169)             | -                                      | (1,127,678)                   | (1,127,678)           | -                                      | -                | -                | -                                      |
| Transfers-Out to Component Units.....            | -                   | -                   | -                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| <b>Net Other Financing Sources (Uses).....</b>   | <b>\$ 640,612</b>   | <b>\$ 664,466</b>   | <b>\$ 23,854</b>                       | <b>\$ (1,127,678)</b>         | <b>\$ (1,127,678)</b> | <b>\$ -</b>                            | <b>\$ 61</b>     | <b>\$ 61</b>     | <b>\$ -</b>                            |
| <b>Excess of Revenues and Other Sources Over</b> |                     |                     |  |                               |                       |  |                  |                  |  |
| <b>(Under) Expenditures and Other Uses.....</b>  | <b>\$ (75,838)</b>  | <b>\$ (23,608)</b>  | <b>\$ 52,230</b>                       | <b>\$ (1,361)</b>             | <b>\$ (1,005)</b>     | <b>\$ 356</b>                          | <b>\$ (765)</b>  | <b>\$ 1,003</b>  | <b>\$ 1,768</b>                        |
| Fund Balances, Beginning, as Reported.....       | 174,777             | 174,777             | -                                      | 1,959                         | 1,959                 | -                                      | 13,687           | 13,687           | -                                      |
| Prior Period Adjustments.....                    | -                   | 1,675               | 1,675                                  | -                             | 2                     | 2                                      | -                | 287              | 287                                    |
| <b>Total Fund Balances, Ending.....</b>          | <b>\$ 98,939</b>    | <b>\$ 152,844</b>   | <b>\$ 53,905</b>                       | <b>\$ 598</b>                 | <b>\$ 956</b>         | <b>\$ 358</b>                          | <b>\$ 12,922</b> | <b>\$ 14,977</b> | <b>\$ 2,055</b>                        |
| Less Appropriation Carryover.....                | -                   | 19,129              | (19,129)                               | -                             | -                     | -                                      | -                | 1,214            | (1,214)                                |
| Less Budgetary Reserve.....                      | -                   | -                   | -                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| Less Reserve for Other.....                      | -                   | -                   | -                                      | -                             | -                     | -                                      | -                | -                | -                                      |
| <b>Undesignated Fund Balances, Ending.....</b>   | <b>\$ 98,939</b>    | <b>\$ 133,715</b>   | <b>\$ 34,776</b>                       | <b>\$ 598</b>                 | <b>\$ 956</b>         | <b>\$ 358</b>                          | <b>\$ 12,922</b> | <b>\$ 13,763</b> | <b>\$ 841</b>                          |

| ENVIRONMENTAL     |                  |  | NATURAL RESOURCES  |                    |  | SOLID WASTE      |                  |  |
|-------------------|------------------|--|--------------------|--------------------|--|------------------|------------------|--|
| BUDGET            | ACTUAL           | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | BUDGET             | ACTUAL             | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | BUDGET           | ACTUAL           | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
| \$ -              | \$ -             | \$ -                                   | \$ -               | \$ -               | \$ -                                   | \$ -             | \$ -             | \$ -                                   |
| -                 | -                | -                                      | 7,433              | 6,591              | (842)                                  | -                | -                | -                                      |
| 3,300             | 5,396            | 2,096                                  | -                  | -                  | -                                      | 22,000           | 27,750           | 5,750                                  |
| -                 | -                | -                                      | 14,600             | 13,844             | (756)                                  | -                | -                | -                                      |
| -                 | -                | -                                      | 52,724             | 54,702             | 1,978                                  | 180              | 1,747            | 1,567                                  |
| 19,790            | 19,504           | (286)                                  | -                  | -                  | -                                      | -                | -                | -                                      |
| 300               | 877              | 577                                    | -                  | 1,322              | 195                                    | 1,200            | 2,546            | 1,346                                  |
| 3,226             | 3,911            | 685                                    | 1,324              | 1,445              | 121                                    | 2,009            | 417              | (1,592)                                |
| <u>\$ 26,616</u>  | <u>\$ 29,688</u> | <u>\$ 3,072</u>                        | <u>\$ 77,208</u>   | <u>\$ 77,904</u>   | <u>\$ 696</u>                          | <u>\$ 25,389</u> | <u>\$ 32,460</u> | <u>\$ 7,071</u>                        |
| \$ 43             | \$ 43            | \$ -                                   | \$ -               | \$ -               | \$ -                                   | \$ -             | \$ -             | \$ -                                   |
| 15                | 15               | -                                      | -                  | -                  | -                                      | -                | -                | -                                      |
| 26,086            | 24,937           | 1,149                                  | 93,041             | 90,897             | 2,144                                  | 18,804           | 18,702           | 102                                    |
| 1,360             | 1,360            | -                                      | 287                | 287                | -                                      | -                | -                | -                                      |
| -                 | -                | -                                      | 250                | 250                | -                                      | -                | -                | -                                      |
| 240               | 101              | 139                                    | 19                 | 19                 | -                                      | -                | -                | -                                      |
| 195               | 195              | -                                      | 498                | 484                | 14                                     | 800              | 619              | 181                                    |
| <u>\$ 27,939</u>  | <u>\$ 26,651</u> | <u>\$ 1,288</u>                        | <u>\$ 94,095</u>   | <u>\$ 91,937</u>   | <u>\$ 2,158</u>                        | <u>\$ 19,604</u> | <u>\$ 19,321</u> | <u>\$ 283</u>                          |
| <u>\$ (1,323)</u> | <u>\$ 3,037</u>  | <u>\$ 4,360</u>                        | <u>\$ (16,887)</u> | <u>\$ (14,033)</u> | <u>\$ 2,854</u>                        | <u>\$ 5,785</u>  | <u>\$ 13,139</u> | <u>\$ 7,354</u>                        |
| \$ -              | \$ -             | \$ -                                   | \$ 14,024          | \$ 14,055          | \$ 31                                  | \$ -             | \$ -             | \$ -                                   |
| -                 | -                | -                                      | (81)               | (81)               | -                                      | -                | -                | -                                      |
| -                 | -                | -                                      | -                  | -                  | -                                      | -                | -                | -                                      |
| (680)             | (680)            | -                                      | (497)              | (497)              | -                                      | -                | -                | -                                      |
| <u>\$ (680)</u>   | <u>\$ (680)</u>  | <u>\$ -</u>                            | <u>\$ 13,446</u>   | <u>\$ 13,477</u>   | <u>\$ 31</u>                           | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>                            |
| \$ (2,003)        | \$ 2,357         | \$ 4,360                               | \$ (3,441)         | \$ (556)           | \$ 2,885                               | \$ 5,785         | \$ 13,139        | \$ 7,354                               |
| 16,757            | 16,757           | -                                      | 21,473             | 21,473             | -                                      | 39,718           | 39,718           | -                                      |
| -                 | 77               | 77                                     | 1                  | 929                | 928                                    | -                | 148              | 148                                    |
| <u>\$ 14,754</u>  | <u>\$ 19,191</u> | <u>\$ 4,437</u>                        | <u>\$ 18,033</u>   | <u>\$ 21,846</u>   | <u>\$ 3,813</u>                        | <u>\$ 45,503</u> | <u>\$ 53,005</u> | <u>\$ 7,502</u>                        |
| -                 | 15,927           | (15,927)                               | -                  | 5,101              | (5,101)                                | -                | -                | -                                      |
| -                 | -                | -                                      | -                  | -                  | -                                      | -                | -                | -                                      |
| -                 | -                | -                                      | -                  | -                  | -                                      | -                | -                | -                                      |
| <u>\$ 14,754</u>  | <u>\$ 3,264</u>  | <u>\$ (11,490)</u>                     | <u>\$ 18,033</u>   | <u>\$ 16,745</u>   | <u>\$ (1,288)</u>                      | <u>\$ 45,503</u> | <u>\$ 53,005</u> | <u>\$ 7,502</u>                        |

| HEALTH CARE ACCESS |                    |  | SPECIAL COMPENSATION |                   |  | COMBINED TOTALS     |                     |  |
|--------------------|--------------------|--|----------------------|-------------------|--|---------------------|---------------------|--|
| BUDGET             | ACTUAL             | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | BUDGET               | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | BUDGET              | ACTUAL              | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
| \$ -               | \$ -               | \$ -                                   | \$ -                 | \$ -              | \$ -                                   | \$ 559,886          | \$ 555,443          | \$ (4,443)                             |
| -                  | -                  | -                                      | -                    | -                 | -                                      | 579,366             | 583,102             | 3,736                                  |
| -                  | -                  | -                                      | -                    | -                 | -                                      | 7,433               | 6,591               | (842)                                  |
| 140,476            | 144,829            | 4,353                                  | 108,816              | 110,276           | 1,460                                  | 285,571             | 300,726             | 15,155                                 |
| -                  | -                  | -                                      | -                    | -                 | -                                      | 294,813             | 301,766             | 6,953                                  |
| -                  | -                  | -                                      | -                    | -                 | -                                      | 52,904              | 56,449              | 3,545                                  |
| 23,145             | 24,380             | 1,235                                  | -                    | -                 | -                                      | 84,322              | 82,267              | (2,055)                                |
| 15,755             | 15,783             | 28                                     | 2,802                | 3,171             | 369                                    | 36,597              | 41,950              | 5,353                                  |
| -                  | -                  | -                                      | -                    | -                 | -                                      | 36,884              | 30,703              | (6,181)                                |
| <u>\$ 179,376</u>  | <u>\$ 184,992</u>  | <u>\$ 5,616</u>                        | <u>\$ 111,618</u>    | <u>\$ 113,447</u> | <u>\$ 1,829</u>                        | <u>\$ 1,937,776</u> | <u>\$ 1,958,997</u> | <u>\$ 21,221</u>                       |
| \$ -               | \$ -               | \$ -                                   | \$ -                 | \$ -              | \$ -                                   | \$ 98,701           | \$ 97,947           | \$ 754                                 |
| -                  | -                  | -                                      | -                    | -                 | -                                      | 1,002,566           | 976,466             | 26,100                                 |
| -                  | -                  | -                                      | -                    | -                 | -                                      | 137,931             | 134,536             | 3,395                                  |
| 15,100             | 15,000             | 100                                    | 123,763              | 121,344           | 2,419                                  | 141,233             | 138,714             | 2,519                                  |
| -                  | -                  | -                                      | -                    | -                 | -                                      | 285                 | 285                 | -                                      |
| 159,092            | 146,906            | 12,186                                 | -                    | -                 | -                                      | 161,126             | 148,796             | 12,330                                 |
| 4,527              | 2,927              | 1,600                                  | 6,797                | 6,589             | 208                                    | 17,603              | 14,896              | 2,707                                  |
| <u>\$ 178,719</u>  | <u>\$ 164,833</u>  | <u>\$ 13,886</u>                       | <u>\$ 130,560</u>    | <u>\$ 127,933</u> | <u>\$ 2,627</u>                        | <u>\$ 1,559,445</u> | <u>\$ 1,511,640</u> | <u>\$ 47,805</u>                       |
| \$ 657             | \$ 20,159          | \$ 19,502                              | \$ (18,942)          | \$ (14,486)       | \$ 4,456                               | \$ 378,331          | \$ 447,357          | \$ 69,026                              |
| \$ 93              | \$ 93              | \$ -                                   | \$ -                 | \$ -              | \$ -                                   | \$ 664,108          | \$ 687,993          | \$ 23,885                              |
| -                  | -                  | -                                      | -                    | -                 | -                                      | (5,230)             | (5,230)             | -                                      |
| (13,792)           | (13,792)           | -                                      | -                    | -                 | -                                      | (1,145,639)         | (1,145,639)         | -                                      |
| (2,537)            | (2,537)            | -                                      | -                    | -                 | -                                      | (3,714)             | (3,714)             | -                                      |
| <u>\$ (16,236)</u> | <u>\$ (16,236)</u> | <u>\$ -</u>                            | <u>\$ -</u>          | <u>\$ -</u>       | <u>\$ -</u>                            | <u>\$ (490,475)</u> | <u>\$ (466,590)</u> | <u>\$ 23,885</u>                       |
| \$ (15,579)        | \$ 3,923           | \$ 19,502                              | \$ (18,942)          | \$ (14,486)       | \$ 4,456                               | \$ (112,144)        | \$ (19,233)         | \$ 92,911                              |
| 270,499            | 270,499            | -                                      | 52,412               | 52,412            | -                                      | 591,282             | 591,282             | -                                      |
| -                  | (675)              | (675)                                  | -                    | 25                | 25                                     | 1                   | 2,468               | 2,467                                  |
| <u>\$ 254,920</u>  | <u>\$ 273,747</u>  | <u>\$ 18,827</u>                       | <u>\$ 33,470</u>     | <u>\$ 37,951</u>  | <u>\$ 4,481</u>                        | <u>\$ 479,139</u>   | <u>\$ 574,517</u>   | <u>\$ 95,378</u>                       |
| -                  | 272                | (272)                                  | -                    | 1,356             | (1,356)                                | -                   | 42,999              | (42,999)                               |
| 78,095             | 78,095             | -                                      | -                    | -                 | -                                      | 78,095              | 78,095              | -                                      |
| 3,559              | 3,559              | -                                      | -                    | -                 | -                                      | 3,559               | 3,559               | -                                      |
| <u>\$ 173,266</u>  | <u>\$ 191,821</u>  | <u>\$ 18,555</u>                       | <u>\$ 33,470</u>     | <u>\$ 36,595</u>  | <u>\$ 3,125</u>                        | <u>\$ 397,485</u>   | <u>\$ 449,864</u>   | <u>\$ 52,379</u>                       |

STATE OF MINNESOTA

NATURAL RESOURCES FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1999

(IN THOUSANDS)

|   | MINNESOTA<br>RESOURCES | NATURAL<br>RESOURCES | GAME AND<br>FISH | TOTAL            |
|---|------------------------|----------------------|------------------|------------------|
| ASSETS  |                        |                      |                  |                  |
| Cash and Cash Equivalents.....                  | \$ 3,625               | \$ 18,409            | \$ 17,335        | \$ 39,369        |
| Accounts Receivable.....                        | 1,021                  | 352                  | 6,417            | 7,790            |
| Interfund Receivables.....                      | -                      | 3,170                | -                | 3,170            |
| Federal Aid Receivable.....                     | -                      | -                    | 402              | 402              |
| <b>Total Assets.....</b>                        | <b>\$ 4,646</b>        | <b>\$ 21,931</b>     | <b>\$ 24,154</b> | <b>\$ 50,731</b> |
| LIABILITIES AND FUND BALANCES                   |                        |                      |                  |                  |
| Liabilities:                                    |                        |                      |                  |                  |
| Accounts Payable.....                           | \$ 986                 | \$ 1,980             | \$ 5,337         | \$ 8,303         |
| <b>Total Liabilities.....</b>                   | <b>\$ 986</b>          | <b>\$ 1,980</b>      | <b>\$ 5,337</b>  | <b>\$ 8,303</b>  |
| Fund Balances:                                  |                        |                      |                  |                  |
| Reserved Fund Balances:                         |                        |                      |                  |                  |
| Reserved for Encumbrances.....                  | \$ 3,969               | \$ 4,467             | \$ 2,900         | \$ 11,336        |
| <b>Total Reserved Fund Balances.....</b>        | <b>\$ 3,969</b>        | <b>\$ 4,467</b>      | <b>\$ 2,900</b>  | <b>\$ 11,336</b> |
| Unreserved Fund Balances:                       |                        |                      |                  |                  |
| Designated for Appropriation Carryover.....     | \$ 2,167               | \$ 2,897             | \$ 37            | \$ 5,101         |
| Undesignated.....                               | (2,476)                | 12,587               | 15,880           | 25,991           |
| <b>Total Unreserved Fund Balances.....</b>      | <b>\$ (309)</b>        | <b>\$ 15,484</b>     | <b>\$ 15,917</b> | <b>\$ 31,092</b> |
| <b>Total Fund Balances.....</b>                 | <b>\$ 3,660</b>        | <b>\$ 19,951</b>     | <b>\$ 18,817</b> | <b>\$ 42,428</b> |
| <b>Total Liabilities and Fund Balances.....</b> | <b>\$ 4,646</b>        | <b>\$ 21,931</b>     | <b>\$ 24,154</b> | <b>\$ 50,731</b> |

STATE OF MINNESOTA

**NATURAL RESOURCES FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|  | MINNESOTA<br>RESOURCES | NATURAL<br>RESOURCES | GAME AND<br>FISH | TOTAL             |
|--|------------------------|----------------------|------------------|-------------------|
| <b>Net Revenues:</b>                                     |                        |                      |                  |                   |
| Tobacco Taxes.....                                       | \$ 6,591               | \$ -                 | \$ -             | \$ 6,591          |
| Federal Revenues.....                                    | -                      | -                    | 13,844           | 13,844            |
| Licenses and Fees.....                                   | -                      | 10,913               | 41,940           | 52,853            |
| Investment Income.....                                   | 194                    | 277                  | 829              | 1,300             |
| Other Revenues.....                                      | 2                      | 1,204                | 3,631            | 4,837             |
| <b>Net Revenues.....</b>                                 | <b>\$ 6,787</b>        | <b>\$ 12,394</b>     | <b>\$ 60,244</b> | <b>\$ 79,425</b>  |
| <b>Expenditures:</b>                                     |                        |                      |                  |                   |
| <b>Current:</b>  |                        |                      |                  |                   |
| Resource Management.....                                 | \$ 1,452               | \$ 17,545            | \$ 56,593        | \$ 75,590         |
| Economic and Manpower Development.....                   | 176                    | -                    | -                | 176               |
| Health and Social Services.....                          | 19                     | -                    | -                | 19                |
| General Government.....                                  | 679                    | -                    | -                | 679               |
| <b>Total Current Expenditures.....</b>                   | <b>\$ 2,326</b>        | <b>\$ 17,545</b>     | <b>\$ 56,593</b> | <b>\$ 76,464</b>  |
| Capital Outlay.....                                      | -                      | 343                  | 960              | 1,303             |
| Grants and Subsidies.....                                | 3,624                  | 5,696                | 624              | 9,944             |
| <b>Total Expenditures.....</b>                           | <b>\$ 5,950</b>        | <b>\$ 23,584</b>     | <b>\$ 58,177</b> | <b>\$ 87,711</b>  |
| <b>Excess of Revenues Over (Under) Expenditures.....</b> | <b>\$ 837</b>          | <b>\$ (11,190)</b>   | <b>\$ 2,067</b>  | <b>\$ (8,286)</b> |
| <b>Other Financing Sources (Uses):</b>                   |                        |                      |                  |                   |
| Operating Transfers-In.....                              | \$ -                   | \$ 13,669            | \$ 504           | \$ 14,173         |
| Operating Transfers to Debt Service.....                 | -                      | (50)                 | (31)             | (81)              |
| Transfers-Out to Component Units.....                    | (497)                  | -                    | -                | (497)             |
| <b>Net Other Financing Sources (Uses).....</b>           | <b>\$ (497)</b>        | <b>\$ 13,619</b>     | <b>\$ 473</b>    | <b>\$ 13,595</b>  |
| <b>Excess of Revenues and Other Sources Over</b>         |                        |                      |                  |                   |
| <b>(Under) Expenditures and Other Uses.....</b>          | <b>\$ 340</b>          | <b>\$ 2,429</b>      | <b>\$ 2,540</b>  | <b>\$ 5,309</b>   |
| <b>Fund Balances, Beginning.....</b>                     | <b>3,320</b>           | <b>17,522</b>        | <b>16,277</b>    | <b>37,119</b>     |
| <b>Fund Balances, Ending.....</b>                        | <b>\$ 3,660</b>        | <b>\$ 19,951</b>     | <b>\$ 18,817</b> | <b>\$ 42,428</b>  |



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, 1999  
 (IN THOUSANDS)**

|   | MINNESOTA RESOURCES |            |  | NATURAL RESOURCES |             |  |
|---|---------------------|------------|--|-------------------|-------------|--|
|   | BUDGET              | ACTUAL     | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | BUDGET            | ACTUAL      | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
| Net Revenues:   |                     |            |  |                   |             |  |
| License and Fees.....   | \$ -                | \$ -       | \$ -                                   | \$ 9,602          | \$ 11,285   | \$ 1,683                               |
| Tobacco Taxes.....  | 7,433               | 6,591      | (842)                                  | -                 | -           | -                                      |
| Federal Revenues.....   | -                   | -          | -                                      | -                 | -           | -                                      |
| Investment Income.....  | 193                 | 194        | 1                                      | 234               | 298         | 64                                     |
| Other Revenues.....   | -                   | 2          | 2                                      | 1,074             | 1,219       | 145                                    |
| Net Revenues.....   | \$ 7,626            | \$ 6,787   | \$ (839)                               | \$ 10,910         | \$ 12,802   | \$ 1,892                               |
| Expenditures:   |                     |            |  |                   |             |  |
| Resource Management.....  | \$ 6,700            | \$ 6,412   | \$ 288                                 | \$ 25,570         | \$ 24,824   | \$ 746                                 |
| Economic and Manpower Development.....  | 287                 | 287        | -                                      | -                 | -           | -                                      |
| Education.....  | 250                 | 250        | -                                      | -                 | -           | -                                      |
| Health and Social Services.....   | 19                  | 19         | -                                      | -                 | -           | -                                      |
| General Government.....   | 448                 | 434        | 14                                     | 50                | 50          | -                                      |
| Total Expenditures.....   | \$ 7,704            | \$ 7,402   | \$ 302                                 | \$ 25,620         | \$ 24,874   | \$ 746                                 |
| Excess of Revenues Over (Under) Expenditures  | \$ (78)             | \$ (615)   | \$ (537)                               | \$ (14,710)       | \$ (12,072) | \$ 2,638                               |
| Other Financing Sources (Uses):   |                     |            |  |                   |             |  |
| Operating Transfers-In.....   | \$ -                | \$ -       | \$ -                                   | \$ 13,520         | \$ 13,551   | \$ 31                                  |
| Operating Transfers to Debt Service.....  | -                   | -          | -                                      | (50)              | (50)        | -                                      |
| Transfers-Out to Component Units.....   | (497)               | (497)      | -                                      | -                 | -           | -                                      |
| Net Other Financing Sources (Uses).....   | \$ (497)            | \$ (497)   | \$ -                                   | \$ 13,470         | \$ 13,501   | \$ 31                                  |
| Excess of Revenues and Other Sources Over<br>(Under) Expenditures and Other Uses..... | \$ (575)            | \$ (1,112) | \$ (537)                               | \$ (1,240)        | \$ 1,429    | \$ 2,669                               |
| Fund Balances, Beginning, as Reported.....  | 49                  | 49         | -                                      | 10,524            | 10,524      | -                                      |
| Prior Period Adjustments.....   | 1                   | 754        | 753                                    | -                 | 24          | 24                                     |
| Fund Balances, Ending.....  | \$ (525)            | \$ (309)   | \$ 216                                 | \$ 9,284          | \$ 11,977   | \$ 2,693                               |
| Less Appropriation Carryover.....   | -                   | 2,167      | (2,167)                                | -                 | 2,897       | (2,897)                                |
| Undesignated Fund Balances, Ending.....   | \$ (525)            | \$ (2,476) | \$ (1,951)                             | \$ 9,284          | \$ 9,080    | \$ (204)                               |

GAME AND FISH

COMBINED TOTALS

| GAME AND FISH    |                  |  | COMBINED TOTALS  |                  |  |
|------------------|------------------|--|------------------|------------------|--|
| BUDGET           | ACTUAL           | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | BUDGET           | ACTUAL           | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
| \$ 43,122        | \$ 43,417        | \$ 295                                 | \$ 52,724        | \$ 54,702        | \$ 1,978                               |
| -                | -                | -                                      | 7,433            | 6,591            | (842)                                  |
| 14,600           | 13,844           | (756)                                  | 14,600           | 13,844           | (756)                                  |
| 700              | 830              | 130                                    | 1,127            | 1,322            | 195                                    |
| 250              | 224              | (26)                                   | 1,324            | 1,445            | 121                                    |
| <u>\$ 58,672</u> | <u>\$ 58,315</u> | <u>\$ (357)</u>                        | <u>\$ 77,208</u> | <u>\$ 77,904</u> | <u>\$ 696</u>                          |
| \$ 60,771        | \$ 59,661        | \$ 1,110                               | \$ 93,041        | \$ 90,897        | \$ 2,144                               |
| -                | -                | -                                      | 287              | 287              | -                                      |
| -                | -                | -                                      | 250              | 250              | -                                      |
| -                | -                | -                                      | 19               | 19               | -                                      |
| -                | -                | -                                      | 498              | 484              | 14                                     |
| <u>\$ 60,771</u> | <u>\$ 59,661</u> | <u>\$ 1,110</u>                        | <u>\$ 94,095</u> | <u>\$ 91,937</u> | <u>\$ 2,158</u>                        |
| \$ (2,099)       | \$ (1,346)       | \$ 753                                 | \$ (16,887)      | \$ (14,033)      | \$ 2,854                               |
| \$ 504           | \$ 504           | \$ -                                   | \$ 14,024        | \$ 14,055        | \$ 31                                  |
| (31)             | (31)             | -                                      | (81)             | (81)             | -                                      |
| -                | -                | -                                      | (497)            | (497)            | -                                      |
| <u>\$ 473</u>    | <u>\$ 473</u>    | <u>\$ -</u>                            | <u>\$ 13,446</u> | <u>\$ 13,477</u> | <u>\$ 31</u>                           |
| \$ (1,626)       | \$ (873)         | \$ 753                                 | \$ (3,441)       | \$ (556)         | \$ 2,885                               |
| 10,900           | 10,900           | -                                      | 21,473           | 21,473           | -                                      |
| -                | 151              | 151                                    | 1                | 929              | 928                                    |
| <u>\$ 9,274</u>  | <u>\$ 10,178</u> | <u>\$ 904</u>                          | <u>\$ 18,033</u> | <u>\$ 21,846</u> | <u>\$ 3,813</u>                        |
| -                | 37               | (37)                                   | -                | 5,101            | (5,101)                                |
| <u>\$ 9,274</u>  | <u>\$ 10,141</u> | <u>\$ 867</u>                          | <u>\$ 18,033</u> | <u>\$ 16,745</u> | <u>\$ (1,288)</u>                      |

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## 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, 1999  
(IN THOUSANDS)**

|  | <u>GENERAL<br/>PROJECT</u> | <u>TRANSPORTATION</u> | <u>BUILDING</u>       | <u>TOTAL</u>          |
|--|----------------------------|-----------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                                |                            |                       |                       |                       |
| Cash and Cash Equivalents.....               | \$ 328,298                 | \$ 8,920              | \$ 90,597             | \$ 427,815            |
| Accounts Receivable.....                     | -                          | -                     | 93                    | 93                    |
| Accrued Investment/Interest Income.....      | -                          | -                     | 4                     | 4                     |
| Grant Advances.....                          | 9,633                      | -                     | -                     | 9,633                 |
| Loans Receivable.....                        | 1,844                      | -                     | 46,354                | 48,198                |
|  | <u>1,844</u>               | <u>-</u>              | <u>46,354</u>         | <u>48,198</u>         |
| <br>Total Assets.....                        | <br><u>\$ 339,775</u>      | <br><u>\$ 8,920</u>   | <br><u>\$ 137,048</u> | <br><u>\$ 485,743</u> |
| <br><b>LIABILITIES AND FUND BALANCES</b>     |                            |                       |                       |                       |
| <b>Liabilities:</b>                          |                            |                       |                       |                       |
| Accounts Payable.....                        | \$ 13,761                  | \$ 1,449              | \$ 21,055             | \$ 36,265             |
| Interfund Payables.....                      | 18,620                     | 16                    | 2,913                 | 21,549                |
| Due to Component Units.....                  | -                          | -                     | 20,500                | 20,500                |
|  | <u>-</u>                   | <u>-</u>              | <u>20,500</u>         | <u>20,500</u>         |
| <br>Total Liabilities.....                   | <br><u>\$ 32,381</u>       | <br><u>\$ 1,465</u>   | <br><u>\$ 44,468</u>  | <br><u>\$ 78,314</u>  |
| <br><b>Fund Balances:</b>                    |                            |                       |                       |                       |
| <b>Reserved Fund Balances:</b>               |                            |                       |                       |                       |
| Reserved for Encumbrances.....               | \$ 34,250                  | \$ -                  | \$ -                  | \$ 34,250             |
| Reserved for Long-Term Receivables.....      | 1,844                      | -                     | 46,354                | 48,198                |
| Reserved for Long-Term Commitments.....      | 149,491                    | 5,776                 | 45,487                | 200,754               |
|  | <u>149,491</u>             | <u>5,776</u>          | <u>45,487</u>         | <u>200,754</u>        |
| <br>Total Reserved Fund Balances.....        | <br><u>\$ 185,585</u>      | <br><u>\$ 5,776</u>   | <br><u>\$ 91,841</u>  | <br><u>\$ 283,202</u> |
| <br><b>Unreserved Fund Balances:</b>         |                            |                       |                       |                       |
| Designated for Fund Purpose.....             | \$ -                       | \$ -                  | \$ 739                | \$ 739                |
| Undesignated.....                            | 121,809                    | 1,679                 | -                     | 123,488               |
|  | <u>121,809</u>             | <u>1,679</u>          | <u>-</u>              | <u>123,488</u>        |
| <br>Total Fund Balances.....                 | <br><u>\$ 307,394</u>      | <br><u>\$ 7,455</u>   | <br><u>\$ 92,580</u>  | <br><u>\$ 407,429</u> |
| <br>Total Liabilities and Fund Balances..... | <br><u>\$ 339,775</u>      | <br><u>\$ 8,920</u>   | <br><u>\$ 137,048</u> | <br><u>\$ 485,743</u> |

STATE OF MINNESOTA

**CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|   | GENERAL<br>PROJECT  | TRANSPORTATION    | BUILDING            | TOTAL               |
|---|---------------------|-------------------|---------------------|---------------------|
| <b>Net Revenues:</b>  |                     |                   |                     |                     |
| Investment/Interest Income.....   | \$ -                | \$ -              | \$ 3,643            | \$ 3,643            |
| Other Revenues.....   | 11                  | -                 | 603                 | 614                 |
| <b>Net Revenues.....</b>  | <b>\$ 11</b>        | <b>\$ -</b>       | <b>\$ 4,246</b>     | <b>\$ 4,257</b>     |
| <b>Expenditures:</b>  |                     |                   |                     |                     |
| <b>Current:</b>   |                     |                   |                     |                     |
| Protection of Persons and Property.....   | \$ 121              | \$ -              | \$ 45               | \$ 166              |
| Transportation.....   | 704                 | 66                | 216                 | 986                 |
| Resource Management.....  | 10,255              | -                 | 7                   | 10,262              |
| Economic and Manpower Development.....  | -                   | -                 | 1,565               | 1,565               |
| Education.....  | 17,593              | -                 | 677                 | 18,270              |
| Health and Social Services.....   | -                   | -                 | 172                 | 172                 |
| General Government.....   | 20,326              | -                 | 17,636              | 37,962              |
| <b>Total Current Expenditures.....</b>  | <b>\$ 48,999</b>    | <b>\$ 66</b>      | <b>\$ 20,318</b>    | <b>\$ 69,383</b>    |
| Capital Outlay.....   | 8,439               | -                 | 123,941             | 132,380             |
| Debt Service.....   | 482                 | -                 | -                   | 482                 |
| Grants and Subsidies.....   | 44,915              | 9,878             | 68,978              | 123,771             |
| <b>Total Expenditures.....</b>  | <b>\$ 102,835</b>   | <b>\$ 9,944</b>   | <b>\$ 213,237</b>   | <b>\$ 326,016</b>   |
| <b>Excess of Revenues Over (Under) Expenditures.....</b>                                      | <b>\$ (102,824)</b> | <b>\$ (9,944)</b> | <b>\$ (208,991)</b> | <b>\$ (321,759)</b> |
| <b>Other Financing Sources (Uses):</b>  |                     |                   |                     |                     |
| General Obligation Bonds.....   | \$ -                | \$ 3,945          | \$ 191,555          | \$ 195,500          |
| Operating Transfers-In.....   | 159,617             | -                 | -                   | 159,617             |
| Operating Transfers to Debt Service.....  | -                   | (4)               | (6,296)             | (6,300)             |
| Other Operating Transfers-Out.....  | -                   | (1,563)           | -                   | (1,563)             |
| Transfers-Out to Component Units.....   | (34,654)            | -                 | (68,614)            | (103,268)           |
| <b>Net Other Financing Sources (Uses).....</b>  | <b>\$ 124,963</b>   | <b>\$ 2,378</b>   | <b>\$ 116,645</b>   | <b>\$ 243,986</b>   |
| <b>Excess of Revenues and Other Sources Over<br/>(Under) Expenditures and Other Uses.....</b> | <b>\$ 22,139</b>    | <b>\$ (7,566)</b> | <b>\$ (92,346)</b>  | <b>\$ (77,773)</b>  |
| <b>Fund Balances, Beginning, As Reported.....</b>   | <b>\$ 285,255</b>   | <b>\$ 15,021</b>  | <b>\$ 213,001</b>   | <b>\$ 513,277</b>   |
| Prior Period Adjustment.....  | -                   | -                 | (28,075)            | (28,075)            |
| <b>Fund Balances, Beginning, As Restated.....</b>   | <b>\$ 285,255</b>   | <b>\$ 15,021</b>  | <b>\$ 184,926</b>   | <b>\$ 485,202</b>   |
| <b>Fund Balances, Ending.....</b>   | <b>\$ 307,394</b>   | <b>\$ 7,455</b>   | <b>\$ 92,580</b>    | <b>\$ 407,429</b>   |

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

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

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

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

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

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

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, 1999  
 (IN THOUSANDS)

|   | STATE<br>COLLEGES AND<br>UNIVERSITIES<br>REVENUE | STATE<br>LOTTERY | COLLEGE AND<br>UNIVERSITY<br>ENTERPRISE<br>ACTIVITIES | MINNESOTA<br>CORRECTIONAL<br>INDUSTRIES |
|---|--|------------------|---|---|
| <b>ASSETS</b>                                 |  |                  |   |   |
| Cash and Cash Equivalents.....                | \$ 625   | \$ 17,997        | \$ 19,642   | \$ 5,476                                |
| Investments.....                              | 23,575   | -                | 6,175   | -                                       |
| Accounts Receivable.....                      | 1,113  | 10,889           | 4,390   | 2,459                                   |
| Interfund Receivables.....                    | 740  | -                | 60  | -                                       |
| Accrued Investment/Interest Income.....       | 690  | 101              | 8   | -                                       |
| Inventories.....                              | -  | 637              | 7,039   | 6,875                                   |
| Deferred Costs.....                           | 566  | 28               | 385   | -                                       |
| Restricted Assets:                            |  |                  |   |   |
| Investments.....                              | 15,601   | 3,003            | -   | -                                       |
| Loans Receivable.....                         | -  | -                | 34,803  | -                                       |
| Fixed Assets (Net).....                       | 73,997   | 4,812            | 3,697   | 2,371                                   |
| Other Assets.....                             | -  | -                | 431   | 315                                     |
| <b>Total Assets.....</b>                      | <b>\$ 116,907</b>                                | <b>\$ 37,467</b> | <b>\$ 76,630</b>                                      | <b>\$ 17,496</b>                        |
| <b>LIABILITIES AND FUND EQUITY</b>            |  |                  |   |   |
| <b>Liabilities:</b>                           |  |                  |   |   |
| Accounts Payable.....                         | \$ -   | \$ 18,468        | \$ 2,720  | \$ 927                                  |
| Interfund Payables.....                       | -  | 14,551           | -   | -                                       |
| Deferred Revenue.....                         | 1,649  | 265              | 996   | -                                       |
| Payable from Restricted Assets:               |  |                  |   |   |
| Revenue Bonds Payable.....                    | 665  | -                | -   | -                                       |
| Other Payable.....                            | 4,229  | 3,221            | -   | -                                       |
| General Obligation Bonds Payable.....         | -  | -                | -   | -                                       |
| Notes Payable.....                            | -  | -                | 514   | 14                                      |
| Revenue Bonds Payable.....                    | 27,390   | -                | 1,625   | -                                       |
| Compensated Absences Payable.....             | -  | 962              | 608   | 912                                     |
| Advances from Other Funds.....                | -  | -                | -   | -                                       |
| Other Liabilities.....                        | -  | -                | 646   | 36                                      |
| <b>Total Liabilities.....</b>                 | <b>\$ 33,933</b>                                 | <b>\$ 37,467</b> | <b>\$ 7,109</b>                                       | <b>\$ 1,889</b>                         |
| <b>Fund Equity:</b>                           |  |                  |   |   |
| Contributed Capital.....                      | \$ 1,561   | \$ -             | \$ -  | \$ 6,577                                |
| Reserved Retained Earnings:                   |  |                  |   |   |
| Reserved for Debt Requirements.....           | \$ 11,137  | \$ -             | \$ -  | \$ -                                    |
| <b>Total Reserved Retained Earnings.....</b>  | <b>\$ 11,137</b>                                 | <b>\$ -</b>      | <b>\$ -</b>   | <b>\$ -</b>                             |
| Unreserved Retained Earnings.....             | 70,276   | -                | 69,521  | 9,030                                   |
| <b>Total Retained Earnings.....</b>           | <b>\$ 81,413</b>                                 | <b>\$ -</b>      | <b>\$ 69,521</b>                                      | <b>\$ 9,030</b>                         |
| <b>Total Fund Equity.....</b>                 | <b>\$ 82,974</b>                                 | <b>\$ -</b>      | <b>\$ 69,521</b>                                      | <b>\$ 15,607</b>                        |
| <b>Total Liabilities and Fund Equity.....</b> | <b>\$ 116,907</b>                                | <b>\$ 37,467</b> | <b>\$ 76,630</b>                                      | <b>\$ 17,496</b>                        |

| <u>CHEMICAL<br/>DEPENDENCY<br/>TREATMENT</u> | <u>PUBLIC<br/>EMPLOYEES<br/>INSURANCE</u> | <u>PRIVATE<br/>EMPLOYERS<br/>INSURANCE</u> | <u>ENTERPRISE<br/>ACTIVITIES</u> | <u>STATE<br/>OPERATED<br/>COMMUNITY<br/>SERVICES</u> | <u>TOTAL</u>      |
|--|---|--|----------------------------------|--|-------------------|
| \$ 3,332                                     | \$ 5,746                                  | \$ 864                                     | \$ 3,281                         | \$ 11,058  | \$ 68,021         |
| -  | -   | -  | -                                | -  | 29,750            |
| 3,474  | 217                                       | -  | 116                              | 2,853  | 25,511            |
| -  | -   | -  | 28                               | 4,230  | 5,058             |
| -  | -   | -  | -                                | -  | 799               |
| -  | -   | -  | 825                              | -  | 15,376            |
| -  | -   | -  | 4                                | -  | 983               |
| -  | -   | -  | -                                | -  | 18,604            |
| -  | -   | -  | -                                | -  | 34,803            |
| 233  | 4   | -  | 251                              | 5,744  | 91,109            |
| 65   | -   | -  | -                                | 128  | 939               |
| <u>\$ 7,104</u>                              | <u>\$ 5,967</u>                           | <u>\$ 864</u>                              | <u>\$ 4,505</u>                  | <u>\$ 24,013</u>                                     | <u>\$ 290,953</u> |
| \$ 676                                       | \$ 1,058                                  | \$ 121                                     | \$ 1,006                         | \$ 2,467   | \$ 27,443         |
| -  | -   | -  | -                                | -  | 14,551            |
| -  | 499                                       | -  | 183                              | -  | 3,592             |
| -  | -   | -  | -                                | -  | 665               |
| -  | -   | -  | -                                | -  | 7,450             |
| -  | -   | -  | -                                | 4,790  | 4,790             |
| -  | -   | -  | -                                | -  | 528               |
| -  | -   | -  | -                                | -  | 29,015            |
| 684  | 10  | 3  | 201                              | 3,213  | 6,593             |
| -  | -   | 740  | -                                | -  | 740               |
| -  | -   | -  | -                                | 1,726  | 2,408             |
| <u>\$ 1,360</u>                              | <u>\$ 1,567</u>                           | <u>\$ 864</u>                              | <u>\$ 1,390</u>                  | <u>\$ 12,196</u>                                     | <u>\$ 97,775</u>  |
| <u>\$ 5,462</u>                              | <u>\$ -</u>                               | <u>\$ -</u>                                | <u>\$ 769</u>                    | <u>\$ 11,105</u>                                     | <u>\$ 25,474</u>  |
| <u>\$ -</u>                                  | <u>\$ -</u>                               | <u>\$ -</u>                                | <u>\$ -</u>                      | <u>\$ -</u>  | <u>\$ 11,137</u>  |
| <u>\$ -</u>                                  | <u>\$ -</u>                               | <u>\$ -</u>                                | <u>\$ -</u>                      | <u>\$ -</u>  | <u>\$ 11,137</u>  |
| <u>282</u>                                   | <u>4,400</u>                              | <u>-</u>                                   | <u>2,346</u>                     | <u>712</u>   | <u>156,567</u>    |
| <u>\$ 282</u>                                | <u>\$ 4,400</u>                           | <u>\$ -</u>                                | <u>\$ 2,346</u>                  | <u>\$ 712</u>  | <u>\$ 167,704</u> |
| <u>\$ 5,744</u>                              | <u>\$ 4,400</u>                           | <u>\$ -</u>                                | <u>\$ 3,115</u>                  | <u>\$ 11,817</u>                                     | <u>\$ 193,178</u> |
| <u>\$ 7,104</u>                              | <u>\$ 5,967</u>                           | <u>\$ 864</u>                              | <u>\$ 4,505</u>                  | <u>\$ 24,013</u>                                     | <u>\$ 290,953</u> |

