MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended June 30, 2021

Produced by Minnesota Management and Budget

MANAGEMENT AND BUDGET

MINNESOTA

State of Minnesota

Annual Comprehensive Financial Report

For the Year Ended JUNE 30, 2021

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

MINNESOTA

State of Minnesota

2021 Annual Comprehensive Financial Report

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

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

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

The State of Minnesota Annual Comprehensive Financial Report is available at the following website:
http://www.mn.gov/mmb/accounting/reports/

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Transmittal Letter from the Commissioner of Minnesota Management and Budget

December 17, 2021

400 Centennial Building
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St. Paul, Minnesota 55155
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The Honorable Tim Walz, Governor

Members of the Legislature and citizens of the state of Minnesota

In accordance with Minnesota Statutes 16A.50, Minnesota Management and Budget is pleased to submit the Annual Comprehensive Financial Report (ACFR) for the state of Minnesota for the fiscal year ended June 30, 2021. This report includes the financial statements for the state, and the disclosures necessary to accurately present the financial condition and results of operations for the fiscal year. We prepared the report in accordance with generally accepted accounting principles (GAAP) for governmental units.

The report is divided into three sections:

1. Introduction Section – Includes this letter of transmittal, the certificate of achievement, the state's organization chart, and the list of principal officials.
2. Financial Section – Includes the auditor's opinion, management's discussion and analysis, basic financial statements, combining and individual fund statements for nonmajor funds, and the general obligation debt schedule. The Notes to the Financial Statements, in the basic financial statements, are necessary for an understanding of the information included in the statements. The notes include the Summary of Significant Accounting Policies and other necessary disclosure of matters relating to the financial position of the state.
3. Statistical Section – Includes mainly trend data and nonfinancial information useful in assessing a government's financial condition.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The independent Office of the Legislative Auditor has issued an unmodified (clean) opinion on the state of Minnesota's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

In addition, the Office of the State Auditor is conducting a single audit of federal programs. This audit meets the requirements of the federal Single Audit Act and is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report the state's internal controls and legal requirements involving the administration of federal awards for the year ended June 30, 2021. The supplementary report, "Financial and Compliance Report on Federally Assisted Programs," will be available in March 2022.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements and is designed to complement this letter of transmittal and should be read in conjunction with it.

Financial Reporting Entity and Responsibilities

The financial reporting entity consists of all the funds of the primary government, as well as its discretely presented component units. Component units are legally separate organizations for which the state is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either (a) the ability of the state to impose its will, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government; the organization is fiscally dependent on the primary government; or the nature and relationship between the primary government and the organization is such that exclusion would cause the reporting entity's financial statements to be misleading. Component units meeting this criteria are considered discretely presented unless the boards are substantially the same as the state or the component unit provides services or benefits entirely, or almost entirely, to the state.

The Housing Finance Agency, Metropolitan Council, University of Minnesota, Agricultural and Economic Development Board, National Sports Center Foundation, Office of Higher Education, Public Facilities Authority, Rural Finance Authority, Workers' Compensation Assigned Risk Plan, Minnesota Sports Facilities Authority, and Minnesota Comprehensive Health Association are component units reported discretely. The state has the ability to either impose its will over these organizations, or provides, or will provide, substantial funding.

Minnesota Management and Budget is responsible for the Statewide Integrated Financial Tools (SWIFT), an Oracle PeopleSoft Enterprise Resource Planning System. The majority of the information related to these financial statements was prepared from information provided by SWIFT. SWIFT maintains two separate ledgers. One is maintained primarily on a modified cash basis of accounting with certain accrual information and represents the starting basis for the financial statements. As SWIFT does not maintain all accrual information, adjustments to accounting data are necessary to provide financial statements in accordance with GAAP. The second ledger tracks information on a budgetary basis and recognizes revenues and expenditures essentially on a cash basis, except that encumbrances at year-end are considered expenditures. These disparate bases result in budgetary fund balances, which often differ significantly from those calculated under GAAP.

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

Budget Process

The state's period is a biennium. The Governor's biennial budget is presented to the Legislature in January (or February after a gubernatorial transition) of odd numbered years for the upcoming biennium. The state constitution and statutes require a balanced budget for the biennium. Specific legislative appropriations are required for several funds. These funds include the General, Trunk Highway, Highway User Tax Distribution, State Airports, Petroleum Tank Cleanup, Natural Resources, Game and Fish, Environmental and Remediation, Heritage, Special Compensation, Workforce Development, and Renewable Development funds.

Budgetary control is provided primarily through SWIFT. Appropriations are established in the accounting system at the amounts provided in the appropriation laws. The accounting system does not permit expenditures in excess of these amounts.

Economic Condition and Outlook

Driven by a stronger U.S. forecast, the economic outlook for Minnesota has improved since MMB's Budget and Economic Forecast was prepared in February 2021. The pandemic-induced economic downturn that began in February of 2020 brought severe disruptions to Minnesota's economy. During 2020, the state experienced job and wage income losses, a reduced labor force, and changes in consumer spending patterns. In this forecast, an improved U.S. outlook for consumer spending, wage and salary growth, total employment, and personal income drives our expectation that Minnesota's job and wage losses of 2020 will be followed by positive employment and wage growth through our forecast period.

In March and April 2020, as the pandemic was taking hold, Minnesota lost 416,000 jobs, approximately 14 percent of February 2020 employment. Except for November and December 2020, Minnesota has added jobs on a seasonally adjusted basis each month since May 2020. Through October 2021, 295,800 of the jobs originally lost have been recovered. However, Minnesota's employment levels are still 120,500 (4.4 percent) lower than in February 2020.

Total employment in Minnesota dropped 2.7 percent in fiscal year 2020, and we now estimate that it decreased 4.1 percent in fiscal year 2021, resulting in a cumulative 6.6 percent decrease across the fiscal year 2020-21 biennium. Employment is then expected to grow 4.3 percent in fiscal year 2022 and 3.5 percent in fiscal year 2023. We forecast that employment in the state will return to pre-pandemic levels in mid-2022.

Employment and wage losses were unevenly distributed in the early stages of the pandemic, with low-wage workers much more likely to lose jobs than high-wage workers. Despite tremendous job losses in early 2020, total wage and salary income grew 1.2 percent in fiscal year 2020, and in this forecast it is expected to grow 3.6 percent in fiscal year 2021. We expect wage and salary income to grow 6.4 percent on average each fiscal year from 2022 to 2025.

For the first time since March 2020, the state's unemployment rate fell to 3.5 percent in October, down from 3.7 in September on a seasonally adjusted basis, and 1.1 percentage points below the U.S. unemployment rate of 4.6 percent. The unemployment rate does not capture Minnesotans that have left the labor force, including retirements or those who opted to stay home to care for children. Since the onset of the pandemic, Minnesota's labor force has fallen by 84,000. Minnesota's labor force participation rate remains 6.2 percentage points above the U.S. rate and the fifth highest among U.S. states.

Prior to the COVID-19 recession, Minnesota had low unemployment and a high demand for labor. While job losses during the pandemic changed that picture, the most recent data from the job vacancy report suggests that Minnesota once again has a high demand for labor as employers struggle to fill vacant positions. The most recent Job Vacancy Survey covers the second quarter of 2021 and reports that there are now 205,714 job vacancies in the state, an increase of 84 percent from the same period last year. In the second quarter of 2021, there were 0.6 unemployed persons for each vacancy statewide, or 6 people for each ten job openings. Industries showing the largest numbers of job vacancies include Healthcare and Social Services (39,727 job vacancies), Accommodation and Food Services (37,363 job vacancies), and Retail Trade (36,174 job vacancies).

Minnesota's housing supply has not been able to keep up with demand for homes in the state, causing a hyper-competitive environment and record sales prices. Rising prices have now defined the state's housing market for several years, with the median sales price statewide breaking $300,000 for the first time in April 2021. The statewide median sales price increased through October 2021 to $308,500, an 8.2 percent increase over one year ago. Similarly, rents in Minnesota are increasing rapidly after a brief decline coinciding with the pandemic. According to data from MN Housing Link, statewide rents for single bedroom units increased by 6 percent in the third quarter of 2021, while rents for two-bedroom units and three-bedroom units increased by 11 percent and 17 percent, respectively.

According to the U.S. Census Bureau, the total year-to-date number of authorized residential building permits (not seasonally adjusted) in Minnesota was 27,500 through September 2021, up from 21,641 the same period last year, a 27 percent increase year over year. In this forecast, we expect total housing permits to reach 33,000 in 2021, the strongest annual number since 2005. We expect total housing permits to average 24,700 permits per year through the forecast period. A limited supply of available homes, low interest rates, shifting regional demand, and rising home prices continue to push near-term construction higher.

General Fund Condition

On a budgetary basis, the General Fund ended fiscal year 2021 with an unassigned fund balance of $4.669 billion.

Minnesota budgets and manages its financial affairs on a budgetary basis, which primarily uses a cash basis of accounting. Revenues are recorded when received and expenditures are recorded when the payments are made with the exception that, at year-end, encumbered amounts are included in the expenditures of the year appropriated for budgetary reporting. GAAP requires that the modified accrual basis of accounting be used to prepare governmental fund statements. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. Expenditures are recognized when a liability occurs.

On a GAAP basis, the General Fund reported a balance of $8.908 billion for fiscal year 2021, a difference of $4.239 billion from the budgetary General Fund balance. The difference between the General Fund budgetary and GAAP fund balance results from two primary reasons. First, on a GAAP basis, the accruals of revenue and expenditures are required to be reported under the modified accrual basis of accounting. Second, several funds are included in the GAAP fund balance which are not included in the budgetary fund balance. These additional funds reported a fund balance of $2.679 billion. The difference between the GAAP basis and budgetary basis General Fund balance, excluding these additional funds not reported in the budgetary fund balance, was $1.560 billion. For details of the budget to GAAP differences, see Note 18 – Budgetary Basis vs. GAAP in the Notes to the Financial Statements.

Budget Reserve

Minnesota budget reserve at the close of fiscal year 2021 was nearly $2.863 billion, including the $2.406 billion budget reserve, $350 million cash flow account, and $107 million stadium reserve. Minnesota's budget reserves have provided some cushion in the current biennium to weather the initial budgetary shock of the COVID-19 pandemic and resulting economic impacts.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of Minnesota for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the thirty-sixth consecutive year that the state has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Although Minnesota Management and Budget accepts final responsibility for this report, staff in many other state agencies and component units provided much of the data. Assistance from these organizations ranged from providing necessary data to actual preparation of financial statements. I appreciate the dedication of the people in Minnesota Management and Budget and in other agencies who helped in the preparation of this report. Without the efforts of all involved, this report would not have been possible.

Sincerely,

Jim Schowalter

Jim Schowalter

Commissioner

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Minnesota

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

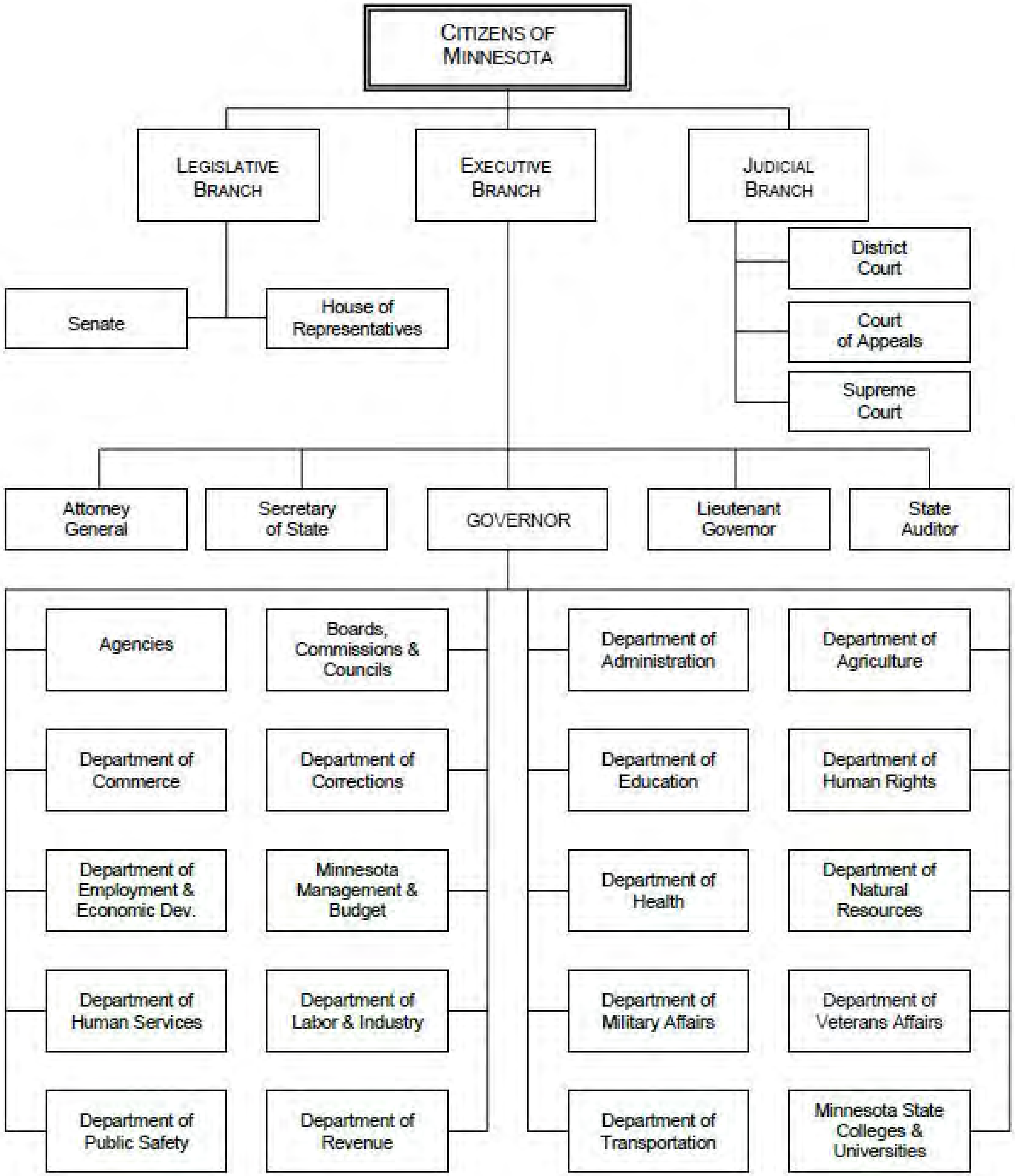
Christopher P. Morrill

Executive Director/CEO

MINNESOTA

2021 Annual Comprehensive Financial Report

State Organization Chart



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State Principal Officials

Executive Branch

Governor	Tim Walz
Lieutenant Governor	Peggy Flanagan
Attorney General	Keith M. Ellison
Secretary of State	Steve Simon
State Auditor	Julie A. Blaha

Legislative Branch

Speaker of the House of Representatives	Melissa Hortman
President of the Senate	Jeremy R. Miller

Judicial Branch

Chief Justice of the Supreme Court	Lorie Skjerven Gildea

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State of Minnesota

Financial Section

2021
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Independent Auditor's Report

Members of the Minnesota State Legislature

The Honorable Tim Walz, Governor

Mr. Jim Schowalter, Commissioner, Minnesota Management and Budget

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Minnesota, as of and for the year ended June 30, 2021, which collectively comprise the state's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The State of Minnesota's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Minnesota State Colleges and Universities, which is a major proprietary fund, and the Minnesota State Lottery, which is a nonmajor proprietary fund, and which cumulatively represent 69 percent, 142 percent, and 54 percent, respectively, of the total assets, total net position, and operating revenues of the primary government's business-type activities. We also did not audit the financial statements of the Housing Finance Agency, Metropolitan Council, University of Minnesota, Office of Higher Education, Public Facilities Authority, Minnesota Sports Facilities Authority, and Workers' Compensation Assigned Risk Plan, which cumulatively represent 99 percent, 99 percent, and 99 percent, respectively, of the total assets, total net position, and operating revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned major proprietary fund, business-type activities, and discretely

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presented component units, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the State of Minnesota's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Minnesota's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The financial statements of the Housing Finance Agency, the National Sports Center Foundation, and the Workers' Compensation Assigned Risk Plan, which are discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Minnesota as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Minnesota's basic financial statements. The Introduction, the Combining and Individual Nonmajor Fund Financial Statements and Schedules, General Obligation Debt Schedule, and the Statistical Section, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Combining and Individual Nonmajor Fund Financial Statements and Schedules and the General Obligation Debt Schedule have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Introduction and Statistical Sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of the State of Minnesota's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Lori Leysen, CPA
Deputy Legislative Auditor

Scott Tjomsland, CPA
Audit Director

December 17, 2021

2021 Annual Comprehensive Financial Report

Management's Discussion and Analysis

Introduction

The following discussion and analysis of the state of Minnesota (state) financial performance provides an overview of the state's financial activities for the fiscal year ended June 30, 2021 and identifies changes in the financial position of the state that occurred during the fiscal year. This section should be read in conjunction with the preceding transmittal letter and the state's financial statements and notes to the financial statements, which follow.

Overview of the Financial Statements

The focus of Minnesota's financial reporting is on the state as a whole, and on the individual funds that are considered to be major. This reporting focus presents a more comprehensive view of Minnesota's financial activities and financial position and makes the comparison of Minnesota's government to other governments easier.

The financial section of this annual report has four parts:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements – Nonmajor Funds

The report also includes statistical and economic information, which generally provides a ten-year history of various indicators.

The Basic Financial Statements include Government-wide Financial Statements, Fund Financial Statements, and Notes to the Financial Statements that provide more detailed information.

Government-wide Financial Statements

The Government-wide Financial Statements provide an overall view of the state's operations in a manner similar to a private-sector business. Government-wide Financial Statements consist of the Statement of Net Position and the Statement of Activities that are prepared using the economic resources measurement focus and the accrual basis of accounting. All current year revenues and expenses are included in the statements regardless of whether the related cash has been received or paid. Revenues and expenses are reported in the statement of activities for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes, accounts receivable, and earned but unused vacation leave). This reporting method produces a view of financial activities and position similar to that presented by most private-sector companies. The statements provide both short-term and long-term information about the state's financial position, which assists readers in assessing the state's economic condition at the end of the fiscal year.

The Government-wide Financial Statements are located immediately following this discussion and analysis.

The Statement of Net Position presents all of the state's financial resources along with capital assets and long-term obligations. The statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the state. Net position is the difference between assets and liabilities and is one method to measure the state's financial condition.

- An increase or decrease in the state's net position from one year to the next indicates whether the financial position of the state is improving or deteriorating.
- Other indicators of the state's financial condition include the condition of its infrastructure and economic events and trends that affect future revenues and expenses.

The Statement of Activities presents the changes in net position and reports on the gross and net cost of various activities carried out by the state (governmental, business-type, and component units). These costs are paid by general taxes and other revenues generated by the state. This statement summarizes the cost of providing specific services by the government and includes all current year revenues and expenses.

The Statement of Net Position and the Statement of Activities segregate the activities of the state into three types:

Governmental Activities

The governmental activities of the state include most basic services such as environmental resources, general government, transportation, education, health and human services, and public safety. Most of the costs of these activities are financed by taxes, fees, and federal grants.

Business-type Activities

The business-type activities of the state normally are intended to recover all, or a significant portion of, their costs through user fees and charges to external users of goods and services. The operations of the Unemployment Insurance, the State Colleges and Universities, and the Lottery are examples of business-type activities.

Discretely Presented Component Units

Component units may be blended or discretely presented. Blended component units, although legally separate entities, are, in substance, part of the state's operations. Discretely presented component units are shown separately from the primary government. Component units are legally separate organizations for which the state is financially accountable, or the nature and significance of the unit's relationship with the state is such that exclusion of the unit would cause the state's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit governing body, and either a) the ability of the state to impose its will, or b) the potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government.

The state's 11 component units are reported as discretely presented component units and reported in two categories: major and nonmajor. This categorization is based on the relative size of an individual component unit's assets, liabilities, revenues, and expenses in relation to the total of all component units and the primary government.

The state's three major component units are:

- Housing Finance Agency
- Metropolitan Council
- University of Minnesota

The state's eight nonmajor component units are combined into a single column for reporting in the Fund Financial Statements. These nonmajor component units are:

- Agricultural and Economic Development Board
- Minnesota Comprehensive Health Association
- Minnesota Sports Facilities Authority
- National Sports Center Foundation
- Office of Higher Education
- Public Facilities Authority
- Rural Finance Authority
- Workers' Compensation Assigned Risk Plan

State Fund and Component Unit Financial Statements

A fund is a grouping of related self-balancing accounts used to maintain control over resources that have been segregated for specific activities or objectives. The state of Minnesota, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Fund Financial Statements focus on individual parts of the state, reporting the state's operations in more detail than in the Government-wide Statements. Fund Financial Statements focus on the most significant funds within the state.

The state's funds are divided into three categories:

Governmental Funds

Governmental funds record most of the basic services provided by the state and account for essentially the same functions as reported in the governmental activities in the Government-wide Financial Statements. Unlike the Government-wide Financial Statements, the Fund Financial Statements focus on how money flows in and out of the funds during a fiscal year and spendable resources available at the end of the fiscal year.

Governmental funds are accounted for using the modified accrual basis of accounting, which recognizes revenues when they are available and measurable. Expenditures are generally recognized in the accounting period when the fund liability is incurred, if measurable. This approach is known as the flow of current financial resources measurement focus. These statements provide a detailed short-term view of the state's finances that assist in determining whether there are more or less resources available and whether these financial resources will be adequate to meet the current needs of the state. Governmental funds include the General, special revenue, capital project, Debt Service, and Permanent funds.

The focus of governmental funds is narrower than that of the Government-wide Financial Statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By comparing this financial information, readers may better understand the long-term impact of the state's short-term financing decisions.

The basic financial statements include a reconciliation of governmental funds to governmental activities. These reconciliations follow the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances.

The state maintains 22 individual state governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance for the General and Federal funds, which are reported as major funds. Information from the remaining funds is combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements included in this report.

The state adopts a biennial budget with annual appropriations for the majority of the activity reported in the General Fund. A budgetary comparison statement has been provided for the General Fund activity with appropriations included in the biennial budget to demonstrate compliance with this budget.

Proprietary Funds

When the state charges customers for the services it provides, whether to outside customers or to other agencies within the state, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) use accrual accounting which is the same method used by private-sector businesses. Proprietary fund financial statements provide the same type of information as the Government-wide Financial Statements, only in more detail.

Enterprise funds, a type of proprietary fund, are used to report activities that provide goods and services to outside (non-government) customers, including the general public. Internal service funds are used to accumulate and allocate costs internally for goods and services provided by one program of the state to another. Because the activities reported by internal service funds predominantly benefit governmental functions rather than business-type functions, the internal service funds have been included within governmental activities in the Government-wide Financial Statements.

The state maintains 17 individual proprietary funds. The State Colleges and Universities and Unemployment Insurance funds, both of which are considered major funds, are presented separately in the proprietary funds Statement of Net Position and in the proprietary funds Statement of Revenues, Expenses, and Changes in Net Position. Information from the nine nonmajor enterprise funds and the six internal service funds are combined into two separate aggregated columns. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements presented in this report.

Fiduciary Funds

Fiduciary funds are used to report activities when the state acts as a trustee or fiduciary to hold resources for the benefit of parties outside the state. The accrual basis of accounting is used for fiduciary funds and is similar to the accounting used for proprietary funds. The Government-wide Financial Statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and cannot be used by the state to finance its operations. The state must ensure that the assets reported in fiduciary funds are used for their intended purposes.

The state maintains 19 individual fiduciary funds. The state's fiduciary funds are the pension trust funds, the investment trust funds (which account for the transactions, assets, liabilities, and fund equity of the external investment pools), and the Custodial Fund (which accounts for the assets held for distribution by the state as an agent for other governmental units, other organizations, or individuals). Individual fund detail is included in the combining financial statements included in this report.

Component Units

Component units are legally separate organizations for which the state is financially accountable. The Government-wide Financial Statements present information for the discretely presented component units in a single column on the Statement of Net Position. Also, some information on the Statement of Changes in Net Position is aggregated for component units. The discretely presented component units' statements of net position and statements of changes in net position provide detail for each major discretely presented component unit and aggregate the detail for nonmajor discretely presented component units. Individual nonmajor discretely presented component unit detail can be found in the Combining and Individual Fund Financial Statements included in this report.

Notes to the Financial Statements

The notes provide additional narrative and financial information that is essential to a full understanding of the data provided in the Government-wide Financial Statements and the Fund Financial Statements. The notes to the financial statements are located immediately following the component unit financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. This section includes maintenance data regarding certain portions of the state's infrastructure, actuarial measures of pension and other postemployment benefits, and public employees insurance program development information.

Other Supplementary Information

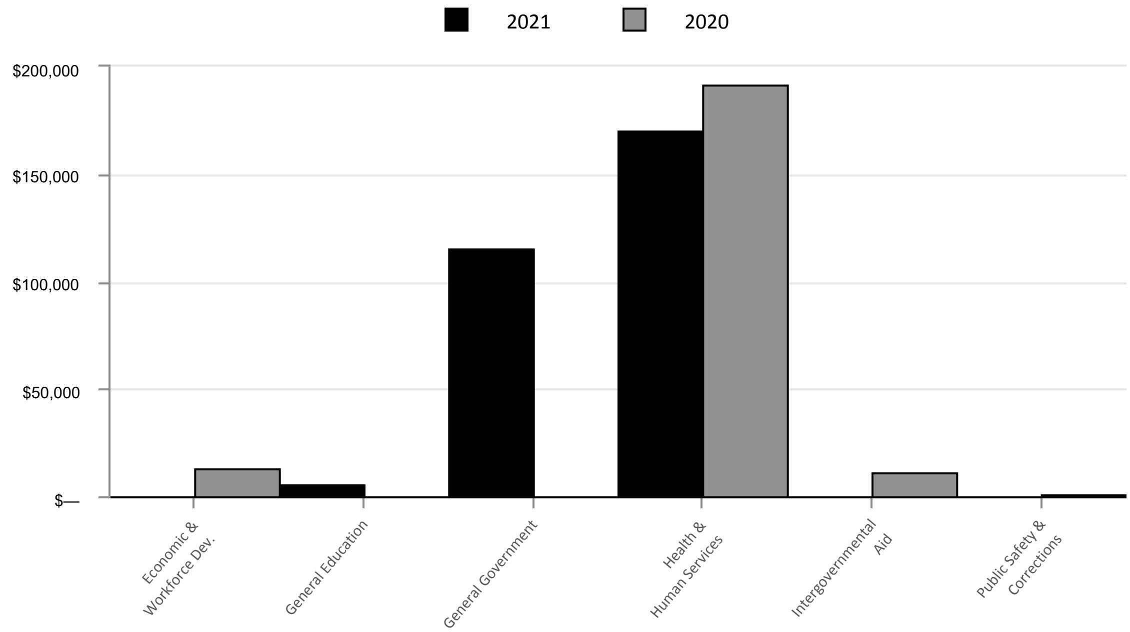
Other supplementary information includes Combining and Individual Fund Financial Statements for nonmajor governmental, proprietary, and fiduciary funds and nonmajor discretely presented component units. These funds are added together by fund type and presented in single columns in the basic financial statements.

COVID-19 Pandemic Impact on Current Year Governmental Financial Activity

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, is having a material impact on global, national, and state economies. The President declared a national emergency and the Governor declared a Peacetime Emergency related to COVID-19 on March 13, 2020. The Peacetime Emergency was ended July 1, 2021 but the COVID-19 pandemic continues to significantly disrupt economic activity and increase public and private health emergency response costs, including within the state.

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

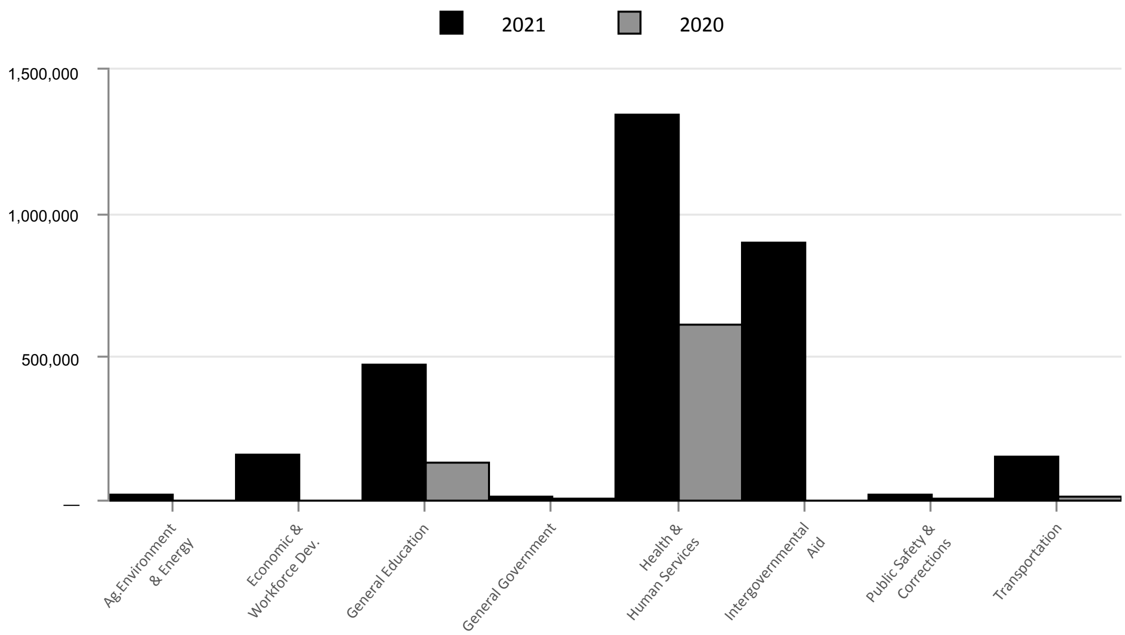
Functional Expenditures by Fund Related to COVID-19
Governmental Funds - General Fund
Fiscal Years Ended June 30, 2021 and 2020[1]
(In Thousands)



(1) 2020 has been restated to be consistent with the 2021 presentation.

General Fund expenditures related to COVID-19 increased over the prior year. The majority of this increase is related to general government grants to counties for support to small businesses. This was offset by a decrease in economic and workforce development grants to small businesses and health and human services grants to cities and counties to respond to the pandemic as well as a reduction in costs associated with laboratories, testing, supplies, and vaccinations. In fiscal year 2020, intergovernmental aid grants were issued to tribal nations to respond to the pandemic.

Functional Expenditures by Fund Related to COVID-19
Governmental Funds - Federal Fund
Fiscal Years Ended June 30 2021 and 2020[1]
(In Thousands)



(1) 2020 has been restated to be consistent with the 2021 presentation.

The Federal Fund expenditures related to COVID-19 increased for all functions. During the current year, the state issued approximately $900 million in intergovernmental grants to local units of governments for the local share of the state fiscal stabilization funds and an additional $155 million in transportation grants to airports and other non-governmental entities. The state also issued economic and workforce development grants to provide additional support for small businesses and family housing. General education grants to school districts increased significantly over the prior year to help with family support and other services for pupils. Health and human services increased significantly over the prior year for several reasons. The largest portion is related to the increase in the federal participation rate which was in effect for the entire year in 2021, but only part of the year in 2020. In addition, the case load increased during the current year as healthcare facilities opened to treat non-emergency healthcare patients. Health and human services grants to provide relief to childcare providers increased to help ensure these providers remained open. Finally, costs associated with immunizations, laboratories, testing and supplies, emergency childcare, and other services, as well as additional housing support, related to the impacts of COVID-19 also increased significantly. General education grants to school districts also increased significantly to provide pupil and family support.

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

Government-wide Financial Analysis

Net position serves as a useful indicator of a government's financial position over time. The state's combined net position (governmental and business-type activities) totaled $24.6 billion at the end of fiscal year 2021, compared to $21.3 billion at the beginning of the year.

Net Position
June 30, 2021 and 2020
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current Assets	$ 27,127,009	$ 22,643,499	$ 2,615,279	$ 3,614,231	$ 29,742,288	$ 26,257,730
Noncurrent Assets:						
Capital Assets	19,310,546	18,631,498	2,097,869	2,172,853	21,408,415	20,804,351
Other Assets	1,051,352	1,054,257	70,237	88,588	1,121,589	1,142,845
Total Assets	$ 47,488,907	$ 42,329,254	$ 4,783,385	$ 5,875,672	$ 52,272,292	$ 48,204,926
Deferred Outflows of Resources	$ 1,017,004	$ 2,571,372	$ 175,507	$ 435,379	$ 1,192,511	$ 3,006,751
Current Liabilities(1)	$ 9,421,923	$ 8,755,185	$ 1,107,246	$ 2,072,520	$ 10,529,169	$ 10,827,705
Noncurrent Liabilities	12,115,751	11,955,025	2,129,988	1,056,875	14,245,739	13,011,900
Total Liabilities(1)	$ 21,537,674	$ 20,710,210	$ 3,237,234	$ 3,129,395	$ 24,774,908	$ 23,839,605
Deferred Inflows of Resources	$ 3,545,077	$ 5,233,770	$ 566,011	$ 830,299	$ 4,111,088	$ 6,064,069
Net Position:						
Net Investment in Capital Assets	$ 15,704,737	$ 14,765,807	$ 1,671,095	$ 1,694,373	$ 17,375,832	$ 16,460,180
Restricted	8,015,585	7,187,903	329,437	761,014	8,345,022	7,948,917
Unrestricted(1)	(297,162)	(2,997,064)	(844,885)	(104,030)	(1,142,047)	(3,101,094)
Total Net Position(1)	$ 23,423,160	$ 18,956,646	$ 1,155,647	$ 2,351,357	$ 24,578,807	$ 21,308,003

(1) 2020 has been restated to be consistent with the 2021 presentation.

The largest portion, $17.4 billion of $24.6 billion, of the state's net position reflects investment in capital assets such as land, buildings, equipment, and infrastructure (pavement, bridges, and other immovable assets) less any related outstanding debt used to acquire those assets. The state uses these capital assets to provide services to Minnesotans. Capital assets are not considered to be convertible to cash and cannot be used to fund the daily activities of the state or pay for the debt related to capital assets. Therefore, the resources needed to repay this debt related to capital assets must be provided from other sources.

Approximately $8.3 billion of the state's net position represent resources subject to external restrictions, constitutional provisions, or enabling legislation, which restricts how these assets may be used. Additional information on the state's net position restrictions is located in Note 16 – Equity in the notes to the financial statements.

The remaining net position balance represents a deficit in unrestricted net position of $1.1 billion. This deficit does not mean that the state lacks resources to pay its bills in the near future. Rather, this deficit primarily reflects three significant factors. First, the state, similar to other states, issues general obligation bonds and distributes the proceeds to component units and local units of government. These proceeds are used to finance the purchase or construction of capital assets. These entities record the capital assets in their statements of net position; however, the state is responsible for the repayment of the debt. This practice allows the state to promote improved financial management by reducing bond issuance costs and obtaining more favorable financing arrangements. Second, the state reports the majority of the noncapital portion of net position for most of its governmental activities' special revenue, debt service, and permanent funds as restricted. Third, the state recognized a net pension liability for defined benefit plans to which the state contributes either on behalf of state employees or for employees of other entities. This liability is long-term in nature and is being managed by the retirement systems and the state Legislature.

The state's combined net position for governmental and business-type activities increased $3.3 billion (15.4 percent) over the course of this fiscal year. This resulted from a $4.5 billion (23.6 percent) increase in net position of governmental activities, and a $1.2 billion (50.9 percent) decrease in net position of business-type activities.

Changes in Net Position
For Fiscal Years Ended June 30, 2021 and 2020
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	$ 1,687,307	$ 1,642,634	$ 2,872,605	$ 3,005,326	$ 4,559,912	$ 4,647,960
Operating Grants and Contributions[(1)]	18,039,863	13,263,467	6,518,820	4,436,859	24,558,683	17,700,326
Capital Grants	222,208	238,623	—	14	222,208	238,637
General Revenues:						
Individual Income Taxes	14,199,891	12,754,820	—	—	14,199,891	12,754,820
Corporate Income Taxes	2,402,120	1,638,366	—	—	2,402,120	1,638,366
Sales Taxes	6,736,757	6,408,680	—	—	6,736,757	6,408,680
Property Taxes	788,623	781,471	—	—	788,623	781,471
Motor Vehicle Taxes	1,836,728	1,622,413	—	—	1,836,728	1,622,413
Fuel Taxes	855,981	882,917	—	—	855,981	882,917
Other Taxes	3,315,179	3,019,463	—	—	3,315,179	3,019,463
Tobacco Settlement	259,124	150,729	—	—	259,124	150,729
Investment/Interest Income	97,485	127,253	7,923	53,677	105,408	180,930
Other Revenues	155,267	51,292	918	30	156,185	51,322
Total Revenues	$ 50,596,533	$ 42,582,128	$ 9,400,266	$ 7,495,906	$ 59,996,799	$ 50,078,034
Expenses						
Agricultural, Environmental and Energy Resources	$ 1,363,384	$ 1,254,084	$ —	$ —	$ 1,363,384	$ 1,254,084
Economic and Workforce Development	942,801	787,975	—	—	942,801	787,975
General Education	11,785,920	10,900,070	—	—	11,785,920	10,900,070
General Government	1,461,124	1,443,784	—	—	1,461,124	1,443,784
Health and Human Services	21,194,790	18,485,278	—	—	21,194,790	18,485,278
Higher Education	1,038,674	1,009,104	—	—	1,038,674	1,009,104
Intergovernmental Aid	2,860,441	1,780,630	—	—	2,860,441	1,780,630
Public Safety and Corrections	1,359,127	1,191,908	—	—	1,359,127	1,191,908
Transportation	3,462,174	3,441,636	—	—	3,462,174	3,441,636
Interest	41,328	239,792	—	—	41,328	239,792
State Colleges and Universities	—	—	2,076,496	2,088,956	2,076,496	2,088,956
Unemployment Insurance	—	—	7,884,357	6,298,163	7,884,357	6,298,163
Lottery	—	—	615,118	513,558	615,118	513,558
Other Expenses	—	—	640,261	569,862	640,261	569,862
Total Expenses	$ 45,509,763	$ 40,534,261	$ 11,216,232	$ 9,470,539	$ 56,725,995	$ 50,004,800
Excess (Deficiency) Before Transfers	$ 5,086,770	$ 2,047,867	$ (1,815,966)	$ (1,974,633)	$ 3,270,804	$ 73,234
Transfers	(620,256)	(696,757)	620,256	696,757	—	—
Changes in Net Position	$ 4,466,514	$ 1,351,110	$ (1,195,710)	$ (1,277,876)	$ 3,270,804	$ 73,234
Net Position, Beginning	$ 18,956,646	$ 17,605,536	$ 2,351,357	$ 3,629,233	$ 21,308,003	$ 21,234,769
Net Position, Ending	$ 23,423,160	$ 18,956,646	$ 1,155,647	$ 2,351,357	$ 24,578,807	$ 21,308,003

(1) 2020 has been restated to be consistent with the 2021 presentation.

Approximately 50 percent of the state's total revenue (governmental and business-type activities) came from taxes, while 41 percent resulted from grants and contributions, including federal aid. Charges for various goods and services provided 8 percent of the total revenues. The remaining 1 percent came from other general revenues.

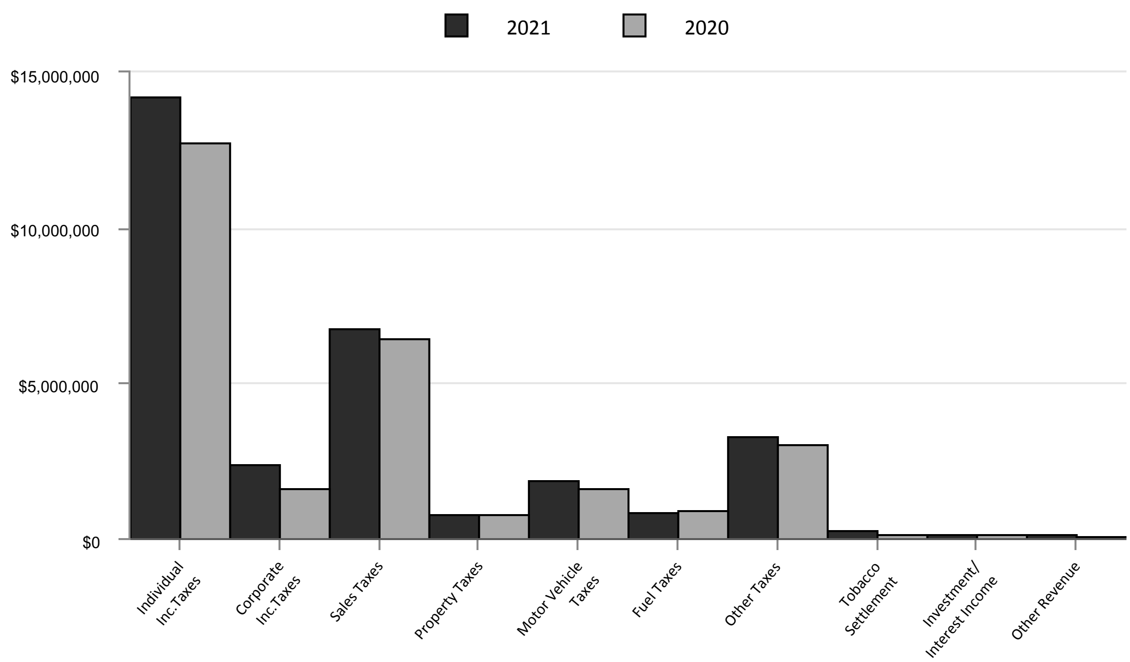
The state's expenses cover a range of services. The largest expenses were for general education and health and human services.