STATE OF MINNESOTA

**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|   | STATE<br>COLLEGES AND<br>UNIVERSITIES<br>REVENUE | STATE<br>LOTTERY | COLLEGE AND<br>UNIVERSITY<br>ENTERPRISE<br>ACTIVITIES | MINNESOTA<br>CORRECTIONAL<br>INDUSTRIES |
|---|--|------------------|---|---|
| Operating Revenues:   |  |                  |   |   |
| Net Sales.....  | \$ -   | \$ 364,661       | \$ 52,701   | \$ 17,941                               |
| Interest Income.....  | -  | -                | 1,283   | -                                       |
| Rental and Service Fees.....  | 46,003   | -                | 5,501   | 510                                     |
| Insurance Premiums.....   | -  | -                | -   | -                                       |
| Other Income.....   | -  | -                | 839   | 18                                      |
| Total Operating Revenues.....                                       | \$ 46,003  | \$ 364,661       | \$ 60,324   | \$ 18,469                               |
| Less: Cost of Goods Sold.....                                       | -  | 262,080          | 35,162  | 15,355                                  |
| Gross Margin.....   | \$ 46,003  | \$ 102,581       | \$ 25,162   | \$ 3,114                                |
| Operating Expenses:   |  |                  |   |   |
| Purchased Services.....   | \$ 12,603  | \$ 31,260        | \$ 8,036  | \$ 50                                   |
| Salaries and Fringe Benefits.....                                   | 24,580   | 10,277           | 8,888   | 3,316                                   |
| Claims.....   | -  | -                | -   | -                                       |
| Depreciation.....   | 5,509  | 1,468            | 140   | 451                                     |
| Amortization.....   | 25   | -                | -   | -                                       |
| Supplies and Materials.....   | 3,266  | 812              | -   | 219                                     |
| Indirect Costs.....   | -  | -                | -   | 316                                     |
| Other Expenses.....   | -  | 406              | 3,877   | 521                                     |
| Total Operating Expenses.....                                       | \$ 45,983  | \$ 44,223        | \$ 20,941   | \$ 4,873                                |
| Operating Income (Loss).....  | \$ 20  | \$ 58,358        | \$ 4,221  | \$ (1,759)                              |
| Nonoperating Revenues (Expenses):                                   |  |                  |   |   |
| Investment Income.....  | \$ 2,854   | \$ 1,668         | \$ 1,115  | \$ 276                                  |
| Grants and Subsidies.....   | -  | -                | 211   | -                                       |
| Other Nonoperating Revenues.....                                    | -  | 365              | 1   | 547                                     |
| Interest and Financing Costs.....                                   | (1,888)  | -                | (190)   | -                                       |
| Grants, Aids and Subsidies.....                                     | -  | -                | (566)   | -                                       |
| Gain (Loss) on Sale of Fixed Assets.....                            | -  | -                | -   | (49)                                    |
| Total Nonoperating Revenues (Expenses).....                         | \$ 966   | \$ 2,033         | \$ 571  | \$ 774                                  |
| Income (Loss) Before Operating Transfers.....                       | \$ 986   | \$ 60,391        | \$ 4,792  | \$ (985)                                |
| Operating Transfers-In.....   | -  | -                | -   | 3,348                                   |
| Operating Transfers-Out.....  | -  | (60,391)         | (2,834)   | -                                       |
| Net Income (Loss).....  | \$ 986   | \$ -             | \$ 1,958  | \$ 2,363                                |
| Depreciation on Fixed Assets Acquired with Contributed Capital..... | 352  | -                | -   | -                                       |
| Increase (Decrease) in Retained Earnings.....                       | \$ 1,338   | \$ -             | \$ 1,958  | \$ 2,363                                |
| Retained Earnings, Beginning, As Reported.....                      | 80,075   | -                | 67,563  | 6,667                                   |
| Prior Period Adjustment.....  | -  | -                | -   | -                                       |
| Retained Earnings, Beginning, As Restated.....                      | \$ 80,075  | \$ -             | \$ 67,563   | \$ 6,667                                |
| Retained Earnings, Ending.....                                      | \$ 81,413  | \$ -             | \$ 69,521   | \$ 9,030                                |

| <u>CHEMICAL<br/>DEPENDENCY<br/>TREATMENT</u> | <u>PUBLIC<br/>EMPLOYEES<br/>INSURANCE</u> | <u>PRIVATE<br/>EMPLOYERS<br/>INSURANCE</u> | <u>ENTERPRISE<br/>ACTIVITIES</u> | <u>STATE<br/>OPERATED<br/>COMMUNITY<br/>SERVICES</u> | <u>TOTAL</u>      |
|--|---|--|----------------------------------|--|-------------------|
| \$ -   | \$ -                                      | \$ -                                       | \$ 2,600                         | \$ 35,979  | \$ 473,882        |
| -  | -   | -  | -                                | -  | 1,283             |
| 13,465                                       | -   | -  | 1,506                            | 417  | 67,402            |
| -  | 7,483                                     | 53   | -                                | -  | 7,536             |
| -  | 347                                       | -  | -                                | -  | 1,204             |
| <u>\$ 13,465</u>                             | <u>\$ 7,830</u>                           | <u>\$ 53</u>                               | <u>\$ 4,106</u>                  | <u>\$ 36,396</u>                                     | <u>\$ 551,307</u> |
| -  | -   | -  | 905                              | -  | 313,502           |
| <u>\$ 13,465</u>                             | <u>\$ 7,830</u>                           | <u>\$ 53</u>                               | <u>\$ 3,201</u>                  | <u>\$ 36,396</u>                                     | <u>\$ 237,805</u> |
| \$ 596                                       | \$ 1,911                                  | \$ 125                                     | \$ 912                           | \$ 3,020   | \$ 58,513         |
| 10,864                                       | 141                                       | 45   | 1,700                            | 29,615   | 89,426            |
| -  | 5,939                                     | 53   | -                                | -  | 5,992             |
| 58   | 4   | 1  | 67                               | 660  | 8,358             |
| -  | -   | -  | -                                | -  | 25                |
| 769  | 2   | -  | 125                              | 1,080  | 6,273             |
| 593  | 6   | 9  | 131                              | 1,579  | 2,634             |
| 215  | 37  | 5  | 66                               | 632  | 5,759             |
| <u>\$ 13,095</u>                             | <u>\$ 8,040</u>                           | <u>\$ 238</u>                              | <u>\$ 3,001</u>                  | <u>\$ 36,586</u>                                     | <u>\$ 176,980</u> |
| \$ 370                                       | \$ (210)                                  | \$ (185)                                   | \$ 200                           | \$ (190)   | \$ 60,825         |
| \$ 189                                       | \$ 267                                    | \$ 50                                      | \$ -                             | \$ -   | \$ 6,419          |
| -  | -   | -  | 20                               | -  | 231               |
| -  | -   | -  | -                                | -  | 913               |
| -  | -   | -  | -                                | (254)  | (2,332)           |
| -  | -   | -  | -                                | -  | (566)             |
| -  | -   | -  | -                                | -  | (49)              |
| <u>\$ 189</u>                                | <u>\$ 267</u>                             | <u>\$ 50</u>                               | <u>\$ 20</u>                     | <u>\$ (254)</u>                                      | <u>\$ 4,616</u>   |
| \$ 559                                       | \$ 57                                     | \$ (135)                                   | \$ 220                           | \$ (444)   | \$ 65,441         |
| -  | 750                                       | 150  | -                                | 1,156  | 5,404             |
| -  | -   | -  | (21)                             | -  | (63,246)          |
| <u>\$ 559</u>                                | <u>\$ 807</u>                             | <u>\$ 15</u>                               | <u>\$ 199</u>                    | <u>\$ 712</u>  | <u>\$ 7,599</u>   |
| -  | -   | -  | -                                | -  | 352               |
| \$ 559                                       | \$ 807                                    | \$ 15                                      | \$ 199                           | \$ 712   | \$ 7,951          |
| (357)  | 3,593                                     | (15)                                       | 2,147                            | -  | 159,673           |
| 80   | -   | -  | -                                | -  | 80                |
| <u>\$ (277)</u>                              | <u>\$ 3,593</u>                           | <u>\$ (15)</u>                             | <u>\$ 2,147</u>                  | <u>\$ -</u>  | <u>\$ 159,753</u> |
| <u>\$ 282</u>                                | <u>\$ 4,400</u>                           | <u>\$ -</u>                                | <u>\$ 2,346</u>                  | <u>\$ 712</u>  | <u>\$ 167,704</u> |

STATE OF MINNESOTA

**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|   | STATE<br>COLLEGES AND<br>UNIVERSITIES<br>REVENUE | STATE<br>LOTTERY | COLLEGE AND<br>UNIVERSITY<br>ENTERPRISE<br>ACTIVITIES | MINNESOTA<br>CORRECTIONAL<br>INDUSTRIES |
|---|--|------------------|---|---|
| Cash Flows from Operating Activities:   |  |                  |   |   |
| Operating Income (Loss).....  | \$ 20  | \$ 58,358        | \$ 4,221  | \$ (1,759)                              |
| Adjustments to Reconcile Operating Income to<br>Net Cash Flows from Operating Activities: |  |                  |   |   |
| Depreciation.....   | \$ 5,509   | \$ 1,468         | \$ 140  | \$ 451                                  |
| Amortization.....   | 25   | -                | -   | -                                       |
| Write-off of Equipment.....   | -  | -                | -   | 22                                      |
| Loan Principal Repayments.....  | -  | -                | 4,119   | -                                       |
| Loans Issued.....   | -  | -                | (4,580)   | -                                       |
| Provision for Loan Defaults.....  | 90   | -                | 300   | -                                       |
| Net Nonoperating Revenues (Expenses).....   | -  | 365              | -   | 547                                     |
| Change in Assets and Liabilities:   |  |                  |   |   |
| Accounts Receivable.....  | (305)  | (7,403)          | 937   | 340                                     |
| Inventories.....  | -  | (15)             | (569)   | (1,046)                                 |
| Other Assets.....   | (740)  | 1                | (697)   | (6)                                     |
| Accounts Payable.....   | 478  | 3,223            | (121)   | (773)                                   |
| Compensated Absences Payable.....   | (81)   | 85               | (173)   | (85)                                    |
| Deferred Revenues.....  | 308  | 61               | 883   | -                                       |
| Other Liabilities.....  | -  | 417              | 497   | 17                                      |
| Net Reconciling Items to be Added (Deducted)<br>from Operating Income.....                | \$ 5,284   | \$ (1,798)       | \$ 736  | \$ (533)                                |
| Net Cash Flows from Operating Activities.....   | \$ 5,304   | \$ 56,560        | \$ 4,957  | \$ (2,292)                              |
| Cash Flows from Noncapital Financing Activities:  |  |                  |   |   |
| Grant Receipts.....   | \$ -   | \$ -             | \$ 204  | \$ -                                    |
| Grant Disbursements.....  | -  | -                | (566)   | -                                       |
| Transfers-In.....   | -  | -                | 1,166   | 3,348                                   |
| Transfers-Out.....  | -  | (58,874)         | (2,873)   | -                                       |
| Advances from Other Funds.....  | -  | -                | -   | 4                                       |
| Advances To Other Funds.....  | -  | -                | -   | -                                       |
| Net Cash Flows from Noncapital Financing Activities.....                                  | \$ -   | \$ (58,874)      | \$ (2,069)  | \$ 3,352                                |
| Cash Flows from Capital and Related Financing Activities:                                 |  |                  |   |   |
| Investment in Fixed Assets.....   | \$ (7,565)                                       | \$ (1,548)       | \$ (576)  | \$ (451)                                |
| Proceeds of Capital Loan.....   | -  | -                | 86  | -                                       |
| Repayment of Bond Principal.....  | (2,185)  | -                | (95)  | -                                       |
| Interest Paid.....  | (1,888)  | -                | (189)   | -                                       |
| Net Cash Flows from Capital and Related Financing Activities.....                         | \$ (11,638)                                      | \$ (1,548)       | \$ (774)  | \$ (451)                                |
| Cash Flows from Investing Activities:   |  |                  |   |   |
| Proceeds from Sales and Maturities of Investments.....                                    | \$ 337,324                                       | \$ 231           | \$ -  | \$ -                                    |
| Purchase of Investments.....  | (334,528)  | -                | (5,920)   | -                                       |
| Investment Earnings.....  | 2,771  | 1,756            | 967   | 276                                     |
| Net Cash Flows from Investing Activities.....   | \$ 5,567   | \$ 1,987         | \$ (4,953)  | \$ 276                                  |
| Net Increase (Decrease) in Cash and Cash Equivalents.....                                 | \$ (767)   | \$ (1,875)       | \$ (2,839)  | \$ 885                                  |
| Cash and Cash Equivalents, Beginning, As Reported.....                                    | \$ 1,392   | \$ 19,872        | \$ 22,481   | \$ 4,591                                |
| Change in Fund Structure.....   | -  | -                | -   | -                                       |
| Cash and Cash Equivalents, Beginning, As Restated.....                                    | \$ 1,392   | \$ 19,872        | \$ 22,481   | \$ 4,591                                |
| Cash and Cash Equivalents, Ending.....  | \$ 625   | \$ 17,997        | \$ 19,642   | \$ 5,476                                |

| <u>CHEMICAL<br/>DEPENDENCY<br/>TREATMENT</u> | <u>PUBLIC<br/>EMPLOYEES<br/>INSURANCE</u> | <u>PRIVATE<br/>EMPLOYERS<br/>INSURANCE</u> | <u>ENTERPRISE<br/>ACTIVITIES</u> | <u>STATE<br/>OPERATED<br/>COMMUNITY<br/>SERVICES</u> | <u>TOTAL</u> |
|--|---|--|----------------------------------|--|--------------|
| \$ 370                                       | \$ (210)                                  | \$ (185)                                   | \$ 200                           | \$ (190)   | \$ 60,825    |
| \$ 58  | \$ 4                                      | \$ 1                                       | \$ 67                            | \$ 660   | \$ 8,358     |
| -  | -   | -  | -                                | -  | 25           |
| -  | -   | -  | -                                | -  | 22           |
| -  | -   | -  | -                                | -  | 4,119        |
| -  | -   | -  | -                                | -  | (4,580)      |
| -  | -   | -  | -                                | -  | 390          |
| -  | -   | -  | -                                | -  | 912          |
| (310)  | 153                                       | -  | 69                               | (144)  | (6,663)      |
| -  | -   | -  | (141)                            | -  | (1,771)      |
| 4  | -   | -  | 3                                | 13   | (1,422)      |
| 348  | 64  | 103  | 405                              | 2,359  | 6,086        |
| (18)   | 4   | (3)  | 11                               | 447  | 187          |
| -  | 499                                       | -  | 8                                | -  | 1,759        |
| -  | -   | -  | -                                | 1,740  | 2,671        |
| \$ 82  | \$ 724                                    | \$ 101                                     | \$ 422                           | \$ 5,075   | \$ 10,093    |
| \$ 452                                       | \$ 514                                    | \$ (84)                                    | \$ 622                           | \$ 4,885   | \$ 70,918    |
| \$ -   | \$ -                                      | \$ -                                       | \$ -                             | \$ -   | \$ 204       |
| -  | -   | -  | -                                | -  | (566)        |
| -  | 750                                       | -  | 34                               | 1,156  | 6,454        |
| -  | -   | -  | -                                | -  | (61,747)     |
| -  | 16  | -  | -                                | -  | 20           |
| -  | -   | (16)                                       | (33)                             | -  | (49)         |
| \$ -   | \$ 766                                    | \$ (16)                                    | \$ 1                             | \$ 1,156   | \$ (55,684)  |
| \$ (69)                                      | \$ -                                      | \$ -                                       | \$ (20)                          | \$ (1,140)   | \$ (11,369)  |
| -  | -   | -  | -                                | -  | 86           |
| -  | -   | -  | -                                | (178)  | (2,458)      |
| -  | -   | -  | -                                | (250)  | (2,327)      |
| \$ (69)                                      | \$ -                                      | \$ -                                       | \$ (20)                          | \$ (1,568)   | \$ (16,068)  |
| \$ -   | \$ -                                      | \$ -                                       | \$ -                             | \$ -   | \$ 337,555   |
| -  | -   | -  | -                                | -  | (340,448)    |
| 189  | 267                                       | 49   | -                                | -  | 6,275        |
| \$ 189                                       | \$ 267                                    | \$ 49                                      | \$ -                             | \$ -   | \$ 3,382     |
| \$ 572                                       | \$ 1,547                                  | \$ (51)                                    | \$ 603                           | \$ 4,473   | \$ 2,548     |
| \$ 2,760                                     | \$ 4,199                                  | \$ 915                                     | \$ 2,678                         | \$ -   | \$ 58,888    |
| -  | -   | -  | -                                | 6,585  | 6,585        |
| \$ 2,760                                     | \$ 4,199                                  | \$ 915                                     | \$ 2,678                         | \$ 6,585   | \$ 65,473    |
| \$ 3,332                                     | \$ 5,746                                  | \$ 864                                     | \$ 3,281                         | \$ 11,058  | \$ 68,021    |

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## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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



STATE OF MINNESOTA

INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 1999

(IN THOUSANDS)

|   | INTER-<br>TECHNOLOGIES | CENTRAL<br>STORES | STATE<br>PRINTER | CENTRAL<br>MOTOR POOL |
|---|------------------------|-------------------|------------------|-----------------------|
| <b>ASSETS</b>                           |                        |                   |                  |                       |
| Cash and Cash Equivalents.....          | \$ 14,013              | \$ 315            | \$ 1,490         | \$ 1,000              |
| Investments.....                        | -                      | -                 | -                | -                     |
| Accounts Receivable.....                | 10,880                 | 1,068             | 665              | 933                   |
| Interfund Receivables.....              | -                      | -                 | 28               | -                     |
| Accrued Investment/Interest Income..... | -                      | -                 | -                | -                     |
| Inventories.....                        | -                      | 760               | 139              | 35                    |
| Prepaid Expenses.....                   | 268                    | -                 | 38               | -                     |
| Fixed Assets (Net).....                 | 15,004                 | 14                | 929              | 15,667                |
| Total Assets.....                       | <u>\$ 40,165</u>       | <u>\$ 2,157</u>   | <u>\$ 3,289</u>  | <u>\$ 17,635</u>      |
| <b>LIABILITIES AND FUND EQUITY</b>      |                        |                   |                  |                       |
| Liabilities:                            |                        |                   |                  |                       |
| Accounts Payable.....                   | \$ 9,445               | \$ 825            | \$ 491           | \$ 432                |
| Interfund Payables.....                 | -                      | -                 | -                | 640                   |
| Deferred Revenue.....                   | 567                    | -                 | 1                | 434                   |
| Loans Payable.....                      | 16,475                 | -                 | 296              | 11,110                |
| Compensated Absences Payable.....       | 1,777                  | 86                | 256              | 69                    |
| Advances from Other Funds.....          | -                      | -                 | -                | 3,100                 |
| Total Liabilities.....                  | <u>\$ 28,264</u>       | <u>\$ 911</u>     | <u>\$ 1,044</u>  | <u>\$ 15,785</u>      |
| Fund Equity:                            |                        |                   |                  |                       |
| Contributed Capital.....                | \$ 2,348               | \$ 691            | \$ 1,432         | \$ 502                |
| Retained Earnings:                      |                        |                   |                  |                       |
| Reserved for Claims.....                | \$ -                   | \$ -              | \$ -             | \$ -                  |
| Unreserved.....                         | 9,553                  | 555               | 813              | 1,348                 |
| Total Retained Earnings.....            | <u>\$ 9,553</u>        | <u>\$ 555</u>     | <u>\$ 813</u>    | <u>\$ 1,348</u>       |
| Total Fund Equity.....                  | <u>\$ 11,901</u>       | <u>\$ 1,246</u>   | <u>\$ 2,245</u>  | <u>\$ 1,850</u>       |
| Total Liabilities and Fund Equity.....  | <u>\$ 40,165</u>       | <u>\$ 2,157</u>   | <u>\$ 3,289</u>  | <u>\$ 17,635</u>      |

| <u>PLANT<br/>MANAGEMENT</u> | <u>EMPLOYEE<br/>INSURANCE</u> | <u>RISK<br/>MANAGEMENT</u> | <u>CENTRAL<br/>SERVICES</u> | <u>TOTAL</u>      |
|-----------------------------|-------------------------------|----------------------------|-----------------------------|-------------------|
| \$ 6,804                    | \$ 59,985                     | \$ 10,541                  | \$ 1,179                    | \$ 95,327         |
| -                           | 15,090                        | -                          | -                           | 15,090            |
| 715                         | 18,548                        | 53                         | 1,155                       | 34,017            |
| -                           | -                             | -                          | -                           | 28                |
| -                           | 259                           | -                          | -                           | 259               |
| 235                         | -                             | -                          | 29                          | 1,198             |
| -                           | -                             | 114                        | -                           | 420               |
| 2,442                       | 149                           | -                          | 228                         | 34,433            |
| <u>\$ 10,196</u>            | <u>\$ 94,031</u>              | <u>\$ 10,708</u>           | <u>\$ 2,591</u>             | <u>\$ 180,772</u> |
| <br>                        |                               |                            |                             |                   |
| \$ 2,000                    | \$ 33,979                     | \$ 6,234                   | \$ 401                      | \$ 53,807         |
| -                           | -                             | -                          | 56                          | 696               |
| -                           | -                             | 133                        | 2                           | 1,137             |
| 1,637                       | -                             | -                          | 153                         | 29,671            |
| 787                         | 186                           | 37                         | 328                         | 3,526             |
| -                           | -                             | -                          | -                           | 3,100             |
| <u>\$ 4,424</u>             | <u>\$ 34,165</u>              | <u>\$ 6,404</u>            | <u>\$ 940</u>               | <u>\$ 91,937</u>  |
| <br>                        |                               |                            |                             |                   |
| \$ 664                      | \$ -                          | \$ -                       | \$ 427                      | \$ 6,064          |
| <br>                        |                               |                            |                             |                   |
| \$ -                        | \$ 59,866                     | \$ 4,304                   | \$ -                        | \$ 64,170         |
| 5,108                       | -                             | -                          | 1,224                       | 18,601            |
| <u>\$ 5,108</u>             | <u>\$ 59,866</u>              | <u>\$ 4,304</u>            | <u>\$ 1,224</u>             | <u>\$ 82,771</u>  |
| <br>                        |                               |                            |                             |                   |
| \$ 5,772                    | \$ 59,866                     | \$ 4,304                   | \$ 1,651                    | \$ 88,835         |
| <u>\$ 10,196</u>            | <u>\$ 94,031</u>              | <u>\$ 10,708</u>           | <u>\$ 2,591</u>             | <u>\$ 180,772</u> |

**STATE OF MINNESOTA**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|  | INTER-<br>TECHNOLOGIES | CENTRAL<br>STORES | STATE<br>PRINTER | CENTRAL<br>MOTOR POOL |
|--|------------------------|-------------------|------------------|-----------------------|
| <b>Operating Revenues:</b>                           |                        |                   |                  |                       |
| Net Sales.....                                       | \$ -                   | \$ 7,979          | \$ 6,599         | \$ -                  |
| Rental and Service Fees.....                         | 74,713                 | -                 | -                | 8,603                 |
| Insurance Premiums.....                              | -                      | -                 | -                | -                     |
| Other Income.....                                    | 285                    | -                 | 1                | 240                   |
| <b>Total Operating Revenues.....</b>                 | <b>\$ 74,998</b>       | <b>\$ 7,979</b>   | <b>\$ 6,600</b>  | <b>\$ 8,843</b>       |
| Less: Cost of Goods Sold.....                        | -                      | 6,315             | 5,254            | -                     |
| <b>Gross Margin.....</b>                             | <b>\$ 74,998</b>       | <b>\$ 1,664</b>   | <b>\$ 1,346</b>  | <b>\$ 8,843</b>       |
| <b>Operating Expenses:</b>                           |                        |                   |                  |                       |
| Purchased Services.....                              | \$ 44,526              | \$ 557            | \$ 340           | \$ 1,444              |
| Salaries and Fringe Benefits.....                    | 14,976                 | 628               | 817              | 892                   |
| Claims.....  | -                      | -                 | -                | -                     |
| Depreciation.....                                    | 9,646                  | 9                 | 70               | 4,526                 |
| Amortization.....                                    | 284                    | -                 | -                | -                     |
| Supplies and Materials.....                          | 2,184                  | 19                | 105              | 1,850                 |
| Indirect Costs.....                                  | 644                    | 85                | 70               | 206                   |
| Other Expenses.....                                  | 550                    | -                 | -                | -                     |
| <b>Total Operating Expenses.....</b>                 | <b>\$ 72,810</b>       | <b>\$ 1,298</b>   | <b>\$ 1,402</b>  | <b>\$ 8,918</b>       |
| <b>Operating Income (Loss).....</b>                  | <b>\$ 2,188</b>        | <b>\$ 366</b>     | <b>\$ (56)</b>   | <b>\$ (75)</b>        |
| <b>Nonoperating Revenues (Expenses):</b>             |                        |                   |                  |                       |
| Investment Income.....                               | \$ 799                 | \$ -              | \$ 8             | \$ 547                |
| Other Nonoperating Revenues.....                     | -                      | -                 | -                | -                     |
| Interest and Financing Costs.....                    | (822)                  | -                 | (7)              | (561)                 |
| Rebate Costs.....                                    | (2,500)                | -                 | -                | -                     |
| Gain (Loss) on Sale of Fixed Assets.....             | 215                    | -                 | 20               | 239                   |
| <b>Net Nonoperating Revenues (Expenses).....</b>     | <b>\$ (2,308)</b>      | <b>\$ -</b>       | <b>\$ 21</b>     | <b>\$ 225</b>         |
| <b>Income (Loss) Before Operating Transfers.....</b> | <b>\$ (120)</b>        | <b>\$ 366</b>     | <b>\$ (35)</b>   | <b>\$ 150</b>         |
| Operating Transfers-Out.....                         | -                      | -                 | -                | -                     |
| <b>Net Income (Loss).....</b>                        | <b>\$ (120)</b>        | <b>\$ 366</b>     | <b>\$ (35)</b>   | <b>\$ 150</b>         |
| Retained Earnings, Beginning.....                    | \$ 9,673               | \$ 189            | \$ 848           | \$ 1,198              |
| Retained Earnings, Ending.....                       | \$ 9,553               | \$ 555            | \$ 813           | \$ 1,348              |

| <u>PLANT<br/>MANAGEMENT</u> | <u>EMPLOYEE<br/>INSURANCE</u> | <u>RISK<br/>MANAGEMENT</u> | <u>CENTRAL<br/>SERVICES</u> | <u>TOTAL</u>      |
|-----------------------------|-------------------------------|----------------------------|-----------------------------|-------------------|
| \$ -                        | \$ -                          | \$ -                       | \$ 7,841                    | \$ 22,419         |
| 31,068                      | -                             | -                          | -                           | 114,384           |
| -                           | 286,196                       | 6,491                      | -                           | 292,687           |
| <u>692</u>                  | <u>3,990</u>                  | <u>7</u>                   | <u>-</u>                    | <u>5,215</u>      |
| \$ 31,760                   | \$ 290,186                    | \$ 6,498                   | \$ 7,841                    | \$ 434,705        |
| -                           | -                             | -                          | 201                         | 11,770            |
| <u>\$ 31,760</u>            | <u>\$ 290,186</u>             | <u>\$ 6,498</u>            | <u>\$ 7,640</u>             | <u>\$ 422,935</u> |
| \$ 8,585                    | \$ 133,358                    | \$ 2,100                   | \$ 3,093                    | \$ 194,003        |
| 9,449                       | 1,891                         | 375                        | 3,646                       | 32,674            |
| -                           | 162,544                       | 2,210                      | -                           | 164,754           |
| 586                         | 48                            | -                          | 72                          | 14,957            |
| 41                          | -                             | -                          | -                           | 325               |
| 1,659                       | 63                            | 26                         | 122                         | 6,028             |
| 899                         | 155                           | 25                         | 117                         | 2,201             |
| <u>100</u>                  | <u>1,053</u>                  | <u>11</u>                  | <u>56</u>                   | <u>1,770</u>      |
| \$ 21,319                   | \$ 299,112                    | \$ 4,747                   | \$ 7,106                    | \$ 416,712        |
| \$ 10,441                   | \$ (8,926)                    | \$ 1,751                   | \$ 534                      | \$ 6,223          |
| \$ 19                       | \$ 5,155                      | \$ 578                     | \$ 9                        | \$ 7,115          |
| 678                         | -                             | -                          | 27                          | 705               |
| (22)                        | -                             | -                          | (9)                         | (1,421)           |
| -                           | -                             | (841)                      | -                           | (3,341)           |
| <u>7</u>                    | <u>-</u>                      | <u>-</u>                   | <u>-</u>                    | <u>481</u>        |
| \$ 682                      | \$ 5,155                      | \$ (263)                   | \$ 27                       | \$ 3,539          |
| \$ 11,123                   | \$ (3,771)                    | \$ 1,488                   | \$ 561                      | \$ 9,762          |
| <u>(11,433)</u>             | <u>-</u>                      | <u>-</u>                   | <u>-</u>                    | <u>(11,433)</u>   |
| \$ (310)                    | \$ (3,771)                    | \$ 1,488                   | \$ 561                      | \$ (1,671)        |
| \$ 5,418                    | \$ 63,637                     | \$ 2,816                   | \$ 663                      | \$ 84,442         |
| <u>\$ 5,108</u>             | <u>\$ 59,866</u>              | <u>\$ 4,304</u>            | <u>\$ 1,224</u>             | <u>\$ 82,771</u>  |

STATE OF MINNESOTA

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|   | INTER-<br>TECHNOLOGIES | CENTRAL<br>STORES | STATE<br>PRINTER | CENTRAL<br>MOTOR POOL |
|---|------------------------|-------------------|------------------|-----------------------|
| Cash Flows from Operating Activities:   |                        |                   |                  |                       |
| Operating Income (Loss).....  | \$ 2,188               | \$ 366            | \$ (56)          | \$ (75)               |
| Adjustments to Reconcile Operating Income to<br>Net Cash Flows from Operating Activities: |                        |                   |                  |                       |
| Depreciation.....   | \$ 9,646               | \$ 9              | \$ 200           | \$ 4,526              |
| Amortization.....   | 284                    | -                 | -                | -                     |
| Change in Assets and Liabilities:   |                        |                   |                  |                       |
| Accounts Receivable.....  | (370)                  | (456)             | 100              | 202                   |
| Inventories.....  | -                      | 40                | 178              | (6)                   |
| Other Assets.....   | (121)                  | -                 | (38)             | -                     |
| Accounts Payable.....   | 1,882                  | 293               | 146              | 48                    |
| Compensated Absences Payable.....   | 299                    | 2                 | 16               | 2                     |
| Deferred Revenues.....  | 512                    | (1)               | (18)             | (131)                 |
| Net Reconciling Items to be Added (Deducted)<br>from Operating Income.....                | \$ 12,132              | \$ (113)          | \$ 584           | \$ 4,641              |
| Net Cash Flows from Operating Activities.....   | \$ 14,320              | \$ 253            | \$ 528           | \$ 4,566              |
| Cash Flows from Noncapital Financing Activities:  |                        |                   |                  |                       |
| Grant Receipts.....   | \$ -                   | \$ -              | \$ -             | \$ -                  |
| Transfers-Out.....  | -                      | -                 | -                | -                     |
| Advances to Other Funds.....  | -                      | -                 | (33)             | -                     |
| Advances from Other Funds.....  | -                      | -                 | -                | 6,300                 |
| Repayments of Advances to Other Funds.....  | -                      | -                 | 30               | -                     |
| Repayments of Advances from Other Funds.....  | -                      | -                 | -                | (6,240)               |
| Rebate Costs.....   | -                      | -                 | -                | -                     |
| Net Cash Flows from Noncapital Financing Activities.....                                  | \$ -                   | \$ -              | \$ (3)           | \$ 60                 |
| Cash Flows from Capital and Related Financing Activities:                                 |                        |                   |                  |                       |
| Investment in Fixed Assets.....   | \$ (11,362)            | \$ -              | \$ (784)         | \$ (7,040)            |
| Proceeds from the Sale of Fixed Assets.....   | 1                      | -                 | 25               | 1,073                 |
| Investment Leasehold Improvements.....  | (58)                   | -                 | -                | -                     |
| Capital Lease Payments.....   | 73                     | -                 | -                | -                     |
| Proceeds from Loans.....  | 10,909                 | -                 | 339              | 7,154                 |
| Repayment of Loan Principal.....  | (9,749)                | -                 | (43)             | (5,868)               |
| Interest Paid.....  | (825)                  | -                 | (5)              | (561)                 |
| Net Cash Flows from Capital and Related Financing Activities.....                         | \$ (11,011)            | \$ -              | \$ (468)         | \$ (5,242)            |
| Cash Flows from Investing Activities:   |                        |                   |                  |                       |
| Proceeds from Sales and Maturities of Investments.....                                    | \$ -                   | \$ -              | \$ -             | \$ -                  |
| Investment Earnings.....  | 796                    | -                 | 8                | 547                   |
| Net Cash Flows from Investing Activities.....   | \$ 796                 | \$ -              | \$ 8             | \$ 547                |
| Net Increase (Decrease) in Cash and Cash Equivalents.....                                 | \$ 4,105               | \$ 253            | \$ 65            | \$ (69)               |
| Cash and Cash Equivalents, Beginning.....   | \$ 9,908               | \$ 62             | \$ 1,425         | \$ 1,069              |
| Cash and Cash Equivalents, Ending.....  | \$ 14,013              | \$ 315            | \$ 1,490         | \$ 1,000              |

| PLANT<br>MANAGEMENT | EMPLOYEE<br>INSURANCE | RISK<br>MANAGEMENT | CENTRAL<br>SERVICES | TOTAL       |
|---------------------|-----------------------|--------------------|---------------------|-------------|
| \$ 10,441           | \$ (8,926)            | \$ 1,751           | \$ 534              | \$ 6,223    |
| \$ 586              | \$ 48                 | \$ -               | \$ 72               | \$ 15,087   |
| 41                  | -                     | -                  | -                   | 325         |
| 2,984               | (3,311)               | 12                 | (171)               | (1,010)     |
| (4)                 | -                     | -                  | 6                   | 214         |
| -                   | -                     | 148                | -                   | (11)        |
| 883                 | 5,360                 | (417)              | 96                  | 8,291       |
| 32                  | 5                     | 5                  | (4)                 | 357         |
| -                   | -                     | 11                 | -                   | 373         |
| \$ 4,522            | \$ 2,102              | \$ (241)           | \$ (1)              | \$ 23,626   |
| \$ 14,963           | \$ (6,824)            | \$ 1,510           | \$ 533              | \$ 29,849   |
| \$ 678              | \$ -                  | \$ -               | \$ 27               | \$ 705      |
| (11,433)            | -                     | -                  | -                   | (11,433)    |
| -                   | -                     | -                  | -                   | (33)        |
| -                   | -                     | -                  | 65                  | 6,365       |
| -                   | -                     | -                  | -                   | 30          |
| -                   | -                     | -                  | (85)                | (6,325)     |
| -                   | -                     | (841)              | -                   | (841)       |
| \$ (10,755)         | \$ -                  | \$ (841)           | \$ 7                | \$ (11,532) |
| \$ (155)            | \$ (53)               | \$ -               | \$ (15)             | \$ (19,409) |
| 11                  | -                     | -                  | -                   | 1,110       |
| -                   | -                     | -                  | -                   | (58)        |
| (22)                | -                     | -                  | -                   | 51          |
| 155                 | -                     | -                  | -                   | 18,557      |
| (608)               | -                     | -                  | (40)                | (16,308)    |
| -                   | -                     | -                  | (10)                | (1,401)     |
| \$ (619)            | \$ (53)               | \$ -               | \$ (65)             | \$ (17,458) |
| \$ -                | \$ 4,998              | \$ -               | \$ -                | \$ 4,998    |
| 19                  | 5,366                 | 578                | 9                   | 7,323       |
| \$ 19               | \$ 10,364             | \$ 578             | \$ 9                | \$ 12,321   |
| \$ 3,608            | \$ 3,487              | \$ 1,247           | \$ 484              | \$ 13,180   |
| \$ 3,196            | \$ 56,498             | \$ 9,294           | \$ 695              | \$ 82,147   |
| \$ 6,804            | \$ 59,985             | \$ 10,541          | \$ 1,179            | \$ 95,327   |

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## 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 firefighters.