Governmental Activities

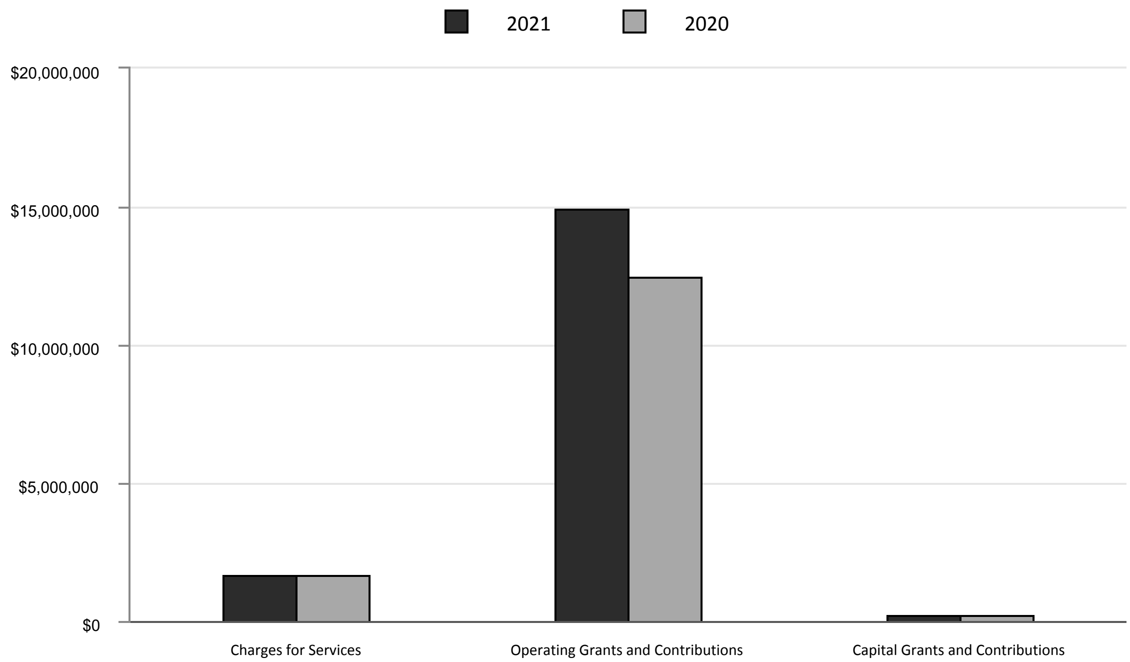
Governmental activities increased the state's net position by $4.5 billion in the current year compared to an increase of $1.4 billion in the prior year.

Revenues increased, $8.0 billion (18.8 percent) over prior year. The following graphs show revenues for the current year and prior year separating general revenues from program revenues. The program revenues graph is net of the COVID-19 revenue.

General Revenues - Governmental Activities
Fiscal Years Ended June 30, 2021 and 2020
(In Thousands)



Program Revenues, Net of COVID-19 - Governmental Activities
Fiscal Years Ended June 30, 2021 and 2020[1]
(In Thousands)



(1) 2020 has been restated to be consistent with the 2021 presentation.

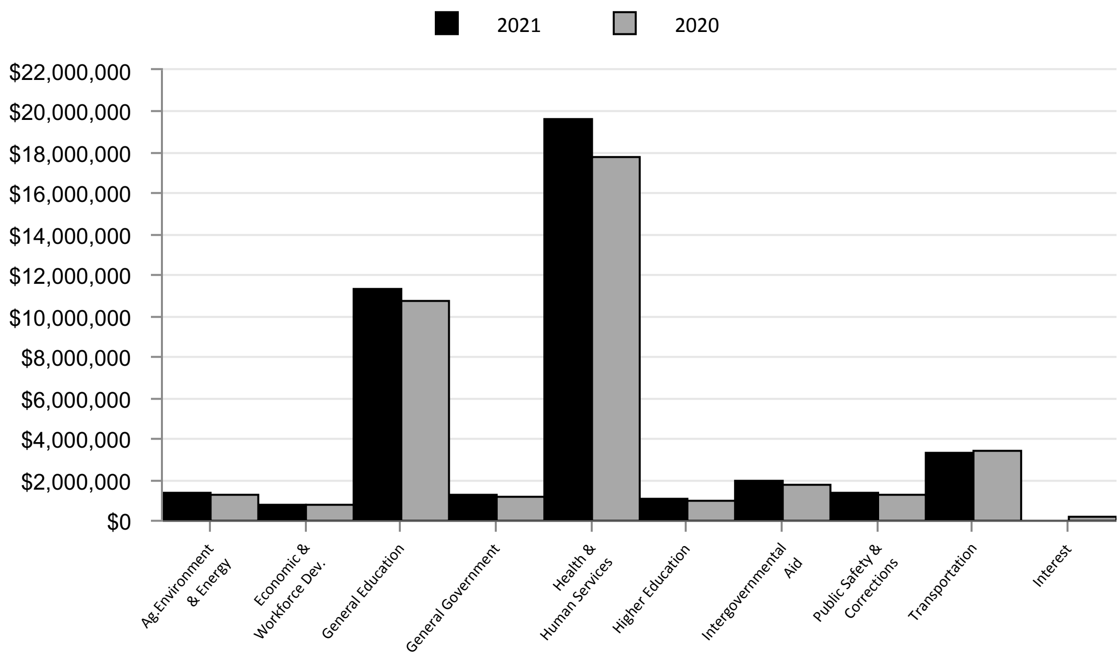
The state's largest general revenues, sales and income taxes, increased significantly during the current year even though the pandemic continues and unemployment remains high. Most of the higher wage earners continued to remain employed and taxable capital gains increased significantly over the prior year contributing to the increase in income taxes. In addition, corporate profits were significantly higher over the prior year. During this pandemic, unemployed individuals received extended benefits plus additional federal unemployment benefits above the state unemployment benefits which increased consumer's disposable cash. This contributed to increased consumer spending on home improvements and other goods including vehicles, as many individuals remained home during the pandemic. This contributed to increased sales and motor vehicle taxes during the current year. The state received a court settlement from J.J. Reynolds Tobacco Company and ITG Brands, LLC to pay the unpaid tobacco settlement. The increase in other taxes resulted from an increase in lawful gambling, mortgage, and deed transfer taxes as well as an increase in hospital surcharge taxes as a result of an increase in patients receiving healthcare services after the slowdown in the prior year due to the pandemic. The majority of the increase in other revenue related to a receipt of the excess surplus from the Workers' Compensation Assigned Risk Plan (component unit) during the current year.

The operating grants and contributions, net of the COVID-19 revenue, increased over prior year. This was primarily due to an increase in the federal government's share of medical assistance resulting from an increase in caseloads and the supplemental nutrition assistance program that allowed the state to obtain a waiver from the federal government and allow recipients to receive the maximum monthly benefit. In addition, the federal government increased grants to school districts for nutritional support for families.

There was a $5.0 billion (12.3 percent) increase in governmental activities expenses compared to the prior year. This included an increase in expenses of $25.8 million related to the impacts of pension reporting and an increase in expenses of $2.4 billion related to COVID-19 offset by an increase in non-pension related expenses of $2.6 billion. Pension reporting impacted all functional expenses except higher education and intergovernmental aid. See the chart on the Changes in Net Pension Liability and Related Deferred Inflows and Outflows for the impact by functional expenses. COVID-19 impacted primarily health and human services and general education expenses.

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

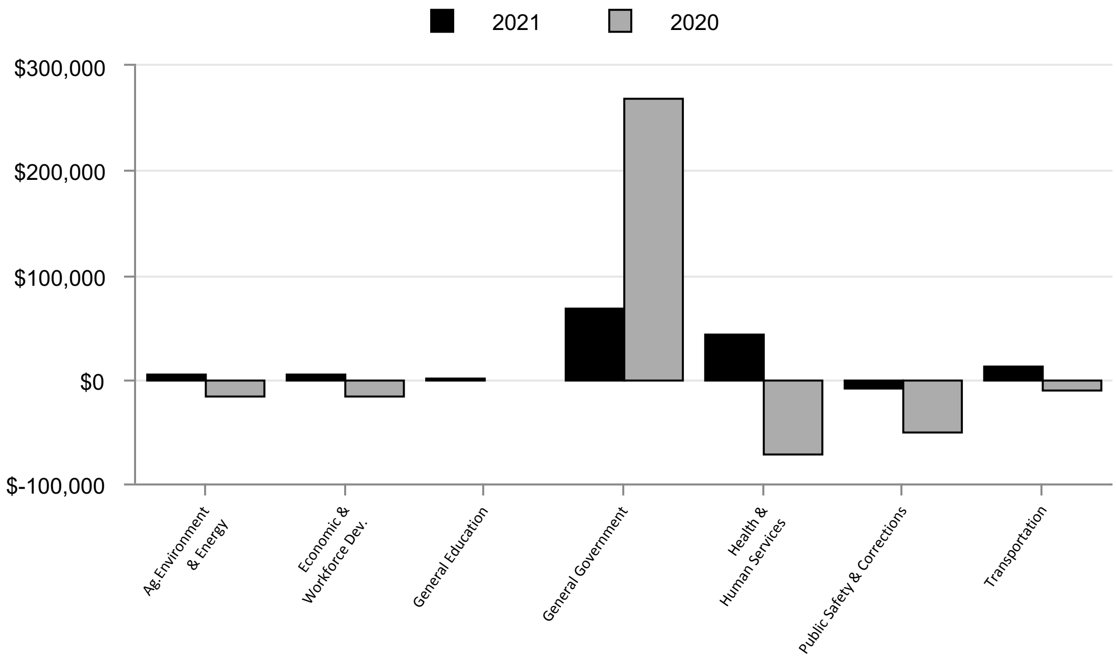
Functional Expenses, Net of Pension and COVID-19 Impacts
Governmental Activities
Fiscal Years Ended June 30, 2021 and 2020
(In Thousands)



Several functional expenses, net of the impacts of pension and COVID-19, increased during the current fiscal year. The general education expense increase is due to an increase in grants to school districts for family nutritional support and a two percent per pupil formula increase. The formula increase was partially offset by a decrease in the number of pupils. The primary reason for the significant increase in health and human services expenses relates to the increase in medical assistance caseloads and the supplemental nutrition assistance program that allowed the state to obtain a waiver from the federal government and allow recipients to receive the maximum monthly benefit. The intergovernmental aid expense increase was the result of an increase in grants to local governments. Higher education grants to the University of Minnesota (component unit) for capital projects also increased during the current fiscal year. The public safety expenses increase was the result of the planning and response to the potential civil unrest from a high profile trial that was nationally televised and related protests. These net increases were slightly offset by a decrease in transportation expense as a result of decreases in grants to local units of governments for transportation projects and an increase in costs spent on transportation projects that were capitalized during the current year instead of expensed. This decrease in transportation expense was also partially offset by an increase in transportation grants to Metropolitan Council (component unit).

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

Net Pension Expense
Governmental Activities
Fiscal Years Ended June 30, 2021 and 2020
(In Thousands)



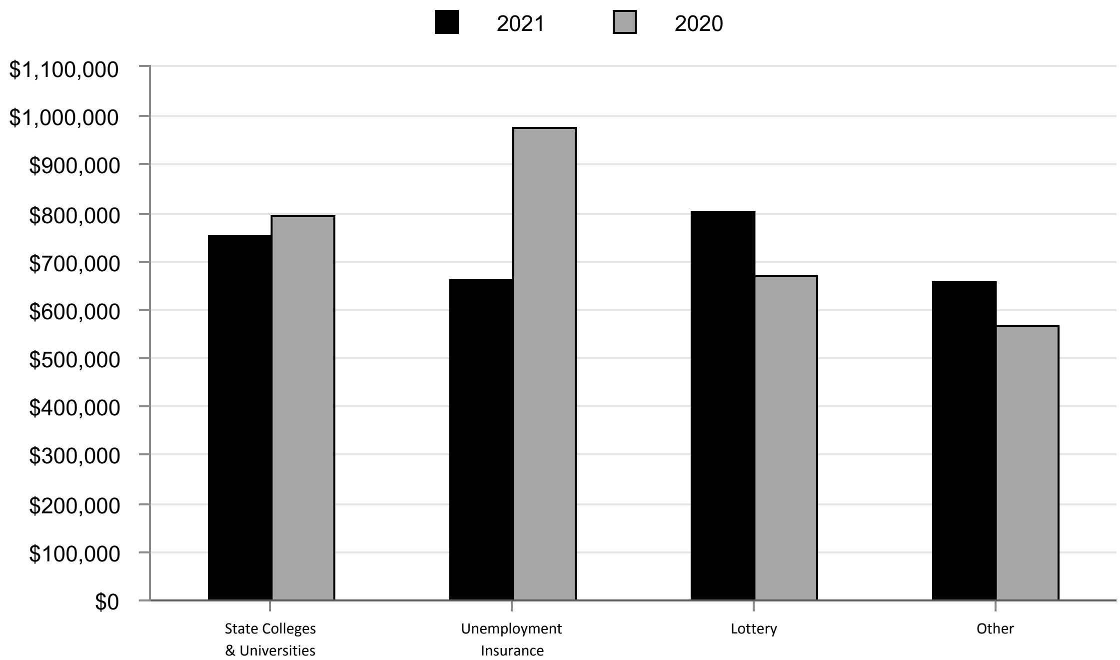
Business-type Activities

Net position for the state's business-type activities decreased by $1.2 billion during the current year compared to a decrease of $1.3 billion in the prior year. The impacts of pension related reporting on business-type activities resulted in a decrease in expenses of $6.4 million during the current year. See chart on expenses net of pension impact - business-type activities for changes in expenses net of these pension reporting impacts.

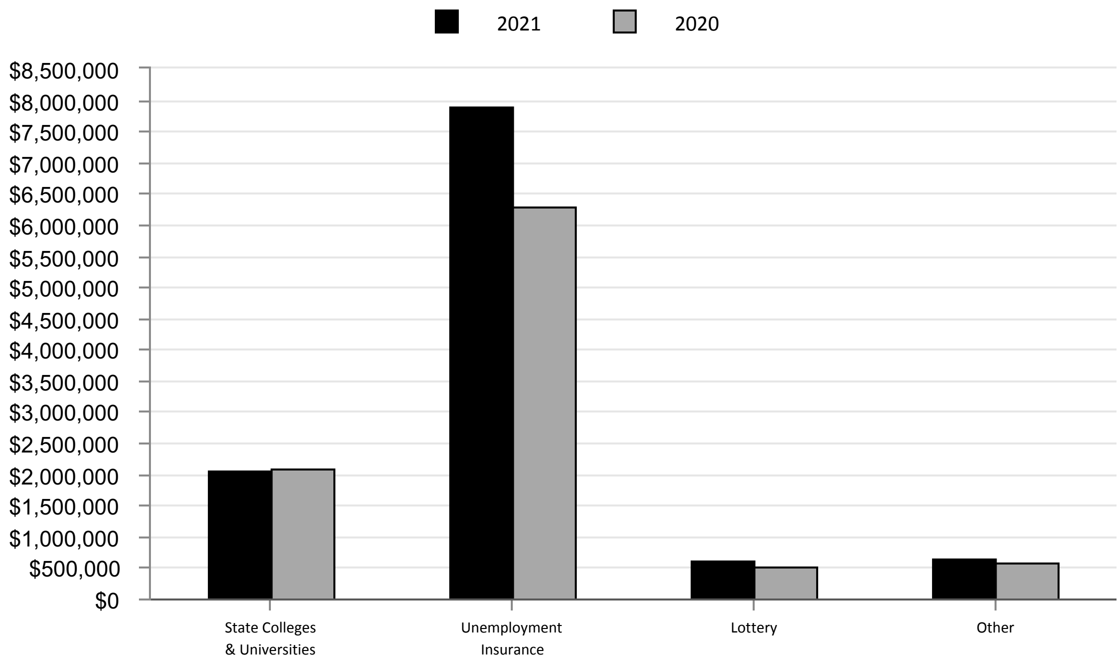
The decrease in the net position of the state's business-type activities primarily resulted from a $10.5 million increase in net position in the State Colleges and Universities Fund and a $1.2 billion decrease in net position in the Unemployment Insurance Fund.

The State Colleges and Universities Fund's net position increased $10.5 million during the current year compared to an increase of $25.8 million in the prior year. The federal grant revenue increase was the result of an increase in the Higher Education Emergency Relief funds, which was partially offset by a decrease in federal grants associated with PELL grants. This increase was also partially offset by a decrease in tuition and fees due to decreased enrollment. In addition, net pension expense decreased $3.3 million. The Unemployment Insurance Fund's net position decreased $1.2 billion during the current year compared to an decrease of $1.3 billion in the prior year. COVID-19 has had significant impacts to the Unemployment Insurance Fund. The impact of the closure of restaurants, bars, and many other places of public accommodations and amusement businesses in March 2020 caused a momentous increase in unemployment that continued to impact the fund activity through fiscal year 2021. The federal government extended the federally paid unemployment benefit that started in March 2020 through September 2021. This caused significant increases in both unemployment benefits and grants from the federal government as it was paid for the entire year. Employer premiums also decreased as employers only pay premiums on state paid unemployment benefits and a significant portion of the unemployment benefits were paid by the federal government as noted above. In addition, the federal government also paid for a portion of the employer premiums; thus, reducing the premiums billed to employers even further.

Charges for Services - Business-Type Activities
Fiscal Years Ended June 30, 2021 and 2020
(In Thousands)



Expenses Net of Pension Impact - Business-Type Activities
Fiscal Years Ended June 30, 2021, and 2020
(In Thousands)



Long-Term Liabilities

The state's total long-term liabilities increased by $1.2 billion (8.9 percent) during the current fiscal year. This increase is attributable to a Title X11 advance from the federal government to cover the Unemployment Insurance Fund (enterprise fund) deficit and an increase in Net Pension Liability of $131.7 million. For additional information on changes in bonds, see the Debt Administration section below.

State Funds Financial Analysis

Governmental Funds

The focus of the state's governmental funds is to provide information on near-term cash inflows and outflows during the fiscal year and balances of spendable resources as of fiscal year end. Such information is useful in assessing the state's financial condition. The unassigned fund balance serves as a useful measure of the state's net resources available for future spending at the end of the fiscal year.

As of the end of the current fiscal year, the state's governmental funds reported combined ending fund balances of $16.8 billion, an increase of $3.9 billion over the prior year.

The General Fund is the main operating fund of the state. At the end of the current fiscal year, the fund balance of the General Fund was $8.9 billion, an increase of $3.3 billion during the current year.

Because the General Fund is the main operating fund of the state, many of the same variances impacting Governmental Activities impacted the General Fund. As previously noted, income taxes were significantly higher over prior year as higher wage earner's taxable income including capital gains increased during the current year and corporate profits were significantly higher. In addition, disposable cash increased as a result of the increase in wages and the additional federal unemployment benefits resulting in increased consumer spending, which contributed to the increase in sales taxes. Tobacco settlement increased as a result of the court settlement on past unpaid tobacco settlements. The increase in other taxes resulted from an increase in lawful gambling, mortgage, and deed transfer taxes as well as an increase in hospital surcharge taxes as a result of patients receiving healthcare services after the slowdown in the prior year due to the pandemic. The majority of the increase in other revenue related to a receipt of the excess surplus from the Workers' Compensation Assigned Risk Plan (component unit) during the current year.

The General Fund expenditures, net of expenditures related to COVID-19, increased slightly over the prior year. General education expenditures increased as a result of the two percent per pupil formula increase, which was partially offset by a decrease in the number of pupils. Human services expenditures increased due to an increase in caseloads in the state welfare program for low income families with children. Even though the caseload for medical assistance increased during the current year, this increase was shifted from the General Fund to the Federal Fund due to the increase in the federal participation rate due to the COVID-19 pandemic that was in place for two additional quarters during the current year. The intergovernmental aid expenditure increase was the result of an increase in grants to local governments. Public safety expenditures increase during the current year as a result of the planning and response to the potential civil unrest from a high profile trial and related protests. Transportation grants to Metropolitan Council (component unit) also increased during the current year.

During the current year, motor vehicle taxes increased in the Trunk Highway Fund (special revenue fund) as a result of an increase in new and used motor vehicles sales.

The decrease in transportation expenditures resulted from a decrease in grants to local units of government in the Municipal State-aid Street Fund (special revenue fund) and an increase in capitalized projects in the Trunk Highway Fund (special revenue fund). The increase in higher education expenditures related to grants to the University of Minnesota (component unit) for capital projects in the Building Fund (capital project fund).

Proprietary Funds – Enterprise and Internal Service Funds

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

Enterprise Funds

The state's enterprise funds are included in the Business-type Activities column of the Statement of Activities. Enterprise funds net position decreased by $1.2 billion during the current year. This primarily resulted from a $10.5 million increase in net position of the State Colleges and Universities Fund and a $1.2 billion decrease in net position of the Unemployment Insurance Fund. For further discussion, see the Government-wide Financial Analysis – Business-type Activities section.

Internal Service Funds

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

The implementation of GASB 68, "Accounting and Financial Reporting for Pensions," which required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions, has caused many of the nonmajor enterprise and internal services funds to end the fiscal year in a deficit net position. The actuarially determined amounts are likely to vary significantly from year to year and are managed by the retirement systems and state Legislature to ensure the defined benefit plans are adequately funded to pay plan benefits to employees participating as they become due. For these reasons, the state does not include the pension-related liabilities or deferred inflow and outflows of resources in the rate-setting process for managing these funds as long as the funds are contributing the statutory required contributions. The amounts will continue to be monitored by the retirement systems administering these plans and the state Legislature.

General Fund Budgetary Highlights

Several significant economic forecast and budget actions occurred prior to and during fiscal year 2021. These are material to understanding changes in General Fund balances that occurred in fiscal year 2021. Both the Minnesota State Constitution (Article XI, section 6) and Minnesota Statutes 16A.152, require that the budget be balanced for the biennium. The following highlights material actions taken by the state Legislature and the Governor affecting fiscal year 2021.

Actions Establishing the Fiscal Year 2021 Budget

The budget for state fiscal year 2021 was adopted in May and June 2019. The February 2019 Budget and Economic Forecast projected a budgetary balance of $1.052 billion for the 2020-21 biennium. General Fund revenues for the biennium were forecast to be $47.941 billion, $2.728 billion (6.0 percent) higher than the previous biennium. General Fund expenditures for the biennium were expected to be $47.403 billion, $1.895 billion (4.2 percent) higher than the previous biennium. The 2019 Legislative Sessions concluded on May 25, 2019, with a balanced budget for the 2020-21 biennium. The enacted budget increased net General Fund revenues by $214 million and appropriated an additional $1.067 billion over the February 2019 Forecast base spending amount; changes were not made to the reserves. After accounting for all revenue and expenditure changes enacted for the current biennium, the General Fund balance at the end of the 2020-21 biennium was estimated to be $242 million.

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

After the 2019 legislative sessions, the enacted budget for fiscal year 2021 included $3.080 billion in carry forward from fiscal year 2019, $48.155 billion in General Fund revenues, $48.470 billion in General Fund spending, $2.425 billion in cash flow and budgetary reserves, $98 million in a stadium reserve account, and a $242 million ending budgetary balance.

Budget and Forecast Actions Impacting Fiscal Year 2021

The November 2019 Budget and Economic Forecast increased the projected balance for the 2020-21 biennium to $1.616 billion. However, under statutory requirements, a portion of any November forecast balance is allocated to the Budget Reserve Account until the statutorily defined target is met. With the November 2019 forecast, $284 million was allocated to the Budget Reserve Account, bringing it to the target level of $2.359 billion. After the reserve allocation, the available General Fund balance was $1.332 billion. The overall forecast gain was driven by a favorable close to fiscal year 2019 which increased resources carried into fiscal year 2020 by $815 million and the General Fund revenue forecast was increased $501 million. Spending estimates were largely unchanged, down $7 million.

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

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

The COVID-19 pandemic and resulting economic crisis was estimated to have had direct and immediate impact on the 2020-21 biennium General Fund budget. With the May 2020 Interim Budget Projection, General Fund revenue was projected to be $3.611 billion (7.4 percent) lower than the February 2020 forecast and state spending, including enacted appropriations, was expected to be $391 million higher than the February 2020 forecast. These changes, partially offset by a $63 million lower forecast balance in the Stadium Reserve Account, resulted in a projected deficit of $2.426 billion for the biennium. By law, the $2.359 billion Budget Reserve Account and $350 million Cash Flow Account remained intact with this projection. Legislative changes in the 2020 regular session and multiple special sessions reduced the projected deficit in the 2020-21 biennium to $2.314 billion.

Eight months into the pandemic, the impact on state revenues and spending was not as expected in May 2020. The November 2020 forecast showed significant improvement to the state's financial position for the 2020-21 biennium. A surplus of $636 million was projected for the 2020-21 biennium. A favorable closing variance to fiscal year 2020 added $187 million to the ending balance and $1.912 billion (4.2 percent) was added to the revenue forecast for fiscal year 2021. Additionally, spending was down $1.053 billion (2.2 percent) largely due to higher federal participation in Medical Assistance (MA) combined with lower health care consumption. The stadium reserve was increased by $15 million.

Given the newly projected surplus in fiscal year 2021, the legislature convened in December 2020 to establish one-time state aid programs for pandemic business relief and unemployment insurance. In total, $242 million was appropriated for business relief to small businesses, bars, restaurants, movie theaters, and bowling alleys in addition to a contingent appropriation for unemployment insurance. At the conclusion for the December 2020 special session, $384 million remained in the ending balance.

The February 2021 forecast increased the General Fund revenue projection for fiscal year 2021 and adjusted down spending estimates relative to prior estimates. The revenue forecast added $544 million (1.1 percent) while spending estimates were reduced $83 million (0.2 percent) compared to the November 2020 forecast, adjusted for actions in the December special session. The $2.377 budget reserve balance, $350 million cash flow account, and $81 million stadium reserve were unchanged from prior estimates.

The 2021 regular and special legislative session made minimal changes to the 2020-21 biennial budget. Changes including recognizing $30 million in cancellations from unspent appropriations and $60 million in allocating prior General Fund spending to the federal coronavirus relief funds resulted in adding $90 million to the projected ending balance for the biennium. As of the end of the 2021 special legislative session in June, the 2020-21 biennium was projected to end with a balance of $1.112 billion.

The biennium ended with a positive General Fund balance of $4.052 billion, $2.940 billion higher than estimated at the end of the 2021 legislative sessions. At close, the 2020-21 biennial total resources – including tax and non-tax revenues, transfers-in, and prior year adjustments were $2.775 billion (5.8 percent) higher than prior estimates. Tax revenues were $2.616 billion (5.8 percent) while non-tax revenue was $69 million (4.1 percent) higher than projected. Transfers from other funds and other resources were $91 million (9.9 percent) higher primarily due to reallocating prior year spending from the COVID-19 response account to federal sources, resulting in remaining funds transferring back to the General Fund.

Actual spending for the 2020-21 biennium was $331 million (0.7 percent) below the end of session estimates, however, a significant portion of that total, $111 million, is attributed to unspent appropriations that carried forward into the current biennium and are available to be spent. Health and human services spending was $102 million lower, which was driven by lower spending in operating and grant programs; $19 million of the savings carries forward and is appropriated for spending in the 2022-23 biennium. E-12 education spending was $84 million (0.4 percent) below the end of session estimates primarily due to fewer-than-expected students. Property tax aids and credits expenditures were $80 million (2.0 percent) lower than end of session estimates mainly due to refinancing COVID-19 small business relief payments for restaurants, bars, gyms, and bowling centers with federal Coronavirus Relief funds.

The 2020-21 biennium concluded with a budget reserve balance of $2.406 billion, $29 million higher than expected due to a statutory allocation of surplus assigned risk insurance funds. The stadium reserve ended the biennium with a balance of $107 million, $26 million higher than projected due to higher lawful gambling receipts. The cash flow account was unchanged from prior estimates, ending with a balance of $350 million.

Budget and GAAP Based Financial Outlook

Minnesota budgets and manages its financial affairs on a budgetary basis, which primarily uses a cash basis of accounting. Revenues are recorded when received and expenditures are recorded when the payments are made, with the exception that, at year-end, encumbered amounts are included in the expenditures of the year appropriated for budgetary reporting. GAAP requires that the modified accrual basis of accounting be used to prepare governmental fund statements. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. Expenditures are recognized when a liability occurs.

On a budgetary basis, the state's General Fund ended fiscal year 2021 with a balance of $4.669 billion. On a GAAP basis, the General Fund reported a balance of $8.908 billion for fiscal year 2021, a difference of $4.239 billion from the budgetary General Fund balance. The difference between the General Fund budgetary and GAAP fund balance results from two primary reasons. First, on a GAAP basis, the accruals of revenue and expenditures are required to be reported under the modified accrual basis of accounting. Second, several funds are included in the GAAP fund balance which are not included in the budgetary fund balance. These additional funds reported a fund balance of $2.679 billion. The difference between the GAAP basis and budgetary basis fund balance of the General Fund, excluding these additional funds not reported in the budgetary fund balance, was $1.560 billion. Additional information on the differences between the budgetary basis and the GAAP basis for the General Fund is included in Note 18 – Budgetary Basis vs. GAAP of the notes to the financial statements.

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

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

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

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

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

Capital Asset and Debt Administration

Capital Assets

The state's investment in capital assets for governmental and business-type activities as of June 30, 2021, was $26.6 billion, less accumulated depreciation of $5.2 billion, resulting in a net book value of $21.4 billion. This investment in capital assets includes land, buildings, construction and development in progress, infrastructure, easements, art and historical treasures, internally generated computer software, and equipment. Infrastructure assets are long-lived capital assets, such as pavement, bridges, tunnels, drainage systems, lighting systems, and similar items that are normally stationary in nature.

Capital Assets
June 30, 2021 and 2020
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Capital Assets not Depreciated:						
Land	$ 2,844,724	$ 2,788,654	$ 93,934	$ 94,996	$ 2,938,658	$ 2,883,650
Buildings, Structures, Improvements	342,252	333,834	—	—	342,252	333,834
Construction in Progress	217,477	316,029	73,166	114,572	290,643	430,601
Development in Progress	244,144	231,748	—	—	244,144	231,748
Infrastructure	12,278,516	11,725,576	—	—	12,278,516	11,725,576
Easements	516,407	466,507	—	—	516,407	466,507
Art and Historical Treasures	9,071	7,724	—	—	9,071	7,724
Total Capital Assets not Depreciated	$ 16,452,591	$ 15,870,072	$ 167,696	$ 209,568	$ 16,620,287	$ 16,079,640
Capital Assets Depreciated:						
Buildings, Structures, Improvements	$ 3,686,627	$ 3,481,419	$ 3,967,581	$ 3,895,565	$ 7,654,208	$ 7,376,984
Infrastructure	452,059	423,225	30,251	28,153	482,310	451,378
Library Collections	—	—	34,686	35,784	34,686	35,784
Internally Generated Computer Software	402,586	434,146	64,877	65,047	467,463	499,193
Easements	4,028	3,897	—	—	4,028	3,897
Equipment, Furniture, Fixtures	967,963	928,644	350,705	347,171	1,318,668	1,275,815
Total Capital Assets Depreciated	$ 5,513,263	$ 5,271,331	$ 4,448,100	$ 4,371,720	$ 9,961,363	$ 9,643,051
Less: Accumulated Depreciation	(2,655,308)	(2,509,905)	(2,517,927)	(2,408,435)	(5,173,235)	(4,918,340)
Capital Assets Net of Depreciation	$ 2,857,955	$ 2,761,426	$ 1,930,173	$ 1,963,285	$ 4,788,128	$ 4,724,711
Total	$ 19,310,546	$ 18,631,498	$ 2,097,869	$ 2,172,853	$ 21,408,415	$ 20,804,351

The state uses the modified approach for reporting selected infrastructure assets. The modified approach requires that the state meet certain requirements regarding the inventory and maintenance of eligible capital assets, including condition assessments. Under the modified approach, assets are not depreciated, and certain maintenance and preservation costs associated with those assets are expensed. Assets accounted for under this approach include approximately 29,000 lane miles of pavement and 3,000 bridges that are maintained by the Minnesota Department of Transportation (MnDOT).

The state’s goal is to maintain pavement at, or above, a 3.0 Pavement Quality Index (PQI) for all principal arterial pavement and at, or above, a 2.8 PQI for all other pavement. The most recent condition assessment, completed for calendar year 2020, indicated that the average PQI for principal arterial pavement was 3.6 and 3.4 for all other pavements. The state has maintained a stable condition of pavement over the past several years.

The state’s goal is to have over 92 percent of principal arterial system bridges and 80 percent of all other system bridges in fair to good condition. The most recent condition assessment, completed for calendar year 2020, indicated that 94.6 percent of principal arterial system bridges and 94.0 percent of all other system bridges were in fair to good condition. The state has also maintained a stable condition of bridges over the past several years.

During the current year, expenditures were fairly consistent with budget. The increase in capitalized pavement expenditures compared to budget is primarily related to additional costs on projects associated with a change in scope.

Additional information on the state's capital assets and infrastructure under the modified approach is included in Note 6 – Capital Assets of the notes to the financial statements and in the required supplementary information, respectively.

Debt Administration

The authority of the state to incur general obligation debt is described in Article XI, Sections 5 and 7, of the state's constitution. General obligation bonds, issued by the state, are backed by the full faith, credit, and taxing powers of the state.

The state's general obligation bonds were rated on June 30, 2021, as follows:

- AAA by Fitch Ratings
- AAA by Standard & Poor's
- Aa1 by Moody's Investors Service

The Legislature also statutorily authorizes other types of debt.

The state issues revenue bonds, which are payable solely from rentals, revenues, and other income, and charges and monies that were pledged for repayment.

The state issued state General Fund appropriation refunding bonds to refund bonds issued by a blended component unit, Tobacco Securitization Authority, which no longer exists. The state also issued state General Fund appropriation bonds to finance the state and City of Minneapolis shares of the costs of a professional football stadium project and the state financed the Lewis and Clark Regional Water System project.

The Certificates of Participation were issued by the state to finance the statewide systems, integrated tax system, and the legislative office facility.

Outstanding Bonded Debt and Unamortized Premium
June 30, 2021 and 2020
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General Obligation	$ 6,915,311	$ 7,025,411	$ 199,199	$ 214,906	$ 7,114,510	$ 7,240,317
Revenue	28,580	31,410	232,993	266,519	261,573	297,929
State Appropriation Bonds	956,012	944,767	—	—	956,012	944,767
Certificate of Participation	76,257	79,038	—	—	76,257	79,038
Total	$ 7,976,160	$ 8,080,626	$ 432,192	$ 481,425	$ 8,408,352	$ 8,562,051

During fiscal year 2021, the state issued the following bonds:

- $330.4 million in general obligation state various purpose bonds
- $152.0 million in general obligation state trunk highway bonds
- $20.5 million in taxable state bonds
- $128.1 million in state various purpose refunding bonds
- $163.4 million in state trunk highway refunding bonds
- $224.0 million in taxable state various purpose bonds
- $180.2 million in taxable state trunk highway refunding bonds
- $66.3 million in state appropriation bonds for the Duluth Regional Exchange District

Additional information on the state's long-term debt obligations is located in Note 12 – General Long-Term Liabilities – Primary Government in the notes to the financial statements.

Requests for Information

This financial report is designed to provide Minnesotans, taxpayers, customers, investors, and creditors with a general overview of the state's finances and to demonstrate the state's accountability for the money it receives.

Please contact us if you have questions about this report or to request additional financial information.

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MINNESOTA

State of Minnesota

2021
Annual
Comprehensive
Financial Report

Basic Financial Statements

MINNESOTA

State of Minnesota

Government-wide Financial Statements

2021
Annual
Comprehensive
Financial Report

STATE OF MINNESOTA

STATEMENT OF NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 17,241,355	$ 1,884,371	$ 19,125,726	$ 1,667,600
Investments	4,013,460	24,813	4,038,273	1,351,386
Accounts Receivable	3,268,782	511,931	3,780,713	562,140
Due from Component Units	21,167	—	21,167	—
Due from Primary Government	—	—	—	292,674
Accrued Investment/Interest Income	27,803	—	27,803	28,699
Federal Aid Receivable	2,462,068	167,719	2,629,787	180,606
Inventories	52,622	23,138	75,760	62,989
Loans and Notes Receivable	22,180	3,439	25,619	303,321
Internal Balances	4,427	(4,427)	—	—
Other Assets	13,145	4,295	17,440	47,942
Total Current Assets	$ 27,127,009	$ 2,615,279	$ 29,742,288	$ 4,497,357
Noncurrent Assets:				
Cash and Cash Equivalents-Restricted	$ —	$ 56,607	$ 56,607	$ 2,132,730
Investments-Restricted	—	303	303	3,188,868
Accounts Receivable-Restricted	—	—	—	101,316
Due from Primary Government-Restricted	—	—	—	2,857
Due from Primary Government	—	—	—	2,231
Due from Component Units	96,494	—	96,494	—
Investments	—	—	—	6,993,749
Accounts Receivable	743,269	2,376	745,645	493,089
Loans and Notes Receivable	209,616	10,951	220,567	3,076,547
Depreciable Capital Assets (Net)	2,857,955	1,930,173	4,788,128	7,042,544
Nondepreciable Capital Assets	4,174,075	167,696	4,341,771	2,418,060
Infrastructure (Not depreciated)	12,278,516	—	12,278,516	—
Other Assets	1,973	—	1,973	18,313
Total Noncurrent Assets	$ 20,361,898	$ 2,168,106	$ 22,530,004	$ 25,470,304
Total Assets	$ 47,488,907	$ 4,783,385	$ 52,272,292	$ 29,967,661
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivative Instruments	$ —	$ —	$ —	$ 13,932
Bond Refunding	98,421	1,823	100,244	5,470
Deferred Pension Outflows	817,343	151,243	968,586	80,815
Deferred Other Postemployment Benefits Outflows	101,240	22,441	123,681	73,511
Deferred Derivative Instrument Outflows	—	—	—	1,495
Total Deferred Outflows of Resources	$ 1,017,004	$ 175,507	$ 1,192,511	$ 175,223
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 6,701,710	$ 451,921	$ 7,153,631	$ 476,213
Due to Component Units	239,945	—	239,945	—
Due to Primary Government	—	—	—	52,322
Unearned Revenue	1,548,094	499,708	2,047,802	154,775
Accrued Interest Payable	108,109	—	108,109	55,038
Bonds and Notes Payable	575,845	87,388	663,233	961,065
Capital Leases Payable	11,171	1,699	12,870	5,492
Certificates of Participation Payable	2,405	—	2,405	—
Claims Payable	181,883	33,508	215,391	271,627
Compensated Absences Payable	52,761	19,212	71,973	273,721
Other Liabilities	—	13,810	13,810	4,169
Total Current Liabilities	$ 9,421,923	$ 1,107,246	$ 10,529,169	$ 2,254,422

STATE OF MINNESOTA

STATEMENT OF NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Noncurrent Liabilities:				
Accounts Payable-Restricted	$ —	$ —	$ —	$ 164,162
Unearned Revenue-Restricted	—	—	—	185,152
Accrued Interest Payable-Restricted	—	—	—	13,390
Accounts Payable	—	—	—	66,251
Due to Primary Government	—	—	—	96,494
Unearned Revenue	143,394	281	143,675	12,576
Interest Rate Swap Agreements	—	—	—	13,932
Bonds and Notes Payable	7,372,764	1,495,423	8,868,187	7,073,134
Due to Component Units	2,231	—	2,231	—
Capital Leases Payable	29,876	2,665	32,541	24,460
Certificates of Participation Payable	73,852	—	73,852	—
Claims Payable	693,849	1,505	695,354	588,075
Compensated Absences Payable	342,034	147,793	489,827	40,428
Other Postemployment Benefits	600,933	86,968	687,901	417,382
Net Pension Liability	2,856,818	382,578	3,239,396	345,873
Funds Held in Trust	—	—	—	562,873
Other Liabilities	—	12,775	12,775	50,594
Total Noncurrent Liabilities	$ 12,115,751	$ 2,129,988	$ 14,245,739	$ 9,654,776
Total Liabilities	$ 21,537,674	$ 3,237,234	$ 24,774,908	$ 11,909,198
DEFERRED INFLOWS OF RESOURCES				
Bond Refunding	$ 23,794	$ 3,190	$ 26,984	$ 5,263
Capital Lease Restructuring	8,082	—	8,082	—
Deferred Revenue	445,189	—	445,189	36,854
Deferred Pension Inflows	2,970,597	539,075	3,509,672	778,262
Deferred Other Postemployment Benefits Inflows	97,415	23,746	121,161	13,347
Total Deferred Inflows of Resources	$ 3,545,077	$ 566,011	$ 4,111,088	$ 833,726
NET POSITION				
Net Investment in Capital Assets	$ 15,704,737	$ 1,671,095	$ 17,375,832	$ 6,273,615
Restricted to:				
Improve Agricultural, Environmental and Energy Resources	$ 3,443,981	$ —	$ 3,443,981	$ —
Enhance Arts and Culture	44,861	—	44,861	—
Acquire, Maintain, and Improve Land and Buildings	—	288	288	—
Retire Indebtedness	410,138	118,635	528,773	—
Develop Economy and Workforce	200,111	3,696	203,807	—
Enhance E-12 Education	16,778	—	16,778	—
Enhance State Government	63,258	—	63,258	—
Enhance Health and Human Services	81,916	—	81,916	—
Enhance Higher Education	388	24,190	24,578	—
Enhance 911 Services and Increase Safety	7,595	97,792	105,387	—
School Aid-Expendable	9,242	—	9,242	—
School Aid-Nonexpendable	1,958,436	—	1,958,436	—
Construct Highways and Improve Infrastructure	1,778,881	—	1,778,881	—
Other Purposes	—	84,836	84,836	—
Component Units	—	—	—	10,013,254
Total Restricted	$ 8,015,585	$ 329,437	$ 8,345,022	$ 10,013,254
Unrestricted	$ (297,162)	$ (844,885)	$ (1,142,047)	$ 1,113,091
Total Net Position	$ 23,423,160	$ 1,155,647	$ 24,578,807	$ 17,399,960

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

		PROGRAM REVENUES		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBU-TIONS	CAPITAL GRANTS AND CONTRIBU-TIONS
Primary Government:				
Governmental Activities:				
Agricultural, Environmental and Energy Resources	$ 1,363,384	$ 501,373	$ 736,155	$ 14,143
Economic and Workforce Development	942,801	69,751	360,998	—
General Education	11,785,920	12,564	1,877,679	—
General Government	1,461,124	350,360	49,384	36
Health and Human Services	21,194,790	493,839	13,141,618	—
Higher Education	1,038,674	—	193	—
Intergovernmental Aid	2,860,441	—	902,676	—
Public Safety and Corrections	1,359,127	205,024	197,383	—
Transportation	3,462,174	54,396	773,777	208,029
Interest	41,328	—	—	—
Total Governmental Activities	$ 45,509,763	$ 1,687,307	$ 18,039,863	$ 222,208
Business-type Activities:				
State Colleges and Universities	$ 2,076,496	$ 751,197	$ 531,160	$ —
Unemployment Insurance	7,884,357	661,954	5,987,660	—
Lottery	615,118	803,641	—	—
Others	640,261	655,813	—	—
Total Business-type Activities	$ 11,216,232	$ 2,872,605	$ 6,518,820	$ —
Total Primary Government	$ 56,725,995	$ 4,559,912	$ 24,558,683	$ 222,208
Component Units:				
Housing Finance	$ 663,798	$ 118,063	$ 743,989	$ —
Metropolitan Council	1,218,241	350,568	769,592	552,055
University of Minnesota	4,124,286	1,265,801	1,946,761	75,659
Others	667,744	123,151	201,357	4,572
Total Component Units	$ 6,674,069	$ 1,857,583	$ 3,661,699	$ 632,286

General Revenues:

Taxes:

Individual Income Taxes

Corporate Income Taxes

Sales Taxes

Property Taxes

Motor Vehicle Taxes

Fuel Taxes

Other Taxes

Tobacco Settlement

Unallocated Investment/Interest Income

Other Revenues

State Grants Not Restricted

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning, as Reported

Prior Period Adjustments

Change in Accounting Principle

Net Position, Beginning, as Restated

Net Position, Ending

The notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
$ (111,713)		$ (111,713)	
(512,052)		(512,052)	
(9,895,677)		(9,895,677)	
(1,061,344)		(1,061,344)	
(7,559,333)		(7,559,333)	
(1,038,481)		(1,038,481)	
(1,957,765)		(1,957,765)	
(956,720)		(956,720)	
(2,425,972)		(2,425,972)	
(41,328)		(41,328)	
$ (25,560,385)		$ (25,560,385)	
	$ (794,139)	$ (794,139)	
	(1,234,743)	(1,234,743)	
	188,523	188,523	
	15,552	15,552	
	$ (1,824,807)	$ (1,824,807)	
$ (25,560,385)	$ (1,824,807)	$ (27,385,192)	
			$ 198,254
			453,974
			(836,065)
			(338,664)
			$ (522,501)
$ 14,199,891	$ —	$ 14,199,891	$ —
2,402,120	—	2,402,120	—
6,736,757	—	6,736,757	—
788,623	—	788,623	—
1,836,728	—	1,836,728	—
855,981	—	855,981	—
3,315,179	—	3,315,179	88,027
259,124	—	259,124	—
97,485	7,923	105,408	1,772,328
155,267	918	156,185	258,587
—	—	—	1,091,081
(620,256)	620,256	—	—
$ 30,026,899	$ 629,097	$ 30,655,996	$ 3,210,023
$ 4,466,514	$ (1,195,710)	$ 3,270,804	$ 2,687,522
$ 18,863,481	$ 2,351,357	$ 21,214,838	$ 14,706,845
87,719	—	87,719	—
5,446	—	5,446	5,593
$ 18,956,646	$ 2,351,357	$ 21,308,003	$ 14,712,438
$ 23,423,160	$ 1,155,647	$ 24,578,807	$ 17,399,960

MINNESOTA

State of Minnesota

Fund Financial Statements

2021
Annual
Comprehensive
Financial Report

State of Minnesota

Governmental Funds

General Fund

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

Federal Fund

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

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STATE OF MINNESOTA

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021
(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 9,337,281	$ 1,596,685	$ 5,685,325	$ 16,619,291
Investments	1,651,652	—	2,361,808	4,013,460
Accounts Receivable	3,191,029	515,355	300,082	4,006,466
Interfund Receivables	226,223	49	425,918	652,190
Due from Component Units	5,467	—	112,194	117,661
Accrued Investment/Interest Income	21,702	—	6,101	27,803
Federal Aid Receivable	—	2,400,967	61,101	2,462,068
Inventories	—	5,763	46,447	52,210
Loans and Notes Receivable	96,388	4,767	130,641	231,796
Other Assets	—	—	19	19
Investment in Land	—	—	15,956	15,956
Total Assets	$ 14,529,742	$ 4,523,586	$ 9,145,592	$ 28,198,920
LIABILITIES				
Accounts Payable	$ 3,259,496	$ 2,754,808	$ 722,476	$ 6,736,780
Interfund Payables	46,567	104,396	444,332	595,295
Due to Component Units	111,429	115,777	12,068	239,274
Unearned Revenue	149,027	1,531,019	—	1,680,046
Total Liabilities	$ 3,566,519	$ 4,506,000	$ 1,178,876	$ 9,251,395
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	$ 2,055,349	$ —	$ 107,164	$ 2,162,513
Total Deferred Inflows of Resources	$ 2,055,349	$ —	$ 107,164	$ 2,162,513
FUND BALANCES				
Nonspendable	$ 1,656,575	$ —	$ 2,004,883	$ 3,661,458
Restricted	91,030	12,803	4,925,392	5,029,225
Committed	69,968	—	879,424	949,392
Assigned	1,885,096	—	49,853	1,934,949
Unassigned	5,205,205	4,783	—	5,209,988
Total Fund Balances	$ 8,907,874	$ 17,586	$ 7,859,552	$ 16,785,012
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 14,529,742	$ 4,523,586	$ 9,145,592	$ 28,198,920

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

(IN THOUSANDS)

Total Fund Balance for Governmental Funds			$	16,785,012
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:				
Infrastructure	$	12,278,516		
Nondepreciable Capital Assets		4,157,858		
Depreciable Capital Assets		5,296,147		
Accumulated Depreciation		(2,505,848)		
				19,226,673
Net effect of state revenues that will be collected after year-end but not available to pay for current period expenditures and refunds of revenues that will be paid after year-end.				1,717,324
Net Deferred Outflows (Inflows) resulting from the refunding of debt and restructuring of capital leases included in the Statement of Net Position.				66,545
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.				399,254
Deferred pension outflows (inflows) resulting primarily from actuarial gains and losses to be amortized are included in the Statement of Net Position.				(2,077,961)
Deferred other postemployment benefits outflows (inflows) resulting primarily from actuarial gains and losses to be amortized are included in the Statement of Net Position.				3,775
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:				
Accrued Interest Payable	$	(108,061)		
General Obligation Bonds Payable		(6,080,064)		
State Appropriation Bonds Payable		(873,525)		
Revenue Bonds Payable		(28,580)		
Loans and Notes Payable		(694)		
Bond Premium Payable		(917,734)		
Due to Component Units		(2,902)		
Capital Leases Payable		(41,047)		
Certificate of Participation Payable		(67,675)		
Certificate of Participation Premium Payable		(8,582)		
Claims Payable		(776,204)		
Compensated Absences Payable		(379,833)		
Other Postemployment Benefits		(593,129)		
Net Pension Liability		(2,819,432)		
				(12,697,462)
Net Position of Governmental Activities			$	23,423,160

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
Net Revenues:				
Individual Income Taxes	$ 14,369,219	$ —	$ —	$ 14,369,219
Corporate Income Taxes	2,404,057	—	—	2,404,057
Sales Taxes	6,150,751	—	604,416	6,755,167
Property Taxes	789,888	—	—	789,888
Motor Vehicle Taxes	392,255	—	1,444,012	1,836,267
Fuel Taxes	—	—	854,215	854,215
Other Taxes	3,074,525	—	238,582	3,313,107
Tobacco Settlement	254,190	—	—	254,190
Federal Revenues	51,409	16,695,134	583,814	17,330,357
Licenses and Fees	260,722	5,109	440,430	706,261
Departmental Services	215,104	4,761	195,935	415,800
Investment/Interest Income	413,345	3,331	435,761	852,437
Other Revenues	481,261	54,998	272,559	808,818
Net Revenues	$ 28,856,726	$ 16,763,333	$ 5,069,724	$ 50,689,783
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 360,345	$ 270,092	$ 692,185	$ 1,322,622
Economic and Workforce Development	241,243	387,325	307,671	936,239
General Education	10,019,769	1,677,366	81,884	11,779,019
General Government	1,041,012	32,431	107,739	1,181,182
Health and Human Services	8,198,224	12,760,770	154,021	21,113,015
Higher Education	974,767	300	63,590	1,038,657
Intergovernmental Aid	1,957,585	902,676	180	2,860,441
Public Safety and Corrections	854,501	201,456	258,269	1,314,226
Transportation	536,619	429,934	2,443,046	3,409,599
Total Current Expenditures	$ 24,184,065	$ 16,662,350	$ 4,108,585	$ 44,955,000
Capital Outlay	67,393	63,079	798,984	929,456
Debt Service	33,425	—	932,716	966,141
Total Expenditures	$ 24,284,883	$ 16,725,429	$ 5,840,285	$ 46,850,597
Excess of Revenues Over (Under) Expenditures	$ 4,571,843	$ 37,904	$ (770,561)	$ 3,839,186
Other Financing Sources (Uses):				
Bond Issuance	$ —	$ —	$ 563,000	$ 563,000
Issuance of Refunding Bonds	—	—	695,655	695,655
Payment to Refunded Bonds Escrow Agent	—	—	(695,655)	(695,655)
Bond Issuance Premium	—	—	146,688	146,688
Transfers-In	274,195	1,032	1,019,240	1,294,467
Transfers-Out	(1,582,685)	(43,174)	(341,540)	(1,967,399)
Net Other Financing Sources (Uses)	$ (1,308,490)	$ (42,142)	$ 1,387,388	$ 36,756
Net Change in Fund Balances	$ 3,263,353	$ (4,238)	$ 616,827	$ 3,875,942
Fund Balances, Beginning, as Reported	$ 5,554,701	$ 17,963	$ 7,243,241	$ 12,815,905
Prior Period Adjustments	87,719	—	—	87,719
Change in Accounting Principle	2,101	3,861	(516)	5,446
Fund Balances, Beginning, as Restated	$ 5,644,521	$ 21,824	$ 7,242,725	$ 12,909,070
Fund Balances, Ending	$ 8,907,874	$ 17,586	$ 7,859,552	$ 16,785,012

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

(IN THOUSANDS)

Net Change in Fund Balances for Governmental Funds		$ 3,875,942
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital outlay exceeded the depreciation in the current period.		
Capital Outlay	$ 929,456	
Depreciation	(238,713)	
		690,743
Governmental funds report the proceeds from the sale of capital assets as increases in financial resources. However, in the Statement of Activities, only the gain or loss on the sale and the fair market value of donated capital assets are reported.		(5,697)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds activities is reported in governmental activities but not included in governmental funds.		55,143
Net changes in revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.		(186,176)
Bond and loan proceeds provide current financial resources to governmental funds; however, issuing or incurring debt is reported as an increase of long-term liabilities in the Statement of Net Position.		(1,405,343)
Net changes due to the additions and amortization of deferred inflows and outflows related to the refunding of debt and restructuring of capital leases is reported in the Statement of Activities but not included in governmental funds.		92,231
Net changes in the net pension liability and the additions and amortization of deferred inflows and outflows related to pensions is reported in the Statement of Activities but not included in governmental funds.		(108,341)
Net changes in the other postemployment benefits liability and the additions and amortization of deferred inflows and outflows related to other postemployment benefits is reported in the Statement of Activities but not included in governmental funds.		(19,178)
Repayment of bonds, loans, and capital leases are reported as expenditures in governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.		1,521,159
Net changes in expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds.		(43,969)
Change in Net Position of Governmental Activities		$ 4,466,514

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

MAJOR GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021

(IN THOUSANDS)

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Net Revenues:			
Individual Income Taxes	$ 12,051,200	$ 12,569,700	$ 14,103,661
Corporate Income Taxes	1,154,679	1,731,340	2,387,370
Sales Taxes	4,993,622	5,805,452	6,141,166
Property Taxes	823,446	805,026	803,134
Other Taxes	2,617,752	2,890,801	2,968,586
Tobacco Settlement	154,241	239,062	254,190
Licenses and Fees	234,371	236,149	256,380
Departmental Services	126,914	121,321	118,615
Investment/Interest Income	21,352	26,955	24,950
Other Revenues	345,377	381,246	425,371
Net Revenues	$ 22,522,954	$ 24,807,052	$ 27,483,423
Expenditures:			
Agricultural, Environmental and Energy Resources	$ 236,145	$ 231,997	$ 225,385
Economic and Workforce Development	198,280	199,771	196,842
General Education	10,041,887	9,990,614	9,962,951
General Government	1,035,685	1,141,905	1,125,395
Health and Human Services	8,808,561	8,057,183	7,378,969
Higher Education	943,619	947,470	942,949
Intergovernmental Aid	1,945,357	1,966,997	1,945,462
Public Safety and Corrections	847,612	873,729	859,307
Transportation	127,044	127,306	127,145
Total Expenditures	$ 24,184,190	$ 23,536,972	$ 22,764,405
Excess of Revenues Over (Under) Expenditures	$ (1,661,236)	$ 1,270,080	$ 4,719,018
Other Financing Sources (Uses):			
Transfers-In	$ 177,973	$ 301,915	$ 333,695
Transfers-Out	(1,899,043)	(1,899,043)	(1,899,043)
Net Other Financing Sources (Uses)	$ (1,721,070)	$ (1,597,128)	$ (1,565,348)
Net Change in Fund Balances	$ (3,382,306)	$ (327,048)	$ 3,153,670
Fund Balances, Beginning, as Reported	$ 4,227,466	$ 4,227,466	$ 4,227,466
Prior Period Adjustments	—	—	312,364
Fund Balances, Beginning, as Restated	$ 4,227,466	$ 4,227,466	$ 4,539,830
Budgetary Fund Balances, Ending	$ 845,160	$ 3,900,418	$ 7,693,500
Less: Appropriation Carryover	—	—	116,747
Less: Reserved for Long-Term Receivables	—	—	44,951
Less: Budgetary Reserve	—	—	2,863,061
Unassigned Fund Balance, Ending	$ 845,160	$ 3,900,418	$ 4,668,741

The notes are an integral part of the financial statements.

State of Minnesota

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Proprietary Funds

State Colleges and Universities Fund

The fund accounts for the activities of Minnesota State Colleges and Universities (MnSCU). MnSCU is a system of public state universities and two-year colleges and is the largest system of higher education in the state. While the primary activity of MnSCU is to provide educational services, the fund also includes scholarships, student loans, bookstores, student living activities, research, and long-term debt.

Unemployment Insurance Fund

The fund receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 1,062,418	$ 482,263	$ 339,690	$ 1,884,371	$ 622,064
Investments	24,813	—	—	24,813	—
Accounts Receivable	62,053	408,352	41,526	511,931	92,027
Interfund Receivables	29,150	5,598	6,000	40,748	325
Federal Aid Receivable	69,979	97,740	—	167,719	—
Inventories	14,178	—	8,960	23,138	412
Loans and Notes Receivable	3,439	—	—	3,439	—
Prepaid Expenses	3,788	—	507	4,295	13,126
Total Current Assets	$ 1,269,818	$ 993,953	$ 396,683	$ 2,660,454	$ 727,954
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	$ 56,607	$ —	$ —	$ 56,607	$ —
Investments-Restricted	303	—	—	303	—
Accounts Receivable	—	—	2,376	2,376	—
Loans and Notes Receivable	10,951	—	—	10,951	—
Depreciable Capital Assets (Net)	1,790,687	—	139,486	1,930,173	67,656
Nondepreciable Capital Assets	149,886	—	17,810	167,696	261
Prepaid Expenses	—	—	—	—	1,973
Total Noncurrent Assets	$ 2,008,434	$ —	$ 159,672	$ 2,168,106	$ 69,890
Total Assets	$ 3,278,252	$ 993,953	$ 556,355	$ 4,828,560	$ 797,844
DEFERRED OUTFLOWS OF RESOURCES					
Bond Refunding	$ 1,823	$ —	$ —	$ 1,823	$ —
Deferred Pension Outflows	142,617	—	8,626	151,243	9,492
Deferred Other Postemployment Benefits Outflows	19,158	—	3,283	22,441	1,315
Total Deferred Outflows of Resources	$ 163,598	$ —	$ 11,909	$ 175,507	$ 10,807
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 194,275	$ 182,905	$ 74,741	$ 451,921	$ 51,847
Interfund Payables	—	19,636	25,539	45,175	52,318
Unearned Revenue	57,335	428,410	13,963	499,708	11,442
Accrued Interest Payable	—	—	—	—	48
Bonds and Notes Payable	42,481	44,907	—	87,388	19,058
Capital Leases Payable	1,699	—	—	1,699	—
Claims Payable	2,353	—	31,155	33,508	99,528
Compensated Absences Payable	16,879	—	2,333	19,212	1,641
Other Liabilities	13,810	—	—	13,810	—
Total Current Liabilities	$ 328,832	$ 675,858	$ 147,731	$ 1,152,421	$ 235,882

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Noncurrent Liabilities:					
Unearned Revenue	$ —	$ —	$ 281	$ 281	$ —
Bonds and Notes Payable	402,149	1,093,274	—	1,495,423	28,954
Capital Leases Payable	2,665	—	—	2,665	—
Claims Payable	1,505	—	—	1,505	—
Compensated Absences Payable	136,564	—	11,229	147,793	13,321
Other Postemployment Benefits	67,263	—	19,705	86,968	7,804
Net Pension Liability	344,746	—	37,832	382,578	37,386
Other Liabilities	12,775	—	—	12,775	—
Total Noncurrent Liabilities	$ 967,667	$ 1,093,274	$ 69,047	$ 2,129,988	$ 87,465
Total Liabilities	$ 1,296,499	$ 1,769,132	$ 216,778	$ 3,282,409	$ 323,347
DEFERRED INFLOWS OF RESOURCES					
Bond Refunding	$ 3,190	$ —	$ —	$ 3,190	$ —
Deferred Pension Inflows	469,088	—	69,987	539,075	84,785
Deferred Other Postemployment Benefits Inflows	20,550	—	3,196	23,746	1,265
Total Deferred Inflows of Resources	$ 492,828	$ —	$ 73,183	$ 566,011	$ 86,050
NET POSITION					
Net Investment in Capital Assets	$ 1,513,799	$ —	$ 157,296	$ 1,671,095	$ 22,786
Restricted for:					
Acquire, Maintain, and Improve Land and Buildings	$ 288	$ —	$ —	$ 288	$ —
Retire Indebtedness	118,635	—	—	118,635	—
Develop Economy and Workforce	—	—	3,696	3,696	—
Enhance Higher Education	24,190	—	—	24,190	—
Enhance 911 Services and Increase Safety	—	—	97,792	97,792	—
Other Purposes	—	—	84,836	84,836	—
Total Restricted	$ 143,113	$ —	$ 186,324	$ 329,437	$ —
Unrestricted	$ (4,389)	$ (775,179)	$ (65,317)	$ (844,885)	$ 376,468
Total Net Position	$ 1,652,523	$ (775,179)	$ 278,303	$ 1,155,647	$ 399,254

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:					
Tuition and Fees	$ 655,102	$ —	$ —	$ 655,102	$ —
Restricted Student Payments, Net	75,271	—	—	75,271	—
Net Sales	—	—	1,095,689	1,095,689	326,381
Insurance Premiums	—	649,417	330,560	979,977	1,124,803
Other Income	20,824	12,537	33,205	66,566	12,166
Total Operating Revenues	$ 751,197	$ 661,954	$ 1,459,454	$ 2,872,605	$ 1,463,350
Less: Cost of Goods Sold	—	—	612,040	612,040	—
Gross Margin	$ 751,197	$ 661,954	$ 847,414	$ 2,260,565	$ 1,463,350
Operating Expenses:					
Purchased Services	$ 227,664	$ —	$ 90,521	$ 318,185	$ 212,025
Salaries and Fringe Benefits	1,411,613	—	183,178	1,594,791	150,747
Student Financial Aid	106,538	—	—	106,538	—
Unemployment Benefits	—	7,883,169	—	7,883,169	—
Claims	—	—	314,147	314,147	949,741
Depreciation and Amortization	137,279	—	15,685	152,964	21,110
Supplies and Materials	109,644	—	5,339	114,983	19,144
Repairs and Maintenance	19,796	—	860	20,656	19,810
Indirect Costs	—	—	3,154	3,154	3,269
Other Expenses	36,553	—	702	37,255	1,079
Total Operating Expenses	$ 2,049,087	$ 7,883,169	$ 613,586	$ 10,545,842	$ 1,376,925
Operating Income (Loss)	$ (1,297,890)	$ (7,221,215)	$ 233,828	$ (8,285,277)	$ 86,425
Nonoperating Revenues (Expenses):					
Investment Income	$ 7,074	$ 132	$ 717	$ 7,923	$ 2,180
Federal Grants	407,998	5,987,660	—	6,395,658	—
Private Grants	25,312	—	—	25,312	—
Grants and Subsidies	97,850	—	—	97,850	—
Other Nonoperating Revenues	—	—	6	6	—
Interest and Financing Costs	(16,629)	—	1,226	(15,403)	(1,017)
Grants, Aids and Subsidies	(10,780)	(1,188)	(16,273)	(28,241)	—
Other Nonoperating Expenses	—	—	(14,706)	(14,706)	(693)
Gain (Loss) on Disposal of Capital Assets	849	—	63	912	927
Total Nonoperating Revenues (Expenses)	$ 511,674	$ 5,986,604	$ (28,967)	$ 6,469,311	$ 1,397
Income (Loss) Before Transfers and Contributions	$ (786,216)	$ (1,234,611)	$ 204,861	$ (1,815,966)	$ 87,822
Transfers-In	796,756	—	14,464	811,220	—
Transfers-Out	—	(1,565)	(189,399)	(190,964)	(32,679)
Change in Net Position	$ 10,540	$ (1,236,176)	$ 29,926	$ (1,195,710)	$ 55,143
Net Position, Beginning, as Reported	$ 1,641,983	$ 460,997	$ 248,377	$ 2,351,357	$ 344,111
Net Position, Ending	$ 1,652,523	$ (775,179)	$ 278,303	$ 1,155,647	$ 399,254

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:					
Receipts from Customers	$ 754,052	$ 743,856	$ 1,415,144	$ 2,913,052	$ 1,447,642
Receipts from Other Revenues	—	—	38,093	38,093	12,166
Receipts from Repayment of Program Loans	3,730	—	—	3,730	—
Financial Aid Disbursements	(106,538)	—	—	(106,538)	—
Payments to Claimants	—	(8,151,104)	(817,251)	(8,968,355)	(939,379)
Payments to Suppliers	(395,198)	—	(141,883)	(537,081)	(231,385)
Payments to Employees	(1,395,701)	—	(177,800)	(1,573,501)	(127,392)
Payments to Others	—	—	(68,446)	(68,446)	(693)
Net Cash Flows from Operating Activities	$ (1,139,655)	$ (7,407,248)	$ 247,857	$ (8,299,046)	$ 160,959
Cash Flows from Noncapital Financing Activities:					
Grant Receipts	$ 491,852	$ 5,239,009	$ —	$ 5,730,861	$ —
Grant Disbursements	(14,201)	(1,230)	(16,273)	(31,704)	—
Transfers-In	767,931	—	14,464	782,395	—
Transfers-Out	—	(3,932)	(192,514)	(196,446)	(32,679)
Proceeds from Loans	—	2,136,029	—	2,136,029	—
Repayment of Loan Principal	—	(997,848)	—	(997,848)	—
Net Cash Flows from Noncapital Financing Activities	$ 1,245,582	$ 6,372,028	$ (194,323)	$ 7,423,287	$ (32,679)
Cash Flows from Capital and Related Financing Activities:					
Transfers-In	$ 26,872	$ —	$ —	$ 26,872	$ —
Investment in Capital Assets	(76,043)	—	(4,361)	(80,404)	(18,721)
Proceeds from Disposal of Capital Assets	—	—	89	89	4,535
Proceeds from Capital Bonds	8,120	—	—	8,120	—
Proceeds from Loans	—	—	—	—	17,911
Capital Lease Payments	(2,134)	—	—	(2,134)	—
Repayment of Loan Principal	(960)	—	—	(960)	(21,003)
Repayment of Bond Principal	(41,260)	—	(10,145)	(51,405)	—
Interest Paid	(22,104)	—	(508)	(22,612)	(974)
Net Cash Flows from Capital and Related Financing Activities	$ (107,509)	$ —	$ (14,925)	$ (122,434)	$ (18,252)
Cash Flows from Investing Activities:					
Proceeds from Sales and Maturities of Investments	$ 556	$ —	$ —	$ 556	$ —
Purchase of Investments	(2,384)	—	—	(2,384)	—
Investment Earnings	3,758	132	717	4,607	2,180
Net Cash Flows from Investing Activities	$ 1,930	$ 132	$ 717	$ 2,779	$ 2,180
Net Increase (Decrease) in Cash and Cash Equivalents	$ 348	$ (1,035,088)	$ 39,326	$ (995,414)	$ 112,208
Cash and Cash Equivalents, Beginning, as Reported	$ 1,118,677	$ 1,517,351	$ 300,364	$ 2,936,392	$ 509,856
Cash and Cash Equivalents, Ending	$ 1,119,025	$ 482,263	$ 339,690	$ 1,940,978	$ 622,064

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Operating Income (Loss)	$ (1,297,890)	$ (7,221,215)	$ 233,828	$ (8,285,277)	$ 86,425
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation and Amortization	$ 137,279	$ —	$ 15,685	$ 152,964	$ 21,110
Miscellaneous Nonoperating Revenues	—	—	6	6	—
Miscellaneous Nonoperating Expenses	—	—	(14,706)	(14,706)	(693)
Loan Principal Repayments	3,730	—	—	3,730	—
Provision for Loan Defaults	(2,299)	—	—	(2,299)	—
Loans Forgiven	3,258	—	—	3,258	—
Change in Assets, Liabilities, Deferred Outflows and Inflows:					
Accounts Receivable	(1,952)	104,048	(5,112)	96,984	(263)
Inventories	1,039	—	92	1,131	53
Other Assets	—	—	(127)	(127)	3,075
Deferred Outflows	217,680	—	42,192	259,872	42,614
Accounts Payable	(1,745)	(291,102)	7,906	(284,941)	20,814
Salaries Payable	(437)	—	—	(437)	—
Claims Payable	—	—	6,275	6,275	10,362
Compensated Absences Payable	2,543	—	314	2,857	1,367
Unearned Revenues	4,806	1,012	(1,197)	4,621	(3,279)
Other Postemployment Benefits	(919)	—	6,183	5,264	514
Net Pension Liability	18,857	—	(1,624)	17,233	4,568
Other Liabilities	(1,175)	9	—	(1,166)	—
Deferred Inflows	(222,430)	—	(41,858)	(264,288)	(25,708)
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 158,235	$ (186,033)	$ 14,029	$ (13,769)	$ 74,534
Net Cash Flows from Operating Activities	$ (1,139,655)	$ (7,407,248)	$ 247,857	$ (8,299,046)	$ 160,959
Noncash Investing, Capital and Financing Activities:					
Capital Assets Acquired through Lease	$ 1,147	$ —	$ —	$ 1,147	$ —
Capital Assets Transferred Out	$ —	$ —	$ 567	$ 567	$ —
Bond Premium Amortization	$ 4,257	$ —	$ 1,691	$ 5,948	$ —

The notes are an integral part of the financial statements.

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Fiduciary Funds

Pension Trust Funds

The funds are retirement funds administered by independent boards for which the state performs a fiduciary role.

Investment Trust Funds

The funds account for the external portion of the state's investment pools.

Custodial Fund

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

STATE OF MINNESOTA

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	CUSTODIAL FUND
ASSETS			
Cash and Cash Equivalent Investments	$ 52,236	$ —	$ 340,143
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 5,549,780	$ 46,298	$ —
Investments	99,433,711	1,420,541	—
Accrued Interest and Dividends	154,643	2,146	—
Securities Trade Receivable (Payable)	(711,469)	(11,843)	—
Total Investment Pool Participation	$ 104,426,665	$ 1,457,142	$ —
Receivables:			
Accounts Receivable	$ —	$ —	$ 54,677
Interfund Receivables	12,746	—	—
Other Receivables	113,939	—	—
Total Receivables	$ 126,685	$ —	$ 54,677
Securities Lending Collateral	$ 5,707,863	$ —	$ —
Depreciable Capital Assets (Net)	33,374	—	—
Nondepreciable Capital Assets	611	—	—
Total Assets	$ 110,347,434	$ 1,457,142	$ 394,820
LIABILITIES			
Accounts Payable	$ 32,887	$ —	$ 272,362
Interfund Payables	13,221	—	—
Accrued Expense	33	—	—
Revenue Bonds Payable	6,961	—	—
Bond Interest	3	—	—
Compensated Absences Payable	3,623	—	—
Securities Lending Liabilities	5,707,863	—	—
Other Liabilities	2,193	—	—
Total Liabilities	$ 5,766,784	$ —	$ 272,362
NET POSITION			
Net Position Restricted for Pensions and Pooled Investments, Individuals, Organizations, and Other Governments	$ 104,580,650	$ 1,457,142	$ 122,458

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

FIDUCIARY FUNDS
STATEMENT OF CHANGES
IN NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	CUSTODIAL FUND
Additions:			
Contributions:			
Employer	$ 1,542,067	$ —	$ —
Member	1,804,557	—	—
Contributions From Other Sources	12,829	—	—
Participating Plans	—	15,336	—
Total Contributions	$ 3,359,453	$ 15,336	$ —
Net Investment Income (Loss):			
Investment Income (Loss)	$ 24,180,361	$ 372,628	$ —
Less: Investment Expenses	(88,952)	(796)	—
Net Investment Income (Loss)	$ 24,091,409	$ 371,832	$ —
Securities Lending Revenues (Expenses):			
Securities Lending Income	$ 29,848	$ —	$ —
Securities Lending Rebates and Fees	(10,812)	—	—
Net Securities Lending Revenue	$ 19,036	$ —	$ —
Total Investment Income (Loss)	$ 24,110,445	$ 371,832	$ —
Employee Insurance Trust	$ —	$ —	$ 38,141
Tax Collections for Other Governments	—	—	655,375
Legal Settlements for External Parties	—	—	7,218
Courts Interest Held for Other Governments and Individuals	—	—	18,530
Federal Revenue	—	—	188,466
Beneficiary Deposits - Child Support	—	—	547,999
Beneficiary Deposits - Regional Treatment Centers	—	—	5,853
Beneficiary Deposits - Corrections	—	—	34,421
Beneficiary Deposits - Veterans Homes	—	—	1,871
Miscellaneous	—	—	7,786
Transfers-In	115,510	—	—
Other Additions	15,727	—	—
Total Additions	$ 27,601,135	$ 387,168	$ 1,505,660

STATE OF MINNESOTA

FIDUCIARY FUNDS
STATEMENT OF CHANGES
IN NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	CUSTODIAL FUND
Deductions:			
Benefits	$ 5,604,645	$ —	$ —
Refunds and Withdrawals	479,832	67,525	—
Administrative Expenses	68,514	85	—
Employee Insurance Trust	—	—	37,862
Tax Payments to Other Governments	—	—	655,311
Legal Settlements Paid to External Parties	—	—	1,881
Court Payments to Other Governments and Individuals	—	—	33,987
Federal Revenue Pass through	—	—	108,241
Beneficiary Payments - Child Support	—	—	548,002
Beneficiary Payments - Regional Treatment Centers	—	—	5,113
Beneficiary Payments - Corrections	—	—	31,229
Beneficiary Payments - Veterans Homes	—	—	1,518
Miscellaneous	—	—	1,570
Transfers-Out	30,722	—	—
Total Deductions	$ 6,183,713	$ 67,610	$ 1,424,714
Net Increase (Decrease)	$ 21,417,422	$ 319,558	$ 80,946
Net Position Restricted for Pensions and Pooled Investments, Beginning, as Reported	$ 83,161,547	$ 1,137,577	$ —
Change in Accounting Principle	—	—	41,512
Change in Reporting Entity	1,681	7	—
Net Position Restricted for Pensions and Pooled Investments, Beginning, as Restated	$ 83,163,228	$ 1,137,584	$ 41,512
Net Position Restricted for Pensions and Pooled Investments, Ending	$ 104,580,650	$ 1,457,142	$ 122,458

The notes are an integral part of the financial statements.

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Discretely Presented Component Unit Funds

Housing Finance Agency

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

Metropolitan Council

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

University of Minnesota

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

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2020 and JUNE 30, 2021
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 109,720	$ 67,607	$ 804,670	$ 685,603	$ 1,667,600
Investments	—	221,915	831,875	297,596	1,351,386
Accounts Receivable	489	21,154	482,013	58,484	562,140
Due from Primary Government	75	94,056	37,546	160,997	292,674
Accrued Investment/Interest Income	13,153	1,474	777	13,295	28,699
Federal Aid Receivable	4,127	176,360	—	119	180,606
Inventories	—	43,312	19,646	31	62,989
Loans and Notes Receivable	41,976	—	9,464	251,881	303,321
Other Assets	617	1,676	41,426	4,223	47,942
Total Current Assets	$ 170,157	$ 627,554	$ 2,227,417	$ 1,472,229	$ 4,497,357
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	$ 1,207,712	$ 525,350	$ 24,562	$ 375,106	$ 2,132,730
Investments-Restricted	3,003,385	—	162,253	23,230	3,188,868
Accounts Receivable-Restricted	—	101,316	—	—	101,316
Due from Primary Government-Restricted	—	2,857	—	—	2,857
Due from Primary Government	—	—	—	2,231	2,231
Investments	—	743,591	6,250,158	—	6,993,749
Accounts Receivable	—	—	133,663	359,426	493,089
Loans and Notes Receivable	887,136	44,700	57,727	2,086,984	3,076,547
Depreciable Capital Assets (Net)	2,132	3,416,492	2,739,825	884,095	7,042,544
Nondepreciable Capital Assets	—	1,830,958	551,153	35,949	2,418,060
Other Assets	630	—	16,360	1,323	18,313
Total Noncurrent Assets	$ 5,100,995	$ 6,665,264	$ 9,935,701	$ 3,768,344	$ 25,470,304
Total Assets	$ 5,271,152	$ 7,292,818	$ 12,163,118	$ 5,240,573	$ 29,967,661
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivative Instruments	$ 13,932	$ —	$ —	$ —	$ 13,932
Bond Refunding	6	—	505	4,959	5,470
Deferred Pension Outflows	2,132	26,240	51,635	808	80,815
Deferred Other Postemployment Benefits Outflows	302	62,482	10,724	3	73,511
Deferred Derivative Instrument Outflows	—	1,495	—	—	1,495
Total Deferred Outflows of Resources	$ 16,372	$ 90,217	$ 62,864	$ 5,770	$ 175,223

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2020 and JUNE 30, 2021
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 30,115	$ 92,163	$ 327,735	$ 26,200	$ 476,213
Due to Primary Government	—	—	1,105	51,217	52,322
Unearned Revenue	—	25,284	86,431	43,060	154,775
Accrued Interest Payable	26,198	3,560	16,026	9,254	55,038
Bonds and Notes Payable	318,634	304,273	239,970	98,188	961,065
Capital Leases Payable	—	930	4,562	—	5,492
Claims Payable	—	11,234	39,708	220,685	271,627
Compensated Absences Payable	378	30,947	242,210	186	273,721
Other Liabilities	—	—	3,856	313	4,169
Total Current Liabilities	$ 375,325	$ 468,391	$ 961,603	$ 449,103	$ 2,254,422
Noncurrent Liabilities:					
Accounts Payable-Restricted	$ —	$ 122,610	$ 41,552	$ —	$ 164,162
Unearned Revenue-Restricted	—	185,152	—	—	185,152
Accrued Interest Payable-Restricted	—	13,390	—	—	13,390
Accounts Payable	66,251	—	—	—	66,251
Due to Primary Government	—	—	1,220	95,274	96,494
Unearned Revenue	—	—	7,346	5,230	12,576
Interest Rate Swap Agreements	13,932	—	—	—	13,932
Bonds and Notes Payable	3,322,509	1,492,738	1,301,336	956,551	7,073,134
Capital Leases Payable	—	2,705	21,755	—	24,460
Claims Payable	—	18,121	13,529	556,425	588,075
Compensated Absences Payable	3,051	8,458	27,742	1,177	40,428
Other Postemployment Benefits	1,793	361,459	54,111	19	417,382
Net Pension Liability	8,396	140,749	193,914	2,814	345,873
Funds Held in Trust	173,668	—	389,077	128	562,873
Other Liabilities	—	—	50,344	250	50,594
Total Noncurrent Liabilities	$ 3,589,600	$ 2,345,382	$ 2,101,926	$ 1,617,868	$ 9,654,776
Total Liabilities	$ 3,964,925	$ 2,813,773	$ 3,063,529	$ 2,066,971	$ 11,909,198
DEFERRED INFLOWS OF RESOURCES					
Bond Refunding	$ —	$ —	$ 5,263	$ —	$ 5,263
Deferred Revenue	20,226	—	—	16,628	36,854
Deferred Pension Inflows	19,039	291,652	460,940	6,631	778,262
Deferred Other Postemployment Benefits Inflows	290	12,795	258	4	13,347
Total Deferred Inflows of Resources	$ 39,555	$ 304,447	$ 466,461	$ 23,263	$ 833,726
NET POSITION					
Net Investment in Capital Assets	$ 2,132	$ 3,623,594	$ 1,735,357	$ 912,532	$ 6,273,615
Restricted-Expendable	1,561,672	643,247	3,954,832	2,146,411	8,306,162
Restricted-Nonexpendable	—	—	1,707,092	—	1,707,092
Unrestricted	(280,760)	(2,026)	1,298,711	97,166	1,113,091
Total Net Position	$ 1,283,044	$ 4,264,815	$ 8,695,992	$ 3,156,109	$ 17,399,960

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 and JUNE 30, 2021
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
Net Expenses:					
Total Expenses	$ 663,798	$ 1,218,241	$ 4,124,286	$ 667,744	$ 6,674,069
Program Revenues:					
Charges for Services	$ 118,063	$ 350,568	$ 1,265,801	$ 123,151	$ 1,857,583
Operating Grants and Contributions	743,989	769,592	1,946,761	201,357	3,661,699
Capital Grants and Contributions	—	552,055	75,659	4,572	632,286
Net (Expense) Revenue	$ 198,254	$ 453,974	$ (836,065)	$ (338,664)	$ (522,501)
General Revenues:					
Taxes	$ —	$ 88,027	$ —	$ —	$ 88,027
Investment Income (Loss)	—	51,178	1,706,851	14,299	1,772,328
Other Revenues	763	639	255,175	2,010	258,587
Total General Revenues before Grants	$ 763	$ 139,844	$ 1,962,026	$ 16,309	$ 2,118,942
State Grants Not Restricted	57,445	—	696,935	336,701	1,091,081
Total General Revenues	$ 58,208	$ 139,844	$ 2,658,961	$ 353,010	$ 3,210,023
Change in Net Position	$ 256,462	$ 593,818	$ 1,822,896	$ 14,346	$ 2,687,522
Net Position, Beginning, as Reported	$ 1,026,582	$ 3,670,997	$ 6,867,503	$ 3,141,763	$ 14,706,845
Change in Accounting Principle	—	—	5,593	—	5,593
Net Position, Beginning, as Restated	$ 1,026,582	$ 3,670,997	$ 6,873,096	$ 3,141,763	$ 14,712,438
Net Position, Ending	$ 1,283,044	$ 4,264,815	$ 8,695,992	$ 3,156,109	$ 17,399,960

The notes are an integral part of the financial statements.