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

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

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

*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 Trust Fund* receives 40 percent of the net lottery proceeds of the State Lottery Fund. The investment earnings of the fund are available for the purpose of managing the state's environmental and natural resources. Available proceeds and earnings are transferred to the Environment and Natural Resources Expendable Trust Fund.

The *Medical Education Endowment Fund* receives 39 percent of the tobacco settlement money with the state of Minnesota. The investment earnings up to five percent of the fair value of the fund are transferred to the Medical Education and Research Trust Fund to be used for medical education.

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

The *Northeast Minnesota Economic Protection Fund* receives distribution from taconite production taxes to be held in trust or expended only in economic emergency for the purposes of rehabilitation and diversification of industry in the area largely dependent on the taconite mining industry.

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

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

The *Medical Education and Research Fund* receives investment earnings up to five percent of the fair value of the Medical Education Endowment Trust Fund. This money is to be used for medical education activities in the state of Minnesota.

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

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, 1999**  
**(IN THOUSANDS)**

|   | PENSION<br>TRUST     | INVESTMENT<br>TRUST | NON-<br>EXPENDABLE<br>TRUST | EXPENDABLE<br>TRUST | AGENCY            | TOTAL                |
|---|----------------------|---------------------|-----------------------------|---------------------|-------------------|----------------------|
| <b>ASSETS</b>                                   |                      |                     |                             |                     |                   |                      |
| Cash and Cash Equivalents.....                  | \$ 3,068,649         | \$ 32,977           | \$ 192,576                  | \$ 1,152,830        | \$ 231,224        | \$ 4,678,256         |
| Investments.....                                | 38,264,976           | 405,786             | 833,697                     | 639,603             | 7,596             | 40,151,658           |
| Accounts Receivable.....                        | 107,263              | -                   | 3,885                       | 20,585              | 52,981            | 184,714              |
| Interfund Receivables.....                      | 9,806                | -                   | 4,789                       | 37,068              | 3,293             | 54,956               |
| Accrued Investment/Interest Income.....         | 173,632              | 1,864               | 5,226                       | 2,195               | 136               | 183,053              |
| Federal Aid Receivable.....                     | -                    | -                   | -                           | 94                  | -                 | 94                   |
| Inventories.....                                | -                    | -                   | -                           | 2,197               | -                 | 2,197                |
| Loans and Notes Receivable.....                 | -                    | -                   | -                           | 22,850              | -                 | 22,850               |
| Securities Lending Collateral.....              | 3,861,029            | 33,354              | -                           | 40,526              | -                 | 3,934,909            |
| Fixed Assets (Net).....                         | 2,297                | -                   | 15,404                      | -                   | -                 | 17,701               |
| <b>Total Assets.....</b>                        | <b>\$ 45,487,652</b> | <b>\$ 473,981</b>   | <b>\$ 1,055,577</b>         | <b>\$ 1,917,948</b> | <b>\$ 295,230</b> | <b>\$ 49,230,388</b> |
| <b>LIABILITIES AND FUND BALANCES</b>            |                      |                     |                             |                     |                   |                      |
| <b>Liabilities:</b>                             |                      |                     |                             |                     |                   |                      |
| Warrants Payable.....                           | \$ -                 | \$ -                | \$ -                        | \$ -                | \$ 193,340        | \$ 193,340           |
| Accounts Payable.....                           | 1,440,581            | 13,637              | 34                          | 43,332              | 31,228            | 1,528,812            |
| Interfund Payables.....                         | 1,844                | -                   | 10,998                      | 10,411              | 7,232             | 30,485               |
| Deferred Revenue.....                           | 10                   | -                   | -                           | 3,503               | -                 | 3,513                |
| Compensated Absences Payable.....               | 938                  | -                   | -                           | 922                 | -                 | 1,860                |
| Securities Lending Collateral.....              | 3,861,029            | 33,354              | -                           | 40,526              | -                 | 3,934,909            |
| Funds Held in Trust.....                        | -                    | -                   | -                           | -                   | 63,430            | 63,430               |
| <b>Total Liabilities.....</b>                   | <b>\$ 5,304,402</b>  | <b>\$ 46,991</b>    | <b>\$ 11,032</b>            | <b>\$ 98,694</b>    | <b>\$ 295,230</b> | <b>\$ 5,756,349</b>  |
| <b>Fund Balances:</b>                           |                      |                     |                             |                     |                   |                      |
| <b>Reserved Fund Balances:</b>                  |                      |                     |                             |                     |                   |                      |
| Reserved for Encumbrances.....                  | \$ -                 | \$ -                | \$ -                        | \$ 5,494            | \$ -              | \$ 5,494             |
| Reserved for Inventory.....                     | -                    | -                   | -                           | 2,197               | -                 | 2,197                |
| Reserved for Long-Term Receivables.....         | -                    | -                   | -                           | 22,799              | -                 | 22,799               |
| Reserved for Local Governments.....             | -                    | -                   | -                           | 398,151             | -                 | 398,151              |
| Reserved for Trust Principal.....               | -                    | -                   | 1,044,545                   | -                   | -                 | 1,044,545            |
| Reserved for Pension Benefits.....              | 40,183,250           | 426,990             | -                           | 656,292             | -                 | 41,266,532           |
| <b>Total Reserved Fund Balances.....</b>        | <b>\$ 40,183,250</b> | <b>\$ 426,990</b>   | <b>\$ 1,044,545</b>         | <b>\$ 1,084,933</b> | <b>\$ -</b>       | <b>\$ 42,739,718</b> |
| <b>Unreserved Fund Balances:</b>                |                      |                     |                             |                     |                   |                      |
| Designated for Fund Purposes.....               | \$ -                 | \$ -                | \$ -                        | \$ 731,790          | \$ -              | \$ 731,790           |
| Undesignated.....                               | -                    | -                   | -                           | 2,531               | -                 | 2,531                |
| <b>Total Fund Balances.....</b>                 | <b>\$ 40,183,250</b> | <b>\$ 426,990</b>   | <b>\$ 1,044,545</b>         | <b>\$ 1,819,254</b> | <b>\$ -</b>       | <b>\$ 43,474,039</b> |
| <b>Total Liabilities and Fund Balances.....</b> | <b>\$ 45,487,652</b> | <b>\$ 473,981</b>   | <b>\$ 1,055,577</b>         | <b>\$ 1,917,948</b> | <b>\$ 295,230</b> | <b>\$ 49,230,388</b> |

STATE OF MINNESOTA

**PENSION AND INVESTMENT TRUST FUNDS**  
**COMBINING STATEMENT OF PLAN NET ASSETS**  
 JUNE 30, 1999  
 (IN THOUSANDS)

| ASSETS   | PENSION TRUST FUNDS |                      |                     | INVESTMENT TRUST        | TOTAL         |
|--|---------------------|----------------------|---------------------|-------------------------|---------------|
|  | DEFINED BENEFIT     | DEFINED CONTRIBUTION | TOTAL PENSION TRUST | SUPPLEMENTAL RETIREMENT |               |
| Cash and Cash Equivalents.....                     | \$ 224,994          | \$ 4,315             | \$ 229,309          | \$ -                    | \$ 229,309    |
| Investment Pools, at fair value:                   |                     |                      |                     |                         |               |
| Cash Equivalent Investments.....                   | \$ 2,785,684        | \$ 53,656            | \$ 2,839,340        | \$ 32,977               | \$ 2,872,317  |
| Investments.....                                   | 37,532,284          | 732,692              | 38,264,976          | 405,786                 | 38,670,762    |
| Accrued Interest and Dividends.....                | 171,118             | 1,996                | 173,114             | 1,864                   | 174,978       |
| Net Receivables (Payables).....                    | (1,189,870)         | (1,810)              | (1,191,680)         | (13,575)                | (1,205,255)   |
| Total Investment Pool Participation.....           | \$ 39,299,216       | \$ 786,534           | \$ 40,085,750       | \$ 427,052              | \$ 40,512,802 |
| Receivables:                                       |                     |                      |                     |                         |               |
| Employer Contributions.....                        | \$ 28,014           | \$ -                 | \$ 28,014           | \$ -                    | \$ 28,014     |
| Member Contributions.....                          | 4,823               | -                    | 4,823               | -                       | 4,823         |
| Accounts Receivable.....                           | -                   | 427                  | 427                 | -                       | 427           |
| Interfund Receivables.....                         | 9,722               | 84                   | 9,806               | -                       | 9,806         |
| Other Receivables.....                             | 73,999              | -                    | 73,999              | -                       | 73,999        |
| Accrued Interest and Dividends.....                | 518                 | -                    | 518                 | -                       | 518           |
| Total Receivables.....                             | \$ 117,076          | \$ 511               | \$ 117,587          | \$ -                    | \$ 117,587    |
| Securities Lending Collateral.....                 | \$ 3,818,717        | \$ 42,312            | \$ 3,861,029        | \$ 33,354               | \$ 3,894,383  |
| Fixed Assets, net of accumulated depreciation..... | 2,297               | -                    | 2,297               | -                       | 2,297         |
| Total Assets.....                                  | \$ 43,462,300       | \$ 833,672           | \$ 44,295,972       | \$ 460,406              | \$ 44,756,378 |
| LIABILITIES  |                     |                      |                     |                         |               |
| Accounts Payable.....                              | \$ 244,284          | \$ 4,617             | \$ 248,901          | \$ 62                   | \$ 248,963    |
| Interfund Payables.....                            | 1,652               | 192                  | 1,844               | -                       | 1,844         |
| Compensated Absences Payable.....                  | 938                 | -                    | 938                 | -                       | 938           |
| Deferred Revenue.....                              | 10                  | -                    | 10                  | -                       | 10            |
| Securities Lending Collateral.....                 | 3,818,717           | 42,312               | 3,861,029           | 33,354                  | 3,894,383     |
| Total Liabilities.....                             | \$ 4,065,601        | \$ 47,121            | \$ 4,112,722        | \$ 33,416               | \$ 4,146,138  |
| Net Assets Held in Trust for Pension Benefits..... | \$ 39,396,699       | \$ 786,551           | \$ 40,183,250       | \$ 426,990              | \$ 40,610,240 |

## STATE OF MINNESOTA

**PENSION AND INVESTMENT TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES**  
**IN PLAN NET ASSETS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|  | PENSION TRUST FUNDS  |                      |                      | INVESTMENT TRUST        | TOTAL                |
|--|----------------------|----------------------|----------------------|-------------------------|----------------------|
|  | DEFINED BENEFIT      | DEFINED CONTRIBUTION | TOTAL PENSION TRUST  | SUPPLEMENTAL RETIREMENT |                      |
| <b>Additions:</b>  |                      |                      |                      |                         |                      |
| <b>Contributions:</b>  |                      |                      |                      |                         |                      |
| Employer.....  | \$ 450,789           | \$ 21,992            | \$ 472,781           | \$ -                    | \$ 472,781           |
| Member.....  | 404,661              | 18,371               | 423,032              | -                       | 423,032              |
| Contributions From Other Sources.....                                | 50                   | -                    | 50                   | -                       | 50                   |
| Participating Plans.....   | -                    | -                    | -                    | 222,107                 | 222,107              |
| <b>Total Contributions.....</b>                                      | <b>\$ 855,500</b>    | <b>\$ 40,363</b>     | <b>\$ 895,863</b>    | <b>\$ 222,107</b>       | <b>\$ 1,117,970</b>  |
| <b>Net Investment Income:</b>  |                      |                      |                      |                         |                      |
| Investment Income.....   | \$ 4,123,194         | \$ 99,551            | \$ 4,222,745         | \$ 44,627               | \$ 4,267,372         |
| Less: Investment Expense.....  | (25,067)             | -                    | (25,067)             | (180)                   | (25,247)             |
| <b>Net Investment Income.....</b>                                    | <b>\$ 4,098,127</b>  | <b>\$ 99,551</b>     | <b>\$ 4,197,678</b>  | <b>\$ 44,447</b>        | <b>\$ 4,242,125</b>  |
| <b>Securities Lending Revenues (Expenses):</b>                       |                      |                      |                      |                         |                      |
| Securities Lending Income.....                                       | \$ 198,560           | \$ 2,516             | \$ 201,076           | \$ 1,689                | \$ 202,765           |
| Borrower Rebates.....  | (174,949)            | (2,224)              | (177,173)            | (1,489)                 | (178,662)            |
| Management Fees.....   | (6,155)              | (70)                 | (6,225)              | (48)                    | (6,273)              |
| <b>Net Securities Lending Revenue.....</b>                           | <b>\$ 17,456</b>     | <b>\$ 222</b>        | <b>\$ 17,678</b>     | <b>\$ 152</b>           | <b>\$ 17,830</b>     |
| <b>Total Investment Income.....</b>                                  | <b>\$ 4,115,583</b>  | <b>\$ 99,773</b>     | <b>\$ 4,215,356</b>  | <b>\$ 44,599</b>        | <b>\$ 4,259,955</b>  |
| Transfers From Other Funds.....                                      | \$ 7,899             | \$ 1,101             | \$ 9,000             | \$ -                    | \$ 9,000             |
| Other Additions.....   | 6,382                | 351                  | 6,733                | -                       | 6,733                |
| <b>Total Additions.....</b>  | <b>\$ 4,985,364</b>  | <b>\$ 141,588</b>    | <b>\$ 5,126,952</b>  | <b>\$ 266,706</b>       | <b>\$ 5,393,658</b>  |
| <b>Deductions:</b>   |                      |                      |                      |                         |                      |
| Benefits.....  | \$ 1,482,319         | \$ -                 | \$ 1,482,319         | \$ -                    | \$ 1,482,319         |
| Refunds/Withdrawals.....   | 36,657               | 33,024               | 69,681               | 24,713                  | 94,394               |
| Administrative Expenses.....   | 26,454               | 4,556                | 31,010               | -                       | 31,010               |
| Transfers to Other Funds.....  | 3,639                | 5,361                | 9,000                | -                       | 9,000                |
| <b>Total Deductions.....</b>   | <b>\$ 1,549,069</b>  | <b>\$ 42,941</b>     | <b>\$ 1,592,010</b>  | <b>\$ 24,713</b>        | <b>\$ 1,616,723</b>  |
| <b>Net Increase.....</b>   | <b>\$ 3,436,295</b>  | <b>\$ 98,647</b>     | <b>\$ 3,534,942</b>  | <b>\$ 241,993</b>       | <b>\$ 3,776,935</b>  |
| <b>Net Assets Held in Trust for Pension Benefits, Beginning.....</b> | <b>\$ 35,960,404</b> | <b>\$ 687,904</b>    | <b>\$ 36,648,308</b> | <b>\$ 184,997</b>       | <b>\$ 36,833,305</b> |
| <b>Net Assets Held in Trust for Pension Benefits, Ending.....</b>    | <b>\$ 39,396,699</b> | <b>\$ 786,551</b>    | <b>\$ 40,183,250</b> | <b>\$ 426,990</b>       | <b>\$ 40,610,240</b> |

STATE OF MINNESOTA

**DEFINED BENEFIT PENSION FUNDS**  
**COMBINING STATEMENT OF PLAN NET ASSETS**  
**JUNE 30, 1999**  
**(IN THOUSANDS)**

| ASSETS   | PUBLIC EMPLOYEES<br>RETIREMENT ASSOCIATION |                    |                                     | TEACHERS<br>RETIREMENT<br>ASSOCIATION |
|--|--|--------------------|-------------------------------------|---------------------------------------|
|  | PUBLIC<br>EMPLOYEES<br>RETIREMENT          | POLICE<br>AND FIRE | POLICE<br>AND FIRE<br>CONSOLIDATION | TEACHERS<br>RETIREMENT                |
| Cash and Cash Equivalents.....                     | \$ 47,669                                  | \$ 23,453          | \$ 4,365                            | \$ 80,603                             |
| Investment Pools, at fair value:                   |  |                    |                                     |                                       |
| Cash Equivalent Investments.....                   | \$ 749,226                                 | \$ 197,570         | \$ 100,056                          | \$ 1,190,019                          |
| Investments.....                                   | 9,742,381                                  | 2,911,682          | 1,260,425                           | 15,904,438                            |
| Accrued Interest and Dividends.....                | 45,035                                     | 12,913             | 5,887                               | 72,543                                |
| Net Receivables (Payables).....                    | (430,596)                                  | (97,610)           | (8,508)                             | (384,916)                             |
| Total Investment Pool Participation.....           | \$ 10,106,046                              | \$ 3,024,555       | \$ 1,357,860                        | \$ 16,782,084                         |
| Receivables:                                       |  |                    |                                     |                                       |
| Employer Contributions.....                        | \$ -                                       | \$ -               | \$ -                                | \$ 22,823                             |
| Member Contributions.....                          | -  | -                  | -                                   | -                                     |
| Interfund Receivables.....                         | 1,027                                      | 36                 | 1                                   | -                                     |
| Other Receivables.....                             | 72,706                                     | 191                | 192                                 | -                                     |
| Accrued Interest and Dividends.....                | -  | -                  | -                                   | 332                                   |
| Total Receivables.....                             | \$ 73,733                                  | \$ 227             | \$ 193                              | \$ 23,155                             |
| Securities Lending Collateral.....                 | \$ 1,008,064                               | \$ 291,561         | \$ 131,342                          | \$ 1,605,958                          |
| Fixed Assets, net of accumulated depreciation..... | 889  | -                  | -                                   | 1,293                                 |
| Total Assets.....                                  | \$ 11,236,401                              | \$ 3,339,796       | \$ 1,493,760                        | \$ 18,493,093                         |
| LIABILITIES  |  |                    |                                     |                                       |
| Accounts Payable.....                              | \$ 2,336                                   | \$ 2,714           | \$ 38,895                           | \$ 194,291                            |
| Interfund Payables.....                            | 27   | 738                | 232                                 | -                                     |
| Compensated Absences Payable.....                  | 523  | -                  | -                                   | 415                                   |
| Deferred Revenue.....                              | -  | -                  | -                                   | -                                     |
| Securities Lending Collateral.....                 | 1,008,064                                  | 291,561            | 131,342                             | 1,605,958                             |
| Total Liabilities.....                             | \$ 1,010,950                               | \$ 295,013         | \$ 170,469                          | \$ 1,800,664                          |
| Net Assets Held in Trust for Pension Benefits..... | \$ 10,225,451                              | \$ 3,044,783       | \$ 1,323,291                        | \$ 16,692,429                         |

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

MINNESOTA STATE RETIREMENT SYSTEM

| STATE<br>EMPLOYEES<br>RETIREMENT | STATE<br>PATROL<br>RETIREMENT | CORRECTIONAL<br>EMPLOYEES<br>RETIREMENT | JUDICIAL<br>RETIREMENT | ELECTIVE<br>STATE<br>OFFICERS | LEGISLATIVE<br>RETIREMENT | TOTAL                |
|----------------------------------|-------------------------------|---|------------------------|-------------------------------|---------------------------|----------------------|
| \$ 53,634                        | \$ 5,826                      | \$ 6,589                                | \$ 2,855               | \$ -                          | \$ -                      | \$ 224,994           |
| \$ 470,731                       | \$ 40,291                     | \$ 25,154                               | \$ 9,631               | \$ -                          | \$ 3,006                  | \$ 2,785,684         |
| 6,668,574                        | 534,715                       | 365,311                                 | 112,403                | -                             | 32,355                    | 37,532,284           |
| 29,957                           | 2,455                         | 1,628                                   | 540                    | -                             | 160                       | 171,118              |
| (233,809)                        | (17,155)                      | (11,424)                                | (4,797)                | -                             | (1,055)                   | (1,189,870)          |
| <u>\$ 6,935,453</u>              | <u>\$ 560,306</u>             | <u>\$ 380,669</u>                       | <u>\$ 117,777</u>      | <u>\$ -</u>                   | <u>\$ 34,466</u>          | <u>\$ 39,299,216</u> |
| \$ 4,141                         | \$ 387                        | \$ 507                                  | \$ 156                 | \$ -                          | \$ -                      | \$ 28,014            |
| 4,143                            | 258                           | 361                                     | 61                     | -                             | -                         | 4,823                |
| 1,083                            | -                             | 308                                     | -                      | 203                           | 7,064                     | 9,722                |
| 518                              | 4                             | 2                                       | 386                    | -                             | -                         | 73,999               |
| 165                              | 10                            | 10                                      | 1                      | -                             | -                         | 518                  |
| <u>\$ 10,050</u>                 | <u>\$ 659</u>                 | <u>\$ 1,188</u>                         | <u>\$ 604</u>          | <u>\$ 203</u>                 | <u>\$ 7,064</u>           | <u>\$ 117,076</u>    |
| \$ 674,563                       | \$ 55,026                     | \$ 36,717                               | \$ 11,947              | \$ -                          | \$ 3,539                  | \$ 3,818,717         |
| 115                              | -                             | -                                       | -                      | -                             | -                         | 2,297                |
| <u>\$ 7,673,815</u>              | <u>\$ 621,817</u>             | <u>\$ 425,163</u>                       | <u>\$ 133,183</u>      | <u>\$ 203</u>                 | <u>\$ 45,069</u>          | <u>\$ 43,462,300</u> |
| \$ 2,080                         | \$ 2,384                      | \$ 1,277                                | \$ 14                  | \$ 4                          | \$ 289                    | \$ 244,284           |
| 373                              | 64                            | 148                                     | 31                     | 1                             | 38                        | 1,652                |
| -                                | -                             | -                                       | -                      | -                             | -                         | 938                  |
| -                                | -                             | -                                       | 10                     | -                             | -                         | 10                   |
| 674,563                          | 55,026                        | 36,717                                  | 11,947                 | -                             | 3,539                     | 3,818,717            |
| <u>\$ 677,016</u>                | <u>\$ 57,474</u>              | <u>\$ 38,142</u>                        | <u>\$ 12,002</u>       | <u>\$ 5</u>                   | <u>\$ 3,866</u>           | <u>\$ 4,065,601</u>  |
| <u>\$ 6,996,799</u>              | <u>\$ 564,343</u>             | <u>\$ 387,021</u>                       | <u>\$ 121,181</u>      | <u>\$ 198</u>                 | <u>\$ 41,203</u>          | <u>\$ 39,396,699</u> |

STATE OF MINNESOTA

**DEFINED BENEFIT PENSION FUNDS  
COMBINING STATEMENT OF CHANGES  
IN PLAN NET ASSETS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|   | PUBLIC EMPLOYEES<br>RETIREMENT ASSOCIATION |                     |                                     | TEACHERS<br>RETIREMENT<br>ASSOCIATION |
|---|--|---------------------|-------------------------------------|---------------------------------------|
|   | PUBLIC<br>EMPLOYEES<br>RETIREMENT          | POLICE<br>AND FIRE  | POLICE<br>AND FIRE<br>CONSOLIDATION | TEACHERS<br>RETIREMENT                |
| <b>Additions:</b>   |  |                     |                                     |                                       |
| <b>Contributions:</b>   |  |                     |                                     |                                       |
| Employer.....   | \$ 173,370                                 | \$ 46,280           | \$ 11,569                           | \$ 130,525                            |
| Member.....   | 158,475                                    | 30,897              | 3,429                               | 132,040                               |
| Contributions From Other Sources.....                             | -  | -                   | -                                   | -                                     |
| <b>Total Contributions.....</b>                                   | <b>\$ 331,845</b>                          | <b>\$ 77,177</b>    | <b>\$ 14,998</b>                    | <b>\$ 262,565</b>                     |
| <b>Net Investment Income:</b>                                     |  |                     |                                     |                                       |
| Investment Income.....  | \$ 1,052,073                               | \$ 324,428          | \$ 135,985                          | \$ 1,776,515                          |
| Less: Investment Expense.....                                     | (5,428)                                    | (2,561)             | (616)                               | (10,519)                              |
| <b>Net Investment Income.....</b>                                 | <b>\$ 1,046,645</b>                        | <b>\$ 321,867</b>   | <b>\$ 135,369</b>                   | <b>\$ 1,765,996</b>                   |
| <b>Securities Lending Revenues (Expenses):</b>                    |  |                     |                                     |                                       |
| Securities Lending Income.....                                    | \$ 52,151                                  | \$ 15,081           | \$ 6,795                            | \$ 84,093                             |
| Borrower Rebates.....   | (45,920)                                   | (13,264)            | (5,985)                             | (74,199)                              |
| Management Fees.....  | (1,623)                                    | (475)               | (211)                               | (2,577)                               |
| <b>Net Securities Lending Revenue.....</b>                        | <b>\$ 4,608</b>                            | <b>\$ 1,342</b>     | <b>\$ 599</b>                       | <b>\$ 7,317</b>                       |
| <b>Total Investment Income.....</b>                               | <b>\$ 1,051,253</b>                        | <b>\$ 323,209</b>   | <b>\$ 135,968</b>                   | <b>\$ 1,773,313</b>                   |
| Transfers from Other Funds.....                                   | \$ -                                       | \$ -                | \$ -                                | \$ -                                  |
| Other Additions.....  | 2,405                                      | 310                 | 2,077                               | 1,587                                 |
| <b>Total Additions.....</b>                                       | <b>\$ 1,385,503</b>                        | <b>\$ 400,696</b>   | <b>\$ 153,043</b>                   | <b>\$ 2,037,465</b>                   |
| <b>Deductions:</b>  |  |                     |                                     |                                       |
| Benefits.....   | \$ 467,601                                 | \$ 68,672           | \$ 70,780                           | \$ 620,938                            |
| Refunds.....  | 17,219                                     | 1,076               | 29                                  | 6,271                                 |
| Administrative Expenses.....                                      | 11,250                                     | 959                 | 466                                 | 9,742                                 |
| Transfers to Other Funds.....                                     | -  | -                   | -                                   | -                                     |
| <b>Total Deductions.....</b>                                      | <b>\$ 496,070</b>                          | <b>\$ 70,707</b>    | <b>\$ 71,275</b>                    | <b>\$ 636,951</b>                     |
| <b>Net Increase.....</b>  | <b>\$ 889,433</b>                          | <b>\$ 329,989</b>   | <b>\$ 81,768</b>                    | <b>\$ 1,400,514</b>                   |
| Net Assets Held in Trust for Pension Benefits, Beginning.....     | \$ 9,336,018                               | \$ 2,714,794        | \$ 1,241,523                        | \$ 15,291,915                         |
| <b>Net Assets Held in Trust for Pension Benefits, Ending.....</b> | <b>\$ 10,225,451</b>                       | <b>\$ 3,044,783</b> | <b>\$ 1,323,291</b>                 | <b>\$ 16,692,429</b>                  |

MINNESOTA STATE RETIREMENT SYSTEM

| <u>STATE<br/>EMPLOYEES<br/>RETIREMENT</u> | <u>STATE<br/>PATROL<br/>RETIREMENT</u> | <u>CORRECTIONAL<br/>EMPLOYEES<br/>RETIREMENT</u> | <u>JUDICIAL<br/>RETIREMENT</u> | <u>ELECTIVE<br/>STATE<br/>OFFICERS</u> | <u>LEGISLATIVE<br/>RETIREMENT</u> | <u>TOTAL</u>         |
|---|--|--|--------------------------------|--|-----------------------------------|----------------------|
| \$ 65,979                                 | \$ 5,712                               | \$ 8,172   | \$ 7,051                       | \$ 40                                  | \$ 2,091                          | \$ 450,789           |
| 66,823                                    | 3,850                                  | 6,378  | 2,069                          | 26                                     | 674                               | 404,661              |
| 40  | -                                      | -  | 10                             | -                                      | -                                 | 50                   |
| <u>\$ 132,842</u>                         | <u>\$ 9,562</u>                        | <u>\$ 14,550</u>                                 | <u>\$ 9,130</u>                | <u>\$ 66</u>                           | <u>\$ 2,765</u>                   | <u>\$ 855,500</u>    |
| \$ 718,351                                | \$ 61,009                              | \$ 39,315  | \$ 12,277                      | \$ -                                   | \$ 3,241                          | \$ 4,123,194         |
| (5,274)                                   | (339)                                  | (301)  | (29)                           | -                                      | -                                 | (25,067)             |
| <u>\$ 713,077</u>                         | <u>\$ 60,670</u>                       | <u>\$ 39,014</u>                                 | <u>\$ 12,248</u>               | <u>\$ -</u>                            | <u>\$ 3,241</u>                   | <u>\$ 4,098,127</u>  |
| \$ 34,893                                 | \$ 2,847                               | \$ 1,899   | \$ 618                         | \$ -                                   | \$ 183                            | \$ 198,560           |
| (30,699)                                  | (2,506)                                | (1,670)  | (545)                          | -                                      | (161)                             | (174,949)            |
| (1,095)                                   | (89)                                   | (60)   | (19)                           | -                                      | (6)                               | (6,155)              |
| <u>\$ 3,099</u>                           | <u>\$ 252</u>                          | <u>\$ 169</u>                                    | <u>\$ 54</u>                   | <u>\$ -</u>                            | <u>\$ 16</u>                      | <u>\$ 17,456</u>     |
| \$ 716,176                                | \$ 60,922                              | \$ 39,183  | \$ 12,302                      | \$ -                                   | \$ 3,257                          | \$ 4,115,583         |
| \$ 5,368                                  | \$ 17                                  | \$ 2,514   | \$ -                           | \$ -                                   | \$ -                              | \$ 7,899             |
| -   | -                                      | 3  | -                              | -                                      | -                                 | 6,382                |
| <u>\$ 854,386</u>                         | <u>\$ 70,501</u>                       | <u>\$ 56,250</u>                                 | <u>\$ 21,432</u>               | <u>\$ 66</u>                           | <u>\$ 6,022</u>                   | <u>\$ 4,985,364</u>  |
| \$ 207,962                                | \$ 22,226                              | \$ 10,190  | \$ 9,996                       | \$ 214                                 | \$ 3,740                          | \$ 1,482,319         |
| 11,110                                    | 17                                     | 425  | 375                            | 86                                     | 49                                | 36,657               |
| 3,183                                     | 383                                    | 364  | 66                             | 5                                      | 36                                | 26,454               |
| 3,169                                     | -                                      | 24   | -                              | 63                                     | 383                               | 3,639                |
| <u>\$ 225,424</u>                         | <u>\$ 22,626</u>                       | <u>\$ 11,003</u>                                 | <u>\$ 10,437</u>               | <u>\$ 368</u>                          | <u>\$ 4,208</u>                   | <u>\$ 1,549,069</u>  |
| \$ 628,962                                | \$ 47,875                              | \$ 45,247  | \$ 10,995                      | \$ (302)                               | \$ 1,814                          | \$ 3,436,295         |
| \$ 6,367,837                              | \$ 516,468                             | \$ 341,774                                       | \$ 110,186                     | \$ 500                                 | \$ 39,389                         | \$ 35,960,404        |
| <u>\$ 6,996,799</u>                       | <u>\$ 564,343</u>                      | <u>\$ 387,021</u>                                | <u>\$ 121,181</u>              | <u>\$ 198</u>                          | <u>\$ 41,203</u>                  | <u>\$ 39,396,699</u> |



STATE OF MINNESOTA

**DEFINED CONTRIBUTION FUNDS**  
**COMBINING STATEMENT OF PLAN NET ASSETS**  
**JUNE 30, 1999**  
**(IN THOUSANDS)**

|  | PUBLIC<br>EMPLOYEES<br>RETIREMENT<br>ASSOCIATION<br>DEFINED<br>CONTRIBUTION | MINNESOTA STATE<br>RETIREMENT<br>SYSTEM<br>UNCLASSIFIED<br>EMPLOYEES<br>RETIREMENT | COLLEGE AND<br>UNIVERSITY<br>RETIREMENT | TOTAL      |
|--|---|--|---|------------|
| <b>ASSETS</b>                                      |   |  |   |            |
| Cash and Cash Equivalents.....                     | \$ 271  | \$ 2,817   | \$ 1,227                                | \$ 4,315   |
| Investment Pools, at fair value:                   |   |  |   |            |
| Cash Equivalent Investments.....                   | \$ 1,406  | \$ 25,661  | \$ 26,589                               | \$ 53,656  |
| Investments.....                                   | 12,978  | 231,777  | 487,937                                 | 732,692    |
| Accrued Interest and Dividends.....                | 48  | 863  | 1,085                                   | 1,996      |
| Net Receivables (Payables).....                    | (92)  | (1,045)  | (673)                                   | (1,810)    |
| Total Investment Pool Participation.....           | \$ 14,340   | \$ 257,256   | \$ 514,938                              | \$ 786,534 |
| Receivables:                                       |   |  |   |            |
| Accounts Receivable.....                           | \$ -  | \$ 427   | \$ -                                    | \$ 427     |
| Interfund Receivables.....                         | -   | 84   | -                                       | 84         |
| Total Receivables.....                             | \$ -  | \$ 511   | \$ -                                    | \$ 511     |
| Securities Lending Collateral.....                 | \$ 957  | \$ 18,433  | \$ 22,922                               | \$ 42,312  |
| Total Assets.....                                  | \$ 15,568   | \$ 279,017   | \$ 539,087                              | \$ 833,672 |
| <b>LIABILITIES</b>                                 |   |  |   |            |
| Accounts Payable.....                              | \$ -  | \$ 447   | \$ 4,170                                | \$ 4,617   |
| Interfund Payables.....                            | 67  | 125  | -                                       | 192        |
| Securities Lending Collateral.....                 | 957   | 18,433   | 22,922                                  | 42,312     |
| Total Liabilities.....                             | \$ 1,024  | \$ 19,005  | \$ 27,092                               | \$ 47,121  |
| Net Assets Held in Trust for Pension Benefits..... | \$ 14,544   | \$ 260,012   | \$ 511,995                              | \$ 786,551 |