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2021 Annual Comprehensive Financial Report

Index of Notes to the Financial Statements

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2021 Annual Comprehensive Financial Report

Notes to the Financial Statements

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

Note 1 – Summary of Significant Accounting and Reporting Policies

Basis of Presentation

The accompanying financial statements of the state of Minnesota (the state) have been prepared to conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The state implemented the following GASB statements for the fiscal year ended June 30, 2021:

- GASB Statement No. 84 "Fiduciary Activities" was issued January 2017. This statement establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position. See Note 21 - Prior Period Adjustment, Change in Accounting Principle, and Change in Reporting Entity for further discussion on the impacts of implementing this statement.
- GASB Statement No. 90 "Major Equity Interests" was issued August 2018. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This statement has no material impact on the state.
- GASB Statement No. 93 "Replacement of Interbank Offered Rates" was issued March 2020. This statement addresses the accounting and reporting implications that result from the replacement of an Interbank Offering Rate (IBOR). This statement has no material impact on the state.
- Implementations Guide No. 2019-1 "Implementation Guidance Update - 2019". This guide provides guidance to clarify, explain, or elaborate on GASB statements previously implemented. This guide has no material impact on the state.
- Implementation Guide No. 2019-2 "Fiduciary Activities". This guide provides guidance to clarify, explain, or elaborate on the requirements of GASB Statement No. 84, Fiduciary Activities. See Note 21 - Prior Period Adjustment, Change in Accounting Principle, and Change in Reporting Entity for further discussion on the impacts of implementing this statement.

Financial Reporting Entity of the State of Minnesota

This report includes the state departments, agencies, institutions, and organizational units that are controlled by or dependent upon the Minnesota Legislature or its constitutional officers. The state of Minnesota, as a primary government, consists of all organizations that make up its legal entity. This report also includes other legally separate organizations as component units. GASB has established criteria for determining which organizations should be included as component units. Legally separate organizations are reported as component units if either the state is financially accountable for the organization or the nature and significance of the organization’s relationship with the state are such that exclusion would cause the state's financial statements to be misleading. These criteria include the state's ability to appoint a voting majority of an organization's governing body, and either the state's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the state.

Component units may be blended or discretely presented. Blended component units, although legally separate entities, are, in substance, part of the state's operations. All of the state's component units are discretely presented component units that are shown separately from the primary government. The "Component Units" column in the accompanying financial statements includes the financial data of the state's discretely presented component units. Discretely presented component units are also identified separately in the note disclosures because of their separate legal status. All discretely presented component units are presented in this report on the economic resource measurement focus and the accrual basis of accounting.

Discretely Presented Component Units

The following provides a description of the state's discretely presented component units:

- Housing Finance Agency (HFA) – HFA provides money for loans and technical assistance for constructing and rehabilitating housing for families of low and moderate incomes. The HFA board has seven members who are either heads of state departments or appointed by the governor. HFA is under the administrative control of a commissioner appointed by the governor. The state has the ability to significantly influence the programs, projects, and levels of services provided by HFA. HFA issues bonds in its own name.
- Metropolitan Council (MC) – MC is responsible for coordinating the planning and development of the seven-county metropolitan area. MC operates the public transit system and the regional sewage collection and treatment system. The governor appoints the council members, including the chair, subject to the advice and consent of the Minnesota senate. The state has the ability to significantly influence the projects and levels of services provided by MC. The regional administrator, appointed by the council, is responsible for the administration of council activities. The fiscal year for MC ends December 31.
- University of Minnesota (U of M) – U of M was established permanently by the Minnesota constitution. The state appropriates a large percentage of U of M's operating budget. The Minnesota Legislature elects the twelve-member board of regents, which governs U of M, but the state does not have direct authority over the management of the university. The state has issued debt for U of M capital projects. U of M includes several nonprofit organizations as component units.
- Agricultural and Economic Development Board (AEDB) – AEDB administers programs for agricultural and economic development. AEDB has seven members, four of whom are commissioners of state departments. The state has the ability to significantly influence the programs and projects of AEDB. AEDB controls the operations of the agriculture resource programs and loans. AEDB may issue revenue bonds for the purpose of financing development projects.
- Minnesota Comprehensive Health Association (MCHA) – MCHA administers the Premium Security Plan (PSP), a risk mitigation program designed to keep premiums affordable to individual purchasers within the state of Minnesota. The purpose is to promote the public health and welfare of the people of Minnesota by making available certain health insurance plans to residents of the state who are not otherwise able to obtain such coverage in the marketplace. The board has 13 members, seven of whom are selected by commissioners of state departments. The state has appropriated funding for the program and has the ability to approve or reject the parameters for making payments to health carriers. The fiscal year for MCHA ends December 31.

- Minnesota Sports Facilities Authority (MSFA) – MSFA's mission is to provide for the construction, financing, and long-term use of a multi-purpose stadium and related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities. The board of the authority has five members, including a chair and two members whom are appointed by the governor. The state provides administrative funding to MSFA.
- National Sports Center Foundation (NSCF) – The Minnesota Amateur Sports Commission (MASC), consisting of 14 members, 9 of whom are appointed by the state, contracts with NSCF to operate various sports facilities, including the National Sports Center. The facilities are used primarily for holding youth-oriented athletic and other non-athletic functions and events. Although the facilities belong to the state, NSCF is responsible for the operating costs and certain improvements to the facilities. The MASC appoints all foundation board members, approves the foundation's spending budget, approves all rates and fees, and owns any reserve funds. The fiscal year for NSCF ends December 31.
- Office of Higher Education (OHE) – OHE makes and guarantees loans to qualified post-secondary students. To fund the loan program, revenue bonds are issued in OHE's name with limitations set by the Minnesota Legislature. OHE also administers the state grant program. The state provides administrative funding for these programs. The governor appoints the OHE director with the advice and consent of the senate.
- Public Facilities Authority (PFA) – PFA provides assistance to municipalities, primarily for wastewater treatment construction projects. The state provides funding and administrative services for PFA. PFA is composed of commissioners from state departments and agencies. The commissioners direct the operations of the authority and determine the funding for local government projects. PFA issues revenue bonds to make loans for wastewater treatment facilities.
- Rural Finance Authority (RFA) – RFA administers a number of state agriculture programs, including the homestead redemption program, loan restructuring program, and agricultural improvement program. The board of the authority consists of state department heads and members appointed by the governor. RFA is under the administrative control of the commissioner of the Department of Agriculture, who is a member of the board. The state has issued general obligation bond debt for RFA programs.
- Workers' Compensation Assigned Risk Plan (WCARP) – WCARP is the source of workers' compensation and employers' liability coverage for Minnesota employers unable to obtain an insurance policy through the voluntary market. WCARP operations are subject to review by the commissioner of the Department of Commerce. The commissioner enters into administrative contracts, sets premium rates, and makes assessments. The commissioner has the authority to assess all licensed workers' compensation insurance companies doing business in Minnesota an amount sufficient to fully fund the obligations of the plan to the extent that the assets of the plan are inadequate to meet its obligations. The fiscal year for WCARP ends December 31.

A discretely presented component unit is classified as major or non-major, depending on its significance relative to other component units and the nature and significance of the component unit's relationship to the primary government. HFA, MC, and U of M are classified as major component units for this report.

Additional information is available from the component unit's separately-issued financial statements. Because AEDB and RFA do not issue separately audited financial statements, the combining financial statements include a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows for each of these component units.

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

- Housing Finance Agency, 400 Wabasha Street, Suite 400, St. Paul, Minnesota 55102, *www.mnhousing.gov*
- Metropolitan Council, 390 Robert Street North, St. Paul, Minnesota 55101-1805, *www.metrocouncil.org*
- University of Minnesota, Office of the Controller, 205 West Bank Office Building, 1300 South Second Street, Minneapolis, Minnesota 55454-1075, *www.twin-cities.umn.edu*
- Minnesota Comprehensive Health Assoc., 1650 West End Boulevard, Suite 100, St. Louis Park, Minnesota 55416, *www.mchamn.com*
- Minnesota Sports Facilities Authority, 1005 4th Street South, Minneapolis, Minnesota 55415-1752, *www.msfa.com*
- National Sports Center Foundation, National Sports Center, 1700 105th Avenue Northeast, Blaine, Minnesota 55449-4500, *www.nscsports.org*
- Office of Higher Education, 1450 Energy Park Drive, Suite 350, St. Paul, Minnesota 55108-5227, *www.ohe.state.mn.us*
- Public Facilities Authority, Department of Employment & Economic Development, 1st National Bank Building, 332 Minnesota Street, Suite W820, St. Paul, Minnesota 55101-1378, *www.mn.gov/deed/pfa*
- Workers' Compensation Assigned Risk Plan, Affinity Insurance Services, Inc., 8200 Tower, Suite 1100, 5600 West 83rd Street, Minneapolis, Minnesota 55437-1062, *www.mwcarp.org*

Related Entities – These are entities for which the state is accountable because the state appoints a voting majority of the board but does not have financial accountability or the ability to impose the state's will on the entity. The following are related entities, but are not included in the reporting entity:

- Higher Education Facilities Authority (HEFA) – The governor appoints a majority of the board. HEFA can issue revenue bonds and notes in its name. The state has no statutory authority to affect the operations of HEFA.
- Joint Underwriting Association – The state commissioner of the Department of Commerce appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments. Membership in the association is a condition for doing business in the state.
- Metropolitan Airports Commission – The governor appoints a majority of the voting commissioners. The state has no statutory authority to directly affect the commission's activities and operations. Holders of the commission's debt instruments have no recourse against the state.
- Workers' Compensation Reinsurance Association – The state commissioner of the Department of Labor and Industry appoints, or approves the appointment of, a majority of the board. The association supports itself solely from revenues derived from premiums charged to association members. The state has no authority to affect the operations of the association.

The following organizations, which are included in the primary government, prepare and publish separate financial reports, which may contain differences in presentation resulting from differing reporting emphasis. These financial reports may be obtained directly from each organization.

- Minnesota State Lottery, 2645 Long Lake Road, Roseville, Minnesota 55113-1117, *www.mnlottery.com*

- Minnesota State Retirement System, 60 Empire Drive, Suite 300, St. Paul, Minnesota 55103-3000, *www.msrs.state.mn.us*
- State Board of Investment, 60 Empire Drive, Suite 355, St. Paul, Minnesota 55103-3555, *www.msbi.us*
- Teachers Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-1889, *www.minnesotatra.org*
- Public Employees Retirement Association, 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088*, www.mnpera.org*
- Minnesota State Colleges and Universities, Financial Reporting Unit, 500 Wells Fargo Place, 30 East 7th Street, St. Paul, Minnesota 55101-7804, *www.minnstate.edu*

The financial reports, available from the State Board of Investment, report on investments in investment pools, which include the majority of the state's Fiduciary Funds.

Financial Reporting Structure of the State of Minnesota

The basic financial statements include government-wide and fund financial statements. The government-wide financial statements report on the state as a whole, while the fund financial statements emphasize major individual funds and fund types. Both types of statements categorize activities as either governmental or business-type. Governmental expenditures are classified by function. Each of the state's departments and agencies is included in a functional classification based on its primary mission and objectives.

Government-wide Financial Statements

The Government-wide Financial Statements (Statement of Net Position and Statement of Activities) display information about the state as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the state and it's discretely presented component units. Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once in the function for which the expenses were made. General government expenses that benefit state agencies have not been allocated as indirect expenses to the various functions of the state, but are reported under the general government function.

The focus of the Government-wide Financial Statements is on financial information of the state as an entity and the change in the overall financial position of the state as a result of the activities of the fiscal year. Government-wide Financial Statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resource measurement focus, all economic resources and obligations of the reporting government, both current and long-term, are reported in the Government-wide Financial Statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Amounts paid to acquire capital assets are capitalized as assets in the Government-wide Financial Statements. These amounts are reported as expenditures in the Governmental Fund Financial Statements. Long-term debt is recorded as a liability in the Government-wide Financial Statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liabilities rather than as expenditures.

In the government-wide statement of net position, both the governmental and business-type activities are presented on a consolidated basis by column. The statement includes long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports how much of the cost of each functional category (public safety and corrections, transportation, etc.) is supported by general government revenues (sales taxes, income taxes, etc.). The statement of activities reduces gross expenses, including depreciation, by related program revenues, and by operating and capital grants and contributions.

Program revenues must be directly associated with, or derived directly from, the function or a business-type activity. Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. Program revenues are applied against program expenses in the statement of activities to report the net cost of each program.

General revenues normally cover the net costs (program expenses less program revenues) of all activities. Taxes represent the majority of general revenues. Internally dedicated resources are reported as general revenues, rather than program revenues.

Fund Financial Statements

Fund Financial Statements report on the financial operations and position of governmental, proprietary, and fiduciary funds even though fiduciary funds are excluded from the Government-wide Financial Statements. The emphasis in Fund Financial Statements is on the major funds in the governmental or enterprise categories. All remaining governmental, proprietary, and fiduciary funds are aggregated and reported as nonmajor funds.

Governmental funds, including the general, special revenue, capital projects, debt service, and permanent funds, are presented on a current financial resource measurement focus and modified accrual basis of accounting in the Fund Financial Statements. This presentation is deemed most appropriate to demonstrate compliance with legal and bond covenant requirements, the source and use of financial resources, and how the state’s actual spending conforms to the budget. Because the Governmental Fund Financial Statements are presented using a different measurement focus and basis of accounting than used in the governmental column in the Government-wide Financial Statements, reconciliations explaining the adjustments required to restate the fund-based financial statements for the government-wide governmental activities column are included.

Proprietary funds, including the enterprise and internal service funds, are presented on the economic resource measurement focus and full accrual basis of accounting in the Fund Financial Statements. This is the same measurement focus and basis of accounting as the Government-wide Financial Statements.

The state’s fiduciary funds are presented in the Fund Financial Statements by type (pension trust, investment trust, or custodial). These assets are held for the benefit of others and cannot be used for activities or obligations of the government; therefore, the funds are excluded from the Government-wide Financial Statements.

The Fund Financial Statements are presented after the Government-wide Financial Statements. These statements display information about major funds individually, and nonmajor funds in the aggregate, for governmental, enterprise, and internal service funds.

Classification of Funds

The financial position and results of state operations are organized using individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts used to record the financial transactions and balances of that entity. Individual funds have been established as stipulated by legal provisions or by administrative discretion. The state uses fund accounting, which is designed to demonstrate legal compliance and to segregate transactions related to certain government functions or activities.

Governmental Fund Types – These funds account for the acquisition, use, and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category. The fund types included in this category are the General Fund plus special revenue, capital project, debt service, and permanent funds.

- The General Fund accounts for all financial resources not accounted for and reported in another fund. This fund encompasses many of the primary government's functions.
- Special revenue funds account for revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.
- Capital project funds account for financial resources that are restricted, committed, or assigned to capital expenditures, including the acquisition or construction of capital facilities and other capital assets. The state's capital expenditures are reported as capital outlay, whereas capital expenditures for other entities are reported as grant expenditures. Capital project funds exclude capital-related outflows financed by proprietary funds or for assets that will be held in trust.
- The Debt Service Fund accounts for the accumulation of resources for, and the payment of, most long-term debt principal and interest.
- Permanent Funds account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the state's programs. The state has only one permanent fund, the Permanent School Fund. Minnesota Constitution, Article XI, Section 8 allows for the distribution of net interest and dividends to school districts. The change in investment value is recorded on the face of the financial statements as "Investment/Interest Income." Amounts that can be authorized for expenditure are classified as restricted on the face of the statements.

The state has two major governmental funds. The General Fund is the principal operating fund used to account for most of the general activities of the state. The Federal Fund is the state's only major special revenue fund. It receives and disburses federal government grants, reimbursements, recoveries, and premiums.

Proprietary Fund Types – These funds focus on determining net income, changes in net position, financial position, and cash flows. Generally accepted accounting principles, similar to those used by private sector businesses, are followed in accounting for these funds. The fund types included in this category are the enterprise and internal service funds.

- Enterprise funds account for activities that charge a fee to external users for goods or services. Activities of enterprise funds are financed and operated similarly to private business enterprises where the intent of the governing body is to recover costs primarily through user fees.
- Internal service funds account for the financing of goods or services provided by one agency to primarily other state agencies on a cost reimbursement or other basis. The activities reported as internal service funds include motor pool, central services, employee insurance, technology services, plant management, and risk management.

The state has two major enterprise funds, the State Colleges and Universities Fund and the Unemployment Insurance Fund. The State Colleges and Universities Fund accounts for the activities of the Minnesota State Colleges and Universities (MnSCU) system, which is the largest higher education system in the state. The Unemployment Insurance Fund receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

Fiduciary Fund Types – These funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. Pension trust, investment trust, and the Custodial Fund are included in this fund category.

- Pension trust funds report retirement funds administered by independent boards for which the state has a fiduciary role.
- Investment trust funds provide an investment vehicle for entities outside the state, including various public retirement plans.
- The Custodial Fund accounts for resources held in a custodial capacity for individuals, private organizations, or other governmental units. Some examples include resources held for inmates of correctional facilities or residents of veterans and group homes, sales taxes to be distributed to local governments, and child support collections to be distributed to custodial parents.

Basis of Accounting, Measurement Focus, and Fund Financial Statement Presentation

All governmental funds focus on the flow of current financial resources and use the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) to fund balances. Under the modified accrual basis of accounting, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year, or to liquidate liabilities existing at fiscal year-end. The state considers receivables collected after June 30, but by the close of the books in late August, to be available, and recognizes these receivables as current year revenues in governmental funds. Individual income taxes, property taxes, sales taxes, and federal grants are the major revenue sources susceptible to accrual. Receivables not collected by the close of the books in late August are reported as deferred revenue. Revenues collected prior to meeting eligibility requirements (excluding time requirements), including certain federal grant revenues, are reported as unearned revenue until the eligibility requirements are met, at which time revenue is recognized. However, revenues collected prior to meeting only time requirements are reported as deferred revenue. Expenditures and related liabilities are recognized when fund obligations are incurred, except for debt service, compensated absences, capital leases, pension and other postemployment benefits, and claims and judgments, which are recorded when due and expected to be liquidated with available financial resources. The following provides further detail on specific items regarding the modified accrual basis of accounting.

Tax Revenues – Tax revenues, excluding property taxes, are recognized in the period they become both measurable and available to finance expenditures of the current period. Measurable means that taxpayer liability is supported by sufficient documentation and can be reasonably estimated. The state's liability for anticipated refunds of such taxes is estimated and recorded as reductions in revenue in the period when the related tax is recognized.

Property Tax Revenues – Minnesota Statutes 275.025 establishes a state general tax (property tax) against commercial/industrial and seasonal residential recreational properties. Counties, as agents for the state, assess the state general tax. The tax is distributed among counties by applying a uniform rate to the appropriate tax capacities in each county. Levies are determined based on the formula contained in the laws. The state preliminarily certifies the state general levy rate to each county no later than November 1 of each year for taxes payable in the following calendar year. The state certifies the final state general tax levy on January 1 of each year to each county. Property taxes are due to counties in two installments for each year – May 15 and October 15. The counties pay the state general tax to the state on three dates – June 30, December 1, and a final date of January 25 for any adjustments or changes. Property tax is recognized, net of uncollectible amounts, in the period for which the taxes are levied and the taxes are available.

Federal Revenues – Federal revenues, earned by incurring allowable obligations, are recognized at the same time the related obligation is recognized, with one exception. Trunk Highway Fund (special revenue fund) expenditures incurred by June 30, but not converted to Federal funding by the close of the federal fiscal year, are not recognized as federal revenues until the year they are converted.

Proprietary, pension trust, custodial, and investment trust funds are accounted for using the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized as incurred. The accrual basis of accounting is also used for contributions, benefits, and refunds paid for defined benefit and defined contribution pension plans.

Proprietary funds distinguish operating from nonoperating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expense, and depreciation of capital assets. All other revenues and expenses are reported as nonoperating items.

Cash Equivalents and Investments

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

Investments – Investments are reported at fair value, which is defined as the exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The state measures the fair value of investments based on a hierarchy of valuation inputs. Investments in derivative instruments are generally made to manage the overall risk of the individual manager's portfolios to a level satisfactory to the investment management firm and in accordance with the firm's contract with the State Board of Investment. See Note 2 – Cash, Investments, and Derivative Instruments for additional information regarding cash, investments, and derivative instruments.

Inventories

Generally, inventories for governmental funds are recorded as expenditures when purchased and are not a resource available for appropriation. The exception primarily relates to the Trunk Highway Fund (special revenue fund) and inventories are valued using weighted-average cost. Inventories maintained by the various funds are determined by annual and periodic physical counts. Inventories of proprietary funds are valued using the first-in, first-out, average cost, or specific cost methods.

Securities Lending

Securities on loan for cash collateral and the liabilities resulting from the security lending transactions are reported on the statement of net position or the balance sheet, as appropriate, for the particular fund type or level of reporting. Securities lending income and rebate and management fees are reported separately on the statement of revenues, expenditures, and changes in fund balances; the statement of revenues, expenses and changes in net position; or the statement of changes in net position, as appropriate for the particular fund type.

Restricted Net Position

Mandatory asset segregations required by bond covenants and other external restrictions are presented in enterprise funds and discretely presented component units as restricted net position. After liabilities from restricted assets are paid, any remaining restricted assets in the enterprise funds will be used for debt service.

Income Tax Credits

The Minnesota Department of Revenue processes several types of tax credits through the individual income tax system. For financial reporting purposes, income tax credits that are limited by the amount of the individual's tax liability (before considering such credits) are reported as revenue reductions. In contrast, credits for Education, Working Family, and Child and Dependent Care may be received even if they exceed the individual's tax liability. These types of credits are reported as expenditures, rather than revenue reductions, because the income tax system is, essentially, being used as a filing and payment mechanism to make grant payments to individuals.

Grant Expenditures and Liabilities Recognition

Grants are defined as nonexchange transactions because the state gives (or receives) value to another party without receiving (or giving) equal value in return. Grants are normally paid on either a reimbursement basis or an entitlement basis.

Reimbursement type grants may be awarded for specific services provided to eligible recipients or may be made for eligible types of reimbursements. Grants paid on the reimbursement basis are recognized as expenditures and liabilities in the year in which the grantee incurs the costs of providing specific services to eligible recipients or makes eligible types of expenditures.

Entitlement type grants may be based on services provided by the grantee. The intent of the grant is to help fund such services, but the grant amount is not based on the cost of providing the service(s). Expenditures and the related liabilities for these types of entitlement grants are recognized as the service is provided if the amount owed can be reasonably estimated soon after the end of the state's fiscal year. Other types of entitlement grants are not based on the services provided or action taken by the grantee. Expenditures and the related liabilities for these types of grants are recognized in the fiscal year in which the resources were appropriated.

Resources received in advance of meeting all eligibility requirements, excluding time requirements, are recorded as liabilities.

Compensated Absences

State employees accrue vacation leave, sick leave, and compensatory leave at various rates within limits specified in the collective bargaining agreements. Leave balances are liquidated in cash only upon termination from state employment. The current and noncurrent compensated absences liabilities for governmental funds are reported only in the government-wide statement of net position. All other fund types report the liability for compensated absences as a liability of the specific fund.

Capital Assets

Capital assets, which include land, buildings, equipment, infrastructure, intangible assets, and art and historical treasures, are reported in the Government-wide Financial Statements and the Fund Financial Statements for proprietary and fiduciary funds. Capital assets are generally defined by the state as assets with an initial, individual cost of more than $300,000 for buildings and depreciable infrastructure, $30,000 for equipment, $300,000 for non-depreciable infrastructure, $30,000 to $2,000,000 for internally generated computer software depending on the fund and fund type, and $30,000 for art and historical treasures. All land and easement assets are capitalized, regardless of cost. Capital assets must also have an estimated useful life of two or more years.

Capital assets are recorded at cost or, for donated assets, at acquisition value at the date of acquisition. An inventory of land and buildings was completed in 1985. Historical cost records for older capital assets are incomplete or not available; therefore, estimated historical costs have been used in these situations. Permanent School Fund (permanent fund) land is reported at estimated historical cost. The land included in the Permanent School Fund was granted to the state by the federal government in connection with the state being admitted to the United States. Tax forfeited land is not included in land inventory because the state does not take permanent title. When the land is sold, proceeds are distributed to local jurisdictions.

Capital assets are depreciated using the straight-line method generally based on the following useful lives: 20-50 years for buildings and depreciable infrastructure, 20-50 years for large improvements, 3-10 years for small improvements, 3-15 years for equipment, 3-10 years for internally generated computer software, and 20-50 years for easements. Transportation infrastructure assets using the modified approach, land, construction, and development in progress, permanent easements with indefinite useful lives, and works of art and historical treasures, such as the state capitol, are not depreciated.

GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" allows an alternative (modified) approach to the recording of infrastructure assets in which costs to maintain and preserve these assets are expensed in lieu of depreciation. The transportation infrastructure capital assets of pavement and bridges are reported using the modified approach. In electing to use this option for transportation infrastructure, the state uses an asset management system which establishes minimum standards and determines, at least every three years, whether the minimum standards are being met. Disclosures of the minimum standards and the current status of the state's pavement and bridges are included in Required Supplementary Information Modified Approach for Infrastructure. See Note 6 – Capital Assets for further information on capital assets.

Current and Noncurrent Assets

At the government-wide level, assets are classified as either current or noncurrent. Governmental activity current assets are those considered available for appropriation and expenditure and include cash, various receivables, and short-term investments. Current assets in business-type activities are those that are available or can readily be made available to meet the cost of operating or to pay current liabilities. All other assets are considered noncurrent. Assets are classified as current or noncurrent in proprietary funds, but assets are not classified at the fund level for governmental funds.

Deferred Outflows of Resources

In the Government-wide Financial Statements, the differences between the net carrying amounts and the reacquisition price on refunding bonds are reported as a deferred outflow of resources when the net carrying amount exceeds the reacquisition price. These amounts are amortized over the shorter of the remaining life of the old debt or the life of the new debt. In addition, contributions to pension plans and transactions to other postemployment benefit (OPEB) plans subsequent to the measurement date of the net pension liability and the total OPEB liability before the fiscal year end are reported as deferred outflows of resources. In addition, amounts related to the increases in the net pension liability and the total OPEB liability due to changes in assumptions, changes in the primary government's proportionate share of the net pension liability, differences between expected and actual experience, and net differences between projected and actual investment earnings for pensions are reported as deferred outflows of resources. These amounts are amortized as pension or OPEB expense as applicable over the average of the expected remaining service lives of all employees of the applicable plan, with the exception of the difference between projected and actual earnings, which is amortized over five years.

Current and Noncurrent Liabilities

In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. Long-term liabilities are the amount of liabilities not due and payable during the fiscal year resulting from debt issuances, compensated absences, closure and post closure care for landfills, workers' compensation claims, supplementary and second injury benefit claims, pollution remediation obligations, capital leases, net pension, other postemployment benefits, and arbitrage rebate requirements. In proprietary fund statements, these liabilities are reported as liabilities of each individual fund.

In the Fund Financial Statements, governmental fund types recognize bond premiums and discounts during the current period. The face amounts of the debt issued are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the Government-wide Financial Statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

See Note 12 – Long-Term Liabilities - Primary Government for further information.

Deferred Inflows of Resources

In the governmental funds, when an asset is recorded but the revenue is not available, the amount is reported as a deferred inflow of resources until the revenue becomes available. Amounts that are not permitted to be used until the next fiscal year remain as deferred inflows of resources in the Government-wide Financial Statements. In addition, differences between the reacquisition price and the net carrying amounts on refunding bonds when the reacquisition price exceeds the net carrying amount as well as the adjustments to the lease obligations on a capital lease restructuring due to the refunding of the debt by the lessor are reported as a deferred inflow of resources on the Government-wide Financial Statements. These amounts are amortized as interest expense over the shorter of the remaining life of the old debt or the life of the new debt. Amounts related to the decreases in the net pension liability and total other postemployment benefits (OPEB) liability due to changes in assumptions, changes in the primary government's proportionate share of the net pension liability, differences between expected and actual experience, and net differences between projected and actual investment earnings for pensions are reported as deferred inflows of resources. These amounts are amortized as pension or OPEB expense as applicable over the average of the expected remaining service lives of all employees of the applicable plan, with the exception of the difference between projected and actual earnings, which is amortized over five years.

Deferred Compensation Plan

The state offers a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The Minnesota Deferred Compensation Fund (pension trust fund) represents the value of all assets of the plan. The plan is available to all public employees in the state and is administered by the Minnesota State Retirement System. Under this plan, compensation is deferred for income tax purposes in accordance with Section 457 and is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with state statute, effective July 1, 1997, contributions are held for the exclusive benefit of the participants and their beneficiaries. These amounts are held in trust, in custodial accounts, or in qualifying contracts, as required by federal law. The State Board of Investment determines the investment options available to plan participants and oversees the activities of the investment managers. The majority of the assets of the plan are invested in various mutual funds. The state is not liable for any investment losses under the plan.

Net Position/Fund Balances and Fund Balance Classification Policies and Procedures

The difference between fund assets and liabilities is "Net Position" on the Government-wide, Proprietary, and Fiduciary fund statements and "Fund Balances" on Governmental Fund statements.

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of such assets as well as deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of these assets or related debt. Significant unspent related debt proceeds are included in Restricted for Capital Projects.

Restricted Net Position represents the portion of net position that is constrained either externally by parties such as creditors or grantors, or legally through constitutional provisions or enabling legislation. Restricted net position is determined at the fund level. For a fund with more than one revenue stream, restricted net position is determined by the materiality of any restricted revenue in the fund.

In the Fund Financial Statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the state is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported as restricted when constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Minnesota Legislature by passing a bill, which is signed by the Governor, are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Minnesota Legislature removes or changes the specified use by taking the same type of action it employed to commit those amounts. Amounts that are constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed, are classified as assigned fund balances. Intent is expressed by agency heads to whom the Governor has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Nonspendable fund balances include amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

The state's policy is that restricted amounts are spent first when expenditures are incurred for purposes for which both restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Within unrestricted fund balance, the state's policy is that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Budgeting and Budgetary Control

The state operates on a two-year (biennial) budget cycle ending on June 30 of odd-numbered years. Appropriations in the biennial budget are usually for a single year; however, where specified, single year appropriations may be carried forward to the following year of the biennium. The governor's budget for the biennium is developed by Minnesota Management and Budget and presented to the Minnesota Legislature for approval. Specific appropriations are required for the majority of the expenditures from the General Fund. The accounts not requiring specific appropriations are considered perspective differences in the budgetary basis vs. GAAP reconciliation. Specific appropriations are also required for all special revenue funds except the Federal, Municipal State-Aid Street, County State-Aid Highway, Douglas J. Johnson Economic Protection Trust, Endowment, and Miscellaneous Special Revenue funds. Some appropriations are "open appropriations" for entitlement type and some interfund transfer programs. In these cases, the amount that is needed to fulfill the obligation for the fiscal year is made available. There is no limit on the amount that can be expended for the program. Estimates of the amount needed for such programs are included in the budget forecast.

Budgetary control is essentially maintained at the departmental level except for certain programs where control is at the program level. In most departments, upon notifying the governor and legislative leadership, department heads are permitted to revise budgets by transferring amounts between programs within their departments.

Unencumbered appropriation balances generally cancel to the fund at the end of the fiscal year. However, if specifically provided by law, or if statutory authority is invoked by the agency, the unencumbered balance may be carried forward between fiscal years. The accounting system maintains two separate ledgers. One is maintained primarily on a modified cash basis of accounting with certain accrual information and represents the starting point for the financial statements. The second ledger tracks information on a budgetary basis of accounting, which approximates a cash basis with the exception that, at year-end, encumbered amounts are included as expenditures of the year appropriated for budgetary reporting. The budget ledger controls expenditures by appropriation line item as established in the legally adopted appropriation bills. A separate report showing the detail of legal level of budgetary control and actual expenditures is available from Minnesota Management and Budget.

Interfund Activity and Balances

Generally, internal service fund activity has been eliminated from the Government-wide Financial Statements. Internal service fund activity from external customers is reported under governmental activities in the Government-wide Financial Statements. Interfund receivables and payables have been eliminated from the Government-wide Statement of Net Position, except for residual amounts between governmental and business-type activities. See Note 5 – Interfund Transactions and Balances with Component Units for additional information.

Note 2 – Cash, Investments, and Derivative Instruments

Primary Government

Cash and Cash Equivalents

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

Deposits

Minnesota Statutes 9.031 requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. The statute further requires that the insurance and collateral shall be in an amount sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amounts and the fair value of the collateral.

Investments

The State Board of Investment (SBI) manages the majority of the state's investments. All investments undertaken by SBI are governed by the standards codified in Minnesota Statutes 11A and 356A. Minnesota Statutes 11A.24 broadly restricts investments of the primary government to obligations and stocks of United States and Canadian governments, their agencies and registered corporations, other international securities, short-term obligations of specified high quality, restricted participation as a limited partner in venture capital, real estate, or resource equity investments, and restricted participation in registered mutual funds.

Funds not invested by SBI are primarily from the Minnesota State Colleges and Universities. Investments for these funds must also conform to the above statutes and may be further restricted by bond indentures.

Generally, when applicable, the statutes limit investments to those rated by a nationally recognized rating agency within the top four quality ratings categories. The statutes further prescribe the maximum percentage of fund assets that may be invested in various asset classes and contain specific restrictions to ensure the quality of the investments.

SBI is authorized to establish, and has established, combined investment funds used by participating public retirement and nonretirement funds. Retirement and nonretirement funds should not be commingled. Each investment fund has its own characteristics, including investment objective and risk characteristics. Within statutory requirements and based on detailed analysis of each fund, SBI has established investment guidelines and benchmarks for all funds under its management. These investment guidelines and benchmarks are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure, and specific performance standards.

Investment Derivative Instruments

Minnesota Statutes 11A.24 provides that any agreement for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or securities. This provision applies to foreign currency forward contracts used to offset the currency risk of a security. All other derivative instruments are exchange traded. The purpose of the SBI derivative instrument activity is to equitize cash in the portfolio, to adjust the duration of the portfolio, or to offset current futures positions.

The cash inflows, cash outflows, and changes in fair value of investment derivative instruments are reported as investment income. The June 30, 2021 fair value of investment derivative instruments is reported as investments.

Synthetic Guaranteed Investment Contract (SGIC): SBI maintains a fully benefit-responsive SGIC for the Supplemental Investment Pool - Fixed Interest Account of the pension and investment trust funds' portfolio. The investment objective of the Fixed Interest Account is to protect investors in defined contribution and deferred compensation plans from loss of their original investment and to provide a competitive interest rate. On June 30, 2021, the SGIC had a portfolio of well diversified high quality investment grade fixed income securities with a fair value of $1,738,134,000 that is $62,736,000 in excess of the value protected by the wrap contract. The Fixed Income Account also includes a liquid investment pool with a fair value of $28,806,000.

The following table summarizes, by derivative instrument type, the investment derivative instrument activity, and June 30 positions for fiscal year 2021.

Primary Government
Derivative Instrument Activity for the Year Ended June 30, 2021
By Derivative Instrument Type
(In Thousands)

Derivative Instrument Type	Change in Fair Value	Year End Fair Value	Year End Notional Amount
Governmental Activities:			
Futures	$ 13,556	$ —	$ 60,440
Warrants / Stocks Rights	(1)	—	—
Total Governmental Activities	$ 13,555	$ —	$ 60,440
Fiduciary Activities:			
Futures	$ 486,826	$ —	$ 184,179
Futures Options Bought	(5,090)	311	371
Futures Options Written	4,020	(553)	(2,821)
FX Forwards	5,010	9,935	17,087,756
Warrants/Stock Rights	(917)	397	454
Credit Default Swaps Written	2,088	3,492	66,292
Pay Fixed Interest Rate Swaps	13,152	13,561	280,786
Receive Fixed Interest Rate Swaps	(879)	(551)	133,610
Total Return Swaps Equity	(20)	(20)	(5,022)
Total Fiduciary Activities	$ 504,190	$ 26,572	$ 17,745,605

Credit Risk: Minnesota is exposed to credit risk through nineteen counterparties in foreign currency forward (FX Forward) contracts used to offset the currency risk of a security. The state's FX Forward counterparties combined exposes the state to a maximum loss of $233,423,000 should these counterparties fail to perform. These counterparties have Standard & Poor's (S&P) credit ratings of BBB+ or better. The primary government, excluding pension and investment trust funds, had no exposure to counterparty risk.

Foreign Currency Risk: Currency futures and foreign stock index futures are exposed to foreign currency risk. Their currency risks are included in the Foreign Currency Risk schedule of this note.

Component Unit Derivative Instrument Activity: Derivative instrument activity of the state's component units is disclosed in the last section of this note.

Credit Risk of Debt Security Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holders of the investment. Minnesota Statutes limit investments in debt securities to the top four quality rating categories by a nationally recognized rating agency. SBI may also invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories provided that:

Unrated Corporate Obligations

- Aggregate value may not exceed 5 percent of the fair value of the fund for which the state board is investing.
- SBI's participation is limited to 50 percent of a single offering.
- SBI's participation is limited to 25 percent of the issuer's unrated obligations.

Corporate Stock

- Aggregate value of corporate stock may not exceed 85 percent of the fair market or book value, whichever is less, of a fund.
- Investment in corporate stock may not exceed 5 percent of the total outstanding shares of any one corporation with limited exceptions.

The state does not have a credit risk policy that is more stringent than the statutory requirements. The contracts between SBI and investment managers include guidelines or limitations regarding credit risk. The exposure to credit risk is based on the lower of S&P or Moody's Quality Ratings. For clarity of reporting, Moody's ratings are displayed in this exhibit using the comparable S&P rating.

Primary Government
Governmental, Proprietary, and Custodial Funds
Investments and Cash Equivalent Investments
Credit Risk Exposure
As of June 30, 2021
(In Thousands)

Quality Rating		Fair Value
AAA	$	2,256,072
AA		4,922,787
A		1,655,281
BBB		6,790,010
BB		125,060
Unrated		5,353,404
Agencies		3,317
Total Debt Securities	$	21,105,931

Primary Government
Pension and Investment Trust Funds
Investments and Cash Equivalent Investments
Credit Risk Exposure
As of June 30, 2021
(In Thousands)

Quality Rating		Fair Value
AAA	$	770,001
AA		12,707,137
A		619,093
BBB		2,115,392
BB		1,279,496
B		1,245,836
CCC		538,094
CC		36,650
C		1,685
D		2,401
Unrated		5,400,239
Total Debt Securities	$	24,716,024

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The state does not have a policy on interest rate risk. The contracts between SBI and investment managers contain the guidelines and limitations regarding interest rate risk. Debt securities are constrained around the quality rating, sector mix, and duration of the Barclays Capital U.S. Aggregate Bond index. Interest rate risk information is presented using the weighted average maturity method, which expresses investment time horizons, the period when investments become due and payable in years or months, weighted to reflect the dollar size of individual investments within investment type.

Primary Government
Governmental, Proprietary, and Custodial Funds
Investments and Cash Equivalent Investments
Interest Rate Risk
As of June 30, 2021
(In Thousands)

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
Asset-Backed Securities	$ 2,200,444	0.82
Collaterized Mortgage Obligations	319,822	6.53
Corporate Debt	3,413,374	2.99
Mortgage-Backed Securities	238,062	4.71
Short-Term Investment Securities	10,074,455	0.13
State or Local Government Bonds	81,646	10.10
U.S. Agencies	3,066,708	1.00
U.S. Treasury	1,064,183	4.15
Yankee Bonds	647,237	2.17
Total Debt Securities	$ 21,105,931	

Primary Government
Pension and Investment Trust Funds
Investments and Cash Equivalent Investments
Interest Rate Risk
As of June 30, 2021
(In Thousands)

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
Asset-Backed Securities	$ 701,097	4.40
Bank Loans	245,026	5.38
Collaterized Mortgage Obligations	783,985	6.38
Corporate Debt	3,533,420	7.82
Foreign Country Bonds	275,659	8.85
Mortgage-backed Securities	1,555,161	4.95
Short-Term Investment Securities	4,954,123	0.00
State or Local Government Bonds	139,201	8.20
U.S. Agencies	491,435	8.89
U.S. Treasury	10,539,944	13.64
Yankee Bonds	1,496,973	8.76
Total Debt Securities	$ 24,716,024	

Fair Value Reporting

GASB Statement No. 72 “Fair Value Measurement and Application” sets forth the framework for measuring the fair value of investments based on a hierarchy of valuation inputs. The statement defines fair value as the exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The hierarchy has three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs for Level 2 include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs reflect SBI’s assumptions about the inputs that market participants would use in pricing an asset or liability.

Investments that do not have a readily determinable fair value are measured using the net asset value (NAV) per share (or its equivalent) as a practical expedient, and not classified in the fair value hierarchy.

All non-cash investments, including derivative instrument investments that are not hedging derivative instruments, are required to be measured at fair value on a recurring basis. SBI maintains investment pools in which participants own a proportionate share of the investment pools. The fair value of the investment pools is priced daily by SBI’s custodian, when a daily price is available, by using independent pricing sources.

Level 3 investments primarily consist of assets where the asset is distressed or there is not an active market. The fair value of the assets measured at the NAV has been determined using the March 31, 2021 values, adjusted for cash flows. The investments measured at the NAV are typically not eligible for redemption. Distributions received as underlying investments within the funds are liquidated over the life of the investment. Cash and a portion of the short-term investments are not leveled under GASB Statement No. 72 “Fair Value Measurement and Application”.

SBI has 60 investments that are valued at the NAV that are currently in the liquidation mode, totaling two percent of the NAV. The majority of the remaining value of investments in the liquidation mode will be returned to SBI within a time period of three to five years. SBI has a total of $11,476,849,000 in unfunded commitments to the invested value of the NAV. Unfunded commitments is money that has been committed to an investment, but not yet transferred to the investor.