STATE OF MINNESOTA

**DEFINED CONTRIBUTION FUNDS  
COMBINING STATEMENT OF CHANGES  
IN PLAN NET ASSETS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|   | PUBLIC<br>EMPLOYEES<br>RETIREMENT<br>ASSOCIATION<br>DEFINED<br>CONTRIBUTION | MINNESOTA STATE<br>RETIREMENT<br>SYSTEM<br>UNCLASSIFIED<br>EMPLOYEES<br>RETIREMENT | COLLEGE AND<br>UNIVERSITY<br>RETIREMENT | TOTAL             |
|---|---|--|---|-------------------|
| Additions:  |   |  |   |                   |
| Contributions:  |   |  |   |                   |
| Employer.....   | \$ 858  | \$ 5,574   | \$ 15,560                               | \$ 21,992         |
| Member.....   | 778   | 3,885  | 13,708                                  | 18,371            |
| Total Contributions.....                                      | <u>\$ 1,636</u>   | <u>\$ 9,459</u>  | <u>\$ 29,268</u>                        | <u>\$ 40,363</u>  |
| Investment Income.....  | <u>\$ 1,711</u>   | <u>\$ 31,522</u>   | <u>\$ 66,318</u>                        | <u>\$ 99,551</u>  |
| Securities Lending Revenues (Expenses):                       |   |  |   |                   |
| Securities Lending Income.....                                | \$ 56   | \$ 1,072   | \$ 1,388                                | \$ 2,516          |
| Borrower Rebates.....   | (49)  | (944)  | (1,231)                                 | (2,224)           |
| Management Fees.....  | (2)   | (31)   | (37)                                    | (70)              |
| Net Securities Lending Revenue.....                           | <u>\$ 5</u>   | <u>\$ 97</u>   | <u>\$ 120</u>                           | <u>\$ 222</u>     |
| Total Investment Income.....                                  | <u>\$ 1,716</u>   | <u>\$ 31,619</u>   | <u>\$ 66,438</u>                        | <u>\$ 99,773</u>  |
| Transfers from Other Funds.....                               | \$ -  | \$ 1,101   | \$ -                                    | \$ 1,101          |
| Other Additions.....  | -   | 67   | 284                                     | 351               |
| Total Additions.....  | <u>\$ 3,352</u>   | <u>\$ 42,246</u>   | <u>\$ 95,990</u>                        | <u>\$ 141,588</u> |
| Deductions:   |   |  |   |                   |
| Refunds/Withdrawals.....                                      | \$ 963  | \$ 7,673   | \$ 24,388                               | \$ 33,024         |
| Administrative Expenses.....                                  | 67  | 126  | 4,363                                   | 4,556             |
| Transfers to Other Funds.....                                 | -   | 5,361  | -                                       | 5,361             |
| Total Deductions.....   | <u>\$ 1,030</u>   | <u>\$ 13,160</u>   | <u>\$ 28,751</u>                        | <u>\$ 42,941</u>  |
| Net Increase.....   | <u>\$ 2,322</u>   | <u>\$ 29,086</u>   | <u>\$ 67,239</u>                        | <u>\$ 98,647</u>  |
| Net Assets Held in Trust for Pension Benefits, Beginning..... | \$ 12,222   | \$ 230,926   | \$ 444,756                              | \$ 687,904        |
| Net Assets Held in Trust for Pension Benefits, Ending.....    | <u>\$ 14,544</u>  | <u>\$ 260,012</u>  | <u>\$ 511,995</u>                       | <u>\$ 786,551</u> |

**STATE OF MINNESOTA**

**NONEXPENDABLE TRUST FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 1999**

**(IN THOUSANDS)**

|   | PERMANENT<br>SCHOOL | ENVIRONMENT<br>AND NATURAL<br>RESOURCES<br>TRUST | MEDICAL<br>EDUCATION<br>ENDOWMENT | TOTAL               |
|---|---------------------|--|-----------------------------------|---------------------|
| <b>ASSETS</b>                                   |                     |  |                                   |                     |
| Cash and Cash Equivalents.....                  | \$ 21,837           | \$ 6,907   | \$ 163,832                        | \$ 192,576          |
| Investments.....                                | 540,368             | 278,362  | 14,967                            | 833,697             |
| Accounts Receivable.....                        | 3,885               | -  | -                                 | 3,885               |
| Interfund Receivables.....                      | -                   | 4,789  | -                                 | 4,789               |
| Accrued Investment Income.....                  | 2,664               | 1,421  | 1,141                             | 5,226               |
| Fixed Assets (Net).....                         | 15,404              | -  | -                                 | 15,404              |
| <b>Total Assets.....</b>                        | <b>\$ 584,158</b>   | <b>\$ 291,479</b>                                | <b>\$ 179,940</b>                 | <b>\$ 1,055,577</b> |
| <b>LIABILITIES AND FUND BALANCES</b>            |                     |  |                                   |                     |
| <b>Liabilities:</b>                             |                     |  |                                   |                     |
| Accounts Payable.....                           | \$ 34               | \$ -   | \$ -                              | \$ 34               |
| Interfund Payables.....                         | 9,040               | 1,958  | -                                 | 10,998              |
| <b>Total Liabilities.....</b>                   | <b>\$ 9,074</b>     | <b>\$ 1,958</b>                                  | <b>\$ -</b>                       | <b>\$ 11,032</b>    |
| <b>Fund Balances:</b>                           |                     |  |                                   |                     |
| Reserved for Trust Principal.....               | \$ 575,084          | \$ 289,521                                       | \$ 179,940                        | \$ 1,044,545        |
| <b>Total Fund Balance.....</b>                  | <b>\$ 575,084</b>   | <b>\$ 289,521</b>                                | <b>\$ 179,940</b>                 | <b>\$ 1,044,545</b> |
| <b>Total Liabilities and Fund Balances.....</b> | <b>\$ 584,158</b>   | <b>\$ 291,479</b>                                | <b>\$ 179,940</b>                 | <b>\$ 1,055,577</b> |

STATE OF MINNESOTA

**NONEXPENDABLE TRUST FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

|   | PERMANENT<br>SCHOOL | ENVIRONMENT<br>AND NATURAL<br>RESOURCES<br>TRUST | MEDICAL<br>EDUCATION<br>ENDOWMENT | TOTAL               |
|---|---------------------|--|-----------------------------------|---------------------|
| <b>Operating Revenues:</b>                    |                     |  |                                   |                     |
| Net Sales.....                                | \$ 10,989           | \$ -   | \$ -                              | \$ 10,989           |
| Investment Income.....                        | 69,504              | 33,944   | 228                               | 103,676             |
| Tobacco Settlement.....                       | -                   | -  | 179,712                           | 179,712             |
| Other Revenue.....                            | 14                  | -  | -                                 | 14                  |
| <b>Total Operating Revenues.....</b>          | <b>\$ 80,507</b>    | <b>\$ 33,944</b>                                 | <b>\$ 179,940</b>                 | <b>\$ 294,391</b>   |
| <b>Operating Expenses:</b>                    |                     |  |                                   |                     |
| Purchased Services.....                       | \$ 315              | \$ -   | \$ -                              | \$ 315              |
| Salaries and Fringe Benefits.....             | 4,685               | -  | -                                 | 4,685               |
| <b>Total Operating Expenses.....</b>          | <b>\$ 5,000</b>     | <b>\$ -</b>                                      | <b>\$ -</b>                       | <b>\$ 5,000</b>     |
| <b>Operating Income.....</b>                  | <b>\$ 75,507</b>    | <b>\$ 33,944</b>                                 | <b>\$ 179,940</b>                 | <b>\$ 289,391</b>   |
| <b>Nonoperating Revenues (Expenses):</b>      |                     |  |                                   |                     |
| Gain on Sale of Fixed Assets.....             | \$ 125              | \$ -   | \$ -                              | \$ 125              |
| <b>Total Nonoperating Revenues.....</b>       | <b>\$ 125</b>       | <b>\$ -</b>                                      | <b>\$ -</b>                       | <b>\$ 125</b>       |
| <b>Income Before Operating Transfers.....</b> | <b>\$ 75,632</b>    | <b>\$ 33,944</b>                                 | <b>\$ 179,940</b>                 | <b>\$ 289,516</b>   |
| Operating Transfers-In.....                   | -                   | 23,210   | -                                 | 23,210              |
| Operating Transfers-Out.....                  | (19,316)            | (11,578)   | -                                 | (30,894)            |
| <b>Net Income.....</b>                        | <b>\$ 56,316</b>    | <b>\$ 45,576</b>                                 | <b>\$ 179,940</b>                 | <b>\$ 281,832</b>   |
| <b>Fund Balances, Beginning.....</b>          | <b>\$ 518,768</b>   | <b>\$ 243,882</b>                                | <b>\$ -</b>                       | <b>\$ 762,650</b>   |
| Residual Equity Transfers-In.....             | -                   | 63   | -                                 | 63                  |
| <b>Fund Balances, Ending.....</b>             | <b>\$ 575,084</b>   | <b>\$ 289,521</b>                                | <b>\$ 179,940</b>                 | <b>\$ 1,044,545</b> |

**STATE OF MINNESOTA**

**NONEXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|   | PERMANENT<br>SCHOOL | ENVIRONMENT<br>AND NATURAL<br>RESOURCES<br>TRUST | MEDICAL<br>EDUCATION<br>ENDOWMENT | TOTAL               |
|---|---------------------|--|-----------------------------------|---------------------|
| <b>Cash Flows from Operating Activities:</b>  |                     |  |                                   |                     |
| Operating Income.....   | \$ 75,507           | \$ 33,944  | \$ 179,940                        | \$ 289,391          |
| <b>Adjustments to Reconcile Operating Income to<br/>Net Cash Flows from Operating Activities:</b> |                     |  |                                   |                     |
| Investment Income.....  | \$ (69,504)         | \$ (33,944)                                      | \$ (228)                          | \$ (103,676)        |
| <b>Change in Assets and Liabilities:</b>  |                     |  |                                   |                     |
| Accounts Receivable.....  | (699)               | -  | -                                 | (699)               |
| Accounts Payable.....   | 162                 | -  | -                                 | 162                 |
| <b>Net Reconciling Items to be Added (Deducted)<br/>from Operating Income.....</b>                | <b>\$ (70,041)</b>  | <b>\$ (33,944)</b>                               | <b>\$ (228)</b>                   | <b>\$ (104,213)</b> |
| <b>Net Cash Flows from Operating Activities.....</b>  | <b>\$ 5,466</b>     | <b>\$ -</b>                                      | <b>\$ 179,712</b>                 | <b>\$ 185,178</b>   |
| <b>Cash Flows from Noncapital Financing Activities:</b>   |                     |  |                                   |                     |
| Transfers-In.....   | \$ -                | \$ 22,304  | \$ -                              | \$ 22,304           |
| Transfers-Out.....  | (19,513)            | (9,620)  | -                                 | (29,133)            |
| Residual Equity Transfers-In.....   | -                   | (63)   | -                                 | (63)                |
| <b>Net Cash Flows from Noncapital Financing Activities.....</b>                                   | <b>\$ (19,513)</b>  | <b>\$ 12,621</b>                                 | <b>\$ -</b>                       | <b>\$ (6,892)</b>   |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                                  |                     |  |                                   |                     |
| Proceeds from the Sale of Fixed Assets.....   | \$ 865              | \$ -   | \$ -                              | \$ 865              |
| <b>Net Cash Flows from Capital and Related Financing Activities.....</b>                          | <b>\$ 865</b>       | <b>\$ -</b>                                      | <b>\$ -</b>                       | <b>\$ 865</b>       |
| <b>Cash Flows from Investing Activities:</b>  |                     |  |                                   |                     |
| Purchase of Investments.....  | \$ (18,651)         | \$ (24,437)                                      | \$ (15,880)                       | \$ (58,968)         |
| Investment Earnings.....  | 20,037              | 10,327   | -                                 | 30,364              |
| <b>Net Cash Flows from Investing Activities.....</b>  | <b>\$ 1,386</b>     | <b>\$ (14,110)</b>                               | <b>\$ (15,880)</b>                | <b>\$ (28,604)</b>  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents.....</b>                                  | <b>\$ (11,796)</b>  | <b>\$ (1,489)</b>                                | <b>\$ 163,832</b>                 | <b>\$ 150,547</b>   |
| Cash and Cash Equivalents, Beginning.....   | \$ 33,633           | \$ 8,396   | \$ -                              | \$ 42,029           |
| Cash and Cash Equivalents, Ending.....  | \$ 21,837           | \$ 6,907   | \$ 163,832                        | \$ 192,576          |

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**STATE OF MINNESOTA**

**EXPENDABLE TRUST FUNDS  
COMBINING BALANCE SHEET**

**JUNE 30, 1999  
(IN THOUSANDS)**

| ASSETS   | MUNICIPAL<br>STATE-AID<br>STREET | COUNTY<br>STATE-AID<br>HIGHWAY | ENDOWMENT<br>SCHOOL | ENDOWMENT        |
|--|----------------------------------|--------------------------------|---------------------|------------------|
| Cash and Cash Equivalents.....                   | \$ 96,752                        | \$ 273,627                     | \$ -                | \$ 11,571        |
| Investments.....                                 | -                                | -                              | -                   | 4,993            |
| Accounts Receivable.....                         | 46                               | 1,089                          | -                   | 640              |
| Interfund Receivables.....                       | 6,946                            | 23,655                         | 4,410               | 99               |
| Accrued Investment/Interest Income.....          | -                                | -                              | -                   | 2                |
| Federal Aid Receivable.....                      | -                                | -                              | -                   | -                |
| Inventories.....                                 | -                                | -                              | -                   | -                |
| Loans and Notes Receivable.....                  | -                                | -                              | -                   | -                |
| Securities Lending Collateral.....               | -                                | -                              | -                   | -                |
| <b>Total Assets.....</b>                         | <b>\$ 103,744</b>                | <b>\$ 298,371</b>              | <b>\$ 4,410</b>     | <b>\$ 17,305</b> |
| <b>LIABILITIES AND FUND BALANCES</b>             |                                  |                                |                     |                  |
| <b>Liabilities:</b>                              |                                  |                                |                     |                  |
| Accounts Payable.....                            | \$ 885                           | \$ 5,146                       | \$ -                | \$ 1,549         |
| Interfund Payables.....                          | -                                | -                              | -                   | 40               |
| Deferred Revenue.....                            | -                                | -                              | -                   | 4                |
| Compensated Absences Payable.....                | 195                              | 412                            | -                   | 156              |
| Securities Lending Collateral.....               | -                                | -                              | -                   | -                |
| <b>Total Liabilities.....</b>                    | <b>\$ 1,080</b>                  | <b>\$ 5,558</b>                | <b>\$ -</b>         | <b>\$ 1,749</b>  |
| <b>Fund Balances:</b>                            |                                  |                                |                     |                  |
| <b>Reserved Fund Balances:</b>                   |                                  |                                |                     |                  |
| Reserved for Encumbrances.....                   | \$ 439                           | \$ 1,297                       | \$ -                | \$ 1,022         |
| Reserved for Inventory.....                      | -                                | -                              | -                   | -                |
| Reserved for Long-Term Receivables.....          | -                                | -                              | -                   | -                |
| Reserved for Local Governments.....              | 102,225                          | 291,516                        | 4,410               | -                |
| Reserved for Deferred Compensation Benefits..... | -                                | -                              | -                   | -                |
| <b>Total Reserved Fund Balances.....</b>         | <b>\$ 102,664</b>                | <b>\$ 292,813</b>              | <b>\$ 4,410</b>     | <b>\$ 1,022</b>  |
| <b>Unreserved Fund Balances:</b>                 |                                  |                                |                     |                  |
| Designated for Fund Purposes.....                | -                                | -                              | -                   | 13,980           |
| Undesignated.....                                | -                                | -                              | -                   | 554              |
| <b>Total Fund Balances.....</b>                  | <b>\$ 102,664</b>                | <b>\$ 292,813</b>              | <b>\$ 4,410</b>     | <b>\$ 15,556</b> |
| <b>Total Liabilities and Fund Balances.....</b>  | <b>\$ 103,744</b>                | <b>\$ 298,371</b>              | <b>\$ 4,410</b>     | <b>\$ 17,305</b> |

| ENVIRONMENT<br>AND NATURAL<br>RESOURCES<br>TRUST | NORTHEAST<br>MINNESOTA<br>ECONOMIC<br>PROTECTION | MINNESOTA STATE<br>RETIREMENT<br>SYSTEM<br>STATE<br>DEFERRED<br>COMPENSATION |                   |                  | MEDICAL<br>EDUCATION<br>AND<br>RESEARCH | TOTAL |
|--|--|--|-------------------|------------------|---|-------|
|  |  | REEMPLOYMENT<br>INSURANCE  |                   |                  |   |       |
| \$ 3,881   | \$ 59,224  | \$ 621,651   | \$ 65,505         | \$ 20,619        | \$ 1,152,830                            |       |
| -  | 43,148   | -  | 591,462           | -                | 639,603                                 |       |
| -  | 1,255  | 14,389   | 3,166             | -                | 20,585                                  |       |
| 1,958  | -  | -  | -                 | -                | 37,068                                  |       |
| -  | 201  | -  | 1,992             | -                | 2,195                                   |       |
| -  | -  | 94   | -                 | -                | 94                                      |       |
| -  | 2,197  | -  | -                 | -                | 2,197                                   |       |
| -  | 22,850   | -  | -                 | -                | 22,850                                  |       |
| -  | -  | -  | 40,526            | -                | 40,526                                  |       |
| <u>\$ 5,839</u>                                  | <u>\$ 128,875</u>                                | <u>\$ 636,134</u>  | <u>\$ 702,651</u> | <u>\$ 20,619</u> | <u>\$ 1,917,948</u>                     |       |
| \$ 862   | \$ 419   | \$ 8,714   | \$ 5,138          | \$ 20,619        | \$ 43,332                               |       |
| 63   | -  | 9,613  | 695               | -                | 10,411                                  |       |
| -  | -  | 3,499  | -                 | -                | 3,503                                   |       |
| 97   | 62   | -  | -                 | -                | 922                                     |       |
| -  | -  | -  | 40,526            | -                | 40,526                                  |       |
| <u>\$ 1,022</u>                                  | <u>\$ 481</u>                                    | <u>\$ 21,826</u>   | <u>\$ 46,359</u>  | <u>\$ 20,619</u> | <u>\$ 98,694</u>                        |       |
| \$ -   | \$ 2,736   | \$ -   | \$ -              | \$ -             | \$ 5,494                                |       |
| -  | 2,197  | -  | -                 | -                | 2,197                                   |       |
| -  | 22,799   | -  | -                 | -                | 22,799                                  |       |
| -  | -  | -  | -                 | -                | 398,151                                 |       |
| -  | -  | -  | 656,292           | -                | 656,292                                 |       |
| <u>\$ -</u>                                      | <u>\$ 27,732</u>                                 | <u>\$ -</u>  | <u>\$ 656,292</u> | <u>\$ -</u>      | <u>\$ 1,084,933</u>                     |       |
| 4,817  | 98,685   | 614,308  | -                 | -                | 731,790                                 |       |
| -  | 1,977  | -  | -                 | -                | 2,531                                   |       |
| <u>\$ 4,817</u>                                  | <u>\$ 128,394</u>                                | <u>\$ 614,308</u>  | <u>\$ 656,292</u> | <u>\$ -</u>      | <u>\$ 1,819,254</u>                     |       |
| <u>\$ 5,839</u>                                  | <u>\$ 128,875</u>                                | <u>\$ 636,134</u>  | <u>\$ 702,651</u> | <u>\$ 20,619</u> | <u>\$ 1,917,948</u>                     |       |



**STATE OF MINNESOTA**

**EXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|   | MUNICIPAL<br>STATE-AID<br>STREET | COUNTY<br>STATE-AID<br>HIGHWAY | ENDOWMENT<br>SCHOOL | ENDOWMENT        |
|---|----------------------------------|--------------------------------|---------------------|------------------|
| <b>Net Revenues:</b>  |                                  |                                |                     |                  |
| Unemployment Taxes.....   | \$ -                             | \$ -                           | \$ -                | \$ -             |
| Mining Taxes.....   | -                                | -                              | -                   | -                |
| Federal Revenues.....   | -                                | -                              | -                   | -                |
| Investment/Interest Income.....   | 4,906                            | 13,067                         | -                   | 1,521            |
| Gifts and Donations.....  | -                                | -                              | -                   | 17,897           |
| Deferred Compensation Contributions.....  | -                                | -                              | -                   | -                |
| Securities Lending Income.....  | -                                | -                              | -                   | -                |
| Other Revenues.....   | -                                | -                              | -                   | 6,570            |
| <b>Net Revenues.....</b>  | <b>\$ 4,906</b>                  | <b>\$ 13,067</b>               | <b>\$ -</b>         | <b>\$ 25,988</b> |
| <b>Expenditures:</b>  |                                  |                                |                     |                  |
| <b>Current:</b>   |                                  |                                |                     |                  |
| Protection of Persons and Property.....   | \$ -                             | \$ -                           | \$ -                | \$ 26            |
| Transportation.....   | 1,604                            | 3,834                          | -                   | -                |
| Resource Management.....  | -                                | -                              | -                   | 1,065            |
| Economic and Manpower Development.....  | -                                | -                              | -                   | 86               |
| Education.....  | -                                | -                              | -                   | 7,434            |
| Health and Social Services.....   | -                                | -                              | -                   | 904              |
| General Government.....   | -                                | -                              | -                   | 296              |
| Borrower Rebates.....   | -                                | -                              | -                   | -                |
| Management Fees.....  | -                                | -                              | -                   | -                |
| <b>Total Current Expenditures.....</b>  | <b>\$ 1,604</b>                  | <b>\$ 3,834</b>                | <b>\$ -</b>         | <b>\$ 9,811</b>  |
| Capital Outlay.....   | -                                | -                              | -                   | 989              |
| Grants and Subsidies.....   | 109,372                          | 338,567                        | 19,513              | 14,701           |
| Deferred Compensation Withdrawals.....  | -                                | -                              | -                   | -                |
| <b>Total Expenditures.....</b>  | <b>\$ 110,976</b>                | <b>\$ 342,401</b>              | <b>\$ 19,513</b>    | <b>\$ 25,501</b> |
| <b>Excess of Revenues Over (Under) Expenditures.....</b>                                      | <b>\$ (106,070)</b>              | <b>\$ (329,334)</b>            | <b>\$ (19,513)</b>  | <b>\$ 487</b>    |
| <b>Other Financing Sources (Uses):</b>  |                                  |                                |                     |                  |
| Operating Transfers-In.....   | \$ 100,575                       | \$ 345,553                     | \$ 19,316           | \$ 811           |
| Operating Transfers-Out.....  | -                                | -                              | -                   | (93)             |
| Transfers-Out to Component Units.....   | -                                | -                              | -                   | -                |
| <b>Net Other Financing Sources (Uses).....</b>  | <b>\$ 100,575</b>                | <b>\$ 345,553</b>              | <b>\$ 19,316</b>    | <b>\$ 718</b>    |
| <b>Excess of Revenues and Other Sources Over<br/>(Under) Expenditures and Other Uses.....</b> | <b>\$ (5,495)</b>                | <b>\$ 16,219</b>               | <b>\$ (197)</b>     | <b>\$ 1,205</b>  |
| Fund Balances, Beginning.....   | \$ 108,159                       | \$ 276,594                     | \$ 4,607            | \$ 14,351        |
| Residual Equity Transfers-Out.....  | -                                | -                              | -                   | -                |
| <b>Fund Balances, Ending.....</b>   | <b>\$ 102,664</b>                | <b>\$ 292,813</b>              | <b>\$ 4,410</b>     | <b>\$ 15,556</b> |

| ENVIRONMENT<br>AND NATURAL<br>RESOURCES<br>TRUST | NORTHEAST<br>MINNESOTA<br>ECONOMIC<br>PROTECTION | REEMPLOYMENT<br>INSURANCE | MINNESOTA STATE<br>RETIREMENT<br>SYSTEM<br>STATE<br>DEFERRED<br>COMPENSATION | MEDICAL<br>EDUCATION<br>AND<br>RESEARCH | TOTAL               |
|--|--|---------------------------|--|---|---------------------|
| \$ -   | \$ -   | \$ 380,287                | \$ -   | \$ -                                    | \$ 380,287          |
| -  | 4,501  | -                         | -  | -                                       | 4,501               |
| -  | -  | 4,469                     | -  | -                                       | 4,469               |
| 202  | 9,829  | 39,906                    | 79,049   | -                                       | 148,480             |
| -  | -  | -                         | -  | -                                       | 17,897              |
| -  | -  | -                         | 57,530   | -                                       | 57,530              |
| -  | -  | -                         | 2,371  | -                                       | 2,371               |
| -  | 38   | 392                       | 3,964  | 20,619                                  | 31,583              |
| <u>\$ 202</u>                                    | <u>\$ 14,368</u>                                 | <u>\$ 425,054</u>         | <u>\$ 142,914</u>  | <u>\$ 20,619</u>                        | <u>\$ 647,118</u>   |
| \$ -   | \$ -   | \$ -                      | \$ -   | \$ -                                    | \$ 26               |
| 1  | -  | -                         | -  | -                                       | 5,439               |
| 3,341  | -  | -                         | -  | -                                       | 4,406               |
| 70   | 1,601  | -                         | -  | -                                       | 1,757               |
| 195  | -  | -                         | -  | -                                       | 7,629               |
| -  | -  | -                         | -  | -                                       | 904                 |
| 100  | -  | -                         | 3,649  | -                                       | 4,045               |
| -  | -  | -                         | 2,074  | -                                       | 2,074               |
| -  | -  | -                         | 73   | -                                       | 73                  |
| <u>\$ 3,707</u>                                  | <u>\$ 1,601</u>                                  | <u>\$ -</u>               | <u>\$ 5,796</u>  | <u>\$ -</u>                             | <u>\$ 26,353</u>    |
| 2,507  | -  | -                         | -  | -                                       | 3,496               |
| 3,527  | 264  | 369,115                   | -  | 20,619                                  | 875,678             |
| -  | -  | -                         | 32,554   | -                                       | 32,554              |
| <u>\$ 9,741</u>                                  | <u>\$ 1,865</u>                                  | <u>\$ 369,115</u>         | <u>\$ 38,350</u>   | <u>\$ 20,619</u>                        | <u>\$ 938,081</u>   |
| <u>\$ (9,539)</u>                                | <u>\$ 12,503</u>                                 | <u>\$ 55,939</u>          | <u>\$ 104,564</u>  | <u>\$ -</u>                             | <u>\$ (290,963)</u> |
| \$ 11,578  | \$ -   | \$ -                      | \$ -   | \$ -                                    | \$ 477,833          |
| -  | -  | -                         | -  | -                                       | (93)                |
| (1,089)  | -  | -                         | -  | -                                       | (1,089)             |
| <u>\$ 10,489</u>                                 | <u>\$ -</u>                                      | <u>\$ -</u>               | <u>\$ -</u>  | <u>\$ -</u>                             | <u>\$ 476,651</u>   |
| \$ 950   | \$ 12,503  | \$ 55,939                 | \$ 104,564   | \$ -                                    | \$ 185,688          |
| \$ 3,930   | \$ 115,891                                       | \$ 558,369                | \$ 551,728   | \$ -                                    | \$ 1,633,629        |
| (63)   | -  | -                         | -  | -                                       | (63)                |
| <u>\$ 4,817</u>                                  | <u>\$ 128,394</u>                                | <u>\$ 614,308</u>         | <u>\$ 656,292</u>  | <u>\$ -</u>                             | <u>\$ 1,819,254</u> |

STATE OF MINNESOTA

**AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

|                                | <u>BEGINNING<br/>BALANCE</u> | <u>INCREASES</u>     | <u>DECREASES</u>     | <u>ENDING<br/>BALANCE</u> |
|--------------------------------|------------------------------|----------------------|----------------------|---------------------------|
| <b>DISBURSEMENT CLEARING</b>   |                              |                      |                      |                           |
| <b>ASSETS</b>                  |                              |                      |                      |                           |
| Cash and Cash Equivalents..... | \$ 149,713                   | \$ 13,819,312        | \$ 13,775,685        | \$ 193,340                |
| Total Assets.....              | <u>\$ 149,713</u>            | <u>\$ 13,819,312</u> | <u>\$ 13,775,685</u> | <u>\$ 193,340</u>         |
| <b>LIABILITIES</b>             |                              |                      |                      |                           |
| Warrants Payable.....          | \$ 149,713                   | \$ 13,819,312        | \$ 13,775,685        | \$ 193,340                |
| Total Liabilities.....         | <u>\$ 149,713</u>            | <u>\$ 13,819,312</u> | <u>\$ 13,775,685</u> | <u>\$ 193,340</u>         |
| <b>MISCELLANEOUS AGENCY</b>    |                              |                      |                      |                           |
| <b>ASSETS</b>                  |                              |                      |                      |                           |
| Cash and Cash Equivalents..... | \$ 45,994                    | \$ 1,729,112         | \$ 1,737,222         | \$ 37,884                 |
| Investments.....               | 9,871                        | 7,596                | 9,871                | 7,596                     |
| Accounts Receivable.....       | 26,435                       | 95,241               | 68,695               | 52,981                    |
| Accrued Investment Income..... | -                            | 136                  | -                    | 136                       |
| Interfund Receivables.....     | 206                          | 3,293                | 206                  | 3,293                     |
| Total Assets.....              | <u>\$ 82,506</u>             | <u>\$ 1,835,378</u>  | <u>\$ 1,815,994</u>  | <u>\$ 101,890</u>         |
| <b>LIABILITIES</b>             |                              |                      |                      |                           |
| Accounts Payable.....          | \$ 32,642                    | \$ 32,826            | \$ 34,240            | \$ 31,228                 |
| Interfund Payables.....        | 3,877                        | 8,994                | 5,639                | 7,232                     |
| Funds Held in Trust.....       | 45,987                       | 1,875,258            | 1,857,815            | 63,430                    |
| Total Liabilities.....         | <u>\$ 82,506</u>             | <u>\$ 1,917,078</u>  | <u>\$ 1,897,694</u>  | <u>\$ 101,890</u>         |
| <b>TOTAL AGENCY FUNDS</b>      |                              |                      |                      |                           |
| <b>ASSETS</b>                  |                              |                      |                      |                           |
| Cash and Cash Equivalents..... | \$ 195,707                   | \$ 15,548,424        | \$ 15,512,907        | \$ 231,224                |
| Investments.....               | 9,871                        | 7,596                | 9,871                | 7,596                     |
| Accounts Receivable.....       | 26,435                       | 95,241               | 68,695               | 52,981                    |
| Accrued Investment Income..... | -                            | 136                  | -                    | 136                       |
| Interfund Receivables.....     | 206                          | 3,293                | 206                  | 3,293                     |
| Total Assets.....              | <u>\$ 232,219</u>            | <u>\$ 15,654,690</u> | <u>\$ 15,591,679</u> | <u>\$ 295,230</u>         |
| <b>LIABILITIES</b>             |                              |                      |                      |                           |
| Warrants Payable.....          | \$ 149,713                   | \$ 13,819,312        | \$ 13,775,685        | \$ 193,340                |
| Accounts Payable.....          | 32,642                       | 32,826               | 34,240               | 31,228                    |
| Interfund Payables.....        | 3,877                        | 8,994                | 5,639                | 7,232                     |
| Funds Held in Trust.....       | 45,987                       | 1,875,258            | 1,857,815            | 63,430                    |
| Total Liabilities.....         | <u>\$ 232,219</u>            | <u>\$ 15,736,390</u> | <u>\$ 15,673,379</u> | <u>\$ 295,230</u>         |

## **GENERAL FIXED ASSETS ACCOUNT GROUP**

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

# STATE OF MINNESOTA

## SCHEDULE OF GENERAL FIXED ASSETS

### BY SOURCE

JUNE 30, 1999

(IN THOUSANDS)

#### GENERAL FIXED ASSETS:

|                                 |    |                  |
|---------------------------------|----|------------------|
| Land.....                       | \$ | 322,358          |
| Buildings.....                  |    | 2,101,497        |
| Equipment.....                  |    | 459,541          |
| Construction in Progress.....   |    | 229,197          |
|                                 |    | <hr/>            |
| Total General Fixed Assets..... | \$ | <u>3,112,593</u> |

#### INVESTMENT IN GENERAL FIXED ASSETS:

|   |    |         |
|---|----|---------|
| Investment in Assets Acquired Prior<br>to July 1, 1984 - Source Unidentified..... | \$ | 846,088 |
|---|----|---------|

#### Expenditures from:

|                   |         |
|-------------------|---------|
| General Fund..... | 632,256 |
|-------------------|---------|

#### Special Revenue Funds:

|   |         |
|---|---------|
| Trunk Highway Fund.....                           | 349,311 |
| Highway User Tax Distribution Fund.....           | 320     |
| State Airports Fund.....                          | 4,199   |
| Federal Fund.....                                 | 118,361 |
| Environmental Fund.....                           | 18,120  |
| Petroleum Tank Cleanup.....                       | 93      |
| Natural Resources Funds.....                      | 29,118  |
| Special Compensation Fund.....                    | 129     |
| Health Care Access Fund.....                      | 1,323   |
| Iron Range Resources and Rehabilitation Fund..... | 25,745  |
| Miscellaneous Special Revenue Fund.....           | 75,404  |

#### Capital Projects Funds:

|                           |         |
|---------------------------|---------|
| General Project Fund..... | 16,160  |
| Building Fund.....        | 938,146 |

#### Expendable Trust Funds:

|   |       |
|---|-------|
| Endowment Fund.....                               | 1,132 |
| Northeast Minnesota Economic Protection Fund..... | 7,243 |

|                |              |
|----------------|--------------|
| Donations..... | <hr/> 49,445 |
|----------------|--------------|

|   |    |                  |
|---|----|------------------|
| Total Investment in General Fixed Assets..... | \$ | <u>3,112,593</u> |
|---|----|------------------|

**STATE OF MINNESOTA**

**SCHEDULE OF GENERAL FIXED ASSETS**

**BY FUNCTION AND ACTIVITY**

**JUNE 30, 1999**

**(IN THOUSANDS)**

| FUNCTION AND ACTIVITY                                | CONSTRUCTION      |                     |                   |                   |                     |
|--|-------------------|---------------------|-------------------|-------------------|---------------------|
|  | LAND              | BUILDINGS           | EQUIPMENT         | IN PROGRESS       | TOTAL               |
| <b>Protection of Persons and Property:</b>           |                   |                     |                   |                   |                     |
| Military Affairs.....                                | \$ 4,440          | \$ 143,576          | \$ 469            | \$ 9,149          | \$ 157,634          |
| Public Safety.....                                   | -                 | -                   | 29,241            | -                 | 29,241              |
| Others.....  | -                 | -                   | 1,252             | -                 | 1,252               |
| <b>Total Protection of Persons and Property.....</b> | <b>\$ 4,440</b>   | <b>\$ 143,576</b>   | <b>\$ 30,962</b>  | <b>\$ 9,149</b>   | <b>\$ 188,127</b>   |
| <b>Transportation:</b>                               |                   |                     |                   |                   |                     |
| Transportation.....                                  | \$ 5,905          | \$ 166,390          | \$ 197,097        | \$ 33,937         | \$ 403,329          |
| <b>Total Transportation.....</b>                     | <b>\$ 5,905</b>   | <b>\$ 166,390</b>   | <b>\$ 197,097</b> | <b>\$ 33,937</b>  | <b>\$ 403,329</b>   |
| <b>Resource Management:</b>                          |                   |                     |                   |                   |                     |
| Natural Resources.....                               | \$ 238,669        | \$ 50,116           | \$ 51,855         | \$ 671            | \$ 341,311          |
| Pollution Control.....                               | 1,667             | -                   | 4,010             | -                 | 5,677               |
| Others.....  | -                 | -                   | 31                | -                 | 31                  |
| <b>Total Resource Management.....</b>                | <b>\$ 240,336</b> | <b>\$ 50,116</b>    | <b>\$ 55,896</b>  | <b>\$ 671</b>     | <b>\$ 347,019</b>   |
| <b>Economic and Manpower Development:</b>            |                   |                     |                   |                   |                     |
| Agriculture.....                                     | \$ -              | \$ -                | \$ 1,719          | \$ -              | \$ 1,719            |
| Commerce.....  | -                 | -                   | 182               | -                 | 182                 |
| Economic Security.....                               | 1,976             | 7,410               | 6,077             | -                 | 15,463              |
| Trade and Economic Development.....                  | -                 | -                   | 779               | -                 | 779                 |
| Labor and Industry.....                              | -                 | -                   | 686               | -                 | 686                 |
| Iron Range Resources and Rehabilitation.....         | 1,157             | 37,233              | 3,232             | 1,559             | 43,181              |
| Public Service.....                                  | -                 | -                   | 1,456             | -                 | 1,456               |
| Amateur Sports Commission.....                       | 1,662             | 26,072              | 10                | -                 | 27,744              |
| Others.....  | -                 | -                   | 67                | -                 | 67                  |
| <b>Total Economic and Manpower Development.....</b>  | <b>\$ 4,795</b>   | <b>\$ 70,715</b>    | <b>\$ 14,208</b>  | <b>\$ 1,559</b>   | <b>\$ 91,277</b>    |
| <b>Education:</b>                                    |                   |                     |                   |                   |                     |
| Center for Arts Education.....                       | \$ 1,955          | \$ 2,955            | \$ 106            | \$ -              | \$ 5,016            |
| Minnesota State Colleges and Universities.....       | 43,396            | 969,873             | 105,204           | 57,404            | 1,175,877           |
| Education (K-12).....                                | 20                | 11,371              | 448               | -                 | 11,839              |
| Zoological Garden.....                               | 1,175             | 64,411              | 1,587             | 233               | 67,406              |
| <b>Total Education.....</b>                          | <b>\$ 46,546</b>  | <b>\$ 1,048,610</b> | <b>\$ 107,345</b> | <b>\$ 57,637</b>  | <b>\$ 1,260,138</b> |
| <b>Health and Social Services:</b>                   |                   |                     |                   |                   |                     |
| Health.....  | \$ -              | \$ -                | \$ 4,915          | \$ -              | \$ 4,915            |
| Human Services.....                                  | 1,386             | 181,539             | 21,623            | 1,476             | 206,024             |
| Veterans Affairs and Veterans Home Board.....        | 134               | 41,969              | 1,488             | -                 | 43,591              |
| Corrections.....                                     | 108               | 183,064             | 8,383             | 3,582             | 195,137             |
| Others.....  | 30                | -                   | 1,710             | -                 | 1,740               |
| <b>Total Health and Human Services.....</b>          | <b>\$ 1,658</b>   | <b>\$ 406,572</b>   | <b>\$ 38,119</b>  | <b>\$ 5,058</b>   | <b>\$ 451,407</b>   |
| <b>General Government:</b>                           |                   |                     |                   |                   |                     |
| Administration (1).....                              | \$ 18,678         | \$ 215,518          | \$ 1,158          | \$ 121,186        | \$ 356,540          |
| Attorney General.....                                | -                 | -                   | 852               | -                 | 852                 |
| Employee Relations.....                              | -                 | -                   | 494               | -                 | 494                 |
| Office of Strategic and Long Range Planning.....     | -                 | -                   | 89                | -                 | 89                  |
| Governor.....  | -                 | -                   | 66                | -                 | 66                  |
| Legislature.....                                     | -                 | -                   | 131               | -                 | 131                 |
| Secretary of State.....                              | -                 | -                   | 4,915             | -                 | 4,915               |
| Supreme Court.....                                   | -                 | -                   | 3,337             | -                 | 3,337               |
| Revenue.....   | -                 | -                   | 3,419             | -                 | 3,419               |
| Others.....  | -                 | -                   | 1,453             | -                 | 1,453               |
| <b>Total General Government.....</b>                 | <b>\$ 18,678</b>  | <b>\$ 215,518</b>   | <b>\$ 15,914</b>  | <b>\$ 121,186</b> | <b>\$ 371,296</b>   |
| <b>Total General Fixed Assets.....</b>               | <b>\$ 322,358</b> | <b>\$ 2,101,497</b> | <b>\$ 459,541</b> | <b>\$ 229,197</b> | <b>\$ 3,112,593</b> |

(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, 1999  
(IN THOUSANDS)**

| FUNCTION AND ACTIVITY                                | GENERAL FIXED ASSETS |                   | DEDUCTIONS/<br>NET TRANSFERS | ADJUSTMENTS        | GENERAL FIXED       |
|--|----------------------|-------------------|------------------------------|--------------------|---------------------|
|  | BEGINNING            | ADDITIONS         |                              |                    | ASSETS              |
|  |                      |                   |                              |                    | ENDING              |
| <b>Protection of Persons and Property:</b>           |                      |                   |                              |                    |                     |
| Military Affairs.....                                | \$ 155,326           | \$ 9,538          | \$ 7,739                     | \$ 509             | \$ 157,634          |
| Public Safety.....                                   | 30,626               | 687               | 1,677                        | (395)              | 29,241              |
| Others.....  | 728                  | 490               | 23                           | 57                 | 1,252               |
| <b>Total Protection of Persons and Property.....</b> | <b>\$ 186,680</b>    | <b>\$ 10,715</b>  | <b>\$ 9,439</b>              | <b>\$ 171</b>      | <b>\$ 188,127</b>   |
| <b>Transportation:</b>                               |                      |                   |                              |                    |                     |
| Transportation.....                                  | \$ 387,260           | \$ 33,520         | \$ 12,674                    | \$ (4,777)         | \$ 403,329          |
| <b>Total Transportation.....</b>                     | <b>\$ 387,260</b>    | <b>\$ 33,520</b>  | <b>\$ 12,674</b>             | <b>\$ (4,777)</b>  | <b>\$ 403,329</b>   |
| <b>Resource Management:</b>                          |                      |                   |                              |                    |                     |
| Natural Resources.....                               | \$ 326,210           | \$ 21,362         | \$ 19,967                    | \$ 13,706          | \$ 341,311          |
| Pollution Control.....                               | 4,208                | 462               | 147                          | 1,154              | 5,677               |
| Others.....  | 46                   | -                 | 15                           | -                  | 31                  |
| <b>Total Resource Management.....</b>                | <b>\$ 330,464</b>    | <b>\$ 21,824</b>  | <b>\$ 20,129</b>             | <b>\$ 14,860</b>   | <b>\$ 347,019</b>   |
| <b>Economic and Manpower Development:</b>            |                      |                   |                              |                    |                     |
| Agriculture.....                                     | \$ 2,030             | \$ 38             | \$ 351                       | \$ 2               | \$ 1,719            |
| Commerce.....  | 130                  | 52                | -                            | -                  | 182                 |
| Economic Security.....                               | 13,958               | 1,118             | 59                           | 446                | 15,463              |
| Trade and Economic Development.....                  | 764                  | -                 | -                            | 15                 | 779                 |
| Labor and Industry.....                              | 788                  | 438               | 367                          | (173)              | 686                 |
| Iron Range Resources and Rehabilitation.....         | 42,092               | 977               | 167                          | 279                | 43,181              |
| Public Service.....                                  | 1,570                | 22                | 117                          | (19)               | 1,456               |
| Amateur Sports Commission.....                       | 15,977               | 23,400            | 11,700                       | 67                 | 27,744              |
| Others.....  | 66                   | 11                | 10                           | -                  | 67                  |
| <b>Total Economic and Manpower Development.....</b>  | <b>\$ 77,375</b>     | <b>\$ 26,056</b>  | <b>\$ 12,771</b>             | <b>\$ 617</b>      | <b>\$ 91,277</b>    |
| <b>Education:</b>                                    |                      |                   |                              |                    |                     |
| Center for Arts Education.....                       | \$ 7,331             | \$ -              | \$ -                         | \$ (2,315)         | \$ 5,016            |
| Minnesota State Colleges and Universities.....       | 1,131,384            | 79,332            | 77,689                       | 42,850             | 1,175,877           |
| Education (K-12).....                                | 12,296               | 21                | 77                           | (401)              | 11,839              |
| Zoological Garden.....                               | 67,250               | 24,082            | 23,926                       | -                  | 67,406              |
| <b>Total Education.....</b>                          | <b>\$ 1,218,261</b>  | <b>\$ 103,435</b> | <b>\$ 101,692</b>            | <b>\$ 40,134</b>   | <b>\$ 1,260,138</b> |
| <b>Health and Social Services:</b>                   |                      |                   |                              |                    |                     |
| Health.....  | \$ 3,362             | \$ 505            | \$ 231                       | \$ 1,279           | \$ 4,915            |
| Human Services.....                                  | 226,628              | 13,801            | 10,359                       | (24,046)           | 206,024             |
| Veterans Affairs and Veterans Home Board.....        | 43,351               | 8,536             | 8,449                        | 153                | 43,591              |
| Corrections.....                                     | 192,023              | 5,743             | 2,514                        | (115)              | 195,137             |
| Others.....  | 1,832                | -                 | 73                           | (19)               | 1,740               |
| <b>Total Health and Human Services.....</b>          | <b>\$ 467,196</b>    | <b>\$ 28,585</b>  | <b>\$ 21,626</b>             | <b>\$ (22,748)</b> | <b>\$ 451,407</b>   |
| <b>General Government:</b>                           |                      |                   |                              |                    |                     |
| Administration (1).....                              | \$ 211,582           | \$ 162,993        | \$ 79,653                    | \$ 61,618          | \$ 356,540          |
| Attorney General.....                                | 852                  | -                 | -                            | -                  | 852                 |
| Employee Relations.....                              | 454                  | 72                | 52                           | 20                 | 494                 |
| Office of Strategic and Long Range Planning.....     | 83                   | 6                 | -                            | -                  | 89                  |
| Governor.....  | 111                  | 11                | 56                           | -                  | 66                  |
| Legislature.....                                     | 64                   | 67                | -                            | -                  | 131                 |
| Secretary of State.....                              | 4,926                | -                 | 11                           | -                  | 4,915               |
| Supreme Court.....                                   | 4,819                | 117               | 4,262                        | 2,663              | 3,337               |
| Revenue.....   | 4,568                | 60                | 984                          | (225)              | 3,419               |
| Others.....  | 1,314                | 430               | 293                          | 2                  | 1,453               |
| <b>Total General Government.....</b>                 | <b>\$ 228,773</b>    | <b>\$ 163,756</b> | <b>\$ 85,311</b>             | <b>\$ 64,078</b>   | <b>\$ 371,296</b>   |
| <b>Total General Fixed Assets.....</b>               | <b>\$ 2,896,009</b>  | <b>\$ 387,891</b> | <b>\$ 263,642</b>            | <b>\$ 92,335</b>   | <b>\$ 3,112,593</b> |

(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, 1999  
(IN THOUSANDS)**

|  | BEGINNING<br>BALANCE | INCREASE   | DECREASE     | ENDING<br>BALANCE |
|--|----------------------|------------|--------------|-------------------|
| Amount Available and to be Provided for Payment of<br>General Long-Term Obligations: |                      |            |              |                   |
| Amount Available in Debt Service Fund.....   | \$ 198,355           | \$ 456,110 | \$ 422,370   | \$ 232,095        |
| Amount to be Provided:   |                      |            |              |                   |
| General Fund.....  | \$ 2,613,430         | \$ 411,328 | \$ 476,285   | \$ 2,548,473      |
| Trunk Highway Fund.....  | 82,157               | 6,773      | 12,636       | 76,294            |
| Highway User Tax Distribution Fund.....  | 867                  | 29         | -            | 896               |
| Solid Waste Fund.....  | 325,969              | -          | 196,183      | 129,786           |
| State Airports Fund.....   | 480                  | -          | 21           | 459               |
| Federal Fund.....  | 19,536               | 1,069      | 240          | 20,365            |
| Environmental Fund.....  | 1,605                | 94         | 5            | 1,694             |
| Petroleum Tank Cleanup Fund.....   | 249                  | 175        | -            | 424               |
| Natural Resources Funds.....   | 9,075                | 242        | 44           | 9,273             |
| Maximum Effort School Loan Fund.....   | 102,835              | -          | 8,345        | 94,490            |
| Special Compensation Fund.....   | 48,492               | 6,139      | 170          | 54,461            |
| Health Care Access Fund.....   | 877                  | 77         | -            | 954               |
| Iron Range Resources and Rehabilitation Fund.....                                    | 4,673                | 34         | 180          | 4,527             |
| Miscellaneous Special Revenue Fund.....  | 20,336               | 3,024      | 1,141        | 22,219            |
| Total Amount to be Provided.....   | \$ 3,230,581         | \$ 428,984 | \$ 695,250   | \$ 2,964,315      |
| Total Amount Available and to be Provided.....                                       | \$ 3,428,936         | \$ 885,094 | \$ 1,117,620 | \$ 3,196,410      |
| General Long-Term Obligations Payable:   |                      |            |              |                   |
| General Obligation Bonds Payable.....  | \$ 2,506,939         | \$ 299,700 | \$ 422,444   | \$ 2,384,195      |
| Loans Payable.....   | 15,723               | -          | 5,241        | 10,482            |
| Revenue Bonds Payable.....   | 132,825              | -          | 24,260       | 108,565           |
| Claims Payable.....  | 385,790              | 102,533    | 196,278      | 292,045           |
| Compensated Absences Payable.....  | 254,774              | 10,289     | -            | 265,063           |
| Workers Compensation Liability.....  | 113,732              | 15,164     | 12,761       | 116,135           |
| Capital Leases Payable.....  | 18,313               | 6,954      | 6,172        | 19,095            |
| Arbitrage Payable.....   | 840                  | -          | 10           | 830               |
| Total General Long-Term Obligations Payable.....                                     | \$ 3,428,936         | \$ 434,640 | \$ 667,166   | \$ 3,196,410      |

## COMPONENT UNIT FUNDS

Component units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either (a) the ability to impose the will of the primary government, 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:

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

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

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.

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

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

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

The *Rural Finance Authority* administers state agriculture programs.

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

### PROPRIETARY FUND TYPE:

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

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

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

The *Workers' Compensation Assigned Risk Plan* is the source of workers' compensation and employers' liability coverage for Minnesota employers who have been unable to obtain an insurance policy through the voluntary market.

The *National Sports Center Foundation* is under contract with the Minnesota Amateur Sports Commission to maintain and operate the National Sports Center facility. The primary purpose of the facility is to hold youth-oriented athletic and other non-athletic functions and events.

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

### COLLEGE AND UNIVERSITY TYPE:

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

**STATE OF MINNESOTA**

**COMPONENT UNIT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1998 and JUNE 30, 1999  
(IN THOUSANDS)**

|  | PUBLIC<br>FACILITIES<br>AUTHORITY | METROPOLITAN<br>COUNCIL | MINNESOTA<br>TECHNOLOGY<br>INCORPORATED | HIGHER<br>EDUCATION<br>SERVICES<br>OFFICE |
|--|-----------------------------------|-------------------------|---|---|
| <b>ASSETS</b>  |                                   |                         |   |   |
| Cash and Cash Equivalents.....                                 | \$ 22,365                         | \$ 46,570               | \$ 9,235                                | \$ 1,710                                  |
| Investments.....   | -                                 | 142,518                 | -                                       | -   |
| Accounts Receivable.....                                       | -                                 | 1,834                   | 29                                      | 2,358                                     |
| Settlement Receivable.....                                     | -                                 | -                       | -                                       | -   |
| Interfund Receivables.....                                     | -                                 | 12,372                  | -                                       | -   |
| Due from Primary Government.....                               | 20,500                            | -                       | -                                       | -   |
| Due from Other Governmental Units.....                         | -                                 | 2,444                   | -                                       | -   |
| Accrued Investment/Interest Income.....                        | -                                 | 1,229                   | -                                       | -   |
| Federal Aid Receivable.....                                    | -                                 | -                       | 594                                     | 234                                       |
| Loans and Notes Receivable.....                                | -                                 | 15,461                  | -                                       | -   |
| Fixed Assets (Net).....  | -                                 | 13,909                  | 471                                     | 267                                       |
| Other Assets.....  | -                                 | 100                     | -                                       | -   |
| Amount Available for Debt Service.....                         | -                                 | 44,202                  | -                                       | -   |
| Amount to be Provided for Debt Service.....                    | -                                 | 91,047                  | -                                       | -   |
| <b>Total Assets and Other Debits.....</b>                      | <b>\$ 42,865</b>                  | <b>\$ 371,686</b>       | <b>\$ 10,329</b>                        | <b>\$ 4,569</b>                           |
| <b>LIABILITIES AND FUND BALANCES</b>                           |                                   |                         |   |   |
| <b>Liabilities:</b>  |                                   |                         |   |   |
| Accounts Payable.....  | \$ 822                            | \$ 46,595               | \$ 935                                  | \$ 4,059                                  |
| Interfund Payables.....  | -                                 | 26,358                  | -                                       | -   |
| Payable to Other Governmental Units.....                       | -                                 | 5                       | -                                       | -   |
| Deferred Revenue.....  | -                                 | 4,298                   | -                                       | -   |
| General Obligation Bonds Payable.....                          | -                                 | 133,060                 | -                                       | -   |
| Revenue Bonds Payable.....                                     | -                                 | -                       | -                                       | -   |
| Compensated Absences Payable.....                              | -                                 | 2,189                   | 270                                     | 291                                       |
| Funds Held in Trust.....                                       | -                                 | 211                     | -                                       | -   |
| Other Liabilities.....   | -                                 | -                       | -                                       | -   |
| <b>Total Liabilities.....</b>                                  | <b>\$ 822</b>                     | <b>\$ 212,716</b>       | <b>\$ 1,205</b>                         | <b>\$ 4,350</b>                           |
| Investment in Fixed Assets.....                                | \$ -                              | \$ 13,909               | \$ -                                    | \$ 267                                    |
| <b>Fund Balances:</b>  |                                   |                         |   |   |
| <b>Reserved Fund Balances:</b>                                 |                                   |                         |   |   |
| Reserved for Encumbrances.....                                 | \$ 6,665                          | \$ 1,348                | \$ -                                    | \$ -                                      |
| Reserved for Long-Term Receivables.....                        | -                                 | 14,745                  | -                                       | -   |
| Reserved for Long-Term Commitments.....                        | -                                 | 37,647                  | -                                       | -   |
| <b>Total Reserved Fund Balances.....</b>                       | <b>\$ 6,665</b>                   | <b>\$ 53,740</b>        | <b>\$ -</b>                             | <b>\$ -</b>                               |
| <b>Unreserved Fund Balances:</b>                               |                                   |                         |   |   |
| Designated for Fund Purposes.....                              | \$ 35,378                         | \$ 60,243               | \$ 9,124                                | \$ -                                      |
| Undesignated.....  | -                                 | 31,078                  | -                                       | (48)                                      |
| <b>Total Unreserved Fund Balances.....</b>                     | <b>\$ 35,378</b>                  | <b>\$ 91,321</b>        | <b>\$ 9,124</b>                         | <b>\$ (48)</b>                            |
| <b>Total Fund Balances.....</b>                                | <b>\$ 42,043</b>                  | <b>\$ 145,061</b>       | <b>\$ 9,124</b>                         | <b>\$ (48)</b>                            |
| <b>Total Liabilities, Fund Balances and Other Credits.....</b> | <b>\$ 42,865</b>                  | <b>\$ 371,686</b>       | <b>\$ 10,329</b>                        | <b>\$ 4,569</b>                           |

| EXPORT<br>FINANCE<br>AUTHORITY | AGRICULTURAL<br>AND ECONOMIC<br>DEVELOPMENT<br>BOARD | RURAL<br>FINANCE<br>AUTHORITY | MINNESOTA<br>PARTNERSHIP<br>FOR ACTION<br>AGAINST<br>TOBACCO | GOVERNMENTAL<br>FUNDS<br>TOTAL |
|--------------------------------|--|-------------------------------|--|--------------------------------|
| \$ 1,063                       | \$ 13,691  | \$ 17,819                     | \$ 34  | \$ 112,487                     |
| -                              | 17,495   | -                             | 122,306  | 282,319                        |
| -                              | -  | -                             | 523  | 4,744                          |
| -                              | -  | -                             | 63,900   | 63,900                         |
| -                              | -  | -                             | -  | 12,372                         |
| -                              | -  | -                             | -  | 20,500                         |
| -                              | -  | -                             | -  | 2,444                          |
| -                              | 703  | 61                            | -  | 1,993                          |
| -                              | -  | -                             | -  | 828                            |
| -                              | 31,542   | 50,335                        | -  | 97,338                         |
| -                              | -  | -                             | -  | 14,647                         |
| -                              | -  | -                             | 232  | 332                            |
| -                              | -  | -                             | -  | 44,202                         |
| -                              | 39,157   | -                             | -  | 130,204                        |
| <u>\$ 1,063</u>                | <u>\$ 102,588</u>                                    | <u>\$ 68,215</u>              | <u>\$ 186,995</u>  | <u>\$ 788,310</u>              |
| \$ -                           | \$ 1,084   | \$ -                          | \$ 150   | \$ 53,645                      |
| -                              | -  | -                             | -  | 26,358                         |
| -                              | -  | -                             | -  | 5                              |
| -                              | -  | -                             | -  | 4,298                          |
| -                              | -  | -                             | -  | 133,060                        |
| -                              | 39,157   | -                             | -  | 39,157                         |
| -                              | -  | -                             | -  | 2,750                          |
| -                              | -  | -                             | -  | 211                            |
| -                              | -  | -                             | 1  | 1                              |
| <u>\$ -</u>                    | <u>\$ 40,241</u>                                     | <u>\$ -</u>                   | <u>\$ 151</u>  | <u>\$ 259,485</u>              |
| <u>\$ -</u>                    | <u>\$ -</u>  | <u>\$ -</u>                   | <u>\$ -</u>  | <u>\$ 14,176</u>               |
| \$ -                           | \$ -   | \$ -                          | \$ -   | \$ 8,013                       |
| -                              | 31,542   | 50,335                        | -  | 96,622                         |
| -                              | -  | -                             | -  | 37,647                         |
| <u>\$ -</u>                    | <u>\$ 31,542</u>                                     | <u>\$ 50,335</u>              | <u>\$ -</u>  | <u>\$ 142,282</u>              |
| \$ -                           | \$ 30,805  | \$ 17,880                     | \$ 185,887   | \$ 339,317                     |
| 1,063                          | -  | -                             | 957  | 33,050                         |
| <u>\$ 1,063</u>                | <u>\$ 30,805</u>                                     | <u>\$ 17,880</u>              | <u>\$ 186,844</u>  | <u>\$ 372,367</u>              |
| <u>\$ 1,063</u>                | <u>\$ 62,347</u>                                     | <u>\$ 68,215</u>              | <u>\$ 186,844</u>  | <u>\$ 514,649</u>              |
| <u>\$ 1,063</u>                | <u>\$ 102,588</u>                                    | <u>\$ 68,215</u>              | <u>\$ 186,995</u>  | <u>\$ 788,310</u>              |

continued

STATE OF MINNESOTA

COMPONENT UNIT FUNDS- CONTINUED  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 1998 AND JUNE 30, 1999  
 (IN THOUSANDS)

PROPRIETARY FUND TYPES

|   | HOUSING<br>FINANCE<br>AGENCY | PUBLIC<br>FACILITIES<br>AUTHORITY | METROPOLITAN<br>COUNCIL | WORKERS'<br>COMPENSATION<br>ASSIGNED RISK<br>PLAN |
|---|------------------------------|-----------------------------------|-------------------------|---|
| <b>ASSETS</b>   |                              |                                   |                         |   |
| Cash and Cash Equivalents.....                          | \$ 453,993                   | \$ -                              | \$ 76,797               | \$ 47,457   |
| Investments.....  | 282,526                      | -                                 | 5,264                   | 675,547   |
| Accounts Receivable.....                                | 903                          | -                                 | 13,492                  | 197,067   |
| Settlement Receivable.....                              | -                            | -                                 | -                       | -   |
| Interfund Receivables.....                              | -                            | -                                 | 934                     | -   |
| Due from Other Governmental Units.....                  | -                            | -                                 | 2,268                   | -   |
| Due from Primary Government.....                        | -                            | -                                 | -                       | -   |
| Accrued Investment/Interest Income.....                 | 23,795                       | -                                 | 312                     | 6,279   |
| Federal Aid Receivable.....                             | -                            | -                                 | -                       | -   |
| Inventories.....  | 2,183                        | -                                 | 14,805                  | -   |
| Deferred Costs.....                                     | -                            | -                                 | -                       | 3,771   |
| Restricted Assets:                                      |                              |                                   |                         |   |
| Cash and Cash Equivalents.....                          | 341,674                      | 77,873                            | 131,762                 | -   |
| Investments.....  | 18,819                       | 271,595                           | 71,125                  | -   |
| Loans Receivable.....                                   | -                            | 560,166                           | -                       | -   |
| Interfund Receivables.....                              | -                            | -                                 | 21,244                  | -   |
| Other Restricted Assets.....                            | -                            | 107,481                           | 10,821                  | -   |
| Loans and Notes Receivable.....                         | 1,730,678                    | -                                 | -                       | -   |
| Securities Lending Collateral.....                      | -                            | -                                 | -                       | -   |
| Fixed Assets (Net).....                                 | 1,030                        | 2                                 | 1,156,457               | -   |
| Other Assets.....                                       | -                            | -                                 | 165                     | 35  |
| Amount Available for Debt Service.....                  | -                            | -                                 | -                       | -   |
| Amount to be Provided for Debt Service.....             | -                            | -                                 | -                       | -   |
| <b>Total Assets and Other Debits.....</b>               | <b>\$ 2,855,601</b>          | <b>\$ 1,017,117</b>               | <b>\$ 1,505,446</b>     | <b>\$ 930,156</b>                                 |
| <b>LIABILITIES AND FUND EQUITY</b>                      |                              |                                   |                         |   |
| <b>Liabilities:</b>                                     |                              |                                   |                         |   |
| Accounts Payable.....                                   | \$ 7,938                     | \$ 2,236                          | \$ 66,945               | \$ 3,033  |
| Interfund Payables.....                                 | -                            | -                                 | 8,192                   | -   |
| Payable to Other Governmental Units.....                | -                            | -                                 | -                       | -   |
| Due to Primary Government.....                          | -                            | -                                 | -                       | 4,757   |
| Loans Payable between Component Units.....              | -                            | -                                 | 302,999                 | -   |
| Deferred Revenue.....                                   | -                            | 658                               | 2,386                   | 18,493  |
| Payable from Restricted Assets:                         |                              |                                   |                         |   |
| Accounts Payable.....                                   | -                            | -                                 | 14,765                  | -   |
| Revenue Bonds Payable.....                              | 185,710                      | 556,560                           | -                       | -   |
| General Obligation Bonds Payable.....                   | -                            | -                                 | 72,460                  | -   |
| Accrued Bond Interest Payable.....                      | 56,790                       | 9,546                             | 7,502                   | -   |
| Other Payables.....                                     | -                            | -                                 | 83,198                  | -   |
| General Obligation Bonds Payable.....                   | -                            | -                                 | 189,576                 | -   |
| Loans/Notes Payable.....                                | -                            | -                                 | -                       | -   |
| Revenue Bonds Payable.....                              | 1,895,995                    | -                                 | -                       | -   |
| Grants Payable.....                                     | -                            | 26,553                            | -                       | -   |
| Claims and Judgments.....                               | -                            | -                                 | -                       | 405,000   |
| Compensated Absences Payable.....                       | 962                          | -                                 | 4,625                   | -   |
| Securities Lending Collateral.....                      | -                            | -                                 | -                       | -   |
| Funds Held in Trust.....                                | 103,700                      | -                                 | -                       | -   |
| Pension Liabilities.....                                | -                            | -                                 | -                       | -   |
| Other Liabilities.....                                  | -                            | 200                               | 4,803                   | -   |
| <b>Total Liabilities.....</b>                           | <b>\$ 2,251,095</b>          | <b>\$ 595,753</b>                 | <b>\$ 757,451</b>       | <b>\$ 431,283</b>                                 |
| <b>Fund Equity:</b>                                     |                              |                                   |                         |   |
| Contributed Capital.....                                | \$ -                         | \$ 378,632                        | \$ 473,858              | \$ -  |
| Investment in Fixed Assets.....                         | \$ -                         | \$ -                              | \$ -                    | \$ -  |
| <b>Retained Earnings:</b>                               |                              |                                   |                         |   |
| Reserved for Debt Requirements.....                     | \$ 512,204                   | \$ -                              | \$ 10,228               | \$ -  |
| Reserved per State Law.....                             | 92,302                       | -                                 | -                       | -   |
| Reserved for Claims.....                                | -                            | -                                 | 26,667                  | -   |
| Unreserved Retained Earnings.....                       | -                            | 42,732                            | 237,242                 | 498,873   |
| <b>Total Retained Earnings.....</b>                     | <b>\$ 604,506</b>            | <b>\$ 42,732</b>                  | <b>\$ 274,137</b>       | <b>\$ 498,873</b>                                 |
| <b>Fund Balances:</b>                                   |                              |                                   |                         |   |
| <b>Reserved Fund Balances:</b>                          |                              |                                   |                         |   |
| Reserved for Encumbrances.....                          | \$ -                         | \$ -                              | \$ -                    | \$ -  |
| Reserved for Long-Term Receivables.....                 | -                            | -                                 | -                       | -   |
| Reserved for Long-Term Commitments.....                 | -                            | -                                 | -                       | -   |
| Reserved for Other.....                                 | -                            | -                                 | -                       | -   |
| <b>Total Reserved Fund Balances.....</b>                | <b>\$ -</b>                  | <b>\$ -</b>                       | <b>\$ -</b>             | <b>\$ -</b>                                       |
| <b>Unreserved Fund Balances:</b>                        |                              |                                   |                         |   |
| Designated for Fund Purposes.....                       | \$ -                         | \$ -                              | \$ -                    | \$ -  |
| Undesignated.....                                       | -                            | -                                 | -                       | -   |
| <b>Total Unreserved Fund Balances.....</b>              | <b>\$ -</b>                  | <b>\$ -</b>                       | <b>\$ -</b>             | <b>\$ -</b>                                       |
| <b>Total Fund Balances.....</b>                         | <b>\$ -</b>                  | <b>\$ -</b>                       | <b>\$ -</b>             | <b>\$ -</b>                                       |
| <b>Total Fund Equity.....</b>                           | <b>\$ 604,506</b>            | <b>\$ 421,364</b>                 | <b>\$ 747,995</b>       | <b>\$ 498,873</b>                                 |
| <b>Total Liabilities, Equity and Other Credits.....</b> | <b>\$ 2,855,601</b>          | <b>\$ 1,017,117</b>               | <b>\$ 1,505,446</b>     | <b>\$ 930,156</b>                                 |

| PROPRIETARY FUND TYPES            |                                  |                         | UNIVERSITY FUND TYPE    |                       |
|-----------------------------------|----------------------------------|-------------------------|-------------------------|-----------------------|
| NATIONAL SPORTS CENTER FOUNDATION | HIGHER EDUCATION SERVICES OFFICE | PROPRIETARY FUNDS TOTAL | UNIVERSITY OF MINNESOTA | TOTAL COMPONENT UNITS |
| \$ 327                            | \$ 10,119                        | \$ 588,693              | \$ 600,239              | \$ 1,301,419          |
| -                                 | 63,016                           | 1,026,353               | 741,845                 | 2,050,517             |
| 204                               | -                                | 211,666                 | 84,069                  | 300,479               |
| -                                 | -                                | -                       | -                       | 63,900                |
| -                                 | -                                | 934                     | -                       | 13,306                |
| -                                 | -                                | 2,268                   | -                       | 4,712                 |
| -                                 | -                                | -                       | 128,331                 | 148,831               |
| -                                 | 1,909                            | 32,295                  | 6,121                   | 40,409                |
| -                                 | -                                | -                       | 56,193                  | 57,021                |
| 1                                 | -                                | 16,989                  | 14,916                  | 31,905                |
| 19                                | 392                              | 4,182                   | 9,218                   | 13,400                |
| -                                 | 35,589                           | 586,898                 | 11,132                  | 598,030               |
| -                                 | -                                | 361,539                 | -                       | 361,539               |
| -                                 | -                                | 560,166                 | -                       | 560,166               |
| -                                 | -                                | 21,244                  | -                       | 21,244                |
| -                                 | -                                | 118,302                 | -                       | 118,302               |
| -                                 | 217,414                          | 1,948,092               | 63,190                  | 2,108,620             |
| -                                 | -                                | -                       | 71,622                  | 71,622                |
| 521                               | 81                               | 1,158,091               | 1,268,673               | 2,441,411             |
| -                                 | 127                              | 327                     | 419                     | 1,078                 |
| -                                 | -                                | -                       | -                       | 44,202                |
| -                                 | -                                | -                       | -                       | 130,204               |
| <u>\$ 1,072</u>                   | <u>\$ 328,647</u>                | <u>\$ 6,638,039</u>     | <u>\$ 3,055,968</u>     | <u>\$ 10,482,317</u>  |
| \$ 374                            | \$ 450                           | \$ 80,976               | \$ 144,518              | \$ 279,139            |
| -                                 | -                                | 8,192                   | -                       | 34,550                |
| -                                 | -                                | -                       | -                       | 5                     |
| -                                 | -                                | 4,757                   | 45,685                  | 50,442                |
| -                                 | -                                | 302,999                 | -                       | 302,999               |
| 285                               | -                                | 21,822                  | 29,905                  | 56,025                |
| -                                 | -                                | 14,765                  | -                       | 14,765                |
| -                                 | -                                | 742,270                 | -                       | 742,270               |
| -                                 | -                                | 72,460                  | -                       | 72,460                |
| -                                 | 188                              | 74,026                  | -                       | 74,026                |
| -                                 | -                                | 83,198                  | -                       | 83,198                |
| -                                 | -                                | 189,576                 | 475,516                 | 798,152               |
| 260                               | -                                | 260                     | 4,389                   | 4,649                 |
| -                                 | 68,500                           | 1,964,495               | 12,925                  | 2,016,577             |
| -                                 | -                                | 26,553                  | -                       | 26,553                |
| -                                 | -                                | 405,000                 | 26,280                  | 431,280               |
| -                                 | 135                              | 5,722                   | 50,486                  | 58,958                |
| -                                 | -                                | -                       | 71,622                  | 71,622                |
| -                                 | -                                | 103,700                 | -                       | 103,911               |
| -                                 | -                                | -                       | 21,117                  | 21,117                |
| -                                 | -                                | 5,003                   | 1,688                   | 6,692                 |
| <u>\$ 919</u>                     | <u>\$ 69,273</u>                 | <u>\$ 4,105,774</u>     | <u>\$ 884,131</u>       | <u>\$ 5,249,390</u>   |
| <u>\$ -</u>                       | <u>\$ -</u>                      | <u>\$ 852,490</u>       | <u>\$ -</u>             | <u>\$ 852,490</u>     |
| <u>\$ -</u>                       | <u>\$ -</u>                      | <u>\$ -</u>             | <u>\$ 1,003,909</u>     | <u>\$ 1,018,085</u>   |
| \$ -                              | \$ 35,401                        | \$ 557,833              | \$ -                    | \$ 557,833            |
| -                                 | -                                | 92,302                  | -                       | 92,302                |
| -                                 | -                                | 26,667                  | -                       | 26,667                |
| 153                               | 223,973                          | 1,002,973               | -                       | 1,002,973             |
| <u>\$ 153</u>                     | <u>\$ 259,374</u>                | <u>\$ 1,679,775</u>     | <u>\$ -</u>             | <u>\$ 1,679,775</u>   |
| \$ -                              | \$ -                             | \$ -                    | \$ 24,846               | \$ 32,859             |
| -                                 | -                                | -                       | -                       | 96,622                |
| -                                 | -                                | -                       | -                       | 37,647                |
| -                                 | -                                | -                       | 768,625                 | 768,625               |
| <u>\$ -</u>                       | <u>\$ -</u>                      | <u>\$ -</u>             | <u>\$ 793,471</u>       | <u>\$ 935,753</u>     |
| \$ -                              | \$ -                             | \$ -                    | \$ 218,040              | \$ 557,357            |
| -                                 | -                                | -                       | 156,417                 | 189,467               |
| <u>\$ -</u>                       | <u>\$ -</u>                      | <u>\$ -</u>             | <u>\$ 374,457</u>       | <u>\$ 746,824</u>     |
| \$ -                              | \$ -                             | \$ -                    | \$ 1,167,928            | \$ 1,682,577          |
| <u>\$ 153</u>                     | <u>\$ 259,374</u>                | <u>\$ 2,532,265</u>     | <u>\$ 2,171,837</u>     | <u>\$ 5,232,927</u>   |
| <u>\$ 1,072</u>                   | <u>\$ 328,647</u>                | <u>\$ 6,638,039</u>     | <u>\$ 3,055,968</u>     | <u>\$ 10,482,317</u>  |

**STATE OF MINNESOTA**

**COMPONENT UNIT FUNDS - GOVERNMENTAL FUND TYPES  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEARS ENDED DECEMBER 31, 1998 AND JUNE 30, 1999  
(IN THOUSANDS)**

|   | PUBLIC<br>FACILITIES<br>AUTHORITY | METROPOLITAN<br>COUNCIL | MINNESOTA<br>TECHNOLOGY<br>INCORPORATED | HIGHER<br>EDUCATION<br>SERVICES<br>OFFICE |
|---|-----------------------------------|-------------------------|---|---|
| <b>Net Revenues:</b>  |                                   |                         |   |   |
| Other Taxes.....  | \$ -                              | \$ 47,944               | \$ -                                    | \$ -                                      |
| Federal Revenues.....   | -                                 | -                       | -                                       | 1,782                                     |
| Other Intergovernmental Revenues.....   | -                                 | 9,232                   | 2,124                                   | -   |
| Tobacco Settlement.....   | -                                 | -                       | -                                       | -   |
| Investment/Interest Income.....   | -                                 | 9,092                   | 708                                     | -   |
| Other Revenues.....   | -                                 | 2,534                   | 821                                     | 233                                       |
| <b>Net Revenues.....</b>  | <b>\$ -</b>                       | <b>\$ 68,802</b>        | <b>\$ 3,653</b>                         | <b>\$ 2,015</b>                           |
| <b>Expenditures:</b>  |                                   |                         |   |   |
| <b>Current:</b>   |                                   |                         |   |   |
| Transportation.....   | \$ -                              | \$ 35,799               | \$ -                                    | \$ -                                      |
| Resource Management.....  | -                                 | 28,791                  | -                                       | -   |
| Economic & Manpower Development.....  | -                                 | 980                     | 10,445                                  | -   |
| Education.....  | -                                 | -                       | -                                       | 4,212                                     |
| Health and Social Services.....   | -                                 | 27,926                  | -                                       | -   |
| General Government.....   | -                                 | 33,900                  | 2,803                                   | 3,919                                     |
| <b>Total Current Expenditures.....</b>  | <b>\$ -</b>                       | <b>\$ 127,396</b>       | <b>\$ 13,248</b>                        | <b>\$ 8,131</b>                           |
| Capital Outlay.....   | -                                 | 865                     | -                                       | -   |
| Debt Service.....   | -                                 | 25,709                  | -                                       | -   |
| Grants and Subsidies.....   | 7,282                             | -                       | 8,871                                   | 135,844                                   |
| <b>Total Expenditures.....</b>  | <b>\$ 7,282</b>                   | <b>\$ 153,970</b>       | <b>\$ 22,119</b>                        | <b>\$ 143,975</b>                         |
| <b>Excess of Revenues Over (Under)</b>  |                                   |                         |   |   |
| Expenditures.....   | \$ (7,282)                        | \$ (85,168)             | \$ (18,466)                             | \$ (141,960)                              |
| <b>Other Financing Sources (Uses):</b>  |                                   |                         |   |   |
| General Obligation Bonds.....   | \$ -                              | \$ 18,773               | \$ -                                    | \$ -                                      |
| Operating Transfers-In.....   | -                                 | 30,124                  | -                                       | -   |
| Other Operating Transfers-Out.....  | -                                 | (5,960)                 | -                                       | -   |
| Transfers-In from Primary Government.....   | 21,250                            | 69,316                  | 10,037                                  | 141,535                                   |
| Transfers-Out to Primary Government.....  | -                                 | -                       | -                                       | -   |
| Other Sources (Uses).....   | -                                 | 1,368                   | (35)                                    | -   |
| <b>Net Other Financing Sources (Uses).....</b>  | <b>\$ 21,250</b>                  | <b>\$ 113,621</b>       | <b>\$ 10,002</b>                        | <b>\$ 141,535</b>                         |
| <b>Excess of Revenues and Other Sources<br/>Over (Under) Expenditures and Other<br/>Uses.....</b> |                                   |                         |   |   |
|   | <b>\$ 13,968</b>                  | <b>\$ 28,453</b>        | <b>\$ (8,464)</b>                       | <b>\$ (425)</b>                           |
| <b>Fund Balances, Beginning, as Reported.....</b>   |                                   |                         |   |   |
| Prior Period Adjustments.....   | \$ -                              | \$ 137,668              | \$ 20,773                               | \$ 377                                    |
|   | 28,075                            | -                       | (3,185)                                 | -   |
| <b>Fund Balances, Beginning, as Restated.....</b>   |                                   |                         |   |   |
| Residual Equity Transfers-Out.....  | \$ 28,075                         | \$ 137,668              | \$ 17,588                               | \$ 377                                    |
|   | -                                 | (21,060)                | -                                       | -   |
| <b>Fund Balances, Ending.....</b>   | <b>\$ 42,043</b>                  | <b>\$ 145,061</b>       | <b>\$ 9,124</b>                         | <b>\$ (48)</b>                            |

| <u>EXPORT<br/>FINANCE<br/>AUTHORITY</u> | <u>AGRICULTURAL<br/>AND ECONOMIC<br/>DEVELOPMENT<br/>BOARD</u> | <u>RURAL<br/>FINANCE<br/>AUTHORITY</u> | <u>MINNESOTA<br/>PARTNERSHIP<br/>FOR ACTION<br/>AGAINST<br/>TOBACCO</u> | <u>TOTAL</u>       |
|---|--|--|---|--------------------|
| \$ -                                    | \$ -   | \$ -                                   | \$ -  | \$ 47,944          |
| -                                       | -  | -                                      | -   | 1,782              |
| -                                       | -  | 8                                      | -   | 11,364             |
| -                                       | -  | -                                      | 186,159   | 186,159            |
| 56                                      | 4,308  | 3,777                                  | 944   | 18,885             |
| -                                       | 94   | -                                      | 2,800   | 6,482              |
| <u>\$ 56</u>                            | <u>\$ 4,402</u>  | <u>\$ 3,785</u>                        | <u>\$ 189,903</u>   | <u>\$ 272,616</u>  |
| \$ -                                    | \$ -   | \$ -                                   | \$ -  | \$ 35,799          |
| -                                       | -  | -                                      | -   | 28,791             |
| -                                       | 41   | -                                      | -   | 11,466             |
| -                                       | -  | -                                      | -   | 4,212              |
| -                                       | -  | -                                      | 2,732   | 30,658             |
| -                                       | 100  | -                                      | 327   | 41,049             |
| <u>\$ -</u>                             | <u>\$ 141</u>  | <u>\$ -</u>                            | <u>\$ 3,059</u>   | <u>\$ 151,975</u>  |
| -                                       | -  | -                                      | -   | 865                |
| -                                       | 11,743   | -                                      | -   | 37,452             |
| -                                       | -  | -                                      | -   | 151,997            |
| <u>\$ -</u>                             | <u>\$ 11,884</u>   | <u>\$ -</u>                            | <u>\$ 3,059</u>   | <u>\$ 342,289</u>  |
| <u>\$ 56</u>                            | <u>\$ (7,482)</u>  | <u>\$ 3,785</u>                        | <u>\$ 186,844</u>   | <u>\$ (69,673)</u> |
| \$ -                                    | \$ 5,215   | \$ 4,500                               | \$ -  | \$ 28,488          |
| -                                       | -  | -                                      | -   | 30,124             |
| -                                       | -  | -                                      | -   | (5,960)            |
| -                                       | -  | -                                      | -   | 242,138            |
| -                                       | -  | (8,651)                                | -   | (8,651)            |
| -                                       | -  | -                                      | -   | 1,333              |
| <u>\$ -</u>                             | <u>\$ 5,215</u>  | <u>\$ (4,151)</u>                      | <u>\$ -</u>   | <u>\$ 287,472</u>  |
| <u>\$ 56</u>                            | <u>\$ (2,267)</u>  | <u>\$ (366)</u>                        | <u>\$ 186,844</u>   | <u>\$ 217,799</u>  |
| \$ 1,007                                | \$ 64,614  | \$ 68,581                              | \$ -  | \$ 293,020         |
| -                                       | -  | -                                      | -   | 24,890             |
| <u>\$ 1,007</u>                         | <u>\$ 64,614</u>   | <u>\$ 68,581</u>                       | <u>\$ -</u>   | <u>\$ 317,910</u>  |
| -                                       | -  | -                                      | -   | (21,060)           |
| <u>\$ 1,063</u>                         | <u>\$ 62,347</u>   | <u>\$ 68,215</u>                       | <u>\$ 186,844</u>   | <u>\$ 514,649</u>  |