The private equity investment strategy is to establish and maintain a broadly diversified private equity portfolio composed of investments that provide diversification by industry type, stage of corporate development, and location.

The real estate investment strategy calls for the establishment and maintenance of a broadly diversified real estate portfolio composed of investments that provide overall diversification by property type and location. The main components of this portfolio consist of investments in closed-end commingled funds. The remaining portion of the portfolio may include investments in less diversified, more focused (specialty) commingled funds and Real Estate Investment Trusts (REITs).

The strategy for real assets investments is to establish and maintain a portfolio of real assets investment vehicles that provide an inflation hedge and additional diversification. Real assets investments will include oil and gas investments and energy service industry investments that are diversified by geographic area as well as by type.

The strategy for private credit investments is to target funds that typically provide a current return and may have an equity component. Structures such as subordinated debt investments and mezzanine investments are typical private credit investments.

Primary Government
Governmental, Proprietary, and Custodial Funds
Fair Value of Investments
As of June 30, 2021
(In Thousands)

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	$ 2,392,413	$ 2,389,543	$ 2,870	$ —
Real Estate Investment Trust	61,166	61,166	—	—
Equity Total	$ 2,453,579	$ 2,450,709	$ 2,870	$ —
Fixed Income:				
Asset-backed Securities	$ 2,239,372	$ —	$ 1,525,356	$ 714,016
Mortgage-backed Securities	518,551	—	518,551	—
Corporate Bonds	3,857,101	—	3,857,101	—
Government Issues	5,955,721	3,522	5,952,199	—
Fixed Income Total	$ 12,570,745	$ 3,522	$ 11,853,207	$ 714,016
Total Investments by Fair Value	$ 15,024,324 (1)	$ 2,454,231	$ 11,856,077	$ 714,016

(1) Total investments are less than the cash, cash equivalent investments, and investments shown on the face of the financial statements since cash and a portion of the short-term investments are not leveled under GASB Statement No. 72 “Fair Value Measurement and Application” and are not included in this table.

Primary Government
Pension and Investment Trust Funds
Fair Value of Investments
As of June 30, 2021
(In Thousands)

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	$ 48,152,001	$ 48,122,100	$ 29,704	$ 197
Real Estate Investment Trust	1,188,861	1,188,860	1	—
Other Equity	2,003,605	1,127,514	14,037	862,054
Equity Total	$ 51,344,467	$ 50,438,474	$ 43,742	$ 862,251
Fixed Income:				
Asset-backed Securities	$ 1,043,340	$ —	$ 922,717	$ 120,623
Mortgage-backed Securities	2,629,295	—	2,622,149	7,146
Corporate Bonds	5,509,470	—	5,508,139	1,331
Government Issues	14,604,588	—	14,604,588	—
Other Debt Instruments	647,283	—	647,283	—
Fixed Income Total	$ 24,433,976	$ —	$24,304,876	$ 129,100
Investment Derivatives:				
SWAPS	$ 16,482	$ —	$ 16,482	$ —
Options, Rights, Warrants	155	—	155	—
Investment Derivatives Total	$ 16,637	$ —	$ 16,637	$ —
Total Investments by Fair Value	$ 75,795,080	$ 50,438,474	$24,365,255	$ 991,351

Investments Measured at Net Asset Value (NAV):	NAV	Number of Investments	Percent of NAV Value	Unfunded Commitments
Private Equity	$ 10,893,979	170	70 %	$ 7,941,503
Real Estate	1,243,515	28	8	1,470,868
Real Assets	1,896,614	32	12	689,065
Private Credit	1,454,608	41	10	1,375,413
Total Investments at NAV	$ 15,488,716	271	100 %	$ 11,476,849
Total Investments by Fair Value and NAV	$ 91,283,796 [1]			

[1] Total investments are less than the cash, cash equivalent investments, and investments shown on the face of the financial statements since cash and a portion of the short-term investments are not leveled under GASB Statement No. 72 “Fair Value Measurement and Application” and are not included in this table.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The state does not have a formal policy regarding concentration of credit risk for rated corporate debt securities that are among the top four quality categories. For other types of investments, Minnesota Statutes 11A.24 established investment parameters which are outlined in the "Credit Risk of Debt Security Investments" section of this note. SBI determined the concentration of credit risk based on security identification number.

The state did have exposure to one single issuer that equaled or exceeded five percent of the overall portfolio as of June 30, 2021. Federal Farm Credit Banks Fund had an aggregate fair value of 6.1 percent of the total debt security total of the governmental, proprietary, and custodial funds.

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or a deposit. SBI has established guidelines to be used by investment managers. Managers with authority to invest in foreign securities are given authority to hedge foreign currency through forward contracts to avoid currency losses.

The primary government, excluding pension and investment trust funds, had no exposure to foreign currency risk as of June 30, 2021. The following table shows the foreign currency risk for the pension and investment trust funds.

Pension and Investment Trust Funds
Foreign Currency Risk
International Investment Securities at Fair Value
As of June 30, 2021
(In Thousands)

Currency	Cash	Debt	Equity
Australian Dollar	$ 1,581	$ —	$ 574,802
Brazilian Real	1,080	17,952	186,859
Canadian Dollar	4,167	26,990	909,267
Danish Krone	685	—	282,733
Euro Currency	9,419	93,723	4,779,060
Hong Kong Dollar	3,038	—	1,149,660
Japanese Yen	9,531	—	1,987,272
New Taiwan Dollar	744	—	526,572
Pound Sterling	3,948	27,779	1,272,330
Singapore Dollar	552	—	97,272
South African Rand	114	13,236	108,295
South Korean Won	331	—	549,643
Swedish Krona	678	—	344,206
Swiss Franc	474	—	840,522
Yuan Renminbi	2,255	—	180,706
Others	7,071	124,114	397,835
Total	$ 45,668	$ 303,794	$ 14,187,034

Custodial Risk – Investments

Custodial risk for investments is the risk that, in the event of a failure of the counterparty, the state will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are held in the state's name and collateral for repurchase agreements is held in the state's name by third party agents. The primary government does not have a formal policy for custodial credit risk.

Securities Lending

Minnesota Statutes do not prohibit the state from participating in securities lending transactions. The state has, by a Securities Lending Authorization Agreement, authorized State Street Bank and Trust Company (State Street) to act as agent in lending state securities to approved borrowers. State Street, as agent, enters into Securities Loan Agreements with borrowers.

During the fiscal year, State Street lent, on behalf of the state, certain securities held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the federal government. State Street does not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to at least 100 percent of the fair value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to indemnify the state in the event of default by a borrower. There were no failures by any borrower to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default of the borrower.

During the fiscal year, the state and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested in a collective investment pool. As of June 30, 2021, the investment pool had an average duration of 1 day and an average weighted maturity of 107.98 days for U.S. dollar collateral.

Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2021, the state had no credit risk exposure to borrowers because the amounts the state owed the borrowers exceeded the amounts the borrowers owed the state.

The fair value of collateral held and the fair value of securities on loan for the state as of June 30, 2021, were $7,712,727,000 and $7,460,490,000, respectively. Securities received as collateral for which the state does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in the statement of net position. Cash collateral of $5,707,863,000 is reported in the Fiduciary Funds Statement of Net Position as an asset and corresponding liability.

Primary Government
Pension and Investment Trust Funds
Securities Loaned
As of June 30, 2021
(In Thousands)

Investment Type	Fair Value
Domestic Equities	$ 5,470,648
U.S. Government Bonds	742,618
International Equities	284,037
Domestic Corporate Bonds	963,050
International Corporate Bonds	137
Total	$ 7,460,490

Component Units

Housing Finance Agency

As of June 30, 2021, the Housing Finance Agency (HFA) had $1,317,432,000 of cash and cash equivalents and $3,003,385,000 of investments. As of June 30, 2021, $1,317,102,000 of deposits and $2,891,905,000 of investment securities were subject to custodial credit risk. HFA investments have weighted average maturities ranging from under one month (certificates of deposit) to 6.6 – 27.7 years.

HFA cash equivalents included $330,000 of investment agreements, which are generally uncollateralized, interest-bearing contracts.

HFA investments had an estimated fair value of $3,003,385,000 as of June 30, 2021. Included in these investments were $4,755,000 in U.S. Treasuries (not rated), and $2,879,245,000 in U.S. Agencies having an S&P rating of AA+ and Moody's Investors Services rating of Aaa. An additional $7,575,000 in municipal debt investments had an S&P rating of AA+.

HFA measured the fair value of its investments using the three-tier hierarchy of input quality specified by GASB Statement No. 72 "Fair Value Measurement and Application." HFA measured investments of $6,516,000 and $2,885,059,000 using Level 1 and Level 2 inputs, respectively. The remaining investments of $111,810,000 related to premiums/discounts and unrealized appreciation/depreciation.

HFA had investments in single issuers as of June 30, 2021, excluding investments issued or explicitly guaranteed by the U.S. Government that exceeded five percent or more of total investments. These investments of $1,317,746,000 were issued by Federal National Mortgage Association.

HFA entered into interest rate swap agreements that were considered to be derivative instruments under GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments." These interest rate swap agreements have been determined to be effective hedges and were reported at fair value as of June 30, 2021, as a liability called "Interest Rate Swap Agreements." The inception-to-date change in fair value as of June 30, 2021, was reported in "Accumulated Decrease in Fair Value of Hedging Derivative Instruments" deferred outflows of resources.

As of June 30, 2021, HFA had interest rate swap agreements with the following counterparties: the Bank of New York Mellon (two agreements), Royal Bank of Canada (five agreements) and Wells Fargo (two agreements) for total notional amounts of $78,985,000, $183,225,000, and $80,000,000, and fair values of ($3,383,000), ($9,821,000), and ($3,347,000), respectively. For these counterparties, the fair values for the fiscal year ended June 30, 2021, increased $2,370,000, increased $4,671,000, and increased $1,926,000, respectively.

The fair value of the swap represents HFA's potential exposure to credit risk. The counterparties, the Bank of New York Mellon, Royal Bank of Canada, and Wells Fargo have been rated by Moody's as Aa2, Aa2, and Aa2 respectively, and by S&P as AA-, AA-, and A+ respectively.

All swaps are pay-fixed, receive-variable. The initial notional amounts matched the original principal amounts and have terms which reduce the notional amounts to approximately follow the anticipated reductions in outstanding principal. HFA has also purchased the rights on the underlying mortgage loans, generally based upon a 300 percent PSA prepayment rate (the standard prepayment model of the Security Industries and Financial Market Association). This has further reduced the notional balances of the swaps as needed to match outstanding principal amounts of the associated bonds. HFA also has the right to terminate outstanding swaps in whole or in part at any time if it is not in default. The swap contracts may also be terminated by the counterparties, but are generally limited to HFA payment default or other HFA defaults that remain uncured for 30 days.

The variable rate HFA pays on its bonds resets weekly, but the variable rate received on its swaps is based upon a specified percentage of the one-month taxable London Inter-Bank Offered Rate (LIBOR) rate or the Securities Industry and Financial Markets Association (SIFMA) index rate. This exposes HFA to basis risk (the risk that the rates do not equal), and this risk will vary over time due to inter-market conditions.

HFA assumes the risk that changes in the tax code may vary from the historical long-term relationship between taxable and tax-exempt short-term interest rates for economic reasons.

Metropolitan Council

As of December 31, 2020, the Metropolitan Council (MC) had $592,957,000 in cash and cash equivalents and $965,506,000 in investments. Of this amount, $1,546,751,000 was subject to rating. Using the Moody's Investors Services rating scale, $1,217,380,000 of these investments were rated Aaa, while $329,371,000 were not rated. The net outstanding checks of $11,712,000 comprise the remaining cash and investment amount.

MC has investment policies to address its various types of investment risks. Several MC investment holdings are subject to custodial credit risk. MC has a custodial credit risk exposure of $1,948,000 because the related securities are held by a custodial agent in the broker's name.

MC measured the fair value of its investments using the three-tier hierarchy of input quality specified by GASB Statement No. 72 "Fair Value Measurement and Application." MC measured investments of $436,914,000 and $460,108,000 using Level 1 and Level 2 inputs, respectively. MC measured another $390,260,000 of investments at the net asset value, while the remaining $11,712,000 was cash and cash equivalents. MC also held $246,263,000 in the Internal Equity Pool and $13,206,000 in a cash fund with the State Board of Investment (SBI) was a trust account for other post-employment benefits (OPEB).

MC has adopted a simulation model of reporting investment sensitivity to fluctuation in interest rates. Assumptions are made of interest rate changes of 100, 200, and 300 basis points with interest rate changes occurring on December 31, 2020. The investment portfolio excluding the cash and escrow accounts and the OPEB trust portfolio has an average yield of .22 percent, weighted average maturity of 1.25 years, effective duration of 0.56 years, and convexity of -0.46.

The following table presents the estimated fair value of MC investments subject to interest rate risk using the simulation model.

Major Component Unit
Metropolitan Council
Fair Value of Investments
As of December 31, 2020
(In Thousands)

Fair Value of Portfolio		Estimated Fair Value
Before Basis Point Increase	$	1,558,463
After Basis Point Increase of:		
100 Points		1,552,327
200 Points		1,538,878
300 Points		1,525,277

MC has used commodity futures as an energy forward pricing mechanism permitted by Minnesota Statutes 473.1293. Statutorily, MC may not hedge more than 100 percent of the projected consumption of any of its commodities and only up to 23 months into the future. Since 2004, MC has hedged most of its annual diesel fuel consumption. The hedging transactions are separate from fuel purchase transactions. For calendar year 2020, MC performed a statistical analysis and determined that the liquidated hedges were essentially effective.

As of December 31, 2020, MC had 286 New York Mercantile Exchange (NYMEX) heating oil futures contracts (12.01 million gallons) acquired from April 02, 2019, through December 22, 2020, to terminate on dates from January 29, 2021, through September 30, 2022. As of December 31, 2020, the heating oil futures contracts had a fair value of $18,165,000.

MC is using NYMEX heating oil futures to hedge its diesel fuel consumption. MC will be exposed to basis risk if the prices significantly deviate from each other. Historically, there has been a strong correlation between the two products.

University of Minnesota

As of June 30, 2021, the University of Minnesota (U of M), including its discretely presented component units, had $829,232,000 of cash and cash equivalents and $7,244,286,000 of investments. U of M's discretely presented component units do not classify investments according to risk because these entities prepare their financial statements under standards set by the Financial Accounting Standards Board. Excluding discretely presented component units, U of M reported cash and cash equivalents of $687,927,000 and investments of $3,081,997,000.

As of June 30, 2021, U of M's bank balance of $215,081,000 was uninsured and uncollateralized.

U of M maintains centralized management for substantially all of its cash and investments. The Board of Regents establishes U of M's investment policies and objectives. U of M uses internal investment pools designed to meet respective investment objectives within established risk parameters for each pool.

U of M has established policies to address the various types of investment risks. U of M uses S&P ratings and duration as a measure of a debt investment's exposure to fair value changes arising from changing interest rates. As of June 30, 2021, $1,482,569,000 of investment in securities was subject to quality rating and interest rate risk. This amount was rated as follows:

- $1,111,837,000 was rated AA or better
- $30,133,000 was rated BBB to A
- $11,300,000 was rated BB or lower
- $329,299,000 was not rated

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

- $612,476,000 in government agencies with weighted average maturities of 3.4 to 3.9 years
- $50,502,000 in mortgage-backed securities with a weighted average maturity of 15.8 years
- $236,872,000 in cash and cash equivalents with a weighted average maturity of 0.0 years
- $188,330,000 in mutual funds with a weighted average maturity of 5.1 years
- $40,108,000 in corporate bonds with a weighted average maturity of 1.9 years
- $24,982,000 in commercial paper with a weighted average maturity of 2.4 years

As of June 30, 2021, U of M had $83,081,000 of equity investments subject to foreign currency risk. The two components of this amount are $57,645,000 in Euro Currency and $25,436,000 in British Pound Sterling.

As of June 30, 2021, several U of M investment holdings are subject to custodial credit risk. The fair value of investments the U of M held in the custodial accounts was $1,007,375,000 in Temporary Investment Pool (TIP); $133,363,000 in Consolidated Endowment Fund (CEF); and $27,185,000 in Group Income Pool (GIP), respectively.

U of M measured the fair value of its investments using the three-tier hierarchy of input quality specified by GASB Statement No. 72 "Fair Value Measurement and Application." U of M measured investments of $389,387,000, $792,839,000, and $6,026,000 using Level 1, 2 and 3 inputs, respectively. U of M measured another $1,893,745,000 of investments at the net asset value.

Nonmajor Component Units

Nonmajor Component Units
Cash, Cash Equivalents, and Investments
As of December 31, 2020 or June 30, 2021, as applicable
(In Thousands)

Component Unit	Cash and Cash Equivalents	Investments
Agricultural and Economic Development Board	$ 974	$ 23,230
Minnesota Comprehensive Health Association	293	—
Minnesota Sports Facilities Authority	49,523	—
National Sports Center Foundation	1,376	—
Office of Higher Education	635,529	—
Public Facilities Authority	325,381	2,102
Rural Finance Authority	36,087	—
Workers' Compensation Assigned Risk Plan	11,546	295,494
Total	$ 1,060,709	$ 320,826

Note 3 – Disaggregation of Receivables

Primary Government
Components of Net Receivables
Government-wide
As of June 30, 2021
(In Thousands)

	Governmental Activities			
Description	General Fund[2]	Federal Fund	Nonmajor Governmental Funds[1]	Total
Taxes:				
Corporate and Individual	$ 1,237,168	$ —	$ —	$ 1,237,168
Sales and Use	463,117	—	36,455	499,572
Property	404,303	—	—	404,303
Health Care Provider	475,779	—	—	475,779
Motor Vehicle/Fuel	—	—	73,685	73,685
Others	60,004	—	35,526	95,530
Child Support	24,340	22,866	126	47,332
Workers' Compensation	—	—	27,185	27,185
Others	526,793	492,489	132,215	1,151,497
Net Receivables	$ 3,191,504	$ 515,355	$ 305,192	$ 4,012,051

	Business-type Activities			
Description	State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	Total
Insurance Premiums	$ —	$ 408,352	$ —	$ 408,352
Tuition and Fees[3]	62,053	—	—	62,053
Others	—	—	43,902	43,902
Net Receivables	$ 62,053	$ 408,352	$ 43,902	$ 514,307
Total Government-wide Net Receivables				$ 4,526,358

(1) Includes $92.027 million for Internal Service Funds, less Internal Service Fund eliminations of $86.917 million among Governmental Activities.

(2) Includes $475 thousand Interfund Receivables from Fiduciary Funds reclassified to Accounts Receivable on the Government-wide Statement of Net Position.

(3) The revenue associated with tuition and fees is reduced by a scholarship allowance of $271.763 million.

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

- Corporate and Individual Taxes $186,340,000
- Sales and Use Taxes $41,874,000
- Child Support $105,204,000

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

- Corporate and Individual Taxes $272,403,000
- Sales and Use Taxes $101,231,000
- Child Support $45,487,000
- Health Care Provider $109,077,000
- Other Receivables $217,447,000

Note 4 – Loans and Notes Receivable

Primary Government
Loans and Notes Receivable, Net of Allowance
As of June 30, 2021
(In Thousands)

Loan Purpose	General Fund	Federal Fund	Nonmajor Special Revenue Funds	State Colleges and Universities Fund	Total Loans and Notes Receivable
Student Loan Program	$ —	$ —	$ —	$ 12,898	$ 12,898
Economic Development	87,838	4,767	42,175	—	134,780
School Districts	1,965	—	—	—	1,965
Agricultural, Environmental and Energy Resources	—	—	85,679	—	85,679
Transportation	—	—	2,223	—	2,223
Others	6,585	—	564	1,492	8,641
Total	$ 96,388	$ 4,767	$ 130,641	$ 14,390	$ 246,186

Component Units
Loans and Notes Receivable
As of December 31, 2020 or June 30, 2021, as applicable
(In Thousands)

Component Unit	Loans and Notes Receivable
Housing Finance Agency	$ 929,112
Metropolitan Council	44,700
University of Minnesota	67,191
National Sports Center Foundation	566
Office of Higher Education	442,083
Public Facilities Authority	1,797,880
Rural Finance Authority	98,336
Total	$ 3,379,868

Note 5 – Interfund Transactions and Balances with Component Units

Primary Government

During normal operations, the state processes routine transactions between funds, including loans, expenditures, and transfers of resources for administrative and program services, debt service, and compliance with legal mandates.

In the fund financial statements, these transactions are generally recorded as transfers in/out and interfund receivables/payables. Transfers generally represent legally authorized transfers between funds authorized to receive revenue and funds authorized to make expenditures, and do not represent reimbursement of expenditures.

Primary Government
Interfund Receivables and Payables
As of June 30, 2021
(In Thousands)

Description		Amount
Due to the General Fund From:		
Federal Fund	$	104,394
Nonmajor Governmental Funds		48,236
Nonmajor Enterprise Funds		22,625
Internal Service Funds		50,493
Fiduciary Funds		475
Total Due to General Fund From Other Funds	$	226,223
Due to the Federal Fund From:		
Unemployment Insurance Fund	$	49
Total Due to Federal Fund From Other Funds	$	49
Due to the State Colleges and Universities Fund From:		
Nonmajor Governmental Funds	$	29,150
Total Due to State Colleges and Universities Fund From Other Funds	$	29,150
Due to the Unemployment Insurance Fund From:		
General Fund	$	3,665
Federal Fund		2
Nonmajor Governmental Funds		1,898
Nonmajor Enterprise Funds		33
Total Due to Unemployment Insurance Fund From Other Funds	$	5,598
Due to Nonmajor Enterprise Funds From:		
General Fund	$	4,500
Internal Service Funds		1,500
Total Due to Nonmajor Enterprise Funds From Other Funds	$	6,000
Due to the Internal Service Funds From:		
Internal Service Funds		325
Total Due to Internal Service	$	325
Due to Fiduciary Funds From:		
Fiduciary Funds	$	12,746
Total Due to Fiduciary Funds From Other Funds	$	12,746

Primary Government
Interfund Receivables and Payables
As of June 30, 2021
(In Thousands)
(Continued)

Description		Amount
Due to Nonmajor Governmental Funds From:		
General Fund	$	38,402
Unemployment Insurance Fund		19,587
Nonmajor Governmental Funds		365,048
Nonmajor Enterprise Funds		2,881
Total Due to Nonmajor Governmental Funds From Other Funds	$	425,918

Primary Government
Interfund Transfers
Year Ended June 30, 2021
(In Thousands)

Description		Amount
Transfers to the General Fund From:		
Federal Fund	$	43,031
Nonmajor Governmental Funds		54,577
Nonmajor Enterprise Funds		150,996
Internal Service Funds		25,591
Total Transfers to General Fund From Other Funds	$	274,195
Transfers to the Federal Fund From:		
Unemployment Insurance Fund	$	26
Nonmajor Governmental Funds		1,006
Total Transfers to Federal Fund From Other Funds	$	1,032
Transfers to the State Colleges and Universities Fund From:		
General Fund	$	775,244
Nonmajor Governmental Funds		21,512
Total Transfers to State Colleges and Universities Fund From Other Funds	$	796,756
Transfers to Fiduciary Funds From:		
General Fund	$	84,788
Fiduciary Funds		30,722
Total Transfers to Fiduciary Funds From Other Funds	$	115,510
Transfers to Nonmajor Governmental Funds From:		
General Fund	$	709,409
Federal Fund		143
Unemployment Insurance Fund		1,539
Nonmajor Governmental Funds		263,225
Nonmajor Enterprise Funds		37,836
Internal Service Funds		7,088
Total Transfers to Nonmajor Governmental Funds From Other Funds	$	1,019,240
Transfers to Nonmajor Enterprise Funds From:		
General Fund	$	13,244
Nonmajor Governmental Funds		1,220
Total Transfers to Nonmajor Enterprise Funds From Other Funds	$	14,464
Transfers to Government-wide Capital Assets From:		
Nonmajor Enterprise Funds	$	567
Total Transfers to Government-wide Capital Assets	$	567

Component Units

Primary Government and Component Units
Receivables and Payables
As of December 31, 2020 or June 30, 2021, as applicable
(In Thousands)

Component Units	Due from Primary Government	Due to Primary Government
Major Component Units:		
Housing Finance Agency	$ 75	$ —
Metropolitan Council	96,913	—
University of Minnesota	37,546	2,325
Total Major Component Units	$ 134,534	$ 2,325
Nonmajor Component Units	163,228	146,491
Total Component Units	$ 297,762	$ 148,816

Primary Government	Due from Component Units	Due to Component Units
Major Governmental Funds:		
General Fund	$ 5,467	$ 111,429
Federal Fund	—	115,777
Total Major Governmental Funds	$ 5,467	$ 227,206
Nonmajor Governmental Funds	112,194	12,068
Total Primary Government	$ 117,661	$ 239,274 [1]

[1] Due to Component Units on the Government-wide Statement of Net Position totals $242.176 million and includes $2.902 million of loans payable to the Public Facilities Authority (component unit) that are not fund level liabilities.

The Due to Primary Government balance exceeds the Due from Component Units balance by $31,155,000 because the Metropolitan Council, the Workers' Compensation Assigned Risk Plan, and the National Sports Center Foundation use a different fiscal year end than the primary government. The $58,488,000 difference between the Due from Primary Government balance and the Due to Component Units balance is also due to these different fiscal year ends as well as the $2,902,000 loans payable disclosed above.

Note 6 – Capital Assets

Primary Government

Primary Government
Capital Asset Activity
Government-wide Governmental Activities
Year Ended June 30, 2021
(In Thousands)

Asset Category	Beginning	Additions	Deductions	Ending
Governmental Activities:				
Capital Assets not Depreciated:				
Land	$ 2,788,654	$ 64,970	$ (8,900)	$ 2,844,724
Buildings, Structures, Improvements	333,834	8,418	—	342,252
Construction in Progress	316,029	144,573	(243,125)	217,477
Development in Progress	231,748	67,047	(54,651)	244,144
Infrastructure	11,725,576	556,377	(3,437)	12,278,516
Easements	466,507	49,986	(86)	516,407
Art and Historical Treasures	7,724	1,347	—	9,071
Total Capital Assets not Depreciated	$ 15,870,072	$ 892,718	$ (310,199)	$ 16,452,591
Capital Assets Depreciated:				
Buildings, Structures, Improvements	$ 3,481,419	$ 206,398	$ (1,190)	$ 3,686,627
Infrastructure	423,225	29,417	(583)	452,059
Internally Generated Computer Software	434,146	52,268	(83,828)	402,586
Easements	3,897	143	(12)	4,028
Equipment, Furniture, Fixtures	928,644	76,149	(36,830)	967,963
Total Capital Assets Depreciated	$ 5,271,331	$ 364,375	$ (122,443)	$ 5,513,263
Accumulated Depreciation for:				
Buildings, Structures, Improvements	$ (1,593,039)	$ (100,724)	$ 1,074	$ (1,692,689)
Infrastructure	(137,783)	(13,788)	67	(151,504)
Internally Generated Computer Software	(235,192)	(74,129)	83,811	(225,510)
Easements	(1,249)	(92)	12	(1,329)
Equipment, Furniture, Fixtures	(542,642)	(71,090)	29,456	(584,276)
Total Accumulated Depreciation	$ (2,509,905)	$ (259,823)	$ 114,420	$ (2,655,308)
Total Capital Assets Depreciated, Net	$ 2,761,426	$ 104,552	$ (8,023)	$ 2,857,955
Governmental Act. Capital Assets, Net	$ 18,631,498	$ 997,270	$ (318,222)	$ 19,310,546

Capital outlay expenditures in the governmental funds totaled $929,456,000 for fiscal year 2021. Donations of general capital assets received were valued at $14,187,000. Transfers of $294,729,000 were primarily from construction in progress for completed projects and a transfer-in from the business-type activities of $567,000. Internal service funds had additions of $18,721,000.

General capital assets purchased with resources provided by outstanding capital lease agreements in governmental activities as of June 30, 2021, consisted of buildings with a cost of $180,005,000.

Primary Government
Capital Asset Activity
Government-wide Business-type Activities and Fiduciary Funds
Year Ended June 30, 2021
(In Thousands)

Asset Category	Beginning	Additions	Deductions	Ending
Business-type Activities:				
Capital Assets not Depreciated:				
Land	$ 94,996	$ 6	$ (1,068)	$ 93,934
Intangible Capital Asset	—	596	—	596
Construction in Progress	114,572	61,203	(102,609)	73,166
Total Capital Assets not Depreciated	$ 209,568	$ 61,805	$ (103,677)	$ 167,696
Capital Assets Depreciated:				
Buildings, Structures, Improvements	$ 3,895,565	$ 104,327	$ (32,311)	$ 3,967,581
Infrastructure	28,153	2,098	—	30,251
Library Collections	35,784	4,766	(5,864)	34,686
Internally Generated Computer Software	65,047	716	(886)	64,877
Equipment, Furniture, Fixtures	347,171	9,881	(6,347)	350,705
Total Capital Assets Depreciated	$ 4,371,720	$ 121,788	$ (45,408)	$ 4,448,100
Accumulated Depreciation for:				
Buildings, Structures, Improvements	$ (2,068,546)	$ (123,056)	$ 30,734	$ (2,160,868)
Infrastructure	(18,043)	(1,213)	—	(19,256)
Library Collections	(21,480)	(4,955)	5,864	(20,571)
Internally Generated Computer Software	(29,237)	(6,718)	886	(35,069)
Equipment, Furniture, Fixtures	(271,129)	(17,022)	5,988	(282,163)
Total Accumulated Depreciation	$ (2,408,435)	$ (152,964)	$ 43,472	$ (2,517,927)
Total Capital Assets Depreciated, Net	$ 1,963,285	$ (31,176)	$ (1,936)	$ 1,930,173
Business-type Act. Capital Assets, Net	$ 2,172,853	$ 30,629	$ (105,613)	$ 2,097,869
Fiduciary Funds:				
Capital Assets not Depreciated:				
Land	$ 429	$ —	$ —	$ 429
Construction in Progress	—	182	—	182
Total Capital Assets not Depreciated	$ 429	$ 182	$ —	$ 611
Capital Assets Depreciated:				
Buildings	$ 29,763	$ —	$ —	$ 29,763
Internally Generated Computer Software	36,020	—	—	36,020
Equipment, Furniture, Fixtures	7,586	517	(293)	7,810
Total Capital Assets Depreciated	$ 73,369	$ 517	$ (293)	$ 73,593
Accumulated Depreciation for:				
Buildings	$ (14,172)	$ (738)	$ —	$ (14,910)
Internally Generated Computer Software	(15,780)	(3,066)	—	(18,846)
Equipment, Furniture, Fixtures	(6,013)	(743)	293	(6,463)
Total Accumulated Depreciation	$ (35,965)	$ (4,547)	$ 293	$ (40,219)
Total Capital Assets Depreciated, Net	$ 37,404	$ (4,030)	$ —	$ 33,374
Fiduciary Funds, Capital Assets, Net	$ 37,833	$ (3,848)	$ —	$ 33,985

Transfers for Business-type Activities totaling $102,042,000 primarily related to construction in progress for completed projects.

Primary Government
Depreciation Expense
Government-wide
Year Ended June 30, 2021
(In Thousands)

Function		Depreciation Expense
Governmental Activities:		
Agricultural, Environmental & Energy Resources	$	16,624
Economic and Workforce Development		1,328
General Education		5,233
General Government		74,735
Health and Human Services		42,904
Public Safety and Corrections		51,057
Transportation		46,832
Internal Service Funds		21,110
Total Governmental Activities	$	259,823
Business-type Activities:		
State Colleges and Universities	$	137,279
Lottery		539
Others		15,146
Total Business-type Activities	$	152,964

Primary Government
Significant Project Authorizations and Commitments
As of June 30, 2021
(In Thousands)

Description		Administration		Transportation
Authorization	$	886,367	$	2,295,624
Less: Expended (through June 30)		(688,845)		(1,717,801)
Less: Unexpended Commitment		(39,273)		(510,430)
Remaining Available Authorization	$	158,249	$	67,393

Land in the Permanent School Fund was donated by the federal government and valued at the estimated fair value at the time of donation consisting of 2,512,754 total acres as of June 30, 2021.

Component Units

Component Units
Capital Assets
As of December 31, 2020 or June 30, 2021, as applicable
(In Thousands)

Asset Category	Major Component Units: Housing Finance Agency	Major Component Units: Metropolitan Council	Major Component Units: University of Minnesota	Nonmajor Component Units	Total
Capital Assets not Depreciated:					
Land	$ —	$ 257,053	$ 237,543	$ 35,547	$ 530,143
Construction in Progress	—	1,573,905	63,708	402	1,638,015
Leased Buildings	—	—	149,176	—	149,176
Museums and Collections	—	—	100,721	—	100,721
Easements	—	—	5	—	5
Total Capital Assets not Depreciated	$ —	$ 1,830,958	$ 551,153	$ 35,949	$ 2,418,060
Capital Assets Depreciated:					
Buildings, Structures, Improvements	$ —	$ 5,108,531	$ 4,809,388	$ 874,915	$10,792,834
Infrastructure	—	—	470,407	32,917	503,324
Library	—	—	178,395	—	178,395
Internally Generated Computer Software	11,007	—	201,005	—	212,012
Equipment, Furniture, Fixtures	3,366	1,337,531	855,022	237,343	2,433,262
Other Intangibles	—	—	6,903	—	6,903
Total Capital Assets Depreciated	$ 14,373	$ 6,446,062	$ 6,521,120	$ 1,145,175	$14,126,730
Total Accumulated Depreciation	$ (12,241)	$ (3,029,570)	$ (3,871,577)	$ (261,080)	$ (7,174,468)
Total Capital Assets Depreciated, Net[1]	$ 2,132	$ 3,416,492	$ 2,649,543	$ 884,095	$ 6,952,262
Component Units Capital Assets, Net	$ 2,132	$ 5,247,450	$ 3,200,696	$ 920,044	$ 9,370,322

(1) In addition to this amount, the component units of the University of Minnesota had combined capital assets with a net value of $90.282 million as of June 30, 2021.

Note 7 – Disaggregation of Payables

Primary Government
Components of Accounts Payable
Government-wide
As of June 30, 2021
(In Thousands)

	Governmental Activities			
Description	General Fund	Federal Fund	Nonmajor Governmental Funds[1]	Total
School Aid Programs	$ 1,030,792	$ 296,528	$ 2,689	$ 1,330,009
Tax Refunds	557,959	—	—	557,959
Medical Care Programs	916,911	1,818,374	10,545	2,745,830
Grants	410,164	431,277	318,159	1,159,600
Salaries and Benefits	162,638	25,772	63,254	251,664
Vendors/Service Providers	181,032	182,857	292,759	656,648
Net Payables	$ 3,259,496	$ 2,754,808	$ 687,406	$ 6,701,710

	Business-type Activities			
Description	State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	Total
Salaries and Benefits	$ 145,816	$ —	$ 11,339	$ 157,155
Vendors/Service Providers	48,459	182,905	63,402	294,766
Net Payables	$ 194,275	$ 182,905	$ 74,741	$ 451,921
Total Government-wide Net Payables				$ 7,153,631

[1] Includes $51.847 million for Internal Service Funds, less Internal Service Fund eliminations of $86.917 million among Governmental Activities.

Note 8 – Pension and Investment Trust Funds

Primary Government Administered Plans

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

Three plan administrators, who prepare and publish their own stand-alone annual comprehensive financial reports, including financial statements and required supplementary information, and Minnesota State Colleges and Universities (MnSCU), which publishes a stand-alone pension statement, provide the pension fund information. Each plan administrator accounts for one or more pension plans. Copies of these reports may be obtained directly from the organizations listed below.

Plan Administrator	Plans Covered
Minnesota State Retirement System (MSRS)	State Employees Retirement Fund Correctional Employees Retirement Fund Judges Retirement Fund Legislators Retirement Fund State Patrol Retirement Fund Hennepin County Supplemental Retirement Fund Health Care Savings Fund Unclassified Employees Retirement Fund Minnesota Deferred Compensation Fund
Public Employees Retirement Association (PERA)	General Employees Retirement Fund Police and Fire Fund Public Employees Correctional Fund Volunteer Firefighter Retirement Fund Defined Contribution Fund
Teachers Retirement Association (TRA)	Teachers Retirement Fund
Minnesota State Colleges and Universities (MnSCU)	State Colleges and Universities Retirement Fund

See Note 1 – Summary of Significant Accounting and Reporting Policies for addresses of MSRS, PERA, and TRA. The address of the administrative agent (TIAA-CREF), for MnSCU is included in the "Defined Contribution Funds" section of this note.

Basis of Accounting and Valuation of Investments

The plan administrators prepare financial statements using the accrual basis of accounting which is the basis used to determine the fiduciary net position used by the plans. Member and employer contributions are recognized in the period in which they are earned and become due. Expenses are recognized when the liability is incurred. Benefits and refunds are recognized when due and payable in accordance with the statutory terms of each plan.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 – Cash, Investments, and Derivative Instruments for more information.

The individual pension trust funds participate in internal investment pools sponsored by the state and administered by the State Board of Investment (SBI). The pools function much like mutual funds, with the various pension trust funds purchasing "units" in the pool rather than individual securities. At year-end, some security purchase and sale transactions entered into by SBI were not settled, resulting in security trade receivables and payables. These unsettled security trades are an essential element in determining the fair value of each pension trust fund's pooled investment balance; therefore, the trades are reported in the combining statement of net position of pension trust funds as net amounts and allocated to the individual pension trust funds. As of June 30, 2021, this presentation resulted in a negative asset within the total investment pool participation.

Non-Primary Government Administered Plan

The state contributes as a non-employer contributing entity into the St. Paul Teachers' Retirement Fund, but does not perform any other fiduciary responsibilities. Separately-issued financial statements for the St. Paul Teachers' Retirement Fund Association may be obtained at St. Paul Teachers' Retirement Association, 1619 Dayton Avenue, Room 309, St. Paul, MN 55104.

Defined Benefit Plans

Primary Government Administered Multiple-Employer Cost Sharing Plans

The State Employees Retirement Fund (SERF) covers most state employees, the University of Minnesota (component unit) non-faculty employees, and selected metropolitan agency employees. Fifteen employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	Members hired before July 1, 1989: Step or Level formula, whichever is greater. Members hired on or after July 1, 1989: Level formula. Step formula: 1.2 percent of the high-five average salary for each of the first 10 years of allowable service, and 1.7 percent for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater). Level formula: 1.7 percent of the high-five average salary for all years of allowable service, with full benefits at normal retirement age. Not eligible for benefits under the Rule of 90.
Annual Benefit Increase	1.0 percent through December 31, 2023 and 1.5 percent thereafter. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age.

The Correctional Employees Retirement Fund (CERF) primarily covers state employees who have direct contact with inmates or patients in Minnesota correctional facilities, the state operated forensic service program, or the Minnesota sex offender program. Two employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	Members hired before July 1, 2010: 2.4 percent of the high-five average salary for each year of allowable service. Members hired on or after July 1, 2010: 2.2 percent of the high-five average salary for each year of allowable service.
Annual Benefit Increase	1.5 percent fixed rate.

The General Employees Retirement Fund (GERF) covers employees of various governmental units and subdivisions, including counties, cities, school districts, and related organizations. Approximately 2,100 employers participate in this plan. The plan provides retirement, survivor, and disability benefits. Minneapolis Employees Retirement Fund (MERF) merged into GERF on January 1, 2015.

Membership Types	Basic membership: Participants who are not covered by the Social Security Act. Coordinated membership: Participants who are covered by the Social Security Act.
Benefit Formula	Members hired before July 1, 1989: Step or Level formula, whichever is greater. Members hired on or after July 1, 1989: Level formula. Step Formula: 1.2 percent of the high-five average salary for each of the first 10 years of allowable service, then 1.7 percent for each year thereafter for Coordinated members. The rates are 2.2 percent and 2.7 percent, respectively, for Basic members. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater). Level Formula: 1.7 percent of the high-five average salary for all years of allowable service for Coordinated members, and 2.7 percent for Basic members. Full benefits at normal retirement age. Not eligible for benefits under the Rule of 90. Former MERF members: 2.0 percent of the high-five average salary for each of the first 10 years of allowable service and 2.5 percent for each year thereafter.
Annual Benefit Increase	50 percent of the Social Security Administration increase, but not less than 1.0 percent or more than 1.5 percent. The benefit increase of 1.25 percent is projected for all years. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age.

The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental units and subdivisions. Approximately 430 employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	3.0 percent of the high-five average salary for each year of allowable service. Members hired after June 30, 2014 limited to 33 years of allowable service.
Annual Benefit Increase	1.0 percent fixed rate.

The Public Employees Correctional Fund (PECF) covers employees in county and regional correctional facilities who are responsible for the security, custody, and control of the facilities and inmates. Approximately eighty employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	1.9 percent of the high-five average salary for each year of allowable service.
Annual Benefit Increase	100 percent of the Social Security Administration increase, but not less than 1.0 percent or more than 2.5 percent. If the plan's funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will change to 1.5 percent maximum permanently. The benefit increase of 2.0 percent is projected for all years.

The Teachers Retirement Fund (TRF) covers teachers and other related professionals employed by school districts or by the state except those teachers employed by the City of St Paul and the University of Minnesota. Approximately 600 employers participate in this plan. The plan provides retirement, survivor, and disability benefits.