STATE OF MINNESOTA

**COMPONENT UNIT FUNDS - PROPRIETARY FUND TYPES**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**YEARS ENDED DECEMBER 31, 1998 AND JUNE 30, 1999**  
**(IN THOUSANDS)**

|  | HOUSING<br>FINANCE<br>AGENCY | PUBLIC<br>FACILITIES<br>AUTHORITY | METROPOLITAN<br>COUNCIL | WORKERS'<br>COMPENSATION<br>ASSIGNED RISK<br>PLAN | NATIONAL<br>SPORTS<br>CENTER<br>FOUNDATION | HIGHER<br>EDUCATION<br>SERVICES<br>OFFICE | TOTAL               |
|--|------------------------------|-----------------------------------|-------------------------|---|--|---|---------------------|
| <b>Operating Revenues:</b>   |                              |                                   |                         |   |  |   |                     |
| Net Sales.....   | \$ -                         | \$ -                              | \$ 12,028               | \$ -  | \$ 4,934                                   | \$ -                                      | \$ 16,962           |
| Interest Income on Loans.....  | 127,213                      | 19,958                            | -                       | -   | -  | 11,154                                    | 158,325             |
| Investment Income.....   | 44,708                       | 14,643                            | -                       | -   | -  | -   | 59,351              |
| Rental and Service Fees.....   | 3,906                        | -                                 | 210,731                 | -   | 42   | -   | 214,679             |
| Insurance Premiums.....  | -                            | -                                 | -                       | 47,530  | -  | -   | 47,530              |
| Other Income.....  | -                            | 785                               | 4,569                   | -   | -  | 2,370                                     | 7,724               |
| <b>Total Operating Revenues.....</b>                                   | <b>\$ 175,827</b>            | <b>\$ 35,386</b>                  | <b>\$ 227,328</b>       | <b>\$ 47,530</b>                                  | <b>\$ 4,976</b>                            | <b>\$ 13,524</b>                          | <b>\$ 504,571</b>   |
| <b>Operating Expenses:</b>   |                              |                                   |                         |   |  |   |                     |
| Interest and Financing Costs.....                                      | \$ 127,452                   | \$ 28,437                         | \$ -                    | \$ -  | \$ -                                       | \$ 2,278                                  | \$ 158,167          |
| Purchased Services.....  | 10,759                       | 243                               | 40,954                  | 7,182   | 3,153                                      | 3,876                                     | 66,167              |
| Salaries and Fringe Benefits.....                                      | 8,954                        | 1,525                             | 171,958                 | -   | 2,244                                      | 974                                       | 185,655             |
| Claims.....  | -                            | -                                 | -                       | (7,977)   | -  | -   | (7,977)             |
| Depreciation.....  | 768                          | 9                                 | 62,142                  | -   | 114  | 25  | 63,058              |
| Amortization.....  | -                            | -                                 | -                       | -   | -  | 49  | 49                  |
| Supplies and Materials.....  | 52                           | 9                                 | 20,211                  | -   | -  | 132                                       | 20,404              |
| Indirect Costs.....  | 114                          | 376                               | -                       | -   | -  | 34  | 524                 |
| Other Expenses.....  | 2,161                        | -                                 | 10,096                  | 3,359   | 218  | 1,952                                     | 17,786              |
| <b>Total Operating Expenses.....</b>                                   | <b>\$ 150,260</b>            | <b>\$ 30,599</b>                  | <b>\$ 305,361</b>       | <b>\$ 2,564</b>                                   | <b>\$ 5,729</b>                            | <b>\$ 9,320</b>                           | <b>\$ 503,833</b>   |
| <b>Operating Income (Loss).....</b>                                    | <b>\$ 25,567</b>             | <b>\$ 4,787</b>                   | <b>\$ (78,033)</b>      | <b>\$ 44,966</b>                                  | <b>\$ (753)</b>                            | <b>\$ 4,204</b>                           | <b>\$ 738</b>       |
| <b>Nonoperating Revenues (Expenses):</b>                               |                              |                                   |                         |   |  |   |                     |
| Investment Income.....   | \$ -                         | \$ -                              | \$ 16,285               | \$ 81,208   | \$ 16                                      | \$ 5,619                                  | \$ 103,128          |
| Interest and Financing Costs.....                                      | -                            | -                                 | (28,502)                | -   | (27)                                       | -   | (28,529)            |
| Federal Grants and Subsidies.....                                      | 79,325                       | -                                 | -                       | -   | -  | -   | 79,325              |
| Other Nonoperating Revenues.....                                       | -                            | -                                 | 106,037                 | -   | 1,150                                      | -   | 107,187             |
| Gains (Losses) on Sale of Fixed Assets.....                            | -                            | -                                 | 21,885                  | -   | -  | -   | 21,885              |
| Grants, Aids and Subsidies.....  | (109,078)                    | (771)                             | -                       | -   | -  | -   | (109,849)           |
| Other Nonoperating Expenses.....                                       | -                            | -                                 | (947)                   | -   | (433)                                      | -   | (1,380)             |
| <b>Total Nonoperating Revenues (Expenses).....</b>                     | <b>\$ (29,753)</b>           | <b>\$ (771)</b>                   | <b>\$ 114,758</b>       | <b>\$ 81,208</b>                                  | <b>\$ 706</b>                              | <b>\$ 5,619</b>                           | <b>\$ 171,767</b>   |
| <b>Income (Loss) Before Transfers.....</b>                             | <b>\$ (4,186)</b>            | <b>\$ 4,016</b>                   | <b>\$ 36,725</b>        | <b>\$ 126,174</b>                                 | <b>\$ (47)</b>                             | <b>\$ 9,823</b>                           | <b>\$ 172,505</b>   |
| Transfers-In.....  | -                            | -                                 | 778                     | -   | -  | -   | 778                 |
| Transfers-In from Primary Government.....                              | 40,076                       | -                                 | -                       | -   | -  | -   | 40,076              |
| Transfers-Out.....   | -                            | -                                 | (24,942)                | -   | -  | -   | (24,942)            |
| Transfers-Out to Primary Government.....                               | (1,040)                      | -                                 | -                       | -   | -  | -   | (1,040)             |
| <b>Net Income (Loss) before Extraordinary Item.....</b>                | <b>\$ 34,850</b>             | <b>\$ 4,016</b>                   | <b>\$ 12,561</b>        | <b>\$ 126,174</b>                                 | <b>\$ (47)</b>                             | <b>\$ 9,823</b>                           | <b>\$ 187,377</b>   |
| Depreciation on Fixed Assets<br>Acquired with Contributed Capital..... | -                            | -                                 | 29,606                  | -   | -  | -   | 29,606              |
| <b>Increase (Decrease) in Retained Earnings.....</b>                   | <b>\$ 34,850</b>             | <b>\$ 4,016</b>                   | <b>\$ 42,167</b>        | <b>\$ 126,174</b>                                 | <b>\$ (47)</b>                             | <b>\$ 9,823</b>                           | <b>\$ 216,983</b>   |
| Retained Earnings, Beginning, as Reported.....                         | \$ 569,656                   | \$ 38,716                         | \$ 231,299              | \$ 372,699  | \$ 200                                     | \$ 249,551                                | \$ 1,462,121        |
| Prior Period Adjustments.....  | -                            | -                                 | 671                     | -   | -  | -   | 671                 |
| <b>Retained Earnings, Beginning, as Restated.....</b>                  | <b>\$ 569,656</b>            | <b>\$ 38,716</b>                  | <b>\$ 231,970</b>       | <b>\$ 372,699</b>                                 | <b>\$ 200</b>                              | <b>\$ 249,551</b>                         | <b>\$ 1,462,792</b> |
| <b>Retained Earnings, Ending.....</b>                                  | <b>\$ 604,506</b>            | <b>\$ 42,732</b>                  | <b>\$ 274,137</b>       | <b>\$ 498,873</b>                                 | <b>\$ 153</b>                              | <b>\$ 259,374</b>                         | <b>\$ 1,679,775</b> |

STATE OF MINNESOTA

**COMPONENT UNIT FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 1998 AND JUNE 30, 1999**  
**(IN THOUSANDS)**

|   | HOUSING<br>FINANCE<br>AGENCY | PUBLIC<br>FACILITIES<br>AUTHORITY | METROPOLITAN<br>COUNCIL | WORKERS'<br>COMPENSATION<br>ASSIGNED RISK<br>PLAN | NATIONAL<br>SPORTS<br>CENTER<br>FOUNDATION | HIGHER<br>EDUCATION<br>SERVICES<br>OFFICE | TOTAL               |
|---|------------------------------|-----------------------------------|-------------------------|---|--|---|---------------------|
| <b>Cash Flows from Operating Activities:</b>  |                              |                                   |                         |   |  |   |                     |
| Operating Income (Loss).....  | \$ 25,567                    | \$ 4,787                          | \$ (78,033)             | \$ 44,966   | \$ (753)                                   | \$ 4,204                                  | \$ 738              |
| <b>Adjustments to Reconcile Operating Income to<br/>Net Cash Flows from Operating Activities:</b> |                              |                                   |                         |   |  |   |                     |
| Depreciation.....   | \$ 768                       | \$ 9                              | \$ 62,142               | \$ -  | \$ 114                                     | \$ 25                                     | \$ 63,058           |
| Amortization.....   | -                            | -                                 | -                       | -   | -  | 49  | 49                  |
| Investment Income.....  | (44,708)                     | (17,478)                          | -                       | -   | -  | -   | (62,186)            |
| Interest and Financing Costs.....   | 127,452                      | 28,437                            | -                       | -   | -  | 2,278                                     | 158,167             |
| Loan Principal Repayments.....  | 285,997                      | 23,719                            | -                       | -   | -  | 36,979                                    | 346,695             |
| Loans Issued.....   | (193,408)                    | (108,622)                         | -                       | -   | -  | (68,976)                                  | (371,006)           |
| Customer Deposits.....  | 33,767                       | -                                 | -                       | -   | -  | -   | 33,767              |
| Return of Customer Deposits.....  | (46,842)                     | -                                 | -                       | -   | -  | -   | (46,842)            |
| Provision for Loan Defaults.....  | -                            | -                                 | -                       | -   | -  | (1,331)                                   | (1,331)             |
| Net Nonoperating Revenues (Expenses).....   | -                            | -                                 | 1,971                   | -   | -  | -   | 1,971               |
| <b>Change in Assets and Liabilities:</b>  |                              |                                   |                         |   |  |   |                     |
| Accounts Receivable.....  | 1,022                        | -                                 | (21)                    | 25,999  | (215)                                      | -   | 26,785              |
| Inventories.....  | 677                          | -                                 | (353)                   | -   | 20   | -   | 344                 |
| Other Assets.....   | 297                          | (849)                             | 105                     | 2,737   | 12   | (162)                                     | 2,140               |
| Accounts Payable.....   | 553                          | (49)                              | 2,549                   | 180   | (4)  | 61  | 3,290               |
| Deferred Revenues.....  | -                            | -                                 | 890                     | (2,631)   | 90   | -   | (1,851)             |
| Claims and Judgments Payable.....   | -                            | -                                 | -                       | (76,000)  | -  | -   | (76,000)            |
| Other Liabilities.....  | 92                           | -                                 | 1,657                   | (350)   | -  | 6   | 1,405               |
| <b>Net Reconciling Items to be Added (Deducted)<br/>from Operating Income.....</b>                | <b>\$ 165,667</b>            | <b>\$ (74,833)</b>                | <b>\$ 68,940</b>        | <b>\$ (50,065)</b>                                | <b>\$ 17</b>                               | <b>\$ (31,071)</b>                        | <b>\$ 78,655</b>    |
| <b>Net Cash Flows from Operating Activities.....</b>  | <b>\$ 191,234</b>            | <b>\$ (70,046)</b>                | <b>\$ (9,093)</b>       | <b>\$ (5,099)</b>                                 | <b>\$ (736)</b>                            | <b>\$ (26,867)</b>                        | <b>\$ 79,393</b>    |
| <b>Cash Flows from Noncapital Financing Activities:</b>   |                              |                                   |                         |   |  |   |                     |
| Grant Receipts.....   | \$ 79,325                    | \$ 69,546                         | \$ 92,694               | \$ -  | \$ 852                                     | \$ -                                      | \$ 242,417          |
| Grant Disbursements.....  | (109,078)                    | (9,757)                           | -                       | -   | -  | -   | (118,835)           |
| Transfers-In.....   | 40,076                       | -                                 | 2,708                   | -   | -  | -   | 42,784              |
| Transfers-Out.....  | (1,040)                      | -                                 | (22,127)                | -   | -  | -   | (23,167)            |
| Proceeds from Bond Sales.....   | 402,745                      | 96,875                            | -                       | -   | -  | -   | 499,620             |
| Repayment of Debt.....  | (359,880)                    | (19,643)                          | -                       | -   | (124)                                      | -   | (379,647)           |
| Bond Issuance Costs.....  | (1,829)                      | (757)                             | -                       | -   | -  | -   | (2,586)             |
| Interest Paid.....  | (128,254)                    | (27,693)                          | -                       | -   | (26)                                       | (2,302)                                   | (158,275)           |
| <b>Net Cash Flows from Noncapital Financing Activities.....</b>                                   | <b>\$ (77,935)</b>           | <b>\$ 108,571</b>                 | <b>\$ 73,275</b>        | <b>\$ -</b>                                       | <b>\$ 702</b>                              | <b>\$ (2,302)</b>                         | <b>\$ 102,311</b>   |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                                  |                              |                                   |                         |   |  |   |                     |
| Investment in Fixed Assets.....   | \$ (701)                     | \$ -                              | \$ (99,094)             | \$ -  | \$ (42)                                    | \$ (61)                                   | \$ (99,898)         |
| Proceeds from the Sale of Fixed Assets.....   | -                            | -                                 | 25,629                  | -   | 1  | -   | 25,630              |
| Capital Contributions.....  | -                            | -                                 | 37,933                  | -   | -  | -   | 37,933              |
| Proceeds from Bond Sales.....   | -                            | -                                 | 53,674                  | -   | -  | -   | 53,674              |
| Repayment of Bond Principal.....  | -                            | -                                 | (73,670)                | -   | -  | -   | (73,670)            |
| Interest Paid.....  | -                            | -                                 | (30,123)                | -   | -  | -   | (30,123)            |
| <b>Net Cash Flows from Capital and Related Financing Activities.....</b>                          | <b>\$ (701)</b>              | <b>\$ -</b>                       | <b>\$ (85,651)</b>      | <b>\$ -</b>                                       | <b>\$ (41)</b>                             | <b>\$ (61)</b>                            | <b>\$ (86,454)</b>  |
| <b>Cash Flows from Investing Activities:</b>  |                              |                                   |                         |   |  |   |                     |
| Proceeds from Sales and Maturities of Investments.....  | \$ 226,365                   | \$ 150,463                        | \$ 61,901               | \$ 582,097  | \$ -                                       | \$ 173,846                                | \$ 1,194,672        |
| Purchase of Investments.....  | (219,780)                    | (200,739)                         | (50,361)                | (600,146)   | -  | (145,172)                                 | (1,216,198)         |
| Investment Earnings.....  | 42,720                       | 21,263                            | 14,127                  | 38,848  | 16   | 6,278                                     | 123,252             |
| <b>Net Cash Flows from Investing Activities.....</b>  | <b>\$ 49,305</b>             | <b>\$ (29,013)</b>                | <b>\$ 25,667</b>        | <b>\$ 20,799</b>                                  | <b>\$ 16</b>                               | <b>\$ 34,952</b>                          | <b>\$ 101,726</b>   |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents.....</b>                                  | <b>\$ 161,903</b>            | <b>\$ 9,512</b>                   | <b>\$ 4,198</b>         | <b>\$ 15,700</b>                                  | <b>\$ (59)</b>                             | <b>\$ 5,722</b>                           | <b>\$ 196,976</b>   |
| <b>Cash and Cash Equivalents, Beginning, As Reported.....</b>                                     | <b>\$ 633,764</b>            | <b>\$ 68,361</b>                  | <b>\$ 7,201</b>         | <b>\$ 31,757</b>                                  | <b>\$ 386</b>                              | <b>\$ 39,986</b>                          | <b>\$ 781,455</b>   |
| Prior Period Adjustment.....  | -                            | -                                 | 197,160                 | -   | -  | -   | 197,160             |
| <b>Cash and Cash Equivalents, Beginning, As Restated.....</b>                                     | <b>\$ 633,764</b>            | <b>\$ 68,361</b>                  | <b>\$ 204,361</b>       | <b>\$ 31,757</b>                                  | <b>\$ 386</b>                              | <b>\$ 39,986</b>                          | <b>\$ 978,615</b>   |
| <b>Cash and Cash Equivalents, Ending.....</b>   | <b>\$ 795,667</b>            | <b>\$ 77,873</b>                  | <b>\$ 208,559</b>       | <b>\$ 47,457</b>                                  | <b>\$ 327</b>                              | <b>\$ 45,708</b>                          | <b>\$ 1,175,591</b> |

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**GENERAL OBLIGATION  
DEBT SCHEDULES**

**STATE OF MINNESOTA**  
**GENERAL OBLIGATION DEBT**  
**SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019**

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

| GROUP & FUND & TYPE                                | AUTHORIZATION<br>YEAR-CHAPTER | AMOUNT                    | 2000                    | 2001                    | 2002                    | 2003                    | 2004                    | 2005                    |
|--|-------------------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  |                               | OUTSTANDING<br>6/30/1999  |                         |                         |                         |                         |                         |                         |
| GENERAL FUND<br>STATE BUILDING CAPITAL IMPROVEMENT |                               |                           |                         |                         |                         |                         |                         |                         |
|  | X'85.015                      | <b>195</b><br>6           | <b>195</b><br>6         | <b>0</b><br>0           | <b>0</b><br>0           | <b>0</b><br>0           | <b>0</b><br>0           | <b>0</b><br>0           |
|  | '87.400                       | <b>18,410</b><br>2,390    | <b>9,650</b><br>837     | <b>4,240</b><br>387     | <b>1,395</b><br>208     | <b>455</b><br>156       | <b>245</b><br>136       | <b>245</b><br>124       |
|  | '88.718                       | <b>675</b><br>50          | <b>310</b><br>34        | <b>310</b><br>14        | <b>45</b><br>2          | <b>10</b><br>0          | <b>0</b><br>0           | <b>0</b><br>0           |
|  | '89.041                       | <b>185</b><br>6           | <b>185</b><br>6         | <b>0</b><br>0           | <b>0</b><br>0           | <b>0</b><br>0           | <b>0</b><br>0           | <b>0</b><br>0           |
|  | '89.290                       | <b>1,095</b><br>144       | <b>545</b><br>50        | <b>275</b><br>25        | <b>65</b><br>13         | <b>60</b><br>11         | <b>15</b><br>8          | <b>15</b><br>7          |
|  | '89.300                       | <b>40,625</b><br>14,434   | <b>6,395</b><br>2,037   | <b>4,100</b><br>1,742   | <b>3,715</b><br>1,521   | <b>2,530</b><br>1,357   | <b>2,110</b><br>1,238   | <b>2,110</b><br>1,129   |
|  | '90.365                       | <b>209</b><br>14          | <b>104</b><br>10        | <b>105</b><br>3         | <b>0</b><br>0           | <b>0</b><br>0           | <b>0</b><br>0           | <b>0</b><br>0           |
|  | '90.610                       | <b>25,744</b><br>6,752    | <b>5,080</b><br>1,296   | <b>5,104</b><br>993     | <b>3,247</b><br>748     | <b>2,480</b><br>589     | <b>835</b><br>500       | <b>835</b><br>456       |
|  | '91.354                       | <b>2,625</b><br>1,033     | <b>175</b><br>131       | <b>175</b><br>122       | <b>175</b><br>113       | <b>175</b><br>105       | <b>175</b><br>96        | <b>175</b><br>88        |
|  | '92.558                       | <b>103,463</b><br>41,579  | <b>7,401</b><br>5,237   | <b>7,850</b><br>4,844   | <b>7,852</b><br>4,445   | <b>7,905</b><br>4,044   | <b>6,090</b><br>3,689   | <b>6,085</b><br>3,378   |
|  | '93.373                       | <b>5,495</b><br>2,421     | <b>385</b><br>289       | <b>385</b><br>271       | <b>340</b><br>252       | <b>340</b><br>235       | <b>340</b><br>216       | <b>340</b><br>197       |
|  | '93.558                       | <b>8,250</b><br>3,246     | <b>550</b><br>410       | <b>550</b><br>383       | <b>550</b><br>356       | <b>550</b><br>329       | <b>550</b><br>302       | <b>550</b><br>275       |
|  | '94.643                       | <b>307,492</b><br>142,355 | <b>18,714</b><br>15,626 | <b>19,490</b><br>14,690 | <b>17,810</b><br>13,754 | <b>17,805</b><br>12,885 | <b>17,255</b><br>12,008 | <b>17,255</b><br>11,100 |
|  | X'95.002                      | <b>4,495</b><br>2,103     | <b>260</b><br>233       | <b>280</b><br>219       | <b>245</b><br>206       | <b>245</b><br>193       | <b>245</b><br>181       | <b>245</b><br>168       |
|  | '96.463                       | <b>280,800</b><br>123,839 | <b>25,995</b><br>13,307 | <b>18,750</b><br>12,283 | <b>18,290</b><br>11,439 | <b>14,975</b><br>10,677 | <b>14,950</b><br>9,982  | <b>14,550</b><br>9,260  |
|  | '97.246                       | <b>74,950</b><br>33,382   | <b>6,305</b><br>3,570   | <b>4,655</b><br>3,286   | <b>3,755</b><br>3,068   | <b>3,755</b><br>2,893   | <b>3,855</b><br>2,718   | <b>4,255</b><br>2,533   |
|  | X'97.002                      | <b>27,020</b><br>12,402   | <b>2,015</b><br>1,328   | <b>1,400</b><br>1,237   | <b>1,930</b><br>1,171   | <b>1,925</b><br>1,079   | <b>1,400</b><br>988     | <b>1,400</b><br>918     |
|  | '98.404                       | <b>19,255</b><br>9,505    | <b>1,000</b><br>920     | <b>995</b><br>878       | <b>995</b><br>833       | <b>995</b><br>789       | <b>995</b><br>744       | <b>995</b><br>698       |
| STATE MUNICIPAL ENERGY BUILDING BONDS              |                               |                           |                         |                         |                         |                         |                         |                         |
|  | '83.323                       | <b>2,795</b><br>431       | <b>515</b><br>131       | <b>515</b><br>104       | <b>515</b><br>77        | <b>455</b><br>53        | <b>355</b><br>31        | <b>155</b><br>19        |

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

| <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>   | <u>2015</u>   | <u>2016</u>   | <u>2017</u>   | <u>2018</u>  | <u>2019</u>  |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0            | 0            |
| 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0            | 0            |
| <b>245</b>    | <b>245</b>    | <b>245</b>    | <b>245</b>    | <b>245</b>    | <b>245</b>    | <b>245</b>    | <b>245</b>    | <b>170</b>    | <b>20</b>     | <b>20</b>     | <b>5</b>      | <b>5</b>     | <b>0</b>     |
| 111           | 99            | 86            | 73            | 60            | 47            | 34            | 21            | 7             | 2             | 1             | 0             | 0            | 0            |
| 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0            | 0            |
| 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0            | 0            |
| 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0            | 0            |
| 15            | 15            | 15            | 15            | 15            | 15            | 15            | 15            | 0             | 0             | 0             | 0             | 0            | 0            |
| 6             | 6             | 5             | 4             | 3             | 2             | 2             | 1             | 0             | 0             | 0             | 0             | 0            | 0            |
| <b>2,110</b>  | <b>2,005</b>  | <b>2,005</b>  | <b>2,005</b>  | <b>2,010</b>  | <b>2,010</b>  | <b>2,010</b>  | <b>2,010</b>  | <b>1,815</b>  | <b>815</b>    | <b>650</b>    | <b>125</b>    | <b>75</b>    | <b>20</b>    |
| 1,018         | 904           | 801           | 696           | 590           | 482           | 373           | 263           | 152           | 80            | 40            | 8             | 3            | 1            |
| 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0            | 0            |
| 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0            | 0            |
| <b>835</b>    | <b>835</b>    | <b>835</b>    | <b>835</b>    | <b>835</b>    | <b>835</b>    | <b>835</b>    | <b>835</b>    | <b>837</b>    | <b>380</b>    | <b>90</b>     | <b>90</b>     | <b>85</b>    | <b>0</b>     |
| 412           | 368           | 325           | 282           | 238           | 193           | 148           | 102           | 57            | 24            | 12            | 7             | 3            | 0            |
| 175           | 175           | 175           | 175           | 175           | 175           | 175           | 175           | 175           | 0             | 0             | 0             | 0            | 0            |
| 79            | 70            | 61            | 52            | 42            | 33            | 24            | 14            | 5             | 0             | 0             | 0             | 0            | 0            |
| <b>6,085</b>  | <b>6,085</b>  | <b>6,325</b>  | <b>6,315</b>  | <b>6,315</b>  | <b>6,315</b>  | <b>6,315</b>  | <b>6,315</b>  | <b>5,805</b>  | <b>2,080</b>  | <b>1,770</b>  | <b>485</b>    | <b>35</b>    | <b>35</b>    |
| 3,056         | 2,735         | 2,414         | 2,086         | 1,754         | 1,418         | 1,079         | 737           | 393           | 177           | 74            | 16            | 3            | 1            |
| <b>340</b>    | <b>330</b>    | <b>330</b>    | <b>330</b>    | <b>330</b>    | <b>330</b>    | <b>330</b>    | <b>330</b>    | <b>330</b>    | <b>330</b>    | <b>45</b>     | <b>5</b>      | <b>5</b>     | <b>0</b>     |
| 178           | 159           | 141           | 124           | 106           | 87            | 69            | 50            | 31            | 13            | 3             | 0             | 0            | 0            |
| <b>550</b>    | <b>550</b>    | <b>550</b>    | <b>550</b>    | <b>550</b>    | <b>550</b>    | <b>550</b>    | <b>550</b>    | <b>550</b>    | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>     | <b>0</b>     |
| 247           | 219           | 191           | 162           | 133           | 104           | 74            | 45            | 15            | 0             | 0             | 0             | 0            | 0            |
| <b>17,250</b> | <b>17,560</b> | <b>17,350</b> | <b>17,250</b> | <b>17,245</b> | <b>17,250</b> | <b>17,245</b> | <b>17,245</b> | <b>17,245</b> | <b>17,243</b> | <b>14,585</b> | <b>6,210</b>  | <b>4,210</b> | <b>1,275</b> |
| 10,156        | 9,190         | 8,307         | 7,428         | 6,538         | 5,634         | 4,720         | 3,793         | 2,856         | 1,919         | 1,071         | 455           | 194          | 32           |
| <b>245</b>    | <b>280</b>    | <b>280</b>    | <b>270</b>    | <b>270</b>    | <b>270</b>    | <b>270</b>    | <b>270</b>    | <b>270</b>    | <b>270</b>    | <b>270</b>    | <b>5</b>      | <b>5</b>     | <b>0</b>     |
| 154           | 139           | 125           | 111           | 97            | 83            | 68            | 54            | 39            | 23            | 8             | 0             | 0            | 0            |
| <b>14,250</b> | <b>14,065</b> | <b>14,070</b> | <b>13,640</b> | <b>13,640</b> | <b>13,640</b> | <b>13,640</b> | <b>13,190</b> | <b>13,290</b> | <b>13,290</b> | <b>13,290</b> | <b>11,495</b> | <b>7,970</b> | <b>3,820</b> |
| 8,541         | 7,810         | 7,105         | 6,405         | 5,721         | 5,031         | 4,336         | 3,637         | 2,959         | 2,279         | 1,603         | 926           | 440          | 96           |
| <b>4,555</b>  | <b>4,255</b>  | <b>4,255</b>  | <b>3,755</b>  | <b>3,755</b>  | <b>3,755</b>  | <b>3,755</b>  | <b>3,355</b>  | <b>3,355</b>  | <b>3,355</b>  | <b>3,355</b>  | <b>3,355</b>  | <b>3,355</b> | <b>155</b>   |
| 2,328         | 2,108         | 1,902         | 1,696         | 1,514         | 1,332         | 1,148         | 963           | 798           | 632           | 465           | 297           | 129          | 4            |
| <b>1,400</b>  | <b>1,400</b>  | <b>1,400</b>  | <b>1,400</b>  | <b>1,400</b>  | <b>1,400</b>  | <b>1,400</b>  | <b>1,400</b>  | <b>1,150</b>  | <b>1,150</b>  | <b>1,150</b>  | <b>1,150</b>  | <b>1,150</b> | <b>0</b>     |
| 848           | 778           | 708           | 638           | 568           | 498           | 428           | 358           | 288           | 230           | 173           | 115           | 58           | 0            |
| <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>    | <b>995</b>   | <b>345</b>   |
| 651           | 605           | 556           | 506           | 456           | 407           | 357           | 307           | 257           | 208           | 158           | 108           | 58           | 9            |
| <b>155</b>    | <b>65</b>     | <b>65</b>     | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>     | <b>0</b>     |
| 10            | 5             | 2             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0            | 0            |

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

| GROUP & FUND & TYPE                          | AUTHORIZATION<br>YEAR-CHAPTER | AMOUNT                   | 2000             | 2001             | 2002             | 2003             | 2004             | 2005             |
|--|-------------------------------|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  |                               | OUTSTANDING<br>6/30/1999 |                  |                  |                  |                  |                  |                  |
| GENERAL FUND (CONT)                          |                               |                          |                  |                  |                  |                  |                  |                  |
| STATE MUNICIPAL ENERGY BUILDING BONDS (CONT) |                               |                          |                  |                  |                  |                  |                  |                  |
|  | '94.643                       | 2,775<br>545             | 375<br>134       | 375<br>115       | 375<br>96        | 375<br>78        | 375<br>59        | 375<br>39        |
|  | '96.463                       | 3,345<br>705             | 375<br>147       | 375<br>130       | 375<br>113       | 375<br>95        | 375<br>78        | 375<br>61        |
| REFUNDING BONDS                              |                               |                          |                  |                  |                  |                  |                  |                  |
|  | '16A.66                       | 685,053<br>189,346       | 68,862<br>32,655 | 68,002<br>29,457 | 70,192<br>26,090 | 76,557<br>22,537 | 68,712<br>18,837 | 63,647<br>15,505 |
| REINVESTMENT IN MINNESOTA (RIM)              |                               |                          |                  |                  |                  |                  |                  |                  |
|  | '87.400                       | 635<br>223               | 75<br>32         | 60<br>29         | 60<br>26         | 110<br>22        | 20<br>18         | 25<br>16         |
|  | '89.300                       | 855<br>170               | 285<br>43        | 245<br>26        | 75<br>16         | 30<br>13         | 15<br>11         | 15<br>11         |
|  | '90.610                       | 1,645<br>535             | 230<br>86        | 245<br>72        | 160<br>60        | 145<br>54        | 85<br>46         | 85<br>42         |
|  | '91.354                       | 12,205<br>4,664          | 1,265<br>626     | 1,275<br>557     | 1,205<br>488     | 840<br>434       | 645<br>396       | 640<br>362       |
| RURAL FINANCE AUTHORITY (RFA)                |                               |                          |                  |                  |                  |                  |                  |                  |
|  | '86.398                       | 35,465<br>11,974         | 1,440<br>2,063   | 2,400<br>2,005   | 0<br>1,856       | 3,625<br>1,856   | 5,000<br>1,503   | 0<br>1,380       |
|  | '96.463                       | 32,500<br>14,824         | 0<br>1,880       | 0<br>1,880       | 3,000<br>1,784   | 0<br>1,689       | 0<br>1,689       | 2,000<br>1,625   |
| LANDFILL                                     |                               |                          |                  |                  |                  |                  |                  |                  |
|  | '94.639                       | 26,090<br>12,125         | 1,760<br>1,316   | 1,555<br>1,231   | 1,450<br>1,155   | 1,450<br>1,084   | 1,450<br>1,012   | 1,450<br>936     |
| POLLUTION CONTROL                            |                               |                          |                  |                  |                  |                  |                  |                  |
|  | '87.400                       | 8,095<br>1,830           | 2,940<br>391     | 1,640<br>245     | 655<br>174       | 310<br>147       | 210<br>134       | 210<br>123       |
|  | '89.300                       | 3,245<br>613             | 1,185<br>159     | 930<br>91        | 135<br>58        | 185<br>51        | 75<br>43         | 75<br>39         |
|  | '90.610                       | 8,545<br>2,182           | 1,825<br>446     | 1,815<br>333     | 1,525<br>229     | 275<br>176       | 275<br>162       | 275<br>148       |
|  | '92.558                       | 10,395<br>4,223          | 730<br>527       | 680<br>493       | 680<br>459       | 725<br>425       | 685<br>389       | 685<br>353       |
|  | '93.373                       | 6,000<br>2,653           | 585<br>309       | 515<br>285       | 330<br>260       | 330<br>244       | 330<br>227       | 330<br>209       |
|  | '93.558                       | 6,000<br>2,361           | 400<br>298       | 400<br>279       | 400<br>259       | 400<br>240       | 400<br>220       | 400<br>200       |
|  | '94.643                       | 32,146<br>14,801         | 1,996<br>1,635   | 2,210<br>1,535   | 1,805<br>1,429   | 1,805<br>1,340   | 1,800<br>1,251   | 1,800<br>1,156   |

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

| <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> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 375         | 75          | 75          | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 18          | 5           | 2           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 375         | 335         | 335         | 50          | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 44          | 26          | 10          | 1           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 49,142      | 48,247      | 42,912      | 38,583      | 37,963      | 18,190      | 17,845      | 5,500       | 5,400       | 5,300       | 0           | 0           | 0           | 0           |
| 12,562      | 10,102      | 7,754       | 5,602       | 3,613       | 2,167       | 1,260       | 673         | 400         | 133         | 0           | 0           | 0           | 0           |
| 25          | 30          | 30          | 30          | 30          | 30          | 30          | 30          | 20          | 20          | 10          | 0           | 0           | 0           |
| 15          | 14          | 12          | 10          | 9           | 7           | 6           | 4           | 2           | 1           | 0           | 0           | 0           | 0           |
| 15          | 20          | 20          | 20          | 20          | 20          | 20          | 20          | 20          | 10          | 5           | 0           | 0           | 0           |
| 10          | 9           | 8           | 7           | 6           | 5           | 4           | 2           | 1           | 1           | 0           | 0           | 0           | 0           |
| 85          | 85          | 85          | 85          | 85          | 85          | 85          | 85          | 5           | 5           | 5           | 0           | 0           | 0           |
| 38          | 33          | 29          | 24          | 20          | 15          | 10          | 6           | 1           | 1           | 0           | 0           | 0           | 0           |
| 640         | 625         | 625         | 625         | 625         | 625         | 625         | 625         | 560         | 380         | 275         | 45          | 45          | 15          |
| 327         | 293         | 261         | 228         | 195         | 162         | 128         | 94          | 59          | 33          | 15          | 4           | 2           | 0           |
| 14,000      | 9,000       | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 942         | 369         | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 0           | 5,000       | 18,000      | 4,500       | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 1,562       | 1,562       | 1,041       | 113         | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 1,450       | 1,420       | 1,420       | 1,420       | 1,420       | 1,420       | 1,420       | 1,420       | 1,420       | 1,420       | 1,340       | 970         | 435         | 0           |
| 856         | 775         | 702         | 630         | 558         | 485         | 411         | 337         | 261         | 187         | 116         | 54          | 19          | 0           |
| 210         | 210         | 210         | 210         | 210         | 210         | 210         | 210         | 130         | 130         | 130         | 60          | 0           | 0           |
| 111         | 99          | 88          | 77          | 66          | 55          | 44          | 32          | 21          | 14          | 7           | 2           | 0           | 0           |
| 75          | 75          | 75          | 75          | 75          | 75          | 75          | 75          | 15          | 15          | 15          | 15          | 0           | 0           |
| 35          | 31          | 27          | 23          | 19          | 15          | 11          | 7           | 3           | 2           | 1           | 0           | 0           | 0           |
| 275         | 280         | 280         | 280         | 280         | 280         | 280         | 280         | 85          | 85          | 85          | 50          | 15          | 0           |
| 134         | 119         | 104         | 90          | 75          | 60          | 45          | 30          | 14          | 10          | 5           | 2           | 0           | 0           |
| 685         | 685         | 685         | 670         | 670         | 665         | 665         | 670         | 540         | 175         | 50          | 50          | 0           | 0           |
| 318         | 281         | 246         | 210         | 174         | 138         | 102         | 65          | 29          | 10          | 4           | 1           | 0           | 0           |
| 330         | 325         | 325         | 325         | 325         | 325         | 325         | 325         | 325         | 325         | 325         | 0           | 0           | 0           |
| 190         | 170         | 154         | 137         | 120         | 103         | 85          | 67          | 49          | 30          | 12          | 0           | 0           | 0           |
| 400         | 400         | 400         | 400         | 400         | 400         | 400         | 400         | 400         | 0           | 0           | 0           | 0           | 0           |
| 180         | 159         | 139         | 118         | 97          | 75          | 54          | 32          | 11          | 0           | 0           | 0           | 0           | 0           |
| 1,800       | 1,820       | 1,820       | 1,810       | 1,810       | 1,810       | 1,810       | 1,810       | 1,810       | 1,810       | 1,690       | 465         | 465         | 0           |
| 1,057       | 956         | 866         | 774         | 682         | 588         | 492         | 395         | 297         | 197         | 103         | 36          | 13          | 0           |



**STATE OF MINNESOTA**  
**GENERAL OBLIGATION DEBT**  
**SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019**

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

| GROUP & FUND & TYPE                             | AUTHORIZATION<br>YEAR-CHAPTER | AMOUNT<br>OUTSTANDING<br>6/30/1999 | 2000           | 2001           | 2002           | 2003           | 2004         | 2005         |
|---|-------------------------------|------------------------------------|----------------|----------------|----------------|----------------|--------------|--------------|
|   |                               |                                    |                |                |                |                |              |              |
| GENERAL FUND (CONT)<br>POLLUTION CONTROL (CONT) | X'95.002                      | 605<br>262                         | 65<br>27       | 30<br>25       | 30<br>24       | 30<br>22       | 30<br>21     | 30<br>19     |
|   | '96.463                       | 21,145<br>9,907                    | 930<br>1,000   | 1,130<br>954   | 1,130<br>901   | 1,130<br>849   | 1,130<br>797 | 1,130<br>744 |
|   | '97.246                       | 1,950<br>959                       | 100<br>92      | 100<br>88      | 100<br>83      | 100<br>79      | 100<br>75    | 100<br>70    |
| SPECIAL STATE BUILDING                          | '90.610                       | 370<br>24                          | 185<br>18      | 185<br>6       | 0<br>0         | 0<br>0         | 0<br>0       | 0<br>0       |
| STATE TRANSPORTATION                            | '84.597                       | 3,600<br>1,032                     | 400<br>216     | 400<br>191     | 400<br>166     | 400<br>140     | 400<br>115   | 400<br>89    |
|   | '87.400                       | 1,070<br>369                       | 125<br>54      | 155<br>47      | 100<br>40      | 100<br>34      | 50<br>31     | 50<br>28     |
|   | '89.300                       | 1,185<br>262                       | 400<br>57      | 285<br>36      | 60<br>25       | 60<br>22       | 40<br>20     | 35<br>18     |
|   | '90.610                       | 4,100<br>1,522                     | 500<br>203     | 475<br>177     | 370<br>153     | 270<br>136     | 195<br>125   | 200<br>115   |
|   | '92.558                       | 8,325<br>3,383                     | 675<br>410     | 675<br>376     | 675<br>341     | 675<br>306     | 425<br>279   | 425<br>257   |
|   | '93.373                       | 5,500<br>2,322                     | 805<br>270     | 425<br>243     | 295<br>223     | 280<br>209     | 280<br>195   | 280<br>180   |
|   | '94.643                       | 25,570<br>11,931                   | 1,410<br>1,244 | 1,465<br>1,177 | 1,365<br>1,108 | 1,365<br>1,044 | 1,360<br>979 | 1,360<br>912 |
|   | X'95.002                      | 3,140<br>1,423                     | 185<br>152     | 225<br>143     | 170<br>133     | 175<br>124     | 175<br>116   | 170<br>107   |
|   | '96.463                       | 6,480<br>3,056                     | 405<br>310     | 415<br>293     | 345<br>274     | 340<br>258     | 340<br>242   | 340<br>226   |
|   | '97.246                       | 1,435<br>657                       | 95<br>67       | 95<br>63       | 75<br>58       | 75<br>55       | 75<br>52     | 75<br>48     |
|   | X'97.002                      | 1,405<br>679                       | 75<br>63       | 70<br>60       | 70<br>58       | 70<br>55       | 70<br>52     | 70<br>49     |
|   | '98.404                       | 3,800<br>1,895                     | 200<br>188     | 200<br>179     | 200<br>169     | 200<br>160     | 200<br>150   | 200<br>140   |
| WASTE MANAGEMENT                                | X'85.015                      | 10<br>1                            | 5<br>0         | 5<br>0         | 0<br>0         | 0<br>0         | 0<br>0       | 0<br>0       |
|   | '87.400                       | 730<br>148                         | 190<br>38      | 180<br>26      | 145<br>16      | 30<br>10       | 15<br>9      | 15<br>9      |

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

( \$ IN THOUSANDS )

| <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>  | <u>2015</u>  | <u>2016</u>  | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|
| 30<br>18     | 30<br>17     | 30<br>15     | 30<br>14     | 30<br>12     | 30<br>11     | 30<br>10     | 30<br>8      | 30<br>7      | 30<br>5      | 30<br>4      | 30<br>2     | 30<br>1     | 0<br>0      |
| 1,130<br>689 | 1,130<br>634 | 1,130<br>579 | 1,130<br>525 | 1,130<br>470 | 1,130<br>416 | 1,130<br>360 | 1,130<br>304 | 1,130<br>247 | 1,130<br>191 | 1,130<br>135 | 1,130<br>79 | 830<br>30   | 175<br>4    |
| 100<br>66    | 100<br>61    | 100<br>56    | 100<br>51    | 100<br>46    | 100<br>41    | 100<br>36    | 100<br>31    | 100<br>26    | 100<br>21    | 100<br>16    | 100<br>11   | 100<br>6    | 50<br>1     |
| 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0      | 0<br>0      | 0<br>0      |
| 400<br>64    | 400<br>38    | 400<br>13    | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0      | 0<br>0      | 0<br>0      |
| 50<br>25     | 50<br>23     | 50<br>20     | 50<br>17     | 50<br>15     | 50<br>12     | 50<br>9      | 50<br>7      | 50<br>4      | 20<br>2      | 20<br>1      | 0<br>0      | 0<br>0      | 0<br>0      |
| 35<br>16     | 30<br>14     | 30<br>12     | 30<br>11     | 30<br>9      | 30<br>8      | 30<br>6      | 30<br>4      | 30<br>3      | 15<br>1      | 15<br>1      | 0<br>0      | 0<br>0      | 0<br>0      |
| 200<br>104   | 195<br>94    | 190<br>84    | 190<br>74    | 190<br>65    | 190<br>55    | 190<br>45    | 190<br>35    | 190<br>25    | 125<br>16    | 120<br>10    | 55<br>5     | 55<br>2     | 10<br>0     |
| 420<br>235   | 430<br>214   | 430<br>192   | 430<br>171   | 430<br>149   | 430<br>127   | 430<br>104   | 430<br>81    | 430<br>58    | 325<br>38    | 255<br>23    | 145<br>13   | 145<br>6    | 45<br>1     |
| 280<br>164   | 280<br>148   | 280<br>134   | 275<br>120   | 275<br>105   | 275<br>91    | 275<br>76    | 270<br>61    | 270<br>46    | 270<br>31    | 260<br>17    | 55<br>6     | 55<br>3     | 15<br>0     |
| 1,370<br>843 | 1,420<br>772 | 1,420<br>704 | 1,420<br>634 | 1,420<br>563 | 1,420<br>492 | 1,420<br>420 | 1,420<br>346 | 1,420<br>272 | 1,420<br>197 | 1,365<br>124 | 780<br>67   | 750<br>29   | 200<br>5    |
| 170<br>99    | 165<br>90    | 165<br>82    | 165<br>74    | 165<br>66    | 165<br>58    | 165<br>50    | 165<br>42    | 165<br>33    | 165<br>25    | 165<br>16    | 110<br>8    | 110<br>3    | 0<br>0      |
| 340<br>210   | 330<br>193   | 330<br>178   | 330<br>161   | 330<br>145   | 330<br>128   | 330<br>112   | 330<br>95    | 330<br>79    | 330<br>62    | 330<br>45    | 290<br>29   | 290<br>14   | 75<br>2     |
| 75<br>45     | 75<br>41     | 75<br>38     | 70<br>34     | 70<br>31     | 70<br>28     | 70<br>24     | 70<br>21     | 70<br>17     | 70<br>14     | 70<br>10     | 70<br>7     | 70<br>3     | 20<br>1     |
| 70<br>46     | 70<br>44     | 70<br>40     | 70<br>37     | 70<br>33     | 70<br>30     | 70<br>26     | 70<br>23     | 70<br>19     | 70<br>16     | 70<br>12     | 70<br>9     | 70<br>5     | 70<br>2     |
| 200<br>130   | 200<br>120   | 200<br>110   | 200<br>100   | 200<br>90    | 200<br>80    | 200<br>70    | 200<br>60    | 200<br>50    | 200<br>40    | 200<br>30    | 200<br>20   | 200<br>10   | 0<br>0      |
| 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0       | 0<br>0      | 0<br>0      | 0<br>0      |
| 15<br>8      | 15<br>7      | 15<br>6      | 15<br>5      | 15<br>5      | 20<br>4      | 20<br>3      | 20<br>2      | 20<br>1      | 0<br>0       | 0<br>0       | 0<br>0      | 0<br>0      | 0<br>0      |

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

| PRINCIPAL PAYMENTS - BOLD FACE                                   | (\$ IN THOUSANDS)             |                                    |                    |                   |                   |                   |                   |                   | INTEREST PAYMENTS - MEDIUM FACE |
|--|-------------------------------|------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------------------|
| GROUP & FUND & TYPE  | AUTHORIZATION<br>YEAR-CHAPTER | AMOUNT<br>OUTSTANDING<br>6/30/1999 | <u>2000</u>        | <u>2001</u>       | <u>2002</u>       | <u>2003</u>       | <u>2004</u>       | <u>2005</u>       |                                 |
| GENERAL FUND (CONT)<br>WASTE MANAGEMENT (CONT)                   |                               |                                    |                    |                   |                   |                   |                   |                   |                                 |
|  | '90.610                       | 2,405<br>837                       | 325<br>123         | 325<br>104        | 325<br>85         | 170<br>71         | 90<br>64          | 90<br>59          |                                 |
|  | '92.558                       | 325<br>67                          | 50<br>16           | 50<br>13          | 50<br>11          | 50<br>8           | 25<br>6           | 25<br>5           |                                 |
|  | '96.463                       | 1,395<br>631                       | 135<br>66          | 130<br>60         | 65<br>54          | 65<br>51          | 65<br>49          | 65<br>46          |                                 |
| EXCHANGE BONDS   |                               |                                    |                    |                   |                   |                   |                   |                   |                                 |
|  | '16A.66                       | 6,289<br>6                         | 0<br>3             | 3,145<br>2        | 3,145<br>1        | 0<br>0            | 0<br>0            | 0<br>0            |                                 |
| INFRASTRUCTURE DEVELOPMENT<br>STATE BUILDING CAPITAL IMPROVEMENT |                               |                                    |                    |                   |                   |                   |                   |                   |                                 |
|  | '90.610                       | 52,522<br>16,650                   | 7,881<br>2,676     | 7,911<br>2,206    | 5,893<br>1,802    | 2,890<br>1,562    | 2,540<br>1,425    | 2,540<br>1,296    |                                 |
|  | '92.558                       | 31,007<br>13,608                   | 2,069<br>1,622     | 2,065<br>1,513    | 2,063<br>1,408    | 2,060<br>1,303    | 1,830<br>1,200    | 1,830<br>1,096    |                                 |
|  | '94.643                       | 90,857<br>41,683                   | 5,845<br>4,519     | 6,650<br>4,248    | 5,150<br>3,936    | 5,125<br>3,691    | 5,125<br>3,444    | 5,130<br>3,184    |                                 |
|  | '96.463                       | 72,715<br>34,175                   | 4,235<br>3,421     | 4,550<br>3,243    | 3,865<br>3,042    | 3,850<br>2,871    | 3,850<br>2,701    | 3,850<br>2,526    |                                 |
|  | '98.404                       | 3,095<br>1,504                     | 150<br>139         | 155<br>134        | 155<br>128        | 155<br>121        | 155<br>115        | 155<br>109        |                                 |
| REFUNDING BONDS  |                               |                                    |                    |                   |                   |                   |                   |                   |                                 |
|  | '16A.66                       | 58,665<br>22,112                   | 650<br>2,964       | 1,420<br>2,914    | 2,170<br>2,827    | 5,580<br>2,638    | 5,915<br>2,357    | 5,955<br>2,065    |                                 |
| REINVESTMENT IN MINNESOTA (RIM)                                  |                               |                                    |                    |                   |                   |                   |                   |                   |                                 |
|  | '90.610                       | 455<br>157                         | 45<br>23           | 45<br>20          | 45<br>18          | 45<br>16          | 25<br>14          | 25<br>13          |                                 |
| POLLUTION CONTROL  |                               |                                    |                    |                   |                   |                   |                   |                   |                                 |
|  | '90.610                       | 2,395<br>797                       | 255<br>119         | 255<br>106        | 255<br>92         | 255<br>79         | 125<br>69         | 125<br>63         |                                 |
| CIGARETTE TAX<br>REFUNDING BONDS                                 |                               |                                    |                    |                   |                   |                   |                   |                   |                                 |
|  | '16A.66                       | 9,340<br>991                       | 2,335<br>430       | 2,335<br>311      | 2,335<br>188      | 2,335<br>63       | 0<br>0            | 0<br>0            |                                 |
| SPORTS & HEALTH TAX<br>STATE BUILDING CAPITAL IMPROVEMENT        |                               |                                    |                    |                   |                   |                   |                   |                   |                                 |
|  | '87.400                       | 160<br>5                           | 160<br>5           | 0<br>0            | 0<br>0            | 0<br>0            | 0<br>0            | 0<br>0            |                                 |
| REFUNDING BONDS  |                               |                                    |                    |                   |                   |                   |                   |                   |                                 |
|  | '16A.66                       | 12,955<br>3,134                    | 1,540<br>660       | 1,565<br>583      | 1,625<br>500      | 1,630<br>413      | 1,275<br>335      | 1,280<br>265      |                                 |
| GROUP TOTAL GENERAL FUND   |                               | 2,233,772<br>836,055               | 202,532<br>109,402 | 189,017<br>99,781 | 176,017<br>90,620 | 171,707<br>82,270 | 155,772<br>73,947 | 147,547<br>66,292 |                                 |

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

| <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>             | <u>2015</u>            | <u>2016</u>            | <u>2017</u>            | <u>2018</u>            | <u>2019</u>         |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|---------------------|
| 90<br>54                 | 90<br>49                 | 90<br>44                 | 90<br>39                 | 90<br>35                 | 90<br>30                | 90<br>25                | 90<br>21                | 90<br>16                | 90<br>11               | 90<br>7                | 90<br>2                | 0<br>0                 | 0<br>0              |
| 25<br>4                  | 25<br>3                  | 25<br>1                  | 0<br>0                   | 0<br>0                   | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0              |
| 65<br>43                 | 65<br>40                 | 65<br>36                 | 65<br>33                 | 65<br>30                 | 65<br>27                | 65<br>23                | 65<br>20                | 65<br>17                | 65<br>14               | 65<br>10               | 65<br>7                | 65<br>4                | 25<br>1             |
| 0<br>0                   | 0<br>0                   | 0<br>0                   | 0<br>0                   | 0<br>0                   | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0              |
| 2,540<br>1,165           | 2,540<br>1,033           | 2,540<br>902             | 2,540<br>768             | 2,540<br>633             | 2,540<br>497            | 2,540<br>359            | 2,540<br>221            | 2,078<br>83             | 325<br>17              | 145<br>5               | 0<br>0                 | 0<br>0                 | 0<br>0              |
| 1,830<br>989             | 1,830<br>888             | 1,835<br>794             | 1,835<br>698             | 1,835<br>600             | 1,835<br>500            | 1,835<br>399            | 1,835<br>296            | 1,835<br>192            | 1,835<br>89            | 750<br>20              | 0<br>0                 | 0<br>0                 | 0<br>0              |
| 5,130<br>2,919           | 4,790<br>2,647           | 4,790<br>2,407           | 4,785<br>2,165           | 4,785<br>1,921           | 4,785<br>1,672          | 4,785<br>1,421          | 4,785<br>1,168          | 4,785<br>914            | 4,787<br>661           | 4,115<br>428           | 2,620<br>219           | 2,120<br>100           | 770<br>19           |
| 3,850<br>2,351           | 3,685<br>2,169           | 3,685<br>1,993           | 3,675<br>1,811           | 3,675<br>1,629           | 3,675<br>1,445          | 3,675<br>1,260          | 3,675<br>1,074          | 3,675<br>887            | 3,675<br>700           | 3,675<br>512           | 3,065<br>324           | 3,065<br>171           | 1,765<br>44         |
| 155<br>103               | 155<br>96                | 155<br>89                | 155<br>81                | 155<br>74                | 155<br>66               | 155<br>58               | 155<br>50               | 155<br>43               | 155<br>35              | 155<br>27              | 155<br>19              | 155<br>12              | 155<br>4            |
| 5,770<br>1,774           | 5,760<br>1,481           | 5,760<br>1,184           | 5,685<br>885             | 5,690<br>586             | 4,135<br>328            | 4,175<br>110            | 0<br>0                  | 0<br>0                  | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0              |
| 25<br>11                 | 25<br>10                 | 25<br>9                  | 25<br>7                  | 25<br>6                  | 25<br>5                 | 25<br>3                 | 25<br>2                 | 25<br>1                 | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0              |
| 125<br>56                | 125<br>50                | 125<br>43                | 125<br>37                | 125<br>30                | 125<br>24               | 125<br>17               | 125<br>10               | 125<br>3                | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0              |
| 0<br>0                   | 0<br>0                   | 0<br>0                   | 0<br>0                   | 0<br>0                   | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0              |
| 0<br>0                   | 0<br>0                   | 0<br>0                   | 0<br>0                   | 0<br>0                   | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0              |
| 1,260<br>194             | 1,260<br>122             | 1,260<br>50              | 130<br>11                | 130<br>4                 | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                  | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0                 | 0<br>0              |
| <b>144,837</b><br>58,617 | <b>142,762</b><br>51,297 | <b>141,462</b><br>43,986 | <b>120,478</b><br>36,871 | <b>115,313</b><br>30,806 | <b>93,860</b><br>25,396 | <b>93,550</b><br>20,536 | <b>76,180</b><br>16,069 | <b>74,055</b><br>12,045 | <b>64,805</b><br>8,391 | <b>53,275</b><br>5,324 | <b>34,605</b><br>2,860 | <b>26,960</b><br>1,320 | <b>9,040</b><br>226 |

**STATE OF MINNESOTA**  
**GENERAL OBLIGATION DEBT**  
**SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019**

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

| GROUP & FUND & TYPE                             | AUTHORIZATION<br>YEAR-CHAPTER | AMOUNT<br>OUTSTANDING<br>6/30/1999 | 2000                  | 2001                  | 2002                  | 2003                  | 2004                  | 2005                  |
|---|-------------------------------|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| GAME & FISH<br>REFUNDING BONDS (CONT)           |                               |                                    |                       |                       |                       |                       |                       |                       |
|   | '16A.66                       | 127<br>25                          | 28<br>6               | 18<br>5               | 13<br>4               | 13<br>3               | 13<br>3               | 13<br>2               |
| EXCHANGE BONDS                                  |                               |                                    |                       |                       |                       |                       |                       |                       |
|   | '16A.66                       | 11<br>0                            | 0<br>0                | 5<br>0                | 5<br>0                | 0<br>0                | 0<br>0                | 0<br>0                |
| GROUP TOTAL GAME & FISH                         |                               | <u>138</u><br>25                   | <u>28</u><br>6        | <u>23</u><br>5        | <u>18</u><br>4        | <u>13</u><br>3        | <u>13</u><br>3        | <u>13</u><br>2        |
| TRUNK HIGHWAY<br>REFUNDING BONDS                |                               |                                    |                       |                       |                       |                       |                       |                       |
|   | '16A.66                       | 17,675<br>2,466                    | 4,605<br>797          | 3,350<br>599          | 2,730<br>444          | 2,655<br>306          | 2,560<br>169          | 600<br>84             |
| GROUP TOTAL TRUNK HIGHWAY                       |                               | <u>17,675</u><br>2,466             | <u>4,605</u><br>797   | <u>3,350</u><br>599   | <u>2,730</u><br>444   | <u>2,655</u><br>306   | <u>2,560</u><br>169   | <u>600</u><br>84      |
| MAX EFFORT SCHOOL LOAN                          |                               |                                    |                       |                       |                       |                       |                       |                       |
|   | '16A.66                       | 36,040<br>12,825                   | 1,030<br>1,770        | 1,305<br>1,713        | 1,645<br>1,641        | 2,725<br>1,533        | 3,770<br>1,375        | 3,680<br>1,195        |
| SCHOOL LOANS                                    |                               |                                    |                       |                       |                       |                       |                       |                       |
|   | '80.545                       | 125<br>4                           | 125<br>4              | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                |
|   | '88.718                       | 2,215<br>149                       | 1,140<br>108          | 985<br>38             | 90<br>3               | 0<br>0                | 0<br>0                | 0<br>0                |
|   | '90.610                       | 3,760<br>380                       | 1,165<br>196          | 1,165<br>124          | 1,165<br>51           | 265<br>8              | 0<br>0                | 0<br>0                |
|   | '91.265                       | 19,455<br>7,043                    | 1,785<br>988          | 1,785<br>896          | 1,785<br>803          | 1,800<br>710          | 1,155<br>634          | 1,160<br>576          |
|   | '92.558                       | 5,530<br>1,846                     | 585<br>275            | 585<br>244            | 585<br>213            | 585<br>182            | 290<br>159            | 290<br>145            |
|   | '93.373                       | 2,880<br>1,181                     | 190<br>146            | 190<br>137            | 190<br>127            | 190<br>118            | 190<br>108            | 185<br>99             |
|   | '94.643                       | 2,535<br>1,168                     | 145<br>132            | 145<br>124            | 145<br>116            | 150<br>109            | 150<br>102            | 150<br>93             |
|   | X'95.002                      | 20,735<br>9,613                    | 1,190<br>1,063        | 1,190<br>1,001        | 1,190<br>941          | 1,185<br>882          | 1,185<br>823          | 1,185<br>759          |
| GROUP TOTAL MAX EFFORT SCHOOL LOAN              |                               | <u>93,275</u><br>34,209            | <u>7,355</u><br>4,682 | <u>7,350</u><br>4,276 | <u>6,795</u><br>3,896 | <u>6,900</u><br>3,542 | <u>6,740</u><br>3,200 | <u>6,650</u><br>2,866 |
| STATE GUARANTEED BONDS<br>GUARANTEED BOND CLASS |                               |                                    |                       |                       |                       |                       |                       |                       |
|   | '91.350                       | 44,125<br>36,309                   | 525<br>2,753          | 610<br>2,719          | 715<br>2,680          | 750<br>2,635          | 805<br>2,587          | 855<br>2,535          |
| GROUP TOTAL STATE GUARANTEED BONDS              |                               | <u>44,125</u><br>36,309            | <u>525</u><br>2,753   | <u>610</u><br>2,719   | <u>715</u><br>2,680   | <u>750</u><br>2,635   | <u>805</u><br>2,587   | <u>855</u><br>2,535   |

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

| <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>           | <u>2015</u>          | <u>2016</u>        | <u>2017</u>      | <u>2018</u>   | <u>2019</u>   |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|--------------------|------------------|---------------|---------------|
| 13<br>1               | 8<br>1                | 3<br>0                | 3<br>0                | 3<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0               | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0               | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| <b>13</b><br>1        | <b>8</b><br>1         | <b>3</b><br>0         | <b>3</b><br>0         | <b>3</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0        | <b>0</b><br>0      | <b>0</b><br>0    | <b>0</b><br>0 | <b>0</b><br>0 |
| 600<br>50             | 575<br>17             | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0               | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| <b>600</b><br>50      | <b>575</b><br>17      | <b>0</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0         | <b>0</b><br>0        | <b>0</b><br>0      | <b>0</b><br>0    | <b>0</b><br>0 | <b>0</b><br>0 |
| 3,545<br>1,019        | 3,525<br>844          | 3,425<br>669          | 3,325<br>497          | 3,305<br>327          | 2,385<br>182          | 2,375<br>61           | 0<br>0                | 0<br>0                | 0<br>0               | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0               | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0               | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0                | 0<br>0               | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| 1,160<br>516          | 1,160<br>456          | 1,160<br>396          | 1,160<br>334          | 1,160<br>272          | 1,160<br>210          | 1,160<br>147          | 1,160<br>84           | 655<br>20             | 50<br>1              | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| 290<br>130            | 290<br>116            | 290<br>101            | 290<br>85             | 290<br>70             | 290<br>55             | 290<br>39             | 290<br>23             | 290<br>8              | 0<br>0               | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| 185<br>89             | 185<br>79             | 185<br>69             | 185<br>60             | 185<br>50             | 185<br>40             | 190<br>30             | 190<br>19             | 190<br>9              | 65<br>2              | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| 150<br>84             | 150<br>76             | 150<br>69             | 150<br>61             | 150<br>53             | 150<br>45             | 150<br>37             | 150<br>29             | 150<br>21             | 150<br>12            | 150<br>4           | 0<br>0           | 0<br>0        | 0<br>0        |
| 1,185<br>690          | 1,185<br>621          | 1,180<br>559          | 1,185<br>499          | 1,185<br>439          | 1,180<br>377          | 1,180<br>315          | 1,175<br>252          | 1,175<br>188          | 1,175<br>125         | 1,175<br>63        | 630<br>16        | 0<br>0        | 0<br>0        |
| <b>6,515</b><br>2,529 | <b>6,495</b><br>2,192 | <b>6,390</b><br>1,862 | <b>6,295</b><br>1,537 | <b>6,275</b><br>1,212 | <b>5,350</b><br>909   | <b>5,345</b><br>629   | <b>2,965</b><br>407   | <b>2,460</b><br>246   | <b>1,440</b><br>140  | <b>1,325</b><br>67 | <b>630</b><br>16 | <b>0</b><br>0 | <b>0</b><br>0 |
| 975<br>2,475          | 1,035<br>2,409        | 1,105<br>2,338        | 1,180<br>2,261        | 1,260<br>2,177        | 1,350<br>2,094        | 1,430<br>2,010        | 1,515<br>1,922        | 1,605<br>1,826        | 28,410<br>888        | 0<br>0             | 0<br>0           | 0<br>0        | 0<br>0        |
| <b>975</b><br>2,475   | <b>1,035</b><br>2,409 | <b>1,105</b><br>2,338 | <b>1,180</b><br>2,261 | <b>1,260</b><br>2,177 | <b>1,350</b><br>2,094 | <b>1,430</b><br>2,010 | <b>1,515</b><br>1,922 | <b>1,605</b><br>1,826 | <b>28,410</b><br>888 | <b>0</b><br>0      | <b>0</b><br>0    | <b>0</b><br>0 | <b>0</b><br>0 |

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

| GROUP & FUND & TYPE                     | AUTHORIZATION<br>YEAR-CHAPTER | AMOUNT<br>OUTSTANDING |                |                |                |                |                |                |
|---|-------------------------------|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                               | <u>6/30/1999</u>      | <u>2000</u>    | <u>2001</u>    | <u>2002</u>    | <u>2003</u>    | <u>2004</u>    | <u>2005</u>    |
| TOTAL PRINCIPAL - LESS GUARANTEE        |                               | <b>2,344,860</b>      | <b>214,520</b> | <b>199,740</b> | <b>185,560</b> | <b>181,275</b> | <b>165,085</b> | <b>154,810</b> |
| TOTAL INTEREST - LESS GUARANTEE         |                               | 872,756               | 114,888        | 104,661        | 94,965         | 86,120         | 77,319         | 69,244         |
| TOTAL DEBT SERVICE - LESS GUARANTEE (1) |                               | 3,217,616             | 329,408        | 304,401        | 280,525        | 267,395        | 242,404        | 224,054        |
| TOTAL PRINCIPAL - ALL FUNDS             |                               | <b>2,388,985</b>      | <b>215,045</b> | <b>200,350</b> | <b>186,275</b> | <b>182,025</b> | <b>165,890</b> | <b>155,665</b> |
| TOTAL INTEREST - ALL FUNDS              |                               | 909,064               | 117,640        | 107,380        | 97,645         | 88,756         | 79,906         | 71,779         |
| TOTAL DEBT SERVICE - ALL FUNDS (1)      |                               | 3,298,049             | 332,685        | 307,730        | 283,920        | 270,781        | 245,796        | 227,444        |

The Total Debt Service - All Funds does not include:

\$110,050,000 of bonds dated August 1, 1989; \$97,900,000 of bonds dated July 1, 1990; \$95,900,000 of bonds dated August 1, 1991;

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

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 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

| <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>   | <u>2015</u>    | <u>2016</u>   | <u>2017</u>   | <u>2018</u>   | <u>2019</u>  |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|---------------|---------------|---------------|--------------|
| <b>151,965</b> | <b>149,840</b> | <b>147,855</b> | <b>126,775</b> | <b>121,590</b> | <b>99,210</b>  | <b>98,895</b>  | <b>79,145</b> | <b>76,515</b> | <b>66,245</b>  | <b>54,600</b> | <b>35,235</b> | <b>26,960</b> | <b>9,040</b> |
| 61,197         | 53,506         | 45,849         | 38,408         | 32,017         | 26,305         | 21,165         | 16,477        | 12,291        | 8,531          | 5,391         | 2,875         | 1,320         | 226          |
| <b>213,162</b> | <b>203,346</b> | <b>193,704</b> | <b>165,183</b> | <b>153,607</b> | <b>125,515</b> | <b>120,060</b> | <b>95,622</b> | <b>88,806</b> | <b>74,776</b>  | <b>59,991</b> | <b>38,110</b> | <b>28,280</b> | <b>9,266</b> |
| <b>152,940</b> | <b>150,875</b> | <b>148,960</b> | <b>127,955</b> | <b>122,850</b> | <b>100,560</b> | <b>100,325</b> | <b>80,660</b> | <b>78,120</b> | <b>94,655</b>  | <b>54,600</b> | <b>35,235</b> | <b>26,960</b> | <b>9,040</b> |
| 63,673         | 55,916         | 48,187         | 40,669         | 34,195         | 28,399         | 23,175         | 18,398        | 14,117        | 9,418          | 5,391         | 2,875         | 1,320         | 226          |
| <b>216,613</b> | <b>206,791</b> | <b>197,147</b> | <b>168,624</b> | <b>157,045</b> | <b>128,959</b> | <b>123,500</b> | <b>99,058</b> | <b>92,237</b> | <b>104,073</b> | <b>59,991</b> | <b>38,110</b> | <b>28,280</b> | <b>9,266</b> |



**STATE OF MINNESOTA  
 AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT  
 BY PURPOSE AS OF JUNE 30, 1999  
 (In Thousands)**

| <u>Authorization</u>   | <u>Type</u>                | <u>Total<br/>Authorized</u> | <u>Components/Purpose</u>                            | <u>Amounts<br/>Authorized</u> | <u>Issued</u> | <u>Net<br/>Authorized<br/>Unissued</u> |
|------------------------|----------------------------|-----------------------------|--|-------------------------------|---------------|--|
| 1971- 856 (1)(8)       | Municipal Aid              | \$ 1,192                    | Municipal Aid  | \$ 1,192                      | \$ -          | \$ 1,192                               |
| 1983- 323              | Building                   | 30,000                      | Municipal Energy                                     | 30,000                        | 29,530        | 470                                    |
| 1984- 597              | Transportation             | 16,000                      | Railroad Rehabilitation                              | 12,000                        |               |  |
|                        |                            |                             | Local Interstate Substitution                        | 4,000                         | 13,000        | 3,000                                  |
| 1987- 400 (2)(3)(4)(5) | Building                   | 369,687                     | Supreme Court  | 32,288                        |               |  |
|                        |                            |                             | Administration                                       | 19,554                        |               |  |
|                        |                            |                             | Capital Area Architectural<br>Planning Board         | 299                           |               |  |
|                        |                            |                             | Natural Resources                                    | 16,745                        |               |  |
|                        |                            |                             | Energy & Economic Development                        | 46,250                        |               |  |
|                        |                            |                             | Iron Range Resources and<br>Rehabilitation Board     | 2,200                         |               |  |
|                        |                            |                             | Military Affairs                                     | 2,500                         |               |  |
|                        |                            |                             | Veterans Affairs                                     | 2,500                         |               |  |
|                        |                            |                             | Historical Society                                   | 54,284                        |               |  |
|                        |                            |                             | Education  | 10,981                        |               |  |
|                        |                            |                             | Vocational Technical Education                       | 33,190                        |               |  |
|                        |                            |                             | Community College                                    | 34,939                        |               |  |
|                        |                            |                             | State Universities                                   | 52,466                        |               |  |
|                        |                            |                             | University of Minnesota                              | 47,773                        |               |  |
|                        |                            |                             | Corrections  | 2,259                         |               |  |
|                        |                            |                             | Human Services                                       | 7,171                         |               |  |
|                        |                            |                             | Minnesota Center for the Arts                        | 4,000                         |               |  |
|                        |                            |                             | Other  | 287                           | 369,561       | 127                                    |
| 1987- 400              | Water Pollution<br>Control | 66,747                      | Prevention, Control, Abatement<br>of Water Pollution | 66,747                        | 66,740        | 7                                      |
| 1989- 300 (2)(3)(4)(5) | Building                   | 135,740                     | Vocational Technical Education                       | 5,110                         |               |  |
|                        |                            |                             | Community Colleges                                   | 5,805                         |               |  |
|                        |                            |                             | State Universities                                   | 27,658                        |               |  |
|                        |                            |                             | University of Minnesota                              | 14,194                        |               |  |
|                        |                            |                             | Education  | 2,685                         |               |  |
|                        |                            |                             | Human Services                                       | 9,097                         |               |  |
|                        |                            |                             | Corrections  | 2,600                         |               |  |
|                        |                            |                             | Health   | 390                           |               |  |
|                        |                            |                             | Veterans Home Board                                  | 165                           |               |  |
|                        |                            |                             | Economic Security                                    | 1,000                         |               |  |
|                        |                            |                             | Historical Society                                   | 301                           |               |  |
|                        |                            |                             | Administration                                       | 35,874                        |               |  |
|                        |                            |                             | Capital Area Architectural<br>and Planning Board     | 166                           |               |  |
|                        |                            |                             | Natural Resources                                    | 3,348                         |               |  |
|                        |                            |                             | Pollution Control Agency                             | 10,125                        |               |  |
|                        |                            |                             | Public Facilities Authority                          | 12,700                        |               |  |
|                        |                            |                             | Trade and Economic Development                       | 4,021                         |               |  |
|                        |                            |                             | Military Affairs                                     | 400                           |               |  |
|                        |                            |                             | Other  | 97                            | 134,970       | 770                                    |
| 1990- 610 (2)(3)(4)(5) | Building                   | 328,340                     | Technical Colleges                                   | 25,361                        |               |  |
|                        |                            |                             | Community Colleges                                   | 50,488                        |               |  |
|                        |                            |                             | State Universities                                   | 42,945                        |               |  |
|                        |                            |                             | University of Minnesota                              | 71,480                        |               |  |
|                        |                            |                             | Education  | 4,793                         |               |  |
|                        |                            |                             | Human Services                                       | 13,446                        |               |  |
|                        |                            |                             | Corrections  | 13,121                        |               |  |
|                        |                            |                             | Health   | 1,376                         |               |  |
|                        |                            |                             | Veterans Home Board                                  | 1,750                         |               |  |
|                        |                            |                             | Economic Security                                    | 750                           |               |  |
|                        |                            |                             | Historical Society                                   | 3,175                         |               |  |
|                        |                            |                             | Administration                                       | 13,665                        |               |  |
|                        |                            |                             | Capital Area Architectural<br>and Planning Board     | 300                           |               |  |