Membership Types	Basic membership: Participants who are not covered by the Social Security Act. Coordinated membership: Participants who are covered by the Social Security Act.
Benefit Formula	Members hired before July 1, 1989: Step or Level formula, whichever is greater. Members hired on or after July 1, 1989: Level formula. Step Formula: Coordinated members receive 1.2 percent of the high-five average salary for each of the first 10 years of allowable service prior to July 1, 2006, and 1.4 percent for any of the first 10 years after that date. For allowable years of service after the first ten years, Coordinated members receive 1.7 percent for each year prior to July 1, 2006 and 1.9 percent for years after that date. Basic members receive 2.2 percent of the high-five average salary for each of the first 10 years of allowable service, and 2.7 percent for each year thereafter. The Step formula also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater). Level Formula: Coordinated members receive 1.7 percent of the high-five average salary for all years of allowable service prior to July 1, 2006 and 1.9 percent for years thereafter. Basic members receive 2.7 percent of the high-five average salary for all years of allowable service. The Level formula provides full benefits at normal retirement age. Not eligible for benefits under the Rule of 90.
Annual Benefit Increase	1.0 percent through December 31, 2023, then increase by 0.1 percent each year over five years, and 1.5 percent thereafter. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age.

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

Description	SERF	CERF[1]	GERF	P&FF	TRF[2]
Minnesota Statutory Authority	352.04	352.92	353.27 353.505	353.65	354.42 354.435,436
Required Contribution Rate:					
Active Members	6.0%	9.6%	6.5-9.75%	11.8%	7.5-11.0%
Employer(s)	6.25%	17.35%	7.5-11.78%	17.7%	8.13-12.13%
Non-Employer Contributing Entity	$ —	$ —	$ 16,000	$ 9,000	$ 31,087
Primary Government Contributions – Reporting Period	$ 156,738	$ 48,662	$ 17,720	$ 9,586	$ 47,696

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

(2) An additional contribution of 3.64 percent of salary from Special School District No.1 brings the top of the Employer contribution range to 15.77 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2024. Employer contribution rate increases by 0.62 percent over the next three years.

Primary Government Administered Multiple-Employer Cost Sharing Plans
Summary of Pension Amounts
As of June 30, 2021
(In Thousands)

Description	SERF[1]	CERF[1]	GERF[1]	P&FF[1]	TRF[1]	Total
Primary Government's Proportionate Share of the Net Pension Liability as an:						
Employer	$ 998,968	$ 447,093	$ 22,051	$ 3,635	$ 256,907	$ 1,728,654
Non-Employer Contributing Entity	—	—	179,348	60,676	499,032	739,056
Total	$ 998,968	$ 447,093	$ 201,399	$ 64,311	$ 755,939	$ 2,467,710
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:						
Current Year Measurement Date	75.21%	99.95%	3.36%	4.88%	10.23%	
Prior Year Measurement Date	74.94%	99.87%	3.43%	5.40%	10.65%	
Deferred Outflows of Resources	$ 253,696	$ 68,515	$ 53,417	$ 85,782	$ 345,792	$ 807,202
Deferred Inflows of Resources	$ 2,265,472	$ 291,194	$ 17,914	$ 50,606	$ 755,699	$ 3,380,885
Net Pension Expense	$ 252,702	$ 26,112	$ 30,127	$ 22,574	$ 87,954	$ 419,469

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

Primary Government Administered Multiple-Employer Cost Sharing Plans
Actuarial Assumptions

Description	SERF[1]	CERF[2][4][5]	GERF[1]	P&FF[2][4][5]	TRF[2]
Actuarial Valuation/ Measurement Date	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Long-Term Expected Rate	7.50%	7.50%	7.50%	7.50%	7.50%
20 Year Municipal Bond Rate[3]	2.45%	2.45%	2.45%	2.45%	2.19%
Experience Study Dates	2014-2018	2011-2015	2014-2018	2011-2015	2014-2018
Inflation	2.25%	2.50%	2.25%	2.50%	2.50%
Salary Increases	Service Related Rates	Service Related Rates	Service Related Rates	Service Related Rates	2.85-9.25%
Payroll Growth	3.00%	3.25%	3.00%	3.25%	3.00%

(1) For SERF and GERF, the Pub-2010 General Mortality table for males and females was used and adjusted for mortality improvements based on Scale MP-2018 for SERF, and Scale MP-2019 for GERF. There are various adjustments in each plan to match experience. For the prior measurement period, the RP-2014 Mortality table for males and females was used and adjusted for mortality improvements based on Scale MP-2015 for SERF and Scale MP-2018 for GERF. In fiscal year 2022, GERF will adjust for mortality improvements based on Scale MP-2020.

(2) For CERF, P&FF, and TRF mortality rate assumptions, the RP-2014 Mortality table for males and females was used and adjusted for mortality improvements based on Scale MP-2015 for CERF and TRF, and Scale MP-2019 for P&FF. There are various adjustments in each plan to match experience. For the prior measurement period, P&FF was adjusted for mortality improvements based on Scale MP-2018. In fiscal year 2022, P&FF will use the Pub-2010 Public Safety Mortality table and will adjust for mortality improvements based on Scale MP-2020 and CERF will use the Pub-2010 General Mortality table and will adjust for mortality improvements based on Scale MP-2019.

(3) Source: Fidelity Index for SERF, CERF, GERF, and P&FF and Bond Buyers for TRF.

(4) The inflation assumption for fiscal year 2022 will change to 2.25 percent for CERF and P&FF.

(5) The payroll growth assumption for fiscal year 2022 will change to 3.00 percent for CERF and P&FF.

Primary Government Administered Multiple-Employer Cost Sharing Plans
Deferred Outflows of Resources
As of June 30, 2021
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	$ 17,930	$ 12,256	$ 1,836	$ 2,842	$ 15,160	$ 50,024
Changes in Assumption	—	—	—	21,552	271,231	292,783
Net Difference Between Projected and Actual Earnings on Investment	47,645	7,120	3,479	1,953	11,705	71,902
Change in Proportionate Difference Between Actual Contributions and Proportionate Share of Contributions	31,383	477	30,382	49,849	—	112,091
Contributions Subsequent to the Measurement Date	156,738	48,662	17,720	9,586	47,696	280,402
Total	$ 253,696	$ 68,515	$ 53,417	$ 85,782	$ 345,792	$ 807,202

Primary Government Administered Multiple-Employer Cost Sharing Plans
Deferred Inflows of Resources
As of June 30, 2021
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	$ 10,258	$ 1,398	$ 762	$ 3,054	$ 11,458	$ 26,930
Changes in Assumption	2,255,214	289,622	7,467	40,108	634,593	3,227,004
Change in Proportionate Share of Contributions	—	174	9,685	7,444	109,648	126,951
Total	$ 2,265,472	$ 291,194	$ 17,914	$ 50,606	$ 755,699	$ 3,380,885

Primary Government Administered Multiple-Employer Cost Sharing Plans
Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense
or a Reduction in Net Pension Liability
As of June 30, 2021
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
2022	$ (1,491,360)	$ (173,547)	$ 15,876	$ 9,276	$ (31,437)	$ (1,671,192)
2023	(681,368)	(118,613)	(6,247)	(3,576)	(254,205)	(1,064,009)
2024	8,234	11,430	3,241	18,332	(171,678)	(130,441)
2025	(4,020)	9,389	4,913	2,162	3,870	16,314
2026	—	—	—	(604)	(4,153)	(4,757)
Net Pension Expense	$ (2,168,514)	$ (271,341)	$ 17,783	$ 25,590	$ (457,603)	$ (2,854,085)
Deferred Outflow of Resources as a Reduction to Net Pension Liability	156,738	48,662	17,720	9,586	47,696	280,402
Net Deferred Outflows (Inflows) of Resources	$ (2,011,776)	$ (222,679)	$ 35,503	$ 35,176	$ (409,907)	$ (2,573,683)

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan

The St. Paul Teachers' Retirement Fund (SPTRF) covers teachers and other related professionals employed by St. Paul Public Schools, St. Paul College, charter schools within the City of St. Paul, and SPTRF staff. The plan provides retirement, survivor, and disability benefits.

Membership Types	Basic membership: Participants who are not covered by the Social Security Act. Coordinated membership: Participants who are covered by the Social Security Act.

Benefit Formula	Members hired before July 1, 1989: Tier 1 or Tier 2 formula, whichever is greater. Members hired on or after July 1, 1989: Tier 2 formula. Tier 1 Formula: Coordinated members receive 1.2 percent of the high-five average salary for each of the first 10 years of allowable service prior to July 1, 2015, and 1.4 percent for any of the first 10 years after that date. For allowable years of service after the first ten years, Coordinated members receive 1.7 percent for each year prior to July 1, 2015 and 1.9 percent for years after that date. Basic members receive 2.0 percent of the high-five average salary for all years of allowable service. The Tier 1 formula also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater). Tier 2 Formula: Coordinated members receive 1.7 percent of the high-five average salary for all years of allowable service prior to July 1, 2015 and 1.9 percent for years thereafter. Basic members receive 2.5 percent of the high-five average salary for all years of allowable service. The Tier 2 formula provides full benefits at normal retirement age. Not eligible for benefits under the Rule of 90.
Annual Benefit Increase	No benefit increases through December 31, 2020, and 1.0 percent thereafter. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age.

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

Description	SPTRF[1]
Minnesota Statutory Authority	354A.12
Required Contribution Rate:	
Active Members	7.5-10.0%
Employer(s)	8.38-11.88%
Primary Government as Non-Employer Contributing Entity - Statutory Requirement	$ 15,664
Primary Government Contributions - Reporting Period	$ 15,691

(1) An additional contribution of 3.64 and 3.84 percent of salary for basic and coordinated members, respectively, of St. Paul Teachers Retirement Fund Association brings the top of the Employer contribution to 15.52 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2023 and Employer contribution rates increase by 0.62 percent over the next three years.

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Summary of Pension Amounts
As of June 30, 2021
(In Thousands)

Description	SPTRF[1]
Primary Government's Proportionate Share of the Net Pension Liability as an:	
Employer	$ 503
Non-Employer Contributing Entity	207,016
Total	$ 207,519
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:	
Current Measurement Date	31.75%
Prior Measurement Date	33.77%
Deferred Outflows of Resources	$ 53,183
Deferred Inflows of Resources	$ 17,006
Net Pension Expense	$ 29,431

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

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Actuarial Assumptions

Description	SPTRF[1]
Actuarial Valuation/Measurement Date	June 30, 2020
Long-Term Expected Rate	7.50%
20 Year Municipal Bond Rate[2]	2.45%
Experience Study Dates	2011-2016
Inflation	2.50%
Salary Increases	3.00-9.00%
Payroll Growth	3.00%

(1) For mortality rate assumptions, the RP-2014 Mortality table for males and females was used and adjusted for mortality improvements based on Scale MP-2019 for the current measurement period and Scale MP-2018 for the prior measurement period. There are various adjustments to match experience.

(2) Source: Fidelity Index 20-Year Municipal GO AA Index.

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Deferred Outflows of Resources
As of June 30, 2021
(In Thousands)

Description	SPTRF
Changes in Assumption	$ 9,411
Net Difference Between Projected and Actual Earnings on Investment	16,709
Change in Proportionate Share of Contributions	11,372
Contributions Subsequent to the Measurement Date	15,691
Total	$ 53,183

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Deferred Inflows of Resources
As of June 30, 2021
(In Thousands)

Description	SPTRF
Difference Between Expected and Actual Experience	$ 6,921
Changes in Assumption	1,507
Change in Proportionate Share of Contributions	8,578
Total	$ 17,006

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense
or a Reduction in Net Pension Liability
As of June 30, 2021
(In Thousands)

Description	SPTRF
2022	$ 12,162
2023	(1,992)
2024	5,908
2025	4,408
Net Pension Expense	$ 20,486
Deferred Outflow of Resources as a Reduction to Net Pension Liability	15,691
Net Deferred Outflows (Inflows) of Resources	$ 36,177

Primary Government Administered Multiple-Employer Agent Plan

The Volunteer Firefighter Retirement Fund (VFRF) was established on January 1, 2010, as a lump-sum defined benefit plan largely funded by fire state aid and covers volunteer firefighters. Members do not contribute to the plan. Employer contributions are determined annually. There are 187 employers participating in this plan. The plan provides retirement and survivor benefits only. If fire state aid plus investment income are not expected to cover the normal cost of benefits during the next calendar year, an employer contribution is calculated and payable by the end of the next calendar year. Benefits are determined by employee years of service multiplied by a benefit level chosen by the entity sponsoring the fire department from possible levels ranging from $500 to $10,000 per year of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent. The plan is established and administered in accordance with Minnesota Statutes 353G. The state is not an employer of participants in the plan, but performs in a fiduciary capacity.

Primary Government Administered Single-Employer Plans

The Judges Retirement Fund (JRF) covers judges of the Supreme Court, appellate, and district courts. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	Judges appointed or elected before July 1, 2013: 2.7 percent of the high-five average salary for each year of allowable service prior to July 1, 1980, and 3.2 percent for each year thereafter, up to 76.8 percent. Judges appointed or elected on or after July 1, 2013: 2.5 percent of the high-five average salary for each year of allowable service. There is no maximum benefit.
Annual Benefit Increase	1.75 percent, if the plan is funded at least 70 percent for two consecutive years, the increase changes to 2.0 percent, and if the plan is funded at least 90 percent for two consecutive years, the increase changes to 2.5 percent. The benefit increase of 1.75 percent is projected through 2041, 2.0 percent through 2058, and 2.5 percent thereafter. For the prior measurement period the benefit increase of 1.75 percent was projected through 2039, 2.0 percent through 2056, and 2.5 percent thereafter. For the fiscal year 2022 measurement period, the benefit increase will change to 1.5 percent starting January 1, 2022.

The Legislators Retirement Fund (LRF) covers constitutional officers and certain members of the state's House of Representatives and Senate who were first elected prior to July 1, 1997 and chose to retain coverage under this plan. The plan provides retirement and survivor benefits. This plan is closed to new entrants.

Benefit Formula	5.0 percent of high-five average salary for the first eight years of service prior to January 1, 1979, then 2.5 percent for subsequent years.
Annual Benefit Increase	1.0 percent through December 31, 2023, and 1.5 percent thereafter. Benefit increases for retirements on or after January 1, 2024 are delayed until the retiree reaches normal retirement age.

The State Patrol Retirement Fund (SPRF) covers state troopers, conservation officers, and certain crime bureau and gambling enforcement agents. The plan provides retirement, survivor, and disability benefits.

Benefit Formula	3.0 percent of the high-five average salary for each year of allowable service up to 33 years. Members with at least 28 years of service as of July 1, 2013 are not subject to this limit.
Annual Benefit Increase	1.0 percent fixed rate.

Primary Government Administered Single-Employer Plans
Statutory Contribution Rates
(In Thousands)

Description	JRF	LRF	SPRF
Minnesota Statutory Authority	490.123	3A.03	352B.02
Required Contribution Rate:			
Active Members	7.0-9.0%	9.0%	15.4%
Employer	22.5% (3)	N/A (1)	23.1% (2)
Primary Government Contributions – Reporting Period	$ 17,915	$ 8,639	$ 24,809

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

(2) Member contribution rate increased by 0.5 percent in fiscal year 2021. Additional supplemental employer contributions of 5.0 percent bring the top of the Employer contribution range to 28.1 percent. Additional supplemental employer contributions increase to 7.0 percent of salary annually effective for fiscal year 2022. The 7.0 percent will remain in effect until plan is 100 percent funded.

(3) Employer contributions include an additional $6 million each year until the earlier of the plan is fully funded or July 1, 2048.

Primary Government Administered Single-Employer Plans
Membership Statistics

Description	JRF	LRF	SPRF
Members (or their beneficiaries) Currently Receiving Benefits	390	360	1,107
Members Entitled to, but not Receiving Benefits	17	31	63
Active Members	322	17	937

Primary Government Administered Single-Employer Plans
Summary of Pension Amounts
As of June 30, 2021
(In Thousands)

Description	JRF	LRF	SPRF	Total
Net Pension Liability	$ 185,923	$ 146,789	$ 231,455	$ 564,167
Deferred Outflows of Resources	22,340	8,639	77,222	108,201
Deferred Inflows of Resources	1,633	—	110,148	111,781
Net Pension Expense	5,303	15,410	26,067	46,780

Primary Government Administered Single-Employer Plans
Actuarial Assumptions

Description	JRF(1)(3)	LRF(1)	SPRF(1)(3)(4)
Actuarial Valuation / Measurement Date	June 30, 2020	June 30, 2020	June 30, 2020
Long-Term Expected Rate	7.50%	7.50%	7.50%
20 Year Municipal Bond Rate(2)	2.45%	2.45%	2.45%
Experience Study Dates	2011-2015	N/A	2011-2015
Inflation	2.50%	2.50%	2.50%
Salary Increases	2.50%	4.50%	Service Related Rates
Payroll Growth	2.50%	N/A	3.25%

(1) For mortality rate assumptions, the RP-2014 Mortality table for males and females was used and adjusted for mortality improvements based on Scale MP-2015. There are various adjustments in each plan to match experience. In fiscal year 2022, JRF and SPRF will use the Pub-2010 General Mortality table and will adjust for mortality improvements based on Scale MP-2019.

(2) Source: Fidelity Index 20-Year Municipal GO AA Index.

(3) The inflation assumption for fiscal year 2022 will change to 2.25 percent for JRF and SPRF.

(4) The payroll growth assumption for fiscal year 2022 will change to 3.00 percent for SPRF.

Primary Government Administered Single-Employer Plans
Schedule of Net Pension Liability
As of June 30, 2021
(In Thousands)

Description	JRF	LRF	SPRF	Total
Total Pension Liability (TPL):				
Service Cost	$ 9,897	$ 527	$ 21,122	$ 31,546
Interest on the Total Pension Liability	28,721	4,258	70,465	103,444
Difference Between Expected and Actual Experience of the Total Pension Liability	(802)	645	(535)	(692)
Changes in Assumptions	—	9,986	—	9,986
Benefit Payments, Including Refunds of Member Contributions	(26,302)	(8,812)	(61,971)	(97,085)
Net Change in Total Pension Liability	$ 11,514	$ 6,604	$ 29,081	$ 47,199
Total Pension Liability, Beginning	$ 391,146	$ 140,185	$ 959,964	$ 1,491,295
Total Pension Liability, Ending	$ 402,660	$ 146,789	$ 989,045	$ 1,538,494
Fiduciary Net Position (FNP):				
Contributions – Employer	$ 17,766	$ 8,764	$ 22,975	$ 49,505
Contributions – Member	4,168	87	12,595	16,850
Net Investment Income	8,955	—	31,073	40,028
Benefit Payments, Including Refunds of Member Contributions	(26,302)	(8,812)	(61,971)	(97,085)
Pension Plan Administrative Expenses	(112)	(39)	(224)	(375)
Other Changes	—	—	(2)	(2)
Net Change in Plan Fiduciary Net Position	$ 4,475	$ —	$ 4,446	$ 8,921
Plan Fiduciary Net Position, Beginning	$ 212,262	$ —	$ 753,144	$ 965,406
Plan Fiduciary Net Position, Ending	$ 216,737	$ —	$ 757,590	$ 974,327
Net Pension Liability (NPL)	$ 185,923	$ 146,789	$ 231,455	$ 564,167

Primary Government Administered Single-Employer Plans
Deferred Outflows of Resources
As of June 30, 2021
(In Thousands)

Description	JRF	LRF	SPRF	Total
Difference Between Expected and Actual Experience	$ 1,051	$ —	$ 1,837	$ 2,888
Changes in Assumption	2,331	—	47,264	49,595
Net Difference Between Projected and Actual Earnings on Investment	1,043	—	3,312	4,355
Contributions Subsequent to the Measurement Date	17,915	8,639	24,809	51,363
Total	$ 22,340	$ 8,639	$ 77,222	$ 108,201

Primary Government Administered Single-Employer Plans
Deferred Inflows of Resources
As of June 30, 2021
(In Thousands)

Description	JRF	SPRF	Total
Difference Between Expected and Actual Experience	$ 1,633	$ 9,138	$ 10,771
Changes in Assumption	—	101,010	101,010
Total	$ 1,633	$ 110,148	$ 111,781

Primary Government Administered Single-Employer Plans
Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense
or a Reduction in Net Pension Liability
As of June 30, 2021
(In Thousands)

Description	JRF	LRF	SPRF	Total
2022	$ (510)	$ —	$ (5,907)	$ (6,417)
2023	646	—	(40,066)	(39,420)
2024	1,458	—	(16,922)	(15,464)
2025	1,198	—	5,250	6,448
2026	—	—	(90)	(90)
Net Pension Expense	$ 2,792	$ —	$ (57,735)	$ (54,943)
Deferred Outflow of Resources as a Reduction to Net Pension Liability	17,915	8,639	24,809	51,363
Net Deferred Outflows (Inflows) of Resources	$ 20,707	$ 8,639	$ (32,926)	$ (3,580)

Summary of Defined Benefit Plans

Summary of Defined Benefit Plans
As of June 30, 2021
(In Thousands)

Description	Primary Government Administered Multiple-Employer Cost Sharing Plans	Non-Primary Government Administered Multiple-Employer Cost Sharing Plan	Primary Government Administered Single-Employer Plans	Total
Net Pension Liability	$ 2,467,710	$ 207,519	$ 564,167	$ 3,239,396
Deferred Outflows of Resources	807,202	53,183	108,201	968,586
Deferred Inflows of Resources	3,380,885	17,006	111,781	3,509,672
Net Pension Expense	419,469	29,431	46,780	495,680

The State Board of Investment, which manages the investments of MSRS, PERA, and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method using both long-term historical returns and long-term capital market expectations from a number of investments management and consulting organizations. Best-estimates of expected future real rates of return are developed for each major asset class. These asset class estimates, and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

Primary Government Administered Plans
Asset Class Target Allocation and Expected Return
As of June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Rate of Return (Geometric Mean)
Domestic Stocks	35.50 % [1]	5.10 %
International Stocks	17.50 % [2]	5.30 %
Bonds	20.00 %	0.75 %
Alternative Assets	25.00 %	5.90 %
Unallocated Cash	2.00 % [3]	0.00 %
Total	100.00 %	

(1) The target allocation for fiscal year 2022 will change to 33.50 percent for domestic stocks.

(2) The target allocation for fiscal year 2022 will change to 16.50 percent for international stocks.

(3) The target allocation for fiscal year 2022 will change to 5.00 percent for unallocated cash.

The following table presents the net pension liability for each defined benefit plan with a primary government proportionate share of the net pension liability, calculated using the corresponding discount rate as well as what the net pension liability would be if the rate were one percentage point higher or lower.

Primary Government Proportionate Share
Sensitivity of the Net Pension Liability to Changes in the Discount Rate
As of June 30, 2021
(In Thousands)

	With a 1% Decrease		Current Discount Rate		With a 1% Increase	
Plan	Rate	NPL[1]	Rate	NPL[1]	Rate	NPL[1]
SERF[4]	6.50 %	$ 2,371,234	7.50 %	$ 998,968	8.50 %	$ (143,085)
CERF[4]	6.50 %	682,316	7.50 %	447,093	8.50 %	255,125
GERF[4]	6.50 %	322,773	7.50 %	201,399	8.50 %	101,275
P&FF[4]	6.50 %	128,181	7.50 %	64,311	8.50 %	11,470
TRF[4]	6.50 %	1,157,335	7.50 %	755,939	8.50 %	425,209
SPTRF	6.50 %	271,169	7.50 %	207,519	8.50 %	154,784
JRF[4]	6.50 %	226,631	7.50 %	185,923	8.50 %	151,040
LRF[3][4]	1.45 %	163,912	2.45 % [2]	146,789	3.45 %	132,500
SPRF[4]	6.50 %	351,715	7.50 %	231,455	8.50 %	131,896

(1) Net Pension Liability (Asset).

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

(3) The discount rate changed from 3.13 percent for LRF.

(4) The discount rate for fiscal year 2022 will change to 6.50 percent for SERF, CERF, GERF, P&FF, JRF, and SPRF, 7.00 percent for TRF, and 1.92 percent for LRF.

Defined Contribution Plans

The defined contribution funds presented in the financial statements include various statewide public employee retirement funds. The benefits received are limited to an annuity, which can be purchased with the combined contributions of both the employee and employer or solely with employee contributions, depending on the fund. Accordingly, there is no unfunded liability for these funds; therefore, there is no actuarial accrued benefit liability or actuarially required contribution.

Plan Descriptions and Contribution Information

The Hennepin County Supplemental Retirement Fund (HCSRF), authorized by Minnesota Statutes 383B.46 to 383B.52, covers employees of Hennepin County who began employment prior to April 14, 1982. The employer (Hennepin County and Hennepin Healthcare System) and employee contribution rate is 1.0 percent of the employee's salary. Benefits are the participant's account balance, which includes investment earnings/losses.

Health Care Savings Fund (HCSF), authorized by Minnesota Statutes 352.98, creates a post-retirement health care savings plan by which public employees may save to cover post-retirement health care costs. Contributions to the plan are defined in a personnel policy or in a collective bargaining agreement. Contributions to the plan, by or on behalf of an employee, are held in trust for reimbursement of employee and dependent health-related expenses following termination of public service. The current plan is based on state employee contributions without any matching provision by the state. A plan participant may request reimbursement until funds accumulated in the participant's account are exhausted. Benefits are the participant's account balance, which includes investment gains/losses and must be used for qualifying health-related expenses. The employee contributions were $186,610,000 for the fiscal year ended June 30, 2021.

The Unclassified Employees Retirement Fund (UERF), authorized by Minnesota Statutes 352D, covers only those state employees who are included either by statute or policy in the "unclassified service" of the state, specified employees of various statutorily designated entities, or judges who exceed the maximum benefit cap under the Judges Retirement Fund (pension trust fund). Statutory contribution rates are 6.0 percent of employee's salary for employee and 6.25 percent for the employer. However, contribution rates for participating judges are 8.0 percent of employee's salary with no state contribution. Benefits are either an annuity based on age, value of the participant's account, and the effective actuarial assumptions, or the participant's account balance withdrawals.

The Minnesota Deferred Compensation Fund (DCPF) is a voluntary retirement savings plan authorized under section 457(b) of the Internal Revenue Code and Minnesota Statutes 352.965. The plan is primarily composed of employee contributions and accumulated investment gains or losses. Participants may withdraw funds upon termination of public service or in the event of an unforeseeable emergency. Employees and elected officials of the state and its political subdivisions are eligible to participate in the plan. The employee contributions were $323,824,000 for the fiscal year ended June 30, 2021.

The Defined Contribution Fund (DCF) is authorized by Minnesota Statutes 353D. The plan covers local units of government of which current or former elected officials elect to participate (with the exception of elected county sheriffs), emergency medical service personnel employed by or providing service to any of the participating ambulance services, and physicians employed at public facilities. The statutory contribution rate is 5.0 percent of employee's salary for both the employee and employer (local units of government, elected officials, and physicians). For other participants, the contribution rate is determined by the employer with a fixed percentage for the employee. Plan benefits depend solely on amounts contributed to the plan, plus investment earnings, less administrative expenses.

The State Colleges and Universities Retirement Fund (CURF), authorized by Minnesota Statutes 354B and 354C, covers unclassified teachers, librarians, administrators, and certain other staff members. Participation is mandatory for qualified employees. This fund consists of an Individual Retirement Account Plan (IRAP) and a Supplemental Retirement Plan (SRP). Two member groups, faculty and administrators, participate in the IRAP. The employer and employee statutory contribution rates are 6.0 and 5.80 percent, respectively. Member contribution rates increase by 1.95 percent over the next three years. For the SRP, the statutorily required contribution rate is 5.0 percent of salary for both the employer and employees with contribution maximums between $1,700 and $2,700 depending on the member group. Minnesota Statutes allow additional employer and employee contributions under specific circumstances.

Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF) is the administrative agent for the State Colleges and Universities Retirement Fund. Separately-issued financial statements can be obtained from TIAA-CREF, Normandale Lake Office Park, 8000 Norman Center Drive, Suite 1100, Bloomington, MN 55437.

Primary Government
Defined Contribution Plans Contributions
As of June 30, 2021
(In Thousands)

Description	HCSRF	UERF	DCF	CURF
Member Contributions	$ 66	$ 7,455	$ 2,066	$ 48,079
Employer Contributions:				
Primary Government Contributions	$ —	$ 7,029	$ —	$ 45,960
Other Employer Contributions	66	428	2,133	—
Total Employer Contributions	$ 66	$ 7,457	$ 2,133	$ 45,960

Investment Trust Funds

The Supplemental Retirement and the Investment Trust funds (investment trust funds) are administered by the State Board of Investment, which issues a separate report (see Note 1 – Summary of Significant Accounting and Reporting Policies for the address). These funds are investment pools for external participants.

Component Units

The following component units are participants in the State Employees Retirement Fund (SERF), Police and Fire Fund (P&FF), and the Unclassified Employees Retirement Funds (UERF):

- Housing Finance Agency (HFA)
- Metropolitan Council (MC)
- University of Minnesota (U of M)
- Minnesota Sports Facilities Authority (MSFA)
- Office of Higher Education (OHE)
- Public Facilities Authority (PFA)

Component Units
Summary of Pension Amounts
State Employee Retirement Fund
As of December 31, 2020 or June 30, 2021, as applicable
(In Thousands)

	Major Component Units			Non-Major Component Units			
Description	HFA	MC	U of M	MSFA	OHE	PFA	Total
Proportionate Share of the Net Pension Liability	$ 8,396	$ 124,063	$ 185,543	$ 159	$ 1,778	$ 877	$ 320,816
Deferred Outflows of Resources	2,132	16,603	39,284	132	452	224	58,827
Deferred Inflows of Resources	19,039	282,320	448,101	609	4,032	1,990	756,091
Net Pension Expense (Income)	2,124	31,036	31,724	(154)	449	221	65,400

Major Component Units
Summary of Pension Amounts
Police and Fire Fund
As of December 31, 2020 or June 30, 2021, as applicable
(In Thousands)

Description	MC	U of M	Total
Proportionate Share of the Net Pension Liability	$ 16,686	$ 8,371	$ 25,057
Deferred Outflows of Resources	9,637	12,351	21,988
Deferred Inflows of Resources	9,332	12,839	22,171
Net Pension Expense	2,671	1,059	3,730

Note 9 – Termination and Postemployment Benefits

Primary Government – Termination Benefits

Early termination benefits are defined as benefits received for discontinuing services earlier than planned. A liability and expense for voluntary termination benefits are recognized when the offer is accepted, and the amount can be estimated. A liability and expense for involuntary termination benefits are recognized when a plan of termination has been approved, the plan has been communicated to the employees, and the amount can be estimated.

Only three state bargaining agreements provide for this benefit. These agreements, affecting only Minnesota State Colleges and Universities (MnSCU) employees, are the Minnesota State College Faculty, Inter Faculty Organization, and Minnesota State University Association of Administrative Service Faculty contracts. Faculty members who meet a combination of age and years of service plus certain eligibility requirements are eligible to receive an early retirement incentive cash payment based on base salary plus health insurance paid for one year after separation or up to age 65, depending on the contract. Approximately 56 former faculty members and staff currently receive this benefit. The cost of the benefits was $2,152,000 during fiscal year ended June 30, 2021, with a remaining liability as of June 30, 2021, of $2,367,000.

Primary Government Single Employer – Postemployment Benefits Other Than Pensions

Other postemployment benefits (OPEB) are available to state employees and their dependents through a single-employer defined benefit healthcare plan, as allowed by Minnesota Statutes 43A.27, Subdivision 3, and Minnesota Statutes 471.61, Subdivision 2a, and required under the terms of selected employment contracts. All pre-age-65 state retirees with at least 5 years of allowable pension service who are entitled at the time of retirement to receive an annuity under the state retirement program are eligible to participate in the state's health and dental insurance plan until age 65. Retirees not eligible for an employer subsidy must pay 100 percent of the premiums to continue receiving coverage. These employees are allowed to stay in the active employee risk pool with the same premium rate and are, therefore, subsidized by the insurance premiums rates for active state employees, resulting in an implicit rate subsidy.

The state also subsidizes the healthcare and dental premium rates for certain employees, primarily conservation officers, correctional officers at state correctional facilities, and state troopers through an explicit rate subsidy under terms of selected employment contracts. If the retiree terminates employment prior to age 55, the employer's premium contribution rate is frozen at the date of the employee's retirement and is payable by the state until the retiree is age 65. The retiree is responsible for any other portion of the premiums. Coverage and rate subsidies end at the retiree's attainment of age 65.

The state does not issue a separate financial report for its OPEB as the state does not fund an OPEB plan and operates on a pay-as-you-go basis. The amount paid for OPEB benefits during fiscal year 2021 was $34,148,000**.**

Primary Government Single-Employer Plan
Employee Statistics

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

Primary Government Single-Employer Plan
Summary of OPEB Amounts
As of June 30, 2021
(In Thousands)

Description	Amount[1]
Total OPEB Liability	$ 687,901
Deferred Outflows of Resources	123,681
Deferred Inflows of Resources	121,161
Total OPEB Expense	60,554

(1) Amounts represent the primary government's total proportionate share of 99.7 percent. The remaining 0.3 percent represents a discretely presented component unit's proportionate share.

Single-Employer Plan
Actuarial Assumptions

Description	OPEB Plan
Actuarial Valuation[1]	July 1, 2020
Measurement Date[1]	June 30, 2020
Discount Rate: 20 Year Municipal Bond Rate[2]	2.21%
Healthcare Cost Trend Rate	7.5% reduced to 3.8% by 2071
Experience Study Dates	2015 - 2019
Inflation	2.25%
Salary Increases	3.00%

(1) No significant events or material changes in benefit provisions occurred between the actuarial valuation date and the measurement date that required an adjustment to roll-forward of the Total OPEB Liability.

(2) Source: Bond Buyer 20-year General Obligation Index.

The mortality rate assumptions use the Pub-2010 General Employee Headcount-Weighted Mortality Table with mortality improvement Scale MP-2020 as applicable to the employee group covered. For the prior measurement period, the mortality rate assumptions use the RP-2014 employee generational mortality table projected with mortality improvement Scale MP-2018.

Single-Employer Plan
Schedule of Total OPEB Liability
As of June 30, 2021
(In Thousands)

Description	Primary Government's Share[1]	Component Unit's Share[1]	Plan Total
Total OPEB Liability:			
Service Cost	$ 46,784	$ (282)	$ 46,502
Interest	23,067	61	23,128
Differences between Expected and Actual Experience	(76,119)	(201)	(76,320)
Changes in Assumptions or Other Inputs	100,857	266	101,123
Benefit Payments	(37,655)	(99)	(37,754)
Net Changes in Total OPEB Liability	$ 56,934	$ (255)	$ 56,679
Total OPEB Liability, Beginning	630,967	2,067	633,034
Total OPEB Liability, Ending	$ 687,901	$ 1,812	$ 689,713

(1) The primary government's total proportionate share is 99.7 percent and the component unit's proportionate share is 0.3 percent of the state's single employer defined benefit OPEB plan.

Primary Government Single-Employer Plan
Deferred Outflows and Deferred Inflows of Resources
Related to OPEB
As of June 30, 2021
(In Thousands)

Description	Deferred Outflows of Resources[1]	Deferred Inflows of Resources[1]
Difference between Expected and Actual Experience	$ —	$ 101,517
Changes of Assumption	89,533	19,644
Transactions Subsequent to the Measurement Date	34,148	NA
Total	$ 123,681	$ 121,161

(1) Amounts represent the primary government's total proportionate share of 99.7 percent. The remaining 0.3 percent represents a discretely presented component unit's proportionate share.

Primary Government Single-Employer Plan
Net Deferred Outflows (Inflows) of Resources
Recognized as OPEB Expense or a Reduction to the Total OPEB Liability
As of June 30, 2021
(In Thousands)

Description	Amount[1]
2022	$ (8,983)
2023	(8,983)
2024	(9,364)
2025	(6,208)
2026	(73)
Thereafter	1,983
Net OPEB Expense	$ (31,628)
Deferred Outflow of Resources as a Reduction of the Total OPEB Liability	34,148
Net Deferred Outflows (Inflows) of Resources	$ 2,520

(1) Amounts represent the primary government's total proportionate share of 99.7 percent. The remaining 0.3 percent represents a discretely presented component unit's proportionate share.

The following tables present the total OPEB liability (TOPEBL) for the defined benefit plan for the primary government's proportionate share of the TOPEBL, calculated using the corresponding discount rate and healthcare trend rate as well as what the TOPEBL would be if the rates were one percentage point higher or lower.

Primary Government
Sensitivity of the Total OPEB liability to Changes in the Discount Rate
As of June 30, 2021
(In Thousands)

With a 1% Decrease		Current Discount Rate		With a 1% Increase	
Rate	TOPEBL	Rate[1]	TOPEBL	Rate	TOPEBL
1.21%	$ 738,693	2.21%	$ 687,901	3.21%	$ 639,852

(1) The discount rate changed from 3.5 percent.

Sensitivity of the Total OPEB liability to Changes in the Healthcare Trend Rates
As of June 30, 2021
(In Thousands)

With a 1% Decrease		Current Healthcare Trend Rate		With a 1% Increase	
Rate	TOPEBL	Rate	TOPEBL	Rate	TOPEBL
2.8%	$ 621,775	3.8%	$ 687,901	4.8%	$ 765,869

Component Units – Postemployment Benefits Other Than Pensions

Housing Finance Agency (HFA) and the Office of Higher Education (OHE) participate in the primary government's single-employer defined benefit OPEB plan.

The Metropolitan Council (MC) administers an other postemployment benefit (OPEB) plan, a single-employer defined benefit health care and life insurance plan to eligible retirees, their spouses, and dependents. The funding for MC does not meet the requirements of GASB Statement 75, for OPEB. However, MC separately invested $315 million as of December 31, 2020 for this purpose.

The University of Minnesota (U of M) administers an other postemployment benefit (OPEB) plan, a single-employer defined benefit health care plan to eligible employees, retirees, their spouses, and dependents, and an academic disability plan for faculty and academic professional and administrative employees. The U of M does not fund an OPEB plan and operates on a pay-as-you-go basis.

Component Units
Summary of OPEB Amounts
State OPEB Plan
As of June 30, 2021
(In Thousands)

Description	Major Component Unit HFA	Non-Major Component Unit OHE	Total
Proportionate Share Total OPEB Liability	$ 1,793	$ 19	$ 1,812
Deferred Outflows of Resources	302	3	305
Deferred Inflows of Resources	290	4	294
Total OPEB Expense	132	(67)	65

Major Component Units
Summary of OPEB Amounts
Other Plans
As of December 31, 2020 or June 30, 2021, as applicable
(In Thousands)

	Major Component Units		
Description	MC	U of M	Total
Proportionate Share Total OPEB Liability	$ 361,459	$ 54,111	$ 415,570
Deferred Outflows of Resources	62,482	10,724	73,206
Deferred Inflows of Resources	12,795	258	13,053
Total OPEB Expense	27,304	7,589	34,893

Note 10 – Long-Term Commitments

Primary Government

Governmental Funds

Long-term commitments consist of grant agreements, construction projects, and other contracts. A portion of these commitments will be funded by current reserves, and these amounts are included on the face of the financial statements in the restricted, committed, and assigned fund balance amounts. Resources provided by future bond proceeds, fuel taxes, motor vehicle registration taxes, and federal grants will fund the remaining commitments. Governmental funds' encumbrances, both current and long-term, as of June 30, 2021, were as follows:

Primary Government
Encumbrances
As of June 30, 2021
(In Thousands)

Description	Amount
General Fund	$ 552,950
Non-Major Governmental Funds	2,150,754
Total Encumbrances	$ 2,703,704

Enterprise Fund - Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities had commitments of $75,073,000 for construction and renovation of college and university facilities and replacement of legacy ERP system as of June 30, 2021.

Component Units

As of June 30, 2021, the Housing Finance Agency had committed approximately $841,871,000 for the purchase or origination of future loans or other housing assistance.

The Metropolitan Council entered into contracts for various purposes such as transit services and construction projects. As of December 31, 2020, unpaid commitments for Metro Transit Bus services were approximately $223,343,000. Future commitments for Metro Transit Light Rail were approximately $829,602,000, while future commitments for Metro Transit Commuter Rail were approximately $4,101,000. Future commitments for Regional Transit and Environmental Services were approximately $22,638,000 and $71,222,000, respectively. Finally, amounts authorized and initiated in the calendar year 2020 budget but not completely expended in calendar year 2020 were $525,000.

The University of Minnesota had construction projects in progress with an estimated completion cost of $200,038,000 as of June 30, 2021. These costs will be funded from plant account assets and state appropriations.

As of June 30, 2021, the Public Facilities Authority (PFA) had committed approximately $185,000,000 for the origination or disbursement of future loans under the Clean Water, Drinking Water, and Transportation Revolving Loan programs. PFA also committed $76,300,000 for grants.

As of June 30, 2021, the Minnesota Sports Facilities Authority had committed approximately $843,000 for stadium and stadium infrastructure construction projects.

Note 11 – Operating Lease Agreements

Operating Leases

The state and its component units are committed under various leases primarily for building and office space. For accounting purposes, these leases are considered to be operating leases.

Lease expenditures/expenses for the fiscal year ended June 30, 2021, totaled approximately $95,512,000 and $27,635,000 for the primary government and component units, respectively. Lease expenses for the year ended December 31, 2020, totaled approximately $2,311,000 for component units.