**STATE OF MINNESOTA  
 AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT  
 BY PURPOSE AS OF JUNE 30, 1999  
 (In Thousands)**

| Authorization       | Type                              | Total<br>Authorized | Components/Purpose   | Amounts<br>Authorized  | Issued  | Net<br>Authorized<br>Unissued |
|---------------------|-----------------------------------|---------------------|--|--|---------|-------------------------------|
|                     |                                   |                     | Natural Resources  | 14,934   |         |                               |
|                     |                                   |                     | Pollution Control Agency   | 27,225   |         |                               |
|                     |                                   |                     | Public Facilities Authority  | 30,954   |         |                               |
|                     |                                   |                     | Trade and Economic Development   | 5,000  |         |                               |
|                     |                                   |                     | Military Affairs   | 200  |         |                               |
|                     |                                   |                     | Public Safety  | 545  |         |                               |
|                     |                                   |                     | Indian Affairs Council   | 50   |         |                               |
|                     |                                   |                     | Amateur Sports Commission  | 5,000  |         |                               |
|                     |                                   |                     | Housing Finance Agency   | 1,500  |         |                               |
|                     |                                   |                     | Other  | 279  | 327,896 | 444                           |
| 1990- 610 (5)       | Transportation                    | 11,035              | County Municipal<br>Township Bridges   | 11,035   | 10,945  | 90                            |
| 1990- 610 (5)       | Reinvest in<br>Minnesota          | 5,375               | Board of Water and Soil Resources<br>Natural Resources   | 2,375<br>3,000   | 5,350   | 25                            |
| 1990- 610           | Waste<br>Management               | 7,000               | Waste Processing Facility<br>Assistance  | 7,000  | 6,570   | 430                           |
| 1991- 350 (5)       | Airport Facilities                | 126,235             | Airport Facilities   | 126,235  | 44,960  | 81,275                        |
| 1991- 354           | Wetlands/Reinvest<br>in Minnesota | 28,000              | Board of Water and Soil Resources<br>Natural Resources<br>Trade and Economic Development   | 13,900<br>7,545<br>6,525   | 27,500  | 500                           |
| 1992- 558 (3)(4)(5) | Building                          | 223,035             | Technical Colleges<br>Community Colleges<br>State Universities<br>University of Minnesota<br>Education<br>Human Services<br>Corrections<br>Economic Security<br>Housing Finance Agency<br>Administration<br>Military Affairs<br>Trade and Economic Development<br>Public Facilities Authority<br>Natural Resources<br>Board of Water and Soil Resources<br>Agriculture<br>Pollution Control Agency<br>Minnesota Zoological Garden<br>Historical Society<br>Other | 12,607<br>14,630<br>12,870<br>61,900<br>13,606<br>21,960<br>11,082<br>2,000<br>3,000<br>24,343<br>2,400<br>4,550<br>7,500<br>11,682<br>1,250<br>365<br>13,050<br>1,815<br>2,375<br>195 | 216,200 | 6,835                         |
| 1992- 558           | Transportation                    | 17,500              | County Municipal<br>Township Bridges   | 17,500   | 15,480  | 2,020                         |
| 1992- 558           | Waste<br>Management               | 2,000               | Waste Processing Facility<br>Assistance  | 2,000  | 250     | 1,750                         |
| 1993- 373 (3)(5)    | Building                          | 54,615              | Technical Colleges<br>Community Colleges<br>State Universities<br>University of Minnesota<br>Education<br>Human Services<br>Corrections<br>Administration<br>Historical Society<br>Public Facilities Authority<br>Pollution Control Agency<br>Veterans Home Board<br>Other   | 667<br>1,367<br>1,161<br>2,000<br>7,000<br>8,765<br>9,812<br>8,246<br>150<br>4,000<br>11,000<br>400<br>47  | 53,230  | 1,385                         |

**STATE OF MINNESOTA  
 AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT  
 BY PURPOSE AS OF JUNE 30, 1999  
 (In Thousands)**

| Authorization    | Type           | Total Authorized | Components/Purpose  | Amounts Authorized   | Issued  | Net Authorized Unissued |
|------------------|----------------|------------------|---|--|---------|-------------------------|
| 1993- 373        | Transportation | 9,900            | County Municipal<br>Township Bridges  | 9,900  | 8,670   | 1,230                   |
| 1994- 639        | Landfill       | 90,000           | Environmental Response Actions at<br>Municipal Solid Waste Disposal facilities  | 90,000   | 29,900  | 60,100                  |
| 1994- 643 (4)(6) | Building       | 566,790          | Technical Colleges<br>Community Colleges<br>State Universities<br>University of Minnesota<br>Education<br>Human Services<br>Corrections<br>Administration<br>Capital Area Architectural and<br>Planning Board<br>Finance<br>Veterans Homes Board<br>Amateur Sports Commission<br>Military Affairs<br>Housing Finance Agency<br>Economic Security<br>Labor Interpretive Center<br>Historical Society<br>Trade and Economic Development<br>MN Technologies, Inc.<br>Natural Resources<br>Public Facilities Authority<br>Pollution Control Agency<br>Board of Water and Soil Resources<br>Zoological Garden<br>Other | 45,505<br>36,945<br>57,250<br>68,700<br>36,967<br>46,350<br>72,953<br>32,275<br>5,098<br>5,400<br>10,630<br>3,119<br>366<br>2,500<br>2,500<br>750<br>6,960<br>4,900<br>400<br>58,491<br>13,400<br>23,401<br>9,800<br>21,500<br>630 | 532,120 | 34,670                  |
| 1994- 643        | Building       | 4,000            | Municipal Energy  | 4,000  | 3,750   | 250                     |
| 1994- 643 (6)    | Transportation | 35,000           | County Municipal<br>Township Bridges<br>Federal Aid Demonstration Projects<br>Light Rail Transit<br>Transit Capital Improvements  | 21,076<br>3,924<br>0<br>10,000   | 23,220  | 11,780                  |
| X1995- 2         | Building       | 5,630            | MN State Colleges and Universities<br>Administration<br>Agriculture<br>Natural Resources<br>Pollution Control Agency<br>Public Safety<br>Other  | 750<br>1,881<br>103<br>1,700<br>750<br>410<br>36   | 5,500   | 130                     |
| X1995- 2         | Transportation | 4,500            | County Municipal<br>Township Bridges  | 4,500  | 4,500   | 0                       |
| 1996- 463 (5)    | Building       | 511,825          | MN State Colleges and Universities<br>University of Minnesota<br>Children, Families and Learning<br>Center for Arts Education<br>Residential Academies<br>Natural Resources<br>Pollution Control Agency<br>Public Facilities Authority<br>Board of Water and Soil Resources<br>Agriculture<br>Administration<br>Amateur Sports Commission<br>Military Affairs<br>Corrections<br>Human Services  | 86,431<br>93,804<br>19,100<br>6,879<br>2,306<br>36,120<br>3,350<br>22,100<br>14,750<br>275<br>78,560<br>21,600<br>900<br>93,430<br>8,722   |         |                         |

**STATE OF MINNESOTA  
 AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT  
 BY PURPOSE AS OF JUNE 30, 1999  
 (In Thousands)**

| Authorization | Type                       | Total<br>Authorized | Components/Purpose                        | Amounts<br>Authorized | Issued  | Net<br>Authorized<br>Unissued |
|---------------|----------------------------|---------------------|---|-----------------------|---------|-------------------------------|
|               |                            |                     | Veterans Homes Board                      | 740                   |         |                               |
|               |                            |                     | Transportation                            | 10,500                |         |                               |
|               |                            |                     | Housing Finance Agency                    | 2,500                 |         |                               |
|               |                            |                     | Economic Security                         | 3,500                 |         |                               |
|               |                            |                     | Historical Society                        | 5,650                 |         |                               |
|               |                            |                     | Other                                     | 608                   | 411,545 | 100,280                       |
| 1996- 463     | Building                   | 4,000               | Municipal Energy                          | 4,000                 | 3,750   | 250                           |
| 1996- 463     | Waste<br>Management        | 3,000               | Waste Processing Facility<br>Assistance   | 3,000                 | 1,500   | 1,500                         |
| 1996- 463     | Transportation             | 10,000              | County Municipal<br>Township Bridges      | 10,000                | 9,790   | 210                           |
| 1996- 463     | Rural Finance<br>Authority | 41,000              | Farm Loan Restructuring                   | 41,000                | 32,500  | 8,500                         |
| 1997- 246     | Building                   | 86,625              | Administration                            | 74,035                |         |                               |
|               |                            |                     | MN State Colleges and Universities        | 4,500                 |         |                               |
|               |                            |                     | Natural Resources                         | 4,000                 |         |                               |
|               |                            |                     | Public Facilities Authority               | 4,000                 |         |                               |
|               |                            |                     | Other                                     | 90                    | 83,100  | 3,525                         |
| 1997- 246     | Transportation             | 3,000               | County Municipal<br>Township Bridges      | 3,000                 | 1,510   | 1,490                         |
| X1997- 2      | Building                   | 55,305              | Public Safety                             | 30,000                |         |                               |
|               |                            |                     | Natural Resources                         | 13,000                |         |                               |
|               |                            |                     | Housing Finance Agency                    | 2,000                 |         |                               |
|               |                            |                     | Public Facilities Authority               | 9,000                 |         |                               |
|               |                            |                     | Agriculture                               | 1,250                 |         |                               |
|               |                            |                     | Other                                     | 55                    | 29,000  | 26,305                        |
| 1998- 404 (7) | Building                   | 105,145             | MN State Colleges and Universities        | 75,880                |         |                               |
|               |                            |                     | University of Minnesota                   | 180                   |         |                               |
|               |                            |                     | Public Facilities Authority               | 3,650                 |         |                               |
|               |                            |                     | Corrections                               | 9,485                 |         |                               |
|               |                            |                     | Grants to Political Subdivisions          | 0                     |         |                               |
|               |                            |                     | Human Services                            | 13,700                |         |                               |
|               |                            |                     | Indian Affairs Council                    | 0                     |         |                               |
|               |                            |                     | Transportation                            | 0                     |         |                               |
|               |                            |                     | Zoological Garden                         | 1,750                 |         |                               |
|               |                            |                     | Historical Society                        | 0                     |         |                               |
|               |                            |                     | Other                                     | 100                   | 23,000  | 82,145                        |
| 1998- 404 (7) | Transportation             | 4,000               | County Municipal<br>Township Bridges      | 4,000                 | 4,000   | 0                             |
| 1999-240      | Building                   | 488,305             | MN State Colleges and Universities        | 15,300                |         |                               |
|               |                            |                     | University of Minnesota                   | 112,390               |         |                               |
|               |                            |                     | Children, Families & Learning             | 5,300                 |         |                               |
|               |                            |                     | Residential Academies                     | 7,913                 |         |                               |
|               |                            |                     | Natural Resources                         | 43,418                |         |                               |
|               |                            |                     | Public Facilities Authority               | 39,500                |         |                               |
|               |                            |                     | Capitol Area Architectural & Planning Brd | 6,500                 |         |                               |
|               |                            |                     | Corrections                               | 1,785                 |         |                               |
|               |                            |                     | Veterans Home Board                       | 11,000                |         |                               |
|               |                            |                     | Grants to Political Subdivisions          | 126,447               |         |                               |
|               |                            |                     | Office of Environmental Assistance        | 3,000                 |         |                               |
|               |                            |                     | Indian Affairs Council                    | 1,700                 |         |                               |
|               |                            |                     | Administration                            | 4,000                 |         |                               |
|               |                            |                     | Transportation                            | 103,000               |         |                               |
|               |                            |                     | Historical Society                        | 6,500                 |         |                               |
|               |                            |                     | Other                                     | 552                   | 0       | 488,305                       |

**STATE OF MINNESOTA  
 AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT  
 BY PURPOSE AS OF JUNE 30, 1999  
 (In Thousands)**

| <u>Authorization</u> | <u>Type</u>                | <u>Total<br/>Authorized</u> | <u>Components/Purpose</u>            | <u>Amounts<br/>Authorized</u> | <u>Issued</u> | <u>Net<br/>Authorized<br/>Unissued</u> |
|----------------------|----------------------------|-----------------------------|--------------------------------------|-------------------------------|---------------|--|
| 1999-240             | Transportation             | 28,440                      | County Municipal<br>Township Bridges | 28,440                        | 0             | 28,440                                 |
|                      | Total Authorized, Unissued |                             |                                      |                               |               | \$ 949,430                             |

- (1) Laws 1984, Chapter 597 reduced the Municipal Aid Bonds authorization in Laws 1971, Chapter 856 by \$15,670,000. Minnesota Statutes 16A.642, adopted in 1995, reduced the authorization in Laws 1971, Chapter 856 by \$494,254. Laws 1997, Chapter 202 reduced the Municipal Aid Bonds authorized in Laws 1971, Chapter 856 by an additional \$2,643,451.
- (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.
- (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.
- (4) Special Session Laws 1995, Chapter 2 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$50,000; Laws 1989, Chapter 300 by \$65,000; Laws 1990, Chapter 610 by \$580,000; Laws 1992, Chapter 558 by \$5,000; and Laws 1994, Chapter 643 by \$1,245,000. Special Session Laws 1995, Chapter 2 also reduced the Transportation Bond authorization in Laws 1987, Chapter 400 by \$10,000.
- (5) Laws 1997, Chapter 202 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$295,000; Laws 1989, Chapter 300 by \$3,335,000; Laws 1990, Chapter 610 by \$9,260,000; Laws 1992, Chapter 558 by \$6,590,000; Laws 1993, Chapter 373 by \$10,000 and Laws 1996, Chapter 463 by \$37,285,000. Laws 1997, Chapter 202 also reduced: the Transportation Bond authorization in Laws 1990, Chapter 610 by \$165,000; the Reinvest in Minnesota authorization in Laws 1990, Chapter 610 by \$20,000; and Airport Facility Bond authorized in Laws 1991, Chapter 350 by \$48,765,000.
- (6) Laws 1998, Chapter 404 reduced Building Bond authorization in Laws 1994, Chapter 643 by \$1,350,000. Laws 1998, Chapter 404 also reduced Transportation Bond authorization in Laws 1994, Chapter 643 by \$10,000,000.
- (7) Laws 1998, Chapter 389, Article 9 provided that should there be sufficient money in the November 1998 revenue and expenditure forecast, \$400 million of the bond projects authorized in Laws 1998, Chapter 404 would be converted to general fund appropriations.
- (8) Pursuant to Minnesota Statutes, Section 16A.642, Municipal Aid Bond authorization in Laws 1971, Chapter 856 will be cancelled as of July 1, 1999 because of completion or cancellation of the projects that were to be financed.

# STATISTICAL SECTION

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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 1990-1999  
(IN THOUSANDS)

|                                      | 1990                | 1991                 | 1992                 | 1993                 |
|--------------------------------------|---------------------|----------------------|----------------------|----------------------|
| Individual Income Taxes.....         | \$ 2,881,050        | \$ 2,969,239         | \$ 3,148,740         | \$ 3,470,244         |
| Corporate Income Taxes.....          | 481,311             | 462,943              | 428,412              | 507,703              |
| Sales Tax.....                       | 1,869,592           | 1,961,716            | 2,192,547            | 2,375,793            |
| Gross Earnings Taxes.....            | 164,139             | 159,745              | 146,487              | 145,248              |
| Motor Vehicle Excise Tax.....        | 256,589             | 236,236              | 270,151              | 295,755              |
| Motor Vehicle Licenses.....          | 297,351             | 331,783              | 349,549              | 384,209              |
| Gasoline and Special Fuel Taxes..... | 456,723             | 451,995              | 457,826              | 462,136              |
| Other Taxes.....                     | 441,290             | 516,981              | 623,714              | 712,043              |
| Federal Revenues.....                | 2,151,582           | 2,213,281            | 2,508,640            | 2,777,061            |
| Other Revenues.....                  | 751,114             | 756,795              | 781,761              | 789,002              |
| Net Revenues.....                    | <u>\$ 9,750,741</u> | <u>\$ 10,060,714</u> | <u>\$ 10,907,827</u> | <u>\$ 11,919,194</u> |

STATE OF MINNESOTA  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION AND NET TRANSFERS-OUT (1)  
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
FISCAL YEARS 1990-1999  
(IN THOUSANDS)

|  | 1990                | 1991                 | 1992                 | 1993                 |
|--|---------------------|----------------------|----------------------|----------------------|
| Current Expenditures:                            |                     |                      |                      |                      |
| Protection of Persons/Property.....              | \$ 142,613          | \$ 157,528           | \$ 169,391           | \$ 178,778           |
| Transportation.....                              | 283,256             | 304,486              | 316,628              | 329,310              |
| Resource Management.....                         | 177,919             | 196,699              | 216,059              | 226,664              |
| Economic/Manpower Development.....               | 192,726             | 200,036              | 221,856              | 258,183              |
| Education.....                                   | 461,412             | 501,098              | 505,997              | 529,844              |
| Health and Social Services.....                  | 467,149             | 545,547              | 539,419              | 558,076              |
| General Government.....                          | 200,603             | 187,190              | 205,434              | 222,141              |
| Capital Outlay.....                              | 508,723             | 465,632              | 492,968              | 486,578              |
| Debt Service.....                                | 245,278             | 276,982              | 277,741              | 313,776              |
| Grants and Subsidies.....                        | <u>6,750,608</u>    | <u>7,453,042</u>     | <u>7,868,726</u>     | <u>8,164,541</u>     |
| Total Expenditures.....                          | \$ 9,430,287        | \$ 10,288,240        | \$ 10,814,219        | \$ 11,267,891        |
| Net Operating Transfers-Out (2).....             | <u>293,079</u>      | <u>232,882</u>       | <u>247,642</u>       | <u>261,904</u>       |
| Total Expenditures and<br>Net Transfers-Out..... | <u>\$ 9,723,366</u> | <u>\$ 10,521,122</u> | <u>\$ 11,061,861</u> | <u>\$ 11,529,795</u> |

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

(2) Net operating transfers-out, not including transfers to component units, are reduced by bond proceeds of the special revenue funds for the following years:

|      |              |      |              |      |              |      |             |
|------|--------------|------|--------------|------|--------------|------|-------------|
| 1990 | \$20,370,000 | 1993 | \$34,945,000 | 1996 | \$13,990,000 | 1999 | \$7,100,000 |
| 1991 | \$32,904,000 | 1994 | \$25,300,000 | 1997 | \$12,650,000 |      |             |
| 1992 | \$22,460,000 | 1995 | \$14,025,000 | 1998 | \$3,400,000  |      |             |

| 1994                 | 1995                 | 1996                 | 1997                 | 1998                 | 1999                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 3,532,465         | \$ 3,774,855         | \$ 4,129,026         | \$ 4,757,086         | \$ 5,146,586         | \$ 5,695,664         |
| 546,558              | 667,542              | 696,393              | 665,321              | 746,720              | 767,364              |
| 2,515,224            | 2,728,525            | 2,933,886            | 3,013,188            | 3,254,757            | 2,119,403            |
| 136,768              | 146,646              | 122,879              | 178,626              | 171,463              | 169,780              |
| 332,491              | 346,673              | 380,574              | 401,079              | 452,353              | 491,146              |
| 420,471              | 416,793              | 450,216              | 487,064              | 512,327              | 555,557              |
| 482,453              | 484,573              | 520,702              | 542,896              | 557,556              | 587,954              |
| 827,520              | 908,515              | 949,206              | 919,037              | 928,896              | 1,014,324            |
| 2,986,532            | 3,157,038            | 3,384,598            | 3,498,849            | 3,643,217            | 3,726,654            |
| 906,186              | 964,623              | 1,217,204            | 1,299,714            | 1,449,177            | 1,718,857            |
| <u>\$ 12,686,668</u> | <u>\$ 13,595,783</u> | <u>\$ 14,784,684</u> | <u>\$ 15,762,860</u> | <u>\$ 16,863,052</u> | <u>\$ 16,846,703</u> |

| 1994                 | 1995                 | 1996                 | 1997                 | 1998                 | 1999                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 183,695           | \$ 196,981           | \$ 202,535           | \$ 230,252           | \$ 235,346           | \$ 254,063           |
| 324,729              | 374,194              | 351,712              | 403,806              | 426,775              | 426,365              |
| 223,237              | 233,167              | 273,961              | 283,296              | 286,312              | 310,784              |
| 250,532              | 263,451              | 191,283              | 209,404              | 209,431              | 237,105              |
| 551,987              | 562,672              | 723,923              | 869,754              | 900,590              | 987,823              |
| 596,449              | 698,295              | 736,466              | 849,510              | 888,461              | 884,747              |
| 232,861              | 258,609              | 273,786              | 274,908              | 290,327              | 321,744              |
| 398,742              | 330,482              | 419,555              | 418,796              | 472,906              | 504,123              |
| 295,731              | 285,344              | 522,296              | 378,707              | 371,916              | 653,028              |
| <u>8,614,081</u>     | <u>9,068,110</u>     | <u>9,920,296</u>     | <u>10,160,159</u>    | <u>10,419,601</u>    | <u>11,381,301</u>    |
| \$ 11,672,044        | \$ 12,271,305        | \$ 13,615,813        | \$ 14,078,592        | \$ 14,501,665        | \$ 15,961,083        |
| 258,186              | 277,012              | 302,618              | 317,092              | 648,977              | 545,435              |
| <u>\$ 11,930,230</u> | <u>\$ 12,548,317</u> | <u>\$ 13,918,431</u> | <u>\$ 14,395,684</u> | <u>\$ 15,150,642</u> | <u>\$ 16,506,518</u> |



STATE OF MINNESOTA  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 1990-1999

| <u>Year of<br/>Assessment</u> | <u>Real Property</u> | <u>Personal Property</u> | <u>Tax Assessed<br/>Value/<br/>Tax Capacity</u> | <u>Percentage<br/>Increase<br/>Per Year</u> |
|-------------------------------|----------------------|--------------------------|---|---|
| 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                          | 3,036,843,689        | 134,339,758              | 3,171,183,447                                   | (1.09)                                      |
| 1994                          | 3,157,294,317        | 139,515,555              | 3,296,809,872                                   | 3.96  |
| 1995                          | 3,350,007,524        | 147,560,824              | 3,497,568,348                                   | 6.09  |
| 1996                          | 3,594,280,546        | 154,793,236              | 3,749,073,782                                   | 7.19  |
| 1997                          | 3,500,012,129        | 136,978,564              | 3,636,990,693                                   | (2.99)                                      |
| 1998                          | 3,479,953,266        | 124,043,585              | 3,603,996,851                                   | (0.91)                                      |
| 1999 (est.)                   | 3,685,000,000        | 124,000,000              | 3,809,000,000                                   | 5.69  |

*Source: Minnesota Department of Revenue.*

STATE OF MINNESOTA  
 MARKET VALUE OF TAXABLE PROPERTY  
 1990-1999

| <u>Year of<br/>Assessment</u> | <u>Real Property</u> | <u>Personal Property</u> | <u>Total<br/>Market Value</u> | <u>Percentage<br/>Increase<br/>Per Year</u> |
|-------------------------------|----------------------|--------------------------|-------------------------------|---|
| 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                          | 153,992,608,020      | 3,007,985,604            | 157,000,593,624               | 3.27  |
| 1993                          | 159,008,719,142      | 2,990,779,548            | 161,999,498,690               | 3.18  |
| 1994                          | 166,739,642,423      | 3,104,511,567            | 169,844,153,990               | 4.84  |
| 1995                          | 177,163,788,491      | 3,282,461,951            | 180,446,250,442               | 6.24  |
| 1996                          | 189,112,448,343      | 3,440,030,594            | 192,552,478,937               | 6.71  |
| 1997                          | 202,875,382,657      | 3,515,300,071            | 206,390,682,728               | 7.19  |
| 1998                          | 219,034,138,639      | 3,641,069,248            | 222,675,207,887               | 7.89  |
| 1999 (est.)                   | 236,267,000,000      | 3,701,000,000            | 239,968,000,000               | 7.77  |

*Source: Minnesota Department of Revenue.*

STATE OF MINNESOTA  
 SCHEDULE OF GENERAL OBLIGATION BONDED DEBT  
 PER CAPITA  
 FISCAL YEARS 1990-1999

| <u>Year</u> | <u>General Obligation<br/>Bonded Debt<br/>(In Thousands)</u> | <u>Bonded Debt<br/>Per Capita</u> |
|-------------|--|-----------------------------------|
| 1990        | 1,507,645  | 343.8                             |
| 1991        | 1,573,630  | 355.3                             |
| 1992        | 1,630,105  | 364.1                             |
| 1993        | 1,706,885  | 376.8                             |
| 1994        | 1,769,435  | 386.7                             |
| 1995        | 1,892,169  | 408.7                             |
| 1996        | 2,162,015  | 464.2                             |
| 1997        | 2,160,719  | 461.1                             |
| 1998        | 2,506,939  | 530.6                             |
| 1999        | 2,384,195  | 500.4                             |

STATE OF MINNESOTA  
 SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION  
 BONDED DEBT TO GENERAL EXPENDITURES  
 FISCAL YEARS 1990-1999  
 (IN THOUSANDS)

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total<br/>Debt Service</u> | <u>General<br/>Expenditures (1)</u> | <u>Percent of<br/>Expenditures</u> |
|-------------|------------------|-----------------|-------------------------------|-------------------------------------|------------------------------------|
| 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                       | 11,672,044                          | 2.35                               |
| 1995        | 160,666          | 99,036          | 259,702                       | 12,271,305                          | 2.12                               |
| 1996        | 169,780          | 102,747         | 272,527                       | 13,615,813                          | 2.00                               |
| 1997        | 171,295          | 180,991         | 352,286                       | 14,078,592                          | 2.50                               |
| 1998        | 184,820          | 147,297         | 332,117                       | 14,501,665                          | 2.29                               |
| 1999        | 417,907          | 131,968         | 549,875                       | 15,961,083                          | 3.45                               |

(1) Includes the General, special revenue and debt service funds.

SCHEDULE OF REVENUE BOND COVERAGE  
STATE COLLEGES AND UNIVERSITY REVENUE FUND  
FISCAL YEARS (1990-1999)  
(IN THOUSANDS)

| Year | Gross Revenue (1) | Direct Operating Expenses (2) | Net Available For Debt Service | Principal | Interest | Total    | Coverage |
|------|-------------------|-------------------------------|--------------------------------|-----------|----------|----------|----------|
| 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                          | 945       | 2,342    | 3,287    | 2.46     |
| 1995 | 41,492            | 31,715                        | 9,777                          | 945       | 2,217    | 3,162    | 3.09     |
| 1996 | 45,105            | 34,491                        | 10,614                         | 1,420     | 2,200    | 3,620    | 2.93     |
| 1997 | 46,036            | 34,508                        | 11,528                         | 1,450     | 1,974    | 3,424    | 3.37     |
| 1998 | 45,481            | 38,321                        | 7,160                          | 1,520     | 2,003    | 3,523    | 2.03     |
| 1999 | 48,857            | 40,449                        | 8,408                          | 2,185     | 1,888    | 4,073    | 2.06     |

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

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

STATE OF MINNESOTA  
SCHEDULE OF REVENUE BOND COVERAGE  
VERMILLION COMMUNITY COLLEGE DORMITORY  
COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES  
FISCAL YEARS (1990-1999)  
(IN THOUSANDS)

| Year | Gross Revenue (3) | Direct Operating Expenses (4) | Net Available For Debt Service | Principal | Interest | Total  | Coverage |
|------|-------------------|-------------------------------|--------------------------------|-----------|----------|--------|----------|
| 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     |
| 1995 | 425               | 126                           | 299                            | 83        | 161      | 244    | 1.23     |
| 1996 | 448               | 230                           | 218                            | 42        | 116      | 158    | 1.38     |
| 1997 | 495               | 172                           | 323                            | 99        | 145      | 244    | 1.32     |
| 1998 | 506               | 163                           | 343                            | 119       | 134      | 253    | 1.36     |
| 1999 | 536               | 158                           | 378                            | 99        | 126      | 225    | 1.68     |

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

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

MINNESOTA COMMERCIAL BANK DEPOSITS AND GROSS RETAIL SALES  
1990 – 1999  
(IN MILLIONS)

| <u>Year</u> | <u>Bank Deposits</u> | <u>Retail Sales</u> |
|-------------|----------------------|---------------------|
| 1990        | \$45,384             | \$39,638            |
| 1991        | 45,300               | 37,919              |
| 1992        | 43,771               | 38,630              |
| 1993        | 45,157               | 40,457              |
| 1994        | 44,826               | 42,925              |
| 1995        | 46,809               | 45,723              |
| 1996        | 51,361               | 47,692              |
| 1997        | 71,706               | N/A                 |
| 1998        | 98,769               | N/A                 |
| 1999        | 106,441              | N/A                 |

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

MINNESOTA POPULATION, PER CAPITA PERSONAL INCOME  
AND UNEMPLOYMENT RATE  
1990 - 1999

| <u>Year</u> | <u>Population<br/>(In Thousands)</u> | <u>Personal Income</u> | <u>Unemployment Rate</u> |
|-------------|--------------------------------------|------------------------|--------------------------|
| 1990        | 4,387                                | \$ 19,348              | 4.8%                     |
| 1991        | 4,428                                | 19,845                 | 5.1                      |
| 1992        | 4,472                                | 21,126                 | 5.1                      |
| 1993        | 4,524                                | 21,488                 | 5.1                      |
| 1994        | 4,566                                | 22,802                 | 3.9                      |
| 1995        | 4,605                                | 23,736                 | 3.7                      |
| 1996        | 4,648                                | 25,235                 | 4.0                      |
| 1997        | 4,687                                | 26,243                 | 3.3                      |
| 1998        | 4,725                                | 27,510                 | 2.5                      |
| 1999 (est)  | 4,765                                | 28,804                 | 2.6                      |

Source: Data Resources Incorporated.

STATE OF MINNESOTA  
NEW HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING LOCALITIES  
1990 – 1999  
(IN THOUSANDS)

| <u>Year</u> | <u>Valuation</u> | <u>Year</u> | <u>Valuation</u> |
|-------------|------------------|-------------|------------------|
| 1990        | \$ 1,864,065     | 1995        | \$ 2,589,746     |
| 1991        | 1,882,328        | 1996        | 2,902,560        |
| 1992        | 2,481,644        | 1997        | 2,757,956        |
| 1993        | 2,672,436        | 1998        | 3,485,224        |
| 1994        | 2,557,846        | 1999        | N/A              |

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

EMPLOYMENT MIX IN MINNESOTA  
1990-1999  
(IN THOUSANDS)

| Category                        | 1990           | 1991           | 1992           | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           | 1999<br>(est)  |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Manufacturing Durable           | 231.5          | 225.3          | 223.9          | 230.8          | 237.7          | 243.6          | 244.8          | 254.2          | 262.3          | 262.7          |
| Manufacturing Non-Durable       | 169.3          | 171.0          | 171.9          | 174.7          | 178.4          | 182.3          | 183.5          | 179.9          | 181.8          | 179.9          |
| Mining                          | 8.1            | 7.9            | 7.6            | 7.5            | 7.6            | 7.9            | 7.9            | 7.9            | 8.1            | 7.7            |
| Construction                    | 79.5           | 75.8           | 76.9           | 79.1           | 80.6           | 82.7           | 88.7           | 93.5           | 101.8          | 107.1          |
| Transportation/Public Utilities | 109.5          | 110.2          | 109.4          | 109.2          | 113.8          | 117.0          | 119.7          | 123.6          | 127.6          | 130.7          |
| Trade                           | 518.5          | 517.4          | 426.9          | 536.6          | 559.2          | 576.7          | 592.9          | 600.3          | 613.9          | 627.0          |
| Finance/Insurance/Real Estate   | 125.2          | 127.5          | 129.6          | 135.7          | 140.1          | 138.2          | 142.5          | 146.4          | 156.2          | 156.9          |
| Service                         | 549.3          | 558.2          | 592.6          | 614.4          | 635.8          | 659.4          | 685.1          | 712.3          | 741.8          | 761.8          |
| Government                      | 337.8          | 343.3          | 346.9          | 353.8          | 324.3          | 332.2          | 332.4          | 366.8          | 366.5          | 373.4          |
| Agriculture                     | 107.6          | 93.8           | 84.1           | 84.6           | 82.8           | 72.9           | 78.1           | 71.9           | 67.2           | 67.0           |
| Total Employed                  | <u>2,236.3</u> | <u>2,230.4</u> | <u>2,169.8</u> | <u>2,326.4</u> | <u>2,360.3</u> | <u>2,412.9</u> | <u>2,475.6</u> | <u>2,556.8</u> | <u>2,627.2</u> | <u>2,674.2</u> |

Source: Minnesota Department of Economic Security

STATE OF MINNESOTA  
AVERAGE DAILY PUBLIC SCHOOL MEMBERSHIP

| School Year | Kindergarten | Elementary | Secondary | Total<br>All Grades |
|-------------|--------------|------------|-----------|---------------------|
| 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   | 819,893             |
| 1993-94     | 65,872       | 378,214    | 337,314   | 781,400             |
| 1994-95     | 65,732       | 380,891    | 360,777   | 807,400             |
| 1995-96     | 66,672       | 383,458    | 372,345   | 822,475             |
| 1996-97     | 63,575       | 375,683    | 371,147   | 810,405             |
| 1997-98     | 64,501       | 383,904    | 389,293   | 837,698             |
| 1998-99     | 59,256       | 384,902    | 396,861   | 841,019             |

Source: Minnesota Department of Children, Families and Learning.

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

| Rank<br>1998 | Rank<br>1997 | Company                               | Sales         | Assets        | Rank | Net Income | Rank |
|--------------|--------------|---------------------------------------|---------------|---------------|------|------------|------|
| 30           | 34           | Dayton Hudson                         | \$ 30,951,000 | \$ 15,666,000 | 165  | \$ 935,000 | 98   |
| 84           | 130          | United Healthcare                     | 17,355,000    | 9,701,000     | 222  | (166,000)  | 470  |
| 86           | 80           | Supervalu                             | 17,201,400    | 4,093,000     | 359  | 230,800    | 295  |
| 103          | 89           | Minnesota Mining & Manufacturing (3M) | 15,021,000    | 14,153,000    | 175  | 1,175,000  | 75   |
| 171          | 263          | St. Paul Companies                    | 9,108,400     | 38,322,700    | 75   | 89,300     | 383  |
| 175          | 152          | Northwest Airlines                    | 9,044,800     | 10,280,800    | 216  | (285,500)  | 475  |
| 193          | 194          | Honeywell                             | 8,426,700     | 7,170,400     | 261  | 572,000    | 154  |
| 195          | 199          | Best Buy                              | 8,358,200     | 2,056,300     | 448  | 94,500     | 379  |
| 215          | 228          | US Bancorp (First Bank System)        | 7,664,000     | 76,438,000    | 43   | 1,327,400  | 61   |
| 272          | 284          | General Mills                         | 6,033,000     | 3,861,400     | 368  | 421,800    | 201  |
| 372          | 338          | Nash Finch                            | 4,160,000     | 825,100       | 499  | (61,600)   | 451  |
| 453          | 438          | Hormel Foods                          | 3,261,000     | 1,555,900     | 464  | 139,300    | 340  |
| 483          | 483          | Lutheran Brotherhood                  | 3,026,600     | 18,239,800    | 149  | 91,200     | 382  |

Source: Fortune Magazine, dated April 26, 1999.

STATE OF MINNESOTA  
 MISCELLANEOUS STATISTICS  
 JUNE 30, 1999

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

Higher Education:

|  |             |
|--|-------------|
| 2 Year State Community Colleges                  | 9           |
| 4 Year State Universities                        | 7           |
| University of Minnesota                          | 4 Campuses  |
| 2 Year Technical Colleges                        | 7           |
| 2 Year Consolidated Community/Technical Colleges | 29 Campuses |
| 4 Year Private Colleges                          | 25          |
| 2 Year Private Colleges                          | 6           |
| Private Professional Schools                     | 10          |
| Private Vocational Schools                       | 82          |

Trade Routes:

|                                   |         |
|-----------------------------------|---------|
| Miles of Highways                 | 134,567 |
| Miles of Main Line Railroad Track | 4,606   |
| Public Airports                   | 143     |
| Waterways-                        |         |
| Lake Superior                     |         |
| Mississippi River                 |         |

Recreation:

|                       |                 |
|-----------------------|-----------------|
| Lakes                 | 11,842          |
| State Forests         | 57              |
| Area of State Forests | 3,200,000 Acres |
| State Parks           | 66              |
| Area of State Parks   | 240,000 Acres   |

Sources:

- Higher Education Services Office
- Minnesota State Colleges and Universities
- Department of Natural Resources
- Department of Transportation

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