Primary Government and Component Units
Future Minimum Lease Payments
(In Thousands)

Primary Government		Component Units			
Year Ended June 30	Amount	Year Ended June 30	Amount	Year Ended December 31	Amount
2022	$ 83,554	2022	$ 19,528	2021	$ 2,369
2023	68,162	2023	17,041	2022	2,092
2024	53,786	2024	16,575	2023	1,995
2025	49,661	2025	14,988	2024	1,334
2026	46,120	2026	7,712	2025	1,009
2027-2031	88,644	2027-2031	19,169	2026-2030	4,107
2032-2036	2,309	2032-2036	8,095	2031-2035	238
2037-2041	321	2037-2041	1,713	2036-2040	72
2042-2046	287	2042-2046	1,619	2041-2045	49
2047-2051	306	2047-2051	—	2046-2050	5
2052-2056	226	2052-2056	—	2051-2055	—
Total	$ 393,376	Total	$ 106,440	Total	$ 13,270

Note 12 – Long-Term Liabilities - Primary Government

Primary Government
Long-Term Liabilities
Year Ended June 30, 2021
(In Thousands)

Liability Type	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 7,025,411	$ 1,339,545	$ 1,449,645	$ 6,915,311	$ 506,113
Revenue Bonds	31,410	—	2,830	28,580	2,935
State Appropriation Bonds	944,767	65,798	54,553	956,012	47,710
Loans	51,825	17,911	21,030	48,706	19,087
Due to Component Units	3,570	—	668	2,902	671
Capital Leases	51,702	—	10,655	41,047	11,171
Certificates of Participation	79,038	—	2,781	76,257	2,405
Claims	844,312	1,068,506	1,037,086	875,732	181,883
Compensated Absences	363,328	358,504	327,037	394,795	52,761
Other Postemployment Benefits	549,263	83,587	31,917	600,933	—
Net Pension Liability	2,742,318	409,135	294,635	2,856,818	—
Total	$ 12,686,944	$ 3,342,986	$ 3,232,837	$12,797,093	$ 824,736
Business-type Activities:					
General Obligation Bonds	$ 214,906	$ 8,120	$ 23,827	$ 199,199	$ 20,652
Revenue Bonds	266,519	—	33,526	232,993	21,050
Loans	13,398	2,136,029	998,808	1,150,619	45,686
Capital Leases	5,351	1,147	2,134	4,364	1,699
Claims	28,681	315,684	309,352	35,013	33,508
Compensated Absences	164,148	33,491	30,634	167,005	19,212
Other Postemployment Benefits	81,704	27,082	21,818	86,968	—
Net Pension Liability	365,345	53,191	35,958	382,578	—
Total	$ 1,140,052	$ 2,574,744	$ 1,456,057	$ 2,258,739	$ 141,807

Primary Government
Resources for Repayment of Long-Term Liabilities
Year Ended June 30, 2021
(In Thousands)

Liability Type	Governmental Activities: General Fund	Governmental Activities: Special Revenue Funds	Governmental Activities: Internal Service Funds	Business-type Activities	Total
General Obligation Bonds	$ 4,870,981	$ 2,044,330	$ —	$ 199,199	$ 7,114,510
Revenue Bonds	9,731	18,849	—	232,993	261,573
State Appropriation Bonds	956,012	—	—	—	956,012
Loans	—	694	48,012	1,150,619	1,199,325
Due to Component Units	—	2,902	—	—	2,902
Capital Leases	41,047	—	—	4,364	45,411
Certificates of Participation	76,257	—	—	—	76,257
Claims	183,129	593,075	99,528	35,013	910,745
Compensated Absences	223,805	156,028	14,962	167,005	561,800
Other Postemployment Benefits	593,129	—	7,804	86,968	687,901
Net Pension Liability	2,819,432	—	37,386	382,578	3,239,396
Total	$ 9,773,523	$ 2,815,878	$ 207,692	$ 2,258,739	$ 15,055,832

The following tables show principal and interest payment schedules for general obligation bonds, revenue bonds, state appropriation bonds, loans, due to component unit, capital leases, and certificates of participation. There are no payment schedules for claims, compensated absences, other postemployment benefits, and net pension liability.

Primary Government
General Obligation Bonds
Principal and Interest Payments
(In Thousands)

Year Ended June 30	Governmental Activities: Principal	Governmental Activities: Interest	Business-type Activities: Principal	Business-type Activities: Interest	Total: Principal	Total: Interest
2022	$ 506,113	$ 240,663	$ 20,652	$ 7,951	$ 526,765	$ 248,614
2023	560,712	216,601	19,143	6,950	579,855	223,551
2024	522,390	193,202	17,955	6,058	540,345	199,260
2025	500,462	171,362	16,738	5,249	517,200	176,611
2026	467,799	151,006	16,121	4,510	483,920	155,516
2027-2031	1,993,394	500,745	55,886	13,973	2,049,280	514,718
2032-2036	1,143,397	189,033	28,808	4,996	1,172,205	194,029
2037-2041	385,797	29,989	8,118	699	393,915	30,688
Total	$ 6,080,064	$ 1,692,601	$ 183,421	$ 50,386	$ 6,263,485	$ 1,742,987
Bond Premium	835,247	—	15,778	—	851,025	—
Total	$ 6,915,311	$ 1,692,601	$ 199,199	$ 50,386	$ 7,114,510	$ 1,742,987

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

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2022	$ 2,935	$ 1,014	$ 21,050	$ 8,544	$ 23,985	$ 9,558
2023	1,760	944	19,685	7,745	21,445	8,689
2024	1,815	891	18,035	6,991	19,850	7,882
2025	1,870	834	18,295	6,251	20,165	7,085
2026	1,930	773	19,275	5,456	21,205	6,229
2027-2031	10,730	2,722	85,135	15,744	95,865	18,466
2032-2036	7,540	494	39,455	2,679	46,995	3,173
2037-2041	—	—	1,280	44	1,280	44
Total	$ 28,580	$ 7,672	$ 222,210	$ 53,454	$ 250,790	$ 61,126
Bond Premium	—	—	10,783	—	10,783	—
Total	$ 28,580	$ 7,672	$ 232,993	$ 53,454	$ 261,573	$ 61,126

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

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest
2022	$ 47,710	$ 39,848
2023	52,130	37,526
2024	54,745	35,054
2025	57,650	32,455
2026	60,595	29,792
2027-2031	289,035	105,497
2032-2036	116,455	62,604
2037-2041	139,145	34,185
2042-2046	56,060	4,249
Total	$ 873,525	$ 381,210
Bond Premium	82,487	—
Total	$ 956,012	$ 381,210

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

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2022	$ 19,758	$ 807	$ 45,686	$ 18,321	$ 65,444	$ 19,128
2023	14,656	488	463,765	9,294	478,421	9,782
2024	8,774	273	463,731	2,792	472,505	3,065
2025	3,553	175	168,053	250	171,606	425
2026	952	141	828	226	1,780	367
2027-2031	1,970	475	3,991	819	5,961	1,294
2032-2036	1,361	231	3,744	323	5,105	554
2037-2041	584	24	821	30	1,405	54
Total	$ 51,608	$ 2,614	$ 1,150,619	$ 32,055	$ 1,202,227	$ 34,669

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

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2022	$ 11,171	$ 2,037	$ 1,699	$ 174	$ 12,870	$ 2,211
2023	11,717	1,477	691	93	12,408	1,570
2024	12,291	892	308	93	12,599	985
2025	5,599	276	309	92	5,908	368
2026	269	7	212	46	481	53
2027-2031	—	—	1,050	96	1,050	96
2032-2036	—	—	95	1	95	1
Total	$ 41,047	$ 4,689	$ 4,364	$ 595	$ 45,411	$ 5,284

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

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest
2022	$ 2,405	$ 3,384
2023	2,525	3,264
2024	2,650	3,137
2025	2,785	3,004
2026	2,925	2,866
2027-2031	16,965	11,984
2032-2036	21,655	7,294
2037-2041	15,765	1,602
Total	$ 67,675	$ 36,535
Premium on Certificates of Participation	8,582	—
Total	$ 76,257	$ 36,535

Debt Service Fund

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

For other annual appropriation debt, the amounts needed to pay principal and interest payment are appropriated each fiscal year for transfer to the Debt Service Fund. The state has no legal obligation to continue appropriating funds to make debt service payments. The annual appropriation debt is canceled on the earlier of the fiscal year for which the legislature does not appropriate sufficient amounts for debt service, an executive unallotment regarding continuing appropriations for debt service, or the date of the final principal and interest payment. The Minnesota Statutes governing outstanding annual appropriation debt are provided in the applicable sections in this note.

During fiscal year 2021, Minnesota Management and Budget made the necessary transfers to the Debt Service Fund as follows:

Primary Government
Transfers to Debt Service Fund
Year Ended June 30, 2021
(In Thousands)

Fund Type		Amount
General Fund	$	604,306
Special Revenue Funds:		
Trunk Highway Fund	$	177,571
Miscellaneous Special Revenue Fund		1,194
Total Special Revenue Funds	$	178,765
Capital Project Funds:		
Building Fund	$	96
Transportation Fund		30
Total Capital Project Funds	$	126
Internal Service Fund – Plant Management Fund		5,788
Total Transfers to Debt Service Fund	$	788,985

General Obligation Bond Issues

In August 2020, the state issued $1,198,550,000 general obligation bonds, Series 2020A through Series 2020G:

- Series 2020A for $330,360,000 instate various purpose bonds were issued at a true interest rate of 1.60 percent.
- Series 2020B for $152,020,000 in state trunk highway bonds were issued at a true interest rate of 1.26 percent.
- Series 2020C for $20,515,000 in taxable state bonds were issued at a true interest rate of 1.26 percent.
- Series 2020D for $128,115,000 in state various purpose refunding bonds were issued at a true interest rate of 0.16 percent. The aggregate debt service payments decreased by $11,938,000 and the economic gain (the present value of the debt service savings) for the state was $14,692,000.
- Series 2020E for $163,380,000 in state trunk highway refunding bonds were issued at a true interest rate of 0.45 percent. The aggregate debt service payments decreased by $11,255,000 and the economic gain (the present value of the debt service savings) for the state was $25,793,000.
- Series 2020F for $223,970,000 in taxable state various purpose refunding bonds were issued at a true interest rate of 0.98 percent. The aggregate debt service payments decreased by $31,933,000 and the economic gain (the present value of the debt service savings) for the state was $31,870,000.
- Series 2020G for $180,190,000 in taxable state trunk highway refunding bonds were issued at a true interest rate of 0.95 percent. The aggregate debt service payments decreased by $31,621,000 and the economic gain (the present value of the debt service savings) for the state was $30,808,000.

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

Primary Government
General Obligation Bonds Outstanding Defeased Debt
As of June 30, 2021
(In Thousands)

Refunding Date	Original Refunding Amount	Refunded Amount	Outstanding Amount	Refunded Bond Call/Maturity Date
August 21, 2014	$ 5,449	$ 5,705	$ 3,500	October 1, 2021
August 21, 2014	9,727	10,185	6,795	August 1, 2022
March 14, 2018	N/A	1,860	465	August 1, 2021
March 14, 2018	N/A	480	480	October 1, 2023
August 25, 2020	223,970	219,250	219,250	October 1, 2021
August 25, 2020	180,190	176,000	176,000	October 1, 2021
Total	$ 419,336	$ 413,480	$ 406,490	

The following table is a schedule of general obligation bonds authorized, but unissued, and bonds outstanding as of June 30, 2021. This schedule includes all general obligation bonds that were sold, including bonds sold for the State Colleges and Universities Fund (enterprise fund).

Primary Government
General Obligation Bonds Authorized, but Unissued, and Bonds Outstanding
As of June 30, 2021
(In Thousands)

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates for Outstanding
Maximum Effort School Loan	$ —	$ 10,704	5.00%
Rural Finance Authority	25,025	102,475	1.35-5.00%
State Transportation	314,096	255,366	2.50-5.00%
Trunk Highway	1,755,335	1,564,775	1.50-5.00%
Trunk Highway Refunding Bonds	—	479,555	0.40-5.00%
Various Purpose	1,529,546	2,400,090	1.35-5.00%
Various Purpose Refunding Bonds	—	1,450,520	0.47-5.00
Total	$ 3,624,002	$ 6,263,485	

State Appropriation Bonds

On October 31, 2012, the Minnesota Supreme Court concluded that the Appropriation Refunding Bonds do not constitute public debt for which the state has pledged its full faith, credit, and taxing powers. The Minnesota Supreme Court held that, accordingly, the bonds are not subject to the Minnesota Constitution's Article XI, Section 5, restrictions on the use of the proceeds of "public debt." Resulting from the decision of this court case, on November 21, 2012, the state sold state General Fund appropriation refunding bonds as authorized by Minnesota Statutes 16A.99. The bonds were issued for the purpose of refunding tobacco settlement revenue bonds Series 2011A and Series 2011B of the Tobacco Securitization Authority. These appropriation bonds are payable only from amounts appropriated by the Minnesota Legislature.

Minnesota Statutes 16A.965 authorizes the state to issue state General Fund appropriation bonds for the purpose of financing up to $498,000,000 for the state and City of Minneapolis' share of the costs of a professional football stadium project of the Minnesota Sports Facilities Authority (component unit) . The state has commenced the financing process. In addition, the Minnesota Pay-for-Performance Act of 2011 authorized issuance of up to $10,000,000 bond proceeds as incentive payments to service providers for certain financial outcomes that will result in decreased costs or increased revenues to the state.

Minnesota Statutes 16A.967 as amended by the Laws of Minnesota Special Session 2017, Chapter 8, Article 2, Section 2, authorizes the state to issue state General Fund appropriation bonds not to exceed $22,500,000 for financing land acquisition, design, engineering, and construction of facilities and infrastructure necessary to complete the next phase of the Lewis and Clark Regional Water System project, including completion of the pipeline to Magnolia, extension of the project to the Lincoln-Pipestone Rural Water System connection near Adrian, and engineering, design, and easement acquisition for the final phase of the project to Worthington. No bonds shall be sold until the commissioner of Minnesota Management and Budget determines that a nonstate match of at least $9,000,000 is committed to this project phase. Grant agreements entered into under this section must provide for reimbursement to the state from any federal money provided for the project, consistent with the Lewis and Clark Regional Water System Incorporated Agreement. The nonstate match was met and in fiscal year 2017, state General Fund appropriation bonds of $11,790,000. In fiscal year 2018, state General Fund appropriation bonds of $7,570,000 were issued.

Minnesota Statutes 469.53 authorizes projects eligible for state appropriation support payments, upon approval by the city of Duluth. Eligible project include: (1) two levels of expansion to an existing medical district parking ramp and a skywalk replacement; (2) a ramp with up to 1,400 new parking stalls to serve the medical entity west; (3) extension of 6th Avenue East; (4) demolition of existing hospital structure; (5) roadway, utility, and site improvements and capacity upgrades to support medical entity west; (6) district energy connections; and (7) a ramp for up to 400 new parking stalls to serve the medical entity east. Minnesota Statutes 469.54 authorizes the city of Duluth, in lieu of directly receiving the appropriation support payments, to have the state issue state General Fund appropriation bonds. Minnesota Statutes 16A.968, as amended by Laws of Minnesota Regular Session 2020, Chapter 83, Article 1, Section 3, authorizes the state to issue state General Fund appropriation bonds not to exceed $97,720,000 for the purpose of financing public infrastructure projects authorized and approved by the city of Duluth. In the event the state issues state General Fund appropriation bonds for these purposes, the amount of appropriation support payments in any year is reduced by an amount equal to the amount needed from the General Fund. Up to $8,100,000 is appropriated from the General Fund each year beginning in fiscal year 2022 through fiscal year 2055 to pay debt service on the bonds, subject to Minnesota Statutes 469.54, subdivision 3 which allows a maximum appropriation support payment of $3.7 million in fiscal year 2022. Debt service on these bonds is paid from a statutory General Fund appropriation that may be repealed, canceled, or unallotted. On November 5, 2020, the state issued $66,300,000 in Duluth Regional Exchange District state General Fund appropriation bonds at a true interest rate of 2.50 percent. In October 2021, the state issued $6,920,000 in Duluth Regional Exchange District state General Fund appropriation bonds. For more information, see Note 22 – Subsequent Events.

Minnesota Statutes 16A.966 authorizes the state to issue state General Fund appropriation bonds not to exceed $30,400,000 for the purpose of financing the cost of implementing environmental clean-up actions at four Superfund sites in Minnesota. In October 2021, the state issued $29,670,000 state General Fund appropriation bonds for this purpose. See Note 22 – Subsequent Events for more information. An amount needed to pay principal and interest on appropriation bonds is appropriated each fiscal year form the general fund beginning in fiscal year 2021 and remains available through fiscal year 2042.

Minnesota Statutes 16A.964 authorizes the state to issue state General Fund appropriation bonds not to exceed $15,000,000 for the purpose of financing grants to public television stations in Minnesota for the cost of acquiring and installing capital equipment. In October 2021, the state issued $14,050,000 in state General Fund appropriation bonds for this purpose. See Note 22 – Subsequent Events for more information. An amount needed to pay principal and interest on appropriation bonds is appropriated each fiscal year form the general fund beginning in fiscal year 2021 and remains available through fiscal year 2042.

Minnesota Statutes 16A.963 authorizes the state to issue state General Fund appropriation bonds not to exceed $2,000,000 for the purpose of financing the cost of acquiring and installing electric vehicle charging infrastructure on publicly owned property. In October 2021, the state issued $1,875,000 state General Fund appropriation bonds for this purpose. See Note 22 – Subsequent Events for more information. An amount needed to pay principal and interest on appropriation bonds is appropriated each fiscal year form the general fund beginning in fiscal year 2021 and remains available through fiscal year 2042.

The following table is a schedule of state appropriation bonds authorized, but unissued, and bonds outstanding as of June 30, 2021.

Primary Government
State Appropriation Bonds Authorized, but Unissued, and Bonds Outstanding
As of June 30, 2021
(In Thousands)

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates
Professional Football Stadium	$ —	$ 398,630	3.26-5.08%
Pay-for-Performance	10,000	—	N/A
Refund Tobacco Securitization Authority	—	393,375	3.00-5.00%
Lewis and Clark Regional Water System	3,500	15,220	1.65-3.50%
Duluth Regional Exchange District Appropriation Bonds	32,910	66,300	1.55-2.88%
Total	$ 46,410	$ 873,525	

Loans Payable and Due to Component Unit

Governmental activities loans and due to component units are loans/due to component units for transportation projects, energy efficiency improvements, and equipment purchase loans for internal service funds. The capital assets purchased for energy efficiency improvements and equipment purchases are pledged as collateral on the loans incurred to finance the purchase. On June 30, 2021, the state has an unused line of credit of $28,569,000 to finance additional equipment purchases.

Business-type activities loans include loans to purchase energy efficiency improvements and equipment and a federal advance to cover unemployment benefits. The capital assets purchased for energy efficiency improvements and equipment purchases are pledged as collateral on the loans incurred to finance the purchases. The Unemployment Insurance Fund (enterprise fund) went into a deficit and received a federal Title XII advance to cover this deficit. This advance will be paid back through receipt of unemployment insurance taxes and assessments. These taxes and assessments are received quarterly, and the exact amounts vary from quarter to quarter; therefore, the repayment schedule has been estimated. The deficit is expected to be eliminated by fiscal year 2025.

Capital Leases

In fiscal year 2006, the state entered into capital lease agreements, amended in fiscal year 2013, with St. Paul Port Authority (SPPA - not part of the state’s reporting entity) to purchase two newly constructed buildings on state-owned land for $180,005,000. Lease payments are scheduled over 20 years and approximate the debt service payments of SPPA. The leases meet the criteria of a capital lease as defined by GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The terms of each agreement provide options to purchase the buildings under a bargain purchase option. In May 2013, SPPA issued refunding bonds of $115,760,000. The proceeds of the bonds were applied to refund SPPA's outstanding revenue bonds. The lease agreement was amended to approximate the debt service payments of SPPA refunding bonds.

The state has other capital lease agreements to purchase equipment that meets the above criteria. The equipment is pledged as collateral on these lease agreements. In addition, Minnesota State Universities Fund (enterprise fund) entered into capital lease agreements for campus facilities. Minnesota State Colleges and Universities (MnSCU) guaranteed the revenue bonds issued by Clay County and the city of Saint Cloud Housing and Redevelopment Authority. As of June 30, 2021, MnSCU has not been required to make any payments on these guarantees. In the event MnSCU is called upon to make any lease payments, default provisions in each lease agreement provide options to terminate the agreement and possession of the buildings can be pursued legally by MnSCU. As of June 30, 2021, there is $3,756,000 principal outstanding on these guarantees.

Certificates of Participation

In August 2014, the state issued $80,100,000 of certificates of participation (COPs) at a true interest rate of 3.70 percent to finance the predesign, design, and construction and equipping of offices, hearing rooms, and parking facilities for a legislative office facility as authorized by Laws of Minnesota Regular Session 2013, Chapter 143, Article 12, Section 21. The COPs are not general or moral obligations of the state and no revenues are pledged to repay them. If the state defaults on the debt, the trustee has the right to terminate the lease terms of the project and to take whatever legal action may appear necessary to collect rental payment(s).

Revenue Bonds Payable

In October 2013, Iron Range Resources and Rehabilitation issued $37,830,000 of education facilities revenue bonds at a true interest rate of 3.76 percent. Minnesota Laws of 2013, Chapter 143, Article 11, Section 11; Minnesota Statutes 298.22 through 298.32; and an order of the commissioner of Iron Range Resources and Rehabilitation authorized the issuance of the bonds. The bonds will be used to make grants to certain school districts located in the taconite relief areas, as defined in Minnesota Statutes 273.134. The interest rates for the bonds range from 3.00 percent to 4.30 percent over a 20 year term.

In September 2014, the Iron Range Resources and Rehabilitation issued $7,860,000 of education facilities refunding revenue bonds at a true interest rate of 1.32 percent. The proceeds of the bonds will be used to affect a current refunding of the commissioner of Iron Range Resources and Rehabilitation's Educational Facilities Revenue Bonds Series 2006. Minnesota Laws of 2005, Chapter 152, Article 1, Section 39 as amended; Minnesota Statutes 298.2211; and an order of the commissioner of Iron Range Resources and Rehabilitation authorized the issuance of the bonds. The interest rates on the bonds are 3.00 percent for the remaining year of the bonds.

To repay the bonds, Iron Range Resources and Rehabilitation has pledged future appropriations of the annual distribution of taconite production tax revenues to the Iron Range Resources and Rehabilitation account within the General Fund and the Douglas J. Johnson Economic Protection Trust Fund (special revenue fund). These tax distributions, totaling $3,994,000 for fiscal year 2021, have averaged less than ten percent of the state's total annual taconite production tax revenues over the last five years. The debt service on the bonds is payable solely from these taconite production tax distributions. For fiscal year 2021, principal and interest paid by Iron Range Resources and Rehabilitation on the bonds was $3,940,000. The total principal and interest remaining to be paid as of June 30, 2021, is $36,252,000 payable through October 2033.

The state is authorized by Minnesota Statutes 403.275, and by Minnesota Statewide Radio Board resolution to issue revenue bonds for a current development phase of a public safety radio communications system. On November 1, 2006, $35,000,000 in revenue bonds were issued at a true interest rate of 3.76 percent. On November 13, 2008, $42,205,000 in revenue bonds were issued at a true interest rate of 4.60 percent. On October 22, 2009, $60,510,000 in revenue bonds were issued at a true interest rate of 3.17 percent. On August 16, 2011, $60,380,000 in revenue bonds were issued at a true interest rate of 2.96 percent. On November 1, 2016, $91,715,000 in revenue refunding bonds were issued at a true interest rate of 1.06 percent. The proceeds of the bonds were used to defease and refund, on an advance refunding basis, the outstanding maturities of the state's 911 Revenue Bonds Series 2008, Series 2009, Series 2011, and pay the costs associated with the issuance of the bonds. The state has pledged future 911 fee revenues to repay the debt. The debt service on these bonds is payable solely from the revenues derived from the 911 fee assessed on wireless and wire-line telephone service. All remaining principal and interest on the bonds has been paid as of June 30, 2021. Principal and interest paid during fiscal year 2021 and total 911 fee revenues were $10,652,000 and $79,441,000, respectively. The bonds are accounted for in the 911 Services Fund (enterprise fund).

Minnesota State Colleges and Universities (MnSCU) (enterprise fund) is authorized by Minnesota Statutes 136F.98 to issue revenue bonds whose aggregate principal shall not exceed $405,000,000 at any time. The proceeds of these bonds are used to finance the acquisition, construction, and remodeling of buildings for dormitory, residence hall, parking ramps, student union, and food service purposes at state universities. Revenue bonds currently outstanding have interest rates of 2.00 percent to 5.00 percent. The revenue bonds are payable solely from, and collateralized by, an irrevocable pledge of revenues to be derived from the operation of the financed buildings and from student fees. These revenue bonds are payable through 2038. Annual principal and interest payments on the bonds are expected to require less than 36 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $274,626,000. Principal and interest paid for the current year and total customer net revenues were $29,401,000 and $82,216,000, respectively. The bonds are accounted for in the State Colleges and Universities Fund (enterprise fund).

Itasca Community College issued revenue bonds through the Itasca County Housing Redevelopment Authority that are payable through 2038. These bonds are payable solely from, and collateralized by, an irrevocable pledge of revenues to be derived from the operation of the financed buildings. Annual principal and interest payments on the bonds are expected to require less than 47 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $1,038,000. Principal and interest paid and total customer net revenues during fiscal year 2021 were $169,000 and $362,000, respectively. These revenue bonds have a variable interest rate of 0.75 percent to 3.65 percent. The bonds are accounted for in the State Colleges and Universities Fund (enterprise fund).

Claims

The state has assumed responsibility for the long-term care of certain closed municipal solid waste facilities. Minnesota Statutes 115B.39 established the landfill cleanup program to provide environmental response to qualified, state-permitted, closed landfills. The state is responsible, in perpetuity, for performing cleanup and final closure work, as well as all postclosure maintenance and monitoring, at qualifying sites. Municipal solid waste landfill liabilities of $331,946,000 for closure and postclosure care claims are payable from the Environmental and Remediation Fund (special revenue fund) and the General Fund. There are currently 110 landfills in the program and four more landfills that are qualified, but not yet enrolled. One of the qualified sites, Freeway Landfill, has a liability of $132,905,000; approximately 40 percent of the total landfill liability. Estimated landfill closure and postclosure liabilities include planned response actions, future unknown additional remedies which have some probability of occurring, future replacement of some remedial systems, and administrative costs. Additionally, funds may be spent for corrective actions to address incidents involving agricultural chemicals, including related administrative costs, enforcement, and cost recovery actions. Since costs are estimated at current value, actual costs could be different because of inflation, changes in technology, inclusion of additional qualifying sites, or changes in regulations, and future unanticipated response actions.

Funding for the state's ongoing claims at these landfills has historically come from the Environmental and Remediation Fund (special revenue fund). Currently, the majority of funds appropriated for spending from the Environmental and Remediation Fund are budgeted and expended annually on activities not associated with closure and postclosure care of landfills. Further, the recovery of financial assurance monies from previous landfill owners and operators is no longer a source of revenue to the Environmental and Remediation Fund. The closed landfill investment account, established under Minnesota Statutes 115B.421, within the Environmental and Remediation Fund was created to address a portion of these required long-term postclosure costs through minimal withdrawals from a fund managed through the State Board of Investment to ensure long-term availability of resources and may be spent after fiscal year 2020. The Metropolitan Landfill Contingency Action Account is an account in the Environmental and Remediation Fund consisting of revenues from 25 percent of the metropolitan solid waste landfill fee, cost recovery of response actions expenses, and interest earned on investment of money in the account. The account appropriated for closure and post-closure care of mixed municipal solid waste disposal facilities in the metropolitan area for a thirty year period after closure if determine that the operator/owner cannot take the necessary actions as directed by the commissioner of the Minnesota Pollution Control Agency. Proceeds from the sale of state general obligation bonds, accounted for in the Building Fund (capital projects fund) and repaid by the General Fund, are now a significant source of funding for design and construction work at the publicly-owned landfills in the program.

The state of Minnesota is financially responsible to remediate certain known pollution present on either state-owned or non-state-owned land. In most cases, the state voluntarily assumes responsibility for site assessment and clean-up activities when the responsible party cannot be found or is financially unable to perform the remediation. Pollution remediation obligation liabilities as of June 30, 2021, were $185,166,000. Of this total, $156,193,000 was the liability for remediation on sites designated pursuant to state or federal superfund laws. The pollution remediation amounts are estimated through an analysis of existing polluted sites. The liabilities are based on the weighted average of the pollution remediation outlays expected to be incurred to settle those liabilities. Because the liabilities are measured at their current value, they are subject to change due to inflation, technology improvements, or changes to applicable laws and regulations.

Funding for the state's pollution remediation primarily comes from the Environmental and Remediation Fund (special revenue fund), which was established under Minnesota Statutes 116.155, and the Petroleum Tank Cleanup Fund (special revenue fund), which was established under Minnesota Statutes 115C.08. These statutes require the state to reimburse eligible applicants for a significant portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks. Reimbursements are made from the Petroleum Tank Cleanup Fund. As of July 2021, the Petroleum Tank Cleanup Fund has approved $464,000,000 in reimbursements for eligible applicants since program inception in 1987. Future expenditures from the Petroleum Tank Cleanup Fund will be necessary as existing cleanup projects are completed and new cleanup projects are begun at currently undiscovered leak sites. The estimated total payments from the program, which is scheduled to sunset on June 30, 2022, are between $460,000,000 and $480,000,000 for investigative and cleanup costs.

During the 2020 legislative session (fifth special session) the Minnesota legislature authorized the sale of appropriation bonds for the purposes of financing the cost of implementing removal or remedial actions permitted under Minnesota Statute 115B.17. These appropriations bonds will be used to address risks to human health and environment at four Superfund sites. See Note 22 – Subsequent Events for more information.

The governmental activities' and business-type activities' liability for workers' compensation of $77,192,000 and $3,858,000, respectively, are based on claims filed for injuries to state employees occurring prior to June 30, 2021 and is an undiscounted estimate of future payments. The liability will be liquidated using future resources at unspecified times.

Claims of $28,600,000 are for workers' compensation claims of employees of uninsured and bankrupt firms. These claims are funded by an assessment on insurers and are payable from the Special Compensation Fund (special revenue fund).

Claims of $153,300,000 are for reimbursements of supplementary and second injury benefits for old workers' compensation injuries. Legislative action ended both the supplementary and second injury programs. The claim amount represents the estimated discounted (5.00 percent) cost of supplementary benefits for injuries prior to October 1, 1995, and second injury program benefits for injuries prior to July 1, 1992. Without alteration by settlements, the liability is expected to extend to approximately 2058 for supplementary benefits and 2046 for second injuries.

The remaining claims represent $11,489,000 in the Risk Management Fund (internal service fund), $88,039,000 in the Employee Insurance Fund (internal service fund), and $31,155,000 in the Public Employees Insurance Fund (enterprise fund).

Compensated Absences

The compensated absences liability for governmental activities and business-type activities of $394,795,000 and $167,005,000 respectively, are primarily for vacation leave and vested sick leave, which are payable as severance pay under specific conditions. Both amounts are paid in cash only when an employee terminates state employment. This obligation will be liquidated using future resources at unspecified times.

Arbitrage Liabilities

An arbitrage rebate payable to the federal government is required by the Tax Reform Act of 1986 and U.S. Treasury regulations and penalties if there are excess earnings on tax-exempt bond proceeds and debt service reserves. For fiscal year 2021, the state did not have excess earnings on tax-exempt bond proceeds and debt service.

Revenue Bonds Payable – Fiduciary Funds

On June 1, 2000, the state of Minnesota issued revenue bonds totaling $29,000,000 on behalf of the state's three retirement systems. Minnesota Statutes 356.89 authorized the issuance of the revenue bonds for the construction of an administrative office building. On August 9, 2012, the state of Minnesota issued revenue refunding bonds totaling $21,880,000 on behalf of the state's three retirement systems at a true rate of 1.63 percent. Minnesota Statute 356B.10, authorized the issuance of the revenue bonds for a current refunding of the $29,000,000 Retirement System Building Revenue Bonds, Series 2000, which were issued for the construction of an administrative office building. The revenue refunding bonds have an interest rate of 1.63 percent and are not general obligations of the state. The bonds are backed by the assets of the three retirement systems, excluding assets segregated for retired employees and assets of the systems' defined contribution funds.

The debt service payments are allocated to each system based on the percentage interest each has in the facility. For fiscal year 2021, principal and interest paid by the State Employees Retirement Fund (SERF), Teachers Retirement Fund (TRF), and General Employees Retirement Fund (GERF) was $2,100,000. The total principal and interest remaining to be paid as of June 30, 2021, is $7,207,000, payable through fiscal year 2025.

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

Year Ended June 30	Principal	Interest
2022	$ 1,875	$ 228
2023	1,915	190
2024	1,845	114
2025	1,000	40
Total	$ 6,635	$ 572
Bond Premium	326	—
Total	$ 6,961	$ 572

Note 13 – Long-Term Liabilities - Component Units

General Obligation and Revenue Bonds

The Metropolitan Council (MC) issued general obligation bonds for parks, solid waste disposal systems, sewers, and transportation projects, backed by the full faith and credit and taxing powers of MC. MC had $1,670,446,000 in general obligation bonds and direct borrowings outstanding on December 31, 2020, including unamortized discounts/premiums. During the year, $8,800,000 of general obligation park bonds; $15,155,000 of general obligation transit refunding bonds; $80,000,000 of general obligation wastewater bonds; and $30,790,000 of general obligation wastewater refunding bonds were issued.

MC's outstanding notes from direct borrowings of $524,131,000 are Clean Water State Revolving Fund Loan agreements with the Minnesota Public Facilities Authority (MPFA), which are evidenced by notes placed directly with MPFA. These MPFA loans finance various capital projects for the Environmental Services division. The loans are repaid from wastewater system revenues.

The University of Minnesota (U of M) issued general obligation bonds and revenue bonds for capital projects. On June 30, 2021, the principal amount of general obligation bonds and revenue bonds outstanding, including unamortized discounts/premiums, was $1,073,788,000 and $284,948,000, respectively.

Component Units
General Obligation Bonds
Major Component Units
(In Thousands)

	MC			U of M	
Year Ended December 31	Principal	Interest[1]	Year Ended June 30	Principal	Interest
2021	$ 219,273	$ 52,094	2022	$ 48,525	$ 37,866
2022	148,357	41,669	2023	39,500	39,355
2023	140,800	36,411	2024	41,115	37,614
2024	133,711	31,351	2025	43,005	35,767
2025	124,958	26,604	2026	44,840	33,824
2026-2030	452,912	80,594	2027-2031	240,850	136,834
2031-2035	258,318	28,938	2032-2036	213,745	85,809
2036-2040	85,137	3,624	2037-2041	180,290	42,042
2041-2045	—	—	2042-2046	94,485	7,910
Total	$ 1,563,466	$ 301,285	Total	$ 946,355	$ 457,021
Unamortized Discounts / Premiums and Issuance Costs	106,980	—	Unamortized Discounts / Premiums and Issuance Costs	127,433	—
Total	$ 1,670,446	$ 301,285	Total	$ 1,073,788	$ 457,021

[1] MC interest is net of Build America Bonds federal subsidy.

The Housing Finance Agency (HFA) is authorized by Minnesota Statutes 462A.06 to issue revenue bonds and notes to provide funds for rehabilitation, construction, and mortgage loans, or to refund bonds to sponsors of residential housing for families of low and moderate income. The amount outstanding on these bonds at any time shall not exceed $5,000,000,000, according to Minnesota Statutes 462A.22. The principal amount of revenue bonds outstanding on June 30, 2021, including unamortized discounts/premiums, was $3,275,383,000. The agency uses special redemption provisions to retire certain bonds prior to their maturity from unexpended bond proceeds. Substantially all bonds are subject to optional redemption after various dates at an amount equals all of the unpaid principal and interest. The amount of bonds approved by June 30, 2021 to exercise the early redemption option was $160,403,000, and is considered part of current bonds payable.

On June 30, 2021, HFA had in place a revolving line of credit with the Federal Home Loan Bank of Des Moines with an outstanding balance of $85,000,000. Draws against the line of credit are required to be collateralized with mortgage-backed securities.

Component Units
Revenue Bonds
Major Component Units
(In Thousands)

Year Ended June 30	HFA Principal	HFA Interest	U of M Principal	U of M Interest[1]
2022	$ 223,944	$ 76,216	$ 13,375	$ 10,666
2023	53,920	75,498	14,045	9,989
2024	38,985	74,904	14,755	9,278
2025	33,435	74,330	15,500	8,532
2026	34,515	73,700	16,270	7,760
2027-2031	206,335	355,761	97,125	27,012
2032-2036	316,930	329,426	71,265	10,316
2037-2041	356,550	295,764	20,915	611
2042-2046	604,483	243,955	—	—
2047-2051	1,354,067	97,869	—	—
2052-2056	17,575	333	—	—
Total	$ 3,240,739	$ 1,697,756	$ 263,250	$ 84,164
Unamortized Discount / Premiums and Issuance Costs	34,644	—	21,698	—
Total	$ 3,275,383	$ 1,697,756	$ 284,948	$ 84,164

(1) Excludes interest on variable rate bonds with an outstanding principal balance of $32.850 million.

The Office of Higher Education (OHE) is authorized by Minnesota Statutes 136A.171-136A.175 to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post-secondary educational institutions. The amount outstanding on these bonds at any one time, not including refunded bonds or otherwise defeased or discharged bonds, shall not exceed $850,000,000, according to Minnesota Statutes 136A.171. On June 30, 2021, the outstanding principal of revenue bonds was $500,579,000, including unamortized discounts/premiums.

The Public Facilities Authority (PFA) is authorized by Minnesota Statutes 446A.04 to issue revenue bonds to make loans to municipalities for wastewater treatment facilities, drinking water systems, and transportation. The amount outstanding on these bonds at any time shall not exceed $2,000,000,000, according to Minnesota Statutes 446A.12. The principal amount of bonds outstanding on June 30, 2021, including unamortized discounts/premiums, was $546,279,000.

Component Units
Revenue Bonds
Nonmajor Component Units
(In Thousands)

Year Ended June 30	OHE Principal	OHE Interest	PFA Principal	PFA Interest
2022	$ 23,160	$ 8,245	$ 74,510	$ 23,904
2023	1,335	7,294	55,975	20,341
2024	2,790	7,201	54,375	17,858
2025	4,240	7,045	23,650	15,517
2026	5,540	6,804	34,075	14,518
2027-2031	35,875	30,106	176,865	45,629
2032-2036	26,390	24,345	85,960	13,313
2037-2041	106,295	19,626		
2042-2046	101,300	13,215	—	—
2047-2051	191,700	2,382	—	—
Total	$ 498,625	$ 126,263	$ 505,410	$ 151,080
Unamortized Discount / Premiums and Issuance Costs	1,954	—	40,869	—
Total	$ 500,579	$ 126,263	$ 546,279	$ 151,080

HFA has two indentures of trust that permit capital funding for loans for permanent supportive housing for long-term homeless households, preservation of federally assisted housing, and other purposes. These bonds are payable solely from the appropriations of the primary government's General Fund authorized by Minnesota Statues 462A.36 and 462A.37. On June 30, 2021, $280,760,000 in bonds were outstanding.

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

Year Ended June 30	HFA Principal	HFA Interest
2022	$ 9,690	$ 11,241
2023	11,320	10,876
2024	11,720	10,480
2025	12,140	10,056
2026	12,630	9,565
2027-2031	71,625	39,382
2032-2036	77,965	23,477
2037-2041	60,055	8,097
2042-2046	13,615	619
Total	$ 280,760	$ 123,793

Loans and Notes Payable

Metropolitan Council

The Metropolitan Council (MC) received loans from the Housing Finance Agency (component unit) in calendar years 2002 and 2004 for $400,000, and $730,000, respectively. In 2004, MC received a $275,000 loan from Hennepin County Housing and Redevelopment Authority for a total of $1,405,000 of loans outstanding on December 31, 2020. The terms of the loan agreements are 30 years, although they may be extended indefinitely if all the terms of the loan agreement are met.

Additionally, MC issued $125,160,000 of general obligation grant anticipation notes to provide cash flows for the Southwest Green Line light rail extension project in anticipation of receipt of federal funds that were awarded the project. The notes were issued as three year serial notes and are secured by the Federal Transit Administration grant award together with the full faith and unlimited taxing powers of the council.

University of Minnesota

The University of Minnesota (U of M) issued taxable commercial paper notes of $51,620,000 in fiscal years 2015 and $64,000,000 in 2019. U of M also issued tax-exempt commercial paper notes which are backed by U of M's self-liquidity. On June 30, 2021, the outstanding taxable commercial paper notes were $40,620,000 and tax-exempt notes were $137,450,000. Commercial paper is short-term in nature and is classified as current liabilities on the financial statements. During the year 2021, proceeds from the GO Taxable Bonds Series 2020B were used to pay off the outstanding balance of $53,000,000 of CP Notes Series I.

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

National Sports Center Foundation

On December 31, 2020, the National Sports Center Foundation's total outstanding loans and notes payable was $7,881,000.

Capital Leases

Metropolitan Council

On December 1, 2004, the Metropolitan Council entered into an annual appropriation lease purchase agreement for land and facilities. The lease is subject to non-appropriation by MC, in which event the lease is terminated and there is no obligation of MC for future lease payments. MC intends to continue the lease through its entire term. On December 31, 2020, the present value of the minimum lease payments was $3,635,000.

University of Minnesota

The University of Minnesota has five distinct capital leases. One is financed through third-party financing for the purchase of fleet vehicles. The remaining four capital leases have payments being paid directly to the lessor and represent leases for buildings. On June 30, 2021, the net present value of the minimum lease payments was $26,317,000.

Variable Rate Debt

Housing Finance Agency

As of June 30, 2021, all of the HFA interest rate swap agreements have been determined to be effective hedges, as defined by GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments." The fair value was reported as a liability called "Interest Rate Swap Agreements." The inception-to-date change in fair value as of June 30, 2021, was reported in "Accumulated Decrease in Fair Value of Hedging Derivative Instruments" deferred outflows of resources. Fair values were determined pursuant to GASB Statement No. 72 "Fair Value Measurement and Application," and the fair value hierarchy of interest rate swap agreements is determined to be Level 2. See Note 2 – Cash, Investments, and Derivative Instruments for more information.

Office of Higher Education

The rates on the tax-exempt Series 2012B-1 and 2012B-2 Bonds are variable rate. The rate is a percentage of the weekly Securities Industry and Financial Markets Association (SIFMA) rate plus a set margin and the rate changes weekly. The taxable Series 2017A, and tax-exempt Series 2017C are also variable. The rate is a percentage of the one-month London Inter-Bank Rate (LIBOR) plus a set margin and the rate changes monthly. All of these bonds have a mandatory balloon payment due at final maturity.

Bond Defeasances

University of Minnesota

In prior years, U of M defeased general obligation bonds from various bond series by placing the proceeds from new bond issuances into an irrevocable trust to provide for all future debt service payments on the old bonds. The amount defeased was $432,725,000 with $61,290,000 outstanding as of June 30, 2021. Neither the outstanding indebtedness nor the related trust account assets for this bond is included in U of M's financial statements as of June 30, 2021.

Housing Finance Agency

In May 2021, HFA issued $49,022,000 of HFB 2021 B bond series which refunded $6,890,000 of HFB 2009 A-5 bond series on June 1, 2021.

Note 14 – Segment Information

Primary Government
Segment Information Financial Data
Year Ended June 30, 2021
(In Thousands)

Description	State Colleges and Universities (MnSCU) Revenue Fund	State Colleges and Universities (MnSCU) Itasca Residence Halls
Condensed Statement of Net Position		
Assets:		
Current Assets	$ 96,575	$ 767
Noncurrent Assets		
Restricted Assets	57,377	303
Capital Assets	362,321	2,241
Total Assets	$ 516,273	$ 3,311
Deferred Outflows of Resources	$ 4,333	$ 18
Liabilities:		
Current Liabilities	$ 39,678	$ 157
Noncurrent Liabilities	222,234	865
Total Liabilities	$ 261,912	$ 1,022
Deferred Inflows of Resources	$ 8,961	$ 60
Net Position:		
Net Investment in Capital Assets	$ 156,686	$ 1,301
Restricted	93,047	303
Unrestricted	—	643
Total Net Position	$ 249,733	$ 2,247
Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues - Customer Charges	$ 82,216	$ 362
Depreciation Expense	(24,271)	(119)
Other Operating Expenses	(68,991)	(301)
Operating Income (Loss)	$ (11,046)	$ (58)
Nonoperating Revenues (Expenses):		
Federal Grants	$ 20,863	$ 157
Interest Income	484	6
Capital Contributions	185	—
Interest Expense	(8,007)	(34)
Others	339	—
Change in Net Position	$ 2,818	$ 71
Beginning Net Position	$ 246,915	$ 2,176
Ending Net Position	$ 249,733	$ 2,247
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	$ 150	$ 52
Noncapital Financing Activities	21,202	157
Capital and Related Financing Activities	(32,947)	(168)
Investing Activities	483	6
Net Increase (Decrease)	$ (11,112)	$ 47
Beginning Cash and Cash Equivalents	$ 147,639	$ 661
Ending Cash and Cash Equivalents	$ 136,527	$ 708

The types of goods or services provided by each segment are as follows:

- MnSCU Revenue Fund constructs, maintains, and operates college buildings for residence hall, student union, parking, and wellness purposes.
- MnSCU Itasca Residence Halls account for the construction of student housing at Itasca Community College.

Each segment has a revenue stream pledged to secure revenue bonds and provisions in the bond documents which require the separate reporting of each segment's financial operation and position.

Note 15 – Contingent Liabilities

University of Minnesota

The University of Minnesota (U of M), a component unit, issued state-secured revenue bonds to finance a football stadium on campus. In fiscal year 2006, the Minnesota Legislature appropriated from the General Fund $10,250,000 per year not to exceed 25 years starting in fiscal year 2008 to pay a portion of the bonds. Grants from the General Fund are conditioned upon satisfaction of certain requirements by U of M. As of October 2021, there was $59,190,000 outstanding on these bonds.

U of M issued state-secured revenue bonds to finance Biomedical Science Research facilities. In fiscal year 2008, the Minnesota Legislature appropriated from the General Fund amounts, amended in 2020, ranging from $850,000 to $15,550,000 per year for fiscal year 2010 to 2020, and up to $13,930,000 per year beginning fiscal year 2021 through fiscal year 2039 to pay a portion of the bonds. Grants from the General Fund are conditioned upon satisfaction of certain requirements by U of M. As of October 2021, $123,485,000 was outstanding on these bonds.

Housing Finance Agency

The Housing Finance Agency (HFA), a component unit, issued state-secured appropriation bonds to provide funds for rehabilitation, construction, and mortgage loans or to refund bonds to sponsors of residential housing for families of low and moderate income. In fiscal year 2008, the Minnesota Legislature appropriated from the General Fund up to $2,400,000 per year for 22 years starting in fiscal year 2011 to pay a portion of the bonds. As of October 2021, there was $19,060,000 outstanding on these bonds.

HFA issued state-secured appropriation bonds to finance housing infrastructure. In fiscal year 2012, the Minnesota Legislature appropriated from the General Fund up to $2,200,000 per year starting in fiscal year 2014 through 2036 to pay a portion of the bonds. In fiscal year 2014, the Minnesota Legislature appropriated from the General Fund an additional $6,400,000 per year beginning in fiscal year 2016 through 2038 to pay a portion of the bonds. In fiscal year 2015, the Minnesota Legislature appropriated from the General Fund an additional $800,000 per year beginning in fiscal year 2018 through 2039 to pay a portion of the bonds. In fiscal year 2017, and as amended in 2018, the Minnesota Legislature appropriated from the General Fund up to an additional $2,800,000 per year beginning in fiscal year 2020 through 2041. In fiscal year 2018, the Minnesota Legislature appropriated from the General Fund beginning in fiscal year 2021 through 2042 an amount sufficient to pay debt service on bonds. In fiscal year 2019, the Minnesota Legislature appropriated from the General Fund beginning in fiscal year 2023 through 2044 an amount sufficient to pay debt service on bonds. In fiscal year 2021, the Minnesota Legislature appropriated from the General Funding beginning in fiscal year 2023 through 2044 an amount sufficient to pay debt service on bonds. As of October 2021, $328,980,000 was outstanding on these bonds. HFA issued state-secured appropriation bonds of $76,970,000 in September 2021. See Note 22 – Subsequent Events.

School District Credit Enhancement Program

Minnesota Statutes 126C.55 established a school district credit enhancement program. If a school district is unable to pay its debt service due on school district and intermediate school district certificates of indebtedness, capital notes, certificate of participation, or general obligation bonds enrolled in the program, the Minnesota Legislature appropriates annually from the General Fund the amounts necessary to make the debt service payments. This amount is repaid to the General Fund through a reduction in state aid payable to the school district or intermediate school district, or the levy of an ad valorem tax which may be made with the approval of the commissioner of Education. The total amount of debt enrolled in the program as of September 2021, was $16.8 billion. The state has not had to make any debt service payments on behalf of school districts or intermediate school districts under this program.

City and County Credit Enhancement Program

Minnesota Statutes 446A.086 established a city and county credit enhancement program. If a city or county is unable to pay its debt service due on general obligation bonds enrolled in the program issued for the construction, improvement, or rehabilitation of certain projects, the Minnesota Legislature appropriates annually from the General Fund the amounts necessary to make the debt service payments. This amount is repaid to the General Fund through a reduction in state aid payable to the city or county, or the levy of an ad valorem tax which may be made with the approval of the Public Facilities Authority (component unit). As of September 2021, the total general obligation bonds guaranteed by the state through 2051, was $641.8 million.

Obligations of State Agencies

Minnesota State Armory Building Commission (MSABC) was established and is governed by Minnesota Statutes 193 which authorizes MSABC to issue bonds to finance the acquisition, construction, and equipment of National Guard armory buildings. In March 2021, the state signed a lease agreement with MSABC make the debt service payments from General Fund appropriations. Debt service payments begin in fiscal year 2022 and end in fiscal year 2041. At the end of the lease payments, the title transfers to the state. As of October 2021, $5.8 million was outstanding in lease revenue armory bonds.

Note 16 – Equity

Restricted Net Position – Government-wide Statement of Net Position

The following table identifies the primary government's restricted net position in greater detail than is presented on the face of the financial statements:

Primary Government
Restricted Net Position Balances
As of June 30, 2021
(In Thousands)

Purpose of Restriction	Restricted by Constitution	Restricted by Enabling Legislation	Restricted by Other	Total
Improve Agricultural, Environmental, and Energy Resources	$ 2,358,405	$ 356,761	$ 728,815	$ 3,443,981
Enhance Arts and Culture	44,861	—	—	44,861
Acquire, Maintain, and Improve Land and Buildings	—	—	288	288
Retire Indebtedness	410,115	—	118,658	528,773
Develop Economy and Workforce	—	199,342	4,465	203,807
Enhance E-12 Education	—	10,779	5,999	16,778
Enhance State Government	—	50,155	13,103	63,258
Enhance Health and Human Services	—	74,434	7,482	81,916
Enhance Higher Education	—	381	24,197	24,578
Enhance 911 Services and Increase Safety	—	7,128	98,259	105,387
School Aid - Expendable	9,242	—	—	9,242
School Aid - Nonexpendable	1,957,436	—	1,000	1,958,436
Construct Highways and Improve Infrastructure	1,714,312	62,942	1,627	1,778,881
Other Purposes	—	—	84,836	84,836
Total Restricted Net Position	$ 6,494,371	$ 761,922	$ 1,088,729	$ 8,345,022

Fund Balances – Primary Government

The following table identifies governmental fund balances of the primary government in greater detail than is presented on the face of the financial statements:

Governmental Funds
Fund Balances
As of June 30, 2021
(In Thousands)

		Major Special Revenue Fund		
Fund Balances	General Fund	Federal Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventory	$ —	$ —	$ 46,447	$ 46,447
Trust or Permanent Fund Principal	1,656,575	—	1,958,436	3,615,011
Total Nonspendable Fund Balances	$ 1,656,575	$ —	$ 2,004,883	$ 3,661,458
Purpose of Restriction:				
Improve Agricultural, Environmental, and Energy Resources	$ —	$ 138	$ 1,808,006	$ 1,808,144
Enhance Arts and Culture	—	—	44,861	44,861
Acquire, Maintain, and Improve Land and Buildings	—	—	116,110	116,110
Retire Indebtedness	—	—	871,112	871,112
Develop Economy and Workforce	88,715	—	159,353	248,068
Enhance E-12 Education	2,315	—	23,124	25,439
Enhance State Government	—	9,060	52,830	61,890
Enhance Health and Human Services	—	3,605	76,654	80,259
Enhance Higher Education	—	—	379	379
Enhance 911 Services and Increase Safety	—	—	7,400	7,400
Construct Highways and Improve Infrastructure	—	—	1,765,563	1,765,563
Total Restricted Fund Balances	$ 91,030	$ 12,803	$ 4,925,392	$ 5,029,225

Continued

Governmental Funds
Fund Balances (continued)
As of June 30, 2021
(In Thousands)

Fund Balances	General Fund	Major Special Revenue Fund Federal Fund	Nonmajor Governmental Funds	Total
Purpose of Commitment:				
Improve Agricultural, Environmental and Energy Resources	$ —	$ —	$ 204,667	$ 204,667
Develop Economy and Workforce	—	—	385,544	385,544
Enhance E-12 Education	—	—	16,351	16,351
Enhance State Government	—	—	89,342	89,342
Enhance Health and Human Services	—	—	11,648	11,648
Enhance Higher Education	—	—	2,631	2,631
Enhance 911 Services and Increase Safety	—	—	115,677	115,677
Construct Highways and Improve Infrastructure	69,968	—	53,564	123,532
Total Committed Fund Balances	$ 69,968	$ —	$ 879,424	$ 949,392
Purpose of Assignment:				
Improve Agricultural, Environmental, and Energy Resources	$ 513,092	$ —	$ —	$ 513,092
Acquire, Maintain, and Improve Land and Buildings	—	—	49,853	49,853
Develop Economy and Workforce	191,335	—	—	191,335
Enhance E-12 Education	58,592	—	—	58,592
Enhance State Government	73,060	—	—	73,060
Enhance Health and Human Services	919,280	—	—	919,280
Enhance Higher Education	28,685	—	—	28,685
Enhance 911 Services and Increase Safety	90,233	—	—	90,233
Construct Highways and Improve Infrastructure	10,819	—	—	10,819
Total Assigned Fund Balances	$ 1,885,096	$ —	$ 49,853	$ 1,934,949
Unassigned	$ 5,205,205	$ 4,783	$ —	$ 5,209,988
Total Fund Balances	$ 8,907,874	$ 17,586	$ 7,859,552	$ 16,785,012

Net Position Deficits

The following funds have net position deficits for the fiscal year ended June 30, 2021:

Net Position Deficits
As of June 30, 2021
(In Thousands)

Fund Type		Net Position
Major Enterprise Funds:		
Unemployment Insurance	$	(775,179)
Nonmajor Enterprise Funds:		
Behavioral Services	$	(6,253)
State Lottery		(13,152)
State Operated Community Services		(31,400)
Internal Service Funds:		
Central Services	$	(1,524)
MN.IT Services		(53,291)

A $775,179,000 total fund balance deficit in the Unemployment Insurance Fund (enterprise fund) is a result of increased unemployment benefit claims. A federal Title XII advance was received to offset the deficit. The advance will be paid back through receipt of unemployment insurance taxes and assessments over the next five years. See Note 12 – Long-Term Liabilities - Primary Government for more information.

GASB Statement No. 68 “Accounting and Financial Reporting for Pensions” required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions and GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions” (OPEB) required recording changes of total OPEB liability along with the inflows and outflows and expense associated with OPEB. The implementation of these generally accepted accounting principles caused the nonmajor enterprise and internal services funds noted in the table above to end fiscal year 2021 in a deficit net position. The actuarially determined amounts are likely to vary significantly from year to year and are managed by the retirement systems and the Minnesota Legislature to ensure the defined benefit plans are adequately funded to pay plan benefits to employees participating as they become due.

Note 17 – Risk Management

Primary Government

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

Risk Management Fund

State agencies may elect to participate in the Risk Management Fund, which offers auto, liability, property, and related coverage. The agencies pay a premium to participate in this coverage. All agencies that own state vehicles are required to purchase automobile liability coverage from the fund.

The property coverage offers an agency a range of deductibles from $1,000 through $250,000 per loss. The fund covers the balance of the claim up to $1,000,000 and co-participates with the reinsurance carriers by covering an additional 25 percent of the first $10,000,000 of each loss. The reinsurance carriers provide coverage up to $1,000,000,000. Once annual aggregate losses paid by the Risk Management Fund reach $2,500,000 in any one fiscal year, the reinsurer will provide coverage in excess of a $100,000 deductible for each additional claim with the Risk Management Fund's continued co-participation of 25 percent of the first $10,000,000 on each loss. Agencies electing not to participate in the Risk Management Fund, and not able to cover the losses from their operating budget, must seek other reimbursements or additional appropriations from the Minnesota Legislature.

The liability coverage is up to the statutory limit (tort claims cap) of $500,000 bodily injury and property damage per person, and $1,500,000 bodily injury and property damage per occurrence. The casualty reinsurance program provides $10,000,000 excess of a $1,000,000 retention to protect the state from auto and general liability claims that are extra-territorial, as well as for suits brought in federal court which would be outside the state jurisdiction.

The Risk Management Fund purchases insurance policies for state agencies seeking insurance for specialized insurance needs for which the state does not self-insure. These coverages include aviation, medical malpractice, and travel accident insurance. The premiums for these policies are billed back to the agencies at cost.

Minnesota Statutes 15.38, Subdivision 8, permits the purchase of insurance on state-owned buildings and contents.

All losses of state property are covered by programs of the Risk Management Fund, by insurance policies purchased in the commercial market, or are uninsured and become the liability of the state.

Tort Claims

State agencies may elect to participate in the Risk Management Fund and obtain coverage for selected exposures, subject to the tort claims limits. Agencies not electing to participate in the Risk Management Fund are responsible for paying the cost of claims from their operating budget. The Minnesota Legislature also makes an annual Tort Claim Appropriation to cover claims that would unduly impair agency operations. Agencies not able to cover claims through these two avenues must seek additional appropriations from the Minnesota Legislature. Tort claims brought outside Minnesota state jurisdiction and in federal court have unlimited liability exposure.

Workers' Compensation

The state, as a self-insured employer, assumes all risks for workers' compensation-related claims and provides workers' compensation insurance coverage for state employees. The program provides a full-service workers' compensation insurance program, including workplace safety and loss control, rehabilitative and return to work services, claim services, and legal services.

The program is required by state law to be a member of the Workers' Compensation Reinsurance Association (WCRA). WCRA reimburses the state for catastrophic workers' compensation claims that exceed the current retention amount of $2,000,000.

The recovery of claim costs that are less than the WCRA retention amount is the responsibility of each state agency. State agencies may participate in either a 'pay-as-you-go' revolving fund or a premium pool cost allocation fund. These costs are paid from each agency's operating budget.

The state estimates the liability for reported claims that have not yet been settled. These costs include anticipated indemnity and medical benefits related to the reported claim.

State Employee Group Insurance Program (SEGIP)

The Minnesota Legislature created the Employee Insurance Fund (internal service fund) dedicated solely for the purpose of this program. The fund is administered by SEGIP, to provide eligible employees and other eligible persons with life insurance and hospital, medical, and dental coverage through provider organizations. The Employee Insurance Fund is not associated with any other public risk pools. A contingency reserve is maintained to increase the controls over medical plan provisions and other insurance costs for the purpose of moderating premium and claim fluctuations, and to assume all inherent risk associated with the self-funded insurance programs, which would also include losses to the fund.

SEGIP provides benefits coverage to employees by contracting with carriers through a network of providers throughout the state. SEGIP had settlements of $476,349 greater than coverage during the fiscal year ended June 30, 2021.

In January 2000, the fund became fully self-insured for medical coverage and assumed all liability for medical claims. The self-funded programs within the fund establish claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not paid and of claims that have been incurred but not reported. These estimates are agreed to by the insurance carriers and the state and are reviewed for accuracy and reasonableness. The estimates are based on claim experience and claim lag timetables provided by the carriers and do not include additional estimates for subrogation, salvage, or unallocated claim adjustments.

Public Employees Insurance Program

The Public Employees Insurance Program (PEIP) is a public entity risk pool currently operating as an insurance program in the Public Employees Insurance Fund (enterprise fund). The risk pool was created by the Minnesota Legislature to provide public employees and other eligible persons with life insurance and hospital, medical, and dental coverage to result in a greater utilization of government resources and advance the health and welfare of the citizens of the state. The enabling legislation for PEIP is Minnesota Laws of 1987, codified as Minnesota Statutes 43A.316. Beginning in fiscal year 1998, medical benefits provided through PEIP became a self-insured program.

PEIP's membership as of June 30, 2021, was 30,120 members and their dependents. The members of the pool include 187 school districts, 156 cities/townships, 22 counties, and 86 other public employers. PEIP provides medical benefits coverage to public employees through a self-insured statewide program administered through several private-sector claims administrators/managed care organizations, as well as fully insured life and dental coverage. The pool will be self-sustaining through member premiums. Stop-loss coverage was discontinued effective January 1, 2015.

The pool establishes claims liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported.

Primary Government
Self-Insured Claims Liability
(In Thousands)

Description	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
Risk Management Fund:				
Fiscal Year Ended 6/30/2020	$ 11,891	$ 3,242	$ 5,148	$ 9,985
Fiscal Year Ended 6/30/2021	$ 9,985	$ 6,478	$ 4,974	$ 11,489
Tort Claims:				
Fiscal Year Ended 6/30/2020	$ —	$ 273	$ 273	$ —
Fiscal Year Ended 6/30/2021	$ —	$ 441	$ 441	$ —
Workers' Compensation:				
Fiscal Year Ended 6/30/2020	$ 75,231	$ 22,826	$ 20,930	$ 77,127
Fiscal Year Ended 6/30/2021	$ 77,127	$ 27,914	$ 23,991	$ 81,050
State Employee Group Insurance:				
Fiscal Year Ended 6/30/2020	$ 77,247	$ 863,099	$ 861,165	$ 79,181
Fiscal Year Ended 6/30/2021	$ 79,181	$ 943,263	$ 934,405	$ 88,039

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

Description	Year Ended June 30 2021	Year Ended June 30 2020
Unpaid Claims and Claim Adjustment Expenses, Beginning	$ 24,880	$ 17,621
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of Current Year	$ 314,643	$ 247,273
Increases (Decreases) in Provision for Insured Events of Prior Years	(496)	(906)
Total Incurred Claims and Claim Adjustment Expenses	$ 314,147	$ 246,367
Payments:		
Claims and Claims Adjustment Expenses Attributable to Insured Events of Current Year	$ 284,132	$ 223,215
Claims and Claims Adjustment Expenses Attributable to Insured Events of Prior Years	23,740	15,893
Total Payments	$ 307,872	$ 239,108
Total Unpaid Claims and Claim Adjustment Expenses, Ending	$ 31,155	$ 24,880

Component Units

Housing Finance Agency

The Housing Finance Agency (HFA) is exposed to various insurable risks of loss related to tort, theft of, damage to, or destruction of assets; to errors or omissions; and to employer obligations. HFA manages these risks through the primary government's insurance plans including the primary government's Risk Management Fund (internal service fund) and through purchased insurance coverage. HFA retains the risk of loss, although there have been no settlements or actual losses in excess of coverage in the last three years. HFA participates in SEGIP, which is administered by the Employee Insurance Fund (internal service fund). This program provides life insurance and hospital, medical, and dental coverage through provider organizations. HFA also participates in the primary government's Workers' Compensation Program. Annual premiums are assessed by the program based on average costs and claims.

Metropolitan Council

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

MC purchases general liability insurance to protect all divisions of MC and recognizes a current liability for incurred, reported claims, and a long-term liability for claims incurred but not reported. Claims liabilities are calculated considering recent claim settlement trends including frequency and amount of payouts. Minnesota Statutes 466.04 generally limits MC's tort exposure to $500,000 per claim and $1,500,000 per occurrence for a claim arising on or after July 1, 2009. For claims arising earlier, the limits are $400,000 per claim and $1,200,000 per occurrence. In addition, an amount equal to twice these limits applies if the claim arises out of the release or threatened release of a hazardous substance.

MC has self-administered workers' compensation claims for all divisions. Liabilities are reported when information is available that suggests there has been an occurrence with probable loss incurred. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are re-evaluated periodically to consider recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using the 30-year Treasury yield. The self-insurance retention limit for workers' compensation is $5,000,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses MC.

MC claims include both workers' compensation claims and $0 for the Family Self Sufficiency Program escrow accounts.

University of Minnesota

The University of Minnesota (U of M) is insured for professional, general, non-profit organization, and automobile liability and indemnified for property insurance deductible expenditures through RUMINCO, Ltd., a wholly-owned single parent captive insurance company. Claims are reported to a third-party administrator, which pays expenses and estimates claim liabilities. The total expense of a claim is estimated and booked as a liability when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated in the year in which it is reported. In addition, an actuarial liability is established for incurred but not reported claims using a discount rate of 0.29 percent.

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

U of M's medical (health) and dental coverage for faculty and staff is a self-insured program. Under the plan, U of M pays claims, while the administration of the program is handled by three independent administrators. U of M's graduate assistant medical plan and student health plan are also self-insured. Each year, an actuarial estimate of U of M's liability for medical claims, including incurred but not reported claims, is recorded.

Component Units
Claims Liability
(In Thousands)

Description	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
Metropolitan Council - Workers' Compensation:				
Fiscal Year Ended 12/31/2019	$ 20,327	$ 18,543	$ 8,906	$ 29,964
Fiscal Year Ended 12/31/2020	$ 29,964	$ 5,864	$ 6,473	$ 29,355
University of Minnesota - RUMINCO, Ltd:				
Fiscal Year Ended 6/30/2020	$ 7,246	$ 1,465	$ 1,097	$ 7,614
Fiscal Year Ended 6/30/2021	$ 7,614	$ 1,468	$ 1,030	$ 8,052
University of Minnesota - Workers' Compensation:				
Fiscal Year Ended 6/30/2020	$ 12,050	$ 3,493	$ 3,384	$ 12,159
Fiscal Year Ended 6/30/2021	$ 12,159	$ 3,472	$ 3,969	$ 11,662
University of Minnesota - Medical/ Dental:				
Fiscal Year Ended 6/30/2020	$ 40,261	$ 305,308	$ 309,508	$ 36,061
Fiscal Year Ended 6/30/2021	$ 36,061	$ 321,224	$ 323,762	$ 33,523

Note 18 – Budgetary Basis vs. GAAP

Actual revenues, transfers-in, expenditures, encumbrances, and transfers-out on the budgetary basis do not equal those on the GAAP basis in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund. This inequality results primarily from the differences in the recognition of accruals, reimbursements, deferred revenue, intrafund, and loan transactions. In addition, encumbrances are recognized as expenditures in the year encumbered on a budgetary basis. The modified accrual basis of accounting recognizes expenditures when the goods or services are received, regardless of the year funds are encumbered. The GAAP General Fund also includes several funds that are not included in the budgetary General Fund. A reconciliation of the fund balances under the two bases of accounting for the General Fund is provided in the following table.

General Fund
Reconciliation of GAAP Basis Fund Balance
to Budgetary Fund Balance
As of June 30, 2021
(In Thousands)

Description	Amount
GAAP Basis Fund Balance	$ 8,907,874
Less: Encumbrances[1]	359,746
Unassigned Fund Balance	$ 8,548,128
Basis of Accounting Differences:	
Revenue Accruals/Adjustments:	
Taxes Receivable	$ (681,762)
Tax Refunds Payable	522,931
Human Services Receivable	(219,685)
Unearned Revenue	143,394
Escheat Asset	(49,454)
Other Receivables	(24,626)
Permanent School Fund Reimbursement	(2,000)
Investments at Market	(10,608)
Expenditure Accruals/Adjustments:	
Medical Care Programs	915,540
Human Services Grants Payable	69,992
Education Aids	1,004,448
Police and Fire Aid	116,392
Other Payables	46,394
Other Financial Sources (Uses):	
Transfers-In	(15,913)
Transfers-Out	9,381
Perspective Differences:	
Account with no Legally Adopted Budget	(2,679,052)
Appropriation Carryover	(116,747)
Long-Term Receivables	(44,951)
Budgetary Reserve	(2,863,061)
Budgetary Basis:	
Unassigned Fund Balance	$ 4,668,741

(1) Encumbrances related to funds included in the budgetary General Fund.

Note 19 – Litigation

Payment of tort claims against the state is made from funds appropriated by the Minnesota Legislature to agencies for their general operations to the extent such funds are available without unduly hindering the operation of the agency, from appropriations of dedicated receipts if practicable, or from funds appropriated for the payment of tort claims. The Tort Claims appropriations for each of the fiscal years ending June 30, 2020 and 2021 are $761,000. The maximum limit of liability for tort claims arising out of a single occurrence in Minnesota on or before January 1, 2000, and before January 1, 2008, is $1,000,000. The maximum limited liability for any one claim is $300,000 for claims arising before August 1, 2007, and $400,000 for claims arising on or after August 1, 2007, and before July 1, 2009, for any one claim and the maximum limits of liability for tort claims arising in Minnesota on or after January 1, 2008, and prior to July 1, 2009, is $1,200,000 for any number of claims arising out of a single occurrence. For tort claims arising in Minnesota on or after July 1, 2009, the maximum limits are $500,000 for any one claim and $1,500,000 for any number of claims arising out of a single occurrence.

Lawsuits based on non-tort theories furnish another basis for potential liability. The following cases, or categories of cases, in which the state, its officers or employees, are defendants have been noted because an adverse decision in each case or category of case could result in an expenditure of state moneys of over $15 million in excess of current levels.

- At any one time, there are hundreds of Minnesota Department of Transportation (MnDOT) eminent domain actions being litigated in district courts throughout the state. There is a continuous flow of such cases, with the actual number depending on many factors such as the number of parcels of land that can be acquired by direct purchase, the construction needs of the department, and revenues available for highway projects. In the aggregate, the potential cost to the state for property which has been, or will be, acquired exceeds $15 million. Liability arising out of decisions unfavorable to the state may impact the state's Trunk Highway Fund (special revenue fund).

- The Jamar Company d/b/a Asdco v. State of Minnesota, et al. (Itasca County District Court) and Hammerlund Construction Inc., et al. v. State of Minnesota, et al. (Itasca County District Court). These mechanics' lien suits involve similar claims but different tax-forfeited properties in Itasca County. The subject properties were leased for mining purposes by Itasca County to Magnetation LLC ("Magnetation"), which filed for chapter 11 bankruptcy in May 2015. The state is a named defendant in these suits because it owns the subject properties in trust for Itasca County, the taxing district, which has the authority to manage the properties. Jamar, Hammerlund, and approximately 20 other contractors and subcontractors, which supplied materials and/or labor to the properties for Magnetation, have filed claims and cross-claims against the state and the other defendants that total approximately $22.2 million exclusive of interest and attorneys' fees. Magnetation disposed of substantially all of its assets in bankruptcy through a sale in December 2016 to an entity called ERP Iron Ore, LLC ("ERP"). The mechanic's liens asserted by the contractors and subcontractors, as described above, were deemed permitted encumbrances on the assets, which ERP agreed to assume as a condition of the sale to permit the suits to continue. Before any further resolution of the mechanic's lien cases, ERP itself became a chapter 7 bankruptcy debtor in May 2018.

- Murphy, et al. v. Minnesota Department of Human Services (DHS) et al. (United States District Court, District of Minnesota). The plaintiffs receive Medicaid Home and Community Based Waiver Services (HCBS) programs and raised claims under the Medicaid Act, the Fourteenth Amendment, the Americans with Disabilities Act, and the Rehabilitation Act, seeking, among other things, access to "individualized housing services." The Defendant's motion to dismiss was denied, and the district court certified a class. Although the exact relief the class seeks is unclear, at a minimum they contend DHS over relies on Community Residential Settings and must facilitate individualized housing and other services for each waiver recipient. The Court granted Plaintiffs' partial motion for summary judgment on their notice claim under the Medicaid Act and procedural due process, but declined to issue an injunction. The Court also denied the Defendant's motions for summary judgment and for class decertification. The parties are currently conducting Court-ordered supplemental discovery, and the Court has scheduled the case to be trial-ready on May 16, 2022, absent settlement.

- Joseph Walsh, et al. v. State of Minnesota (Minnesota Supreme Court). County Attorney Walsh and Sheriff Lorge are defendants in a federal lawsuit brought by the Mille Lacs Band of Ojibwe that challenges their prosecutorial and law-enforcement actions taken on behalf of the state in their official capacities, and seeks recognition of a reservation the Band ceded in 1863 and 1864 treaties. Appellants filed this lawsuit against the State of Minnesota, demanding that the state defend and indemnify them instead of their county employer. The district court granted the state's motion to dismiss because Minnesota law clearly makes counties responsible for defending and indemnifying their officials. The county attorney and county sheriff appealed. The Minnesota Court of Appeals affirmed on May 10, 2021. A Petition for Review was granted by the Minnesota Supreme Court and oral argument is set for December 6, 2021. The ramifications of a loss would cost the state well over $15 million because of the cost to defend and indemnify county actions.

- E.I du Pont de Nemours and Company v. Commissioner of Revenue (Minnesota Tax Court). This case involves a corporate franchise tax assessment against the DuPont Chemical Company and a dispute about which transactions should be included in computing the company's apportionment factor. The apportionment factor is computed by dividing Minnesota sales by sales everywhere. The company's net income is then multiplied by the apportionment factor. At issue is the proper treatment of forward exchange contracts ("FECs"), involved in currency trading. DuPont includes the gross revenue from the FECs in its everywhere sales, which for the assessment period, reduced its apportionment factor by 72%. The Department of Revenue excluded the FECs income. FECs are one type of a derivative contract and an adverse court decision could have a broad impact by allowing the inclusion of all forms of derivative contracts to calculate the apportionment factor used to calculate a multi-state's corporate franchise tax liability to Minnesota. It is estimated that an adverse decision could result in refunds to DuPont and other corporations subject to Minnesota corporate franchise tax of $85,700,000 payable in fiscal year 2023. Trial is not scheduled to occur until after November 18, 2022.

Note 20 – Tax Abatements

The state of Minnesota provides tax abatement agreements through four programs operated by the Minnesota Department of Employment and Economic Development, Minnesota Department of Administration, and Minnesota Department of Revenue: Greater MN Job Expansion Program, Border City Enterprise Zones, Angel Tax Credit, and Historic Structure Rehabilitation Credit. Minnesota Statutes 270B.02 classifies tax return information as private data. As the population of program participants is so small, reporting aggregate data may identify individual taxpayers, except for the Border City Enterprise Zones program and the Angel Tax Credit program.

The Greater MN Job Expansion Program provides sales tax abatements to expand employment within cities in greater Minnesota. Qualified businesses are eligible for a sales tax exemption up to $5 million annually, and $40 million during the agreement period. The agreement period is seven years after a business is certified, except for businesses investing at least $200 million over a ten-year period, in which case the agreement period is ten years. A qualified business must have operated in greater Minnesota for at least one year prior to applying, agree to pay employees, including benefits, on an annualized basis equal to at least 120 percent of the federal poverty level for a family of four, increase the number of full-time equivalent employees by two employees or ten percent, whichever is greater, and enter into a subsidy agreement with the state that pledges to satisfy the employment expansion within three years. The subsidy agreements include recapture provisions. The authority for the sales tax abatement is Minnesota Statutes 116J.8738.

The Border City Enterprise Zones program provides tax abatements to partially mitigate the effects of disparate taxation of businesses in six cities located near neighboring states as incentives to attract and retain businesses in Minnesota. Taxes abated include: sales taxes, income taxes, or property taxes. Border cities establish eligibility criteria of recipient business, provided that business is not prohibited by Minnesota Statutes 469.171, Subdivision 4. Sales taxes are reduced through exemptions on construction materials and equipment. Income taxes are reduced as credits for additional workers employed within the zone, up to $3,000 per employee per year. Additionally, income taxes are reduced as a credit for a percentage of cost of debt financing for construction. Property taxes are reduced as a credit for a portion of property tax paid by new facilities as determined by the border city based on its eligibility criteria. The total amount of tax abatements is determined through allocations to each border city defined in Minnesota Statutes. Prior to entering a tax abatement agreement with a business, the border city must submit the proposed tax reductions to the Minnesota Department of Employment and Economic Development to evaluate the proposed investment the business will make in the border city, the number and quality of new jobs created, the overall positive economic impact within the border city, and the extent that economic benefits are dependent on the tax abatements to the business. Businesses must maintain operation within the border city. Businesses which receive tax abatements that cease to operate within the border city must repay the tax abatements received during the prior two years; other recapture provisions may exist between the border city and the business. The authority for Border City Enterprise Zone tax abatements are Minnesota Statutes 469.166-469.1735.

The Angel Tax Credit program provides income tax abatements as an incentive for investors to make investments in start-up businesses by helping to raise the equity financing needed to further business growth and the potential to create jobs. Qualified investors are eligible for up to 25 percent of the investment made and must receive an annual certification to make investments in a qualified small business. Qualified investors are required to hold investments in a qualified business for a period of at least three years. If a qualified investor does not meet the three years holding requirement, the investor must repay the income tax credit. A qualified small business must satisfy all the following conditions: be headquartered in Minnesota, have at least 51 percent of its employees and payroll in Minnesota, and be engaged in or committed to engage in innovation in Minnesota. The primary business activity must be in a qualified field of technology, agriculture, tourism, forestry, mining, manufacturing, or transportation. The business must have fewer than 25 employees and must pay employees annual wages of at least 175 percent of federal poverty guidelines for a family of four. The business may not have previously received private equity investments of more than $4 million, be disqualified under Minnesota Statutes 80A.50, or issued securities traded on a public exchange. The business may not have been in operation for more than ten years, or more than twenty years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which Food and Drug Administration approval is required. If it is determined that a qualified business did not maintain at least 51 percent of its employees and payroll in Minnesota during the first five years following its most recent qualified investment, the business must repay the income tax credit provided to its investors based on a fixed percentage scale. The program was extended to sunset after the calendar year 2022, except for some reporting requirements. The authority for the tax abatement is Minnesota Statutes 116J.8737.

The Historic Structure Rehabilitation Credit program incentivizes substantial reinvestment in the development of historic buildings listed on the National Register of Historic Places. This program parallels the Federal Rehabilitation Tax Credit and state tax credits are limited by the federal amount. A project is eligible for the program if the property is listed on the National Register of Historic Places or is certified as contributing to a National Register Historic District, or Certified Historic District. The owner must apply for the credit prior to the start of construction, plans must be approved by the National Park Service (NPS), and the work must meet the “substantial rehabilitation test.” The completed work must be approved by the NPS and be allowed the federal tax credit. The qualified historic structure must be used as an income producing property for at least five years after the construction is completed. Investors will be eligible for a tax credit or the option of a grant in lieu of tax in the year the renovated building is placed in service. The program was extended to sunset after the fiscal year 2022. The authority for the tax abatement is Minnesota statutes 290.0681.

Tax Abatements
Year Ended June 30, 2021
(In Thousands)

Description	Amount
Border City Enterprise Zones:	
Corporate Taxes	$ 99
Income Taxes	105
Total Border City Enterprise Zones	$ 204
Angel Tax Credit: Income Taxes	$ 6,179
Total	$ 6,383

Note 21 – Prior Period Adjustment, Change in Accounting Principle, and Change in Reporting Entity

Primary Government

Prior Period Adjustment

During fiscal year 2021, the state made decisions to apply part of the Federal Coronavirus Relief funds received in fiscal year 2020 to fiscal year 2020 General Fund expenditures, which resulted in an $87,719,000 prior period adjustment in the state's General Fund statement of revenues, expenditures, and changes in fund balance and governmental activities in the statement of activities.

Change in Accounting Principle

During fiscal year 2021, the state implemented GASB Statement No. 84 “Fiduciary Activities” which established criteria for identifying fiduciary activity and requires state and local governments to present a statement of fiduciary net position and a statement of changes in fiduciary net position for all fiduciary funds. As a result of implementing this statement, most activity included in the state's Agency Fund is included in the Custodial Fund, a new fiduciary fund type, and resulted in a change in accounting principle of $41,512,000 in the Custodial Fund. The activity required to move from fiduciary activities to other state funds resulted in changes in accountin g principle as follows: a net increase of $5,446,000 in governmental activities on the government-wide statement of activities, an increase of $2,101,000 and $3,861,000 in governmental funds statement of revenues, expenditures and changes in fund balances for the General and Federal funds respectively and a decrease of $516,000 for the governmental nonmajor funds relating to the Miscellaneous Special Revenue Fund (special revenue fund).

Change in Reporting Entity

Minnesota Statutes 353G allows volunteer firefighters to be covered by the Volunteer Firefighter Retirement Fund (pension trust fund). During fiscal year 2021, seven firefighter groups joined the Volunteer Firefighter Retirement Fund managed by the Public Employees Retirement Association. Investment balances of $1,681,000 were reported as a change in reporting entity in the Volunteer Firefighter Retirement Fund.

Minnesota Statutes 424A allows volunteer firefighter relief associations to be covered by the Supplemental Retirement Fund (investment trust fund). During fiscal year 2021, one volunteer firefighter relief association became part of the Supplemental Retirement Fund managed by the board of trustees of each relief association. Investment balances of $7,000 were reported as a change in reporting entity in the Supplemental Retirement Fund.

Component Units

Change in Accounting Principle

During fiscal year 2021, the University of Minnesota (U of M) also implemented GASB Statement No. 84 “Fiduciary Activities.” The beginning balance was reported as a change in accounting principle in U of M’s Statement of Activities as an increase in net position of $5,593,000.

Note 22 – Subsequent Events

The nation, including the state, continues to be in a pandemic due to COVID-19. The state and the state's component units continue to experience significant financial impact due to this pandemic. The extent and duration of the financial impact cannot be fully estimated. For further discussion of the pandemic, see the Management's Discussion and Analysis.

Primary Government

In September 2021, the state issued $565.2 million of general obligation state various purpose bonds Series 2021A at a true interest rate of 1.71 percent and $311.0 million of general obligation state trunk highway bonds Series 2021B at a true interest rate of 1.49 percent. These bonds are backed by the full faith and credit and taxing powers of the state.

In October 2021, the state issued $52.5 million of state General Fund appropriation bonds taxable Series 2021A. The bonds are issued for four purposes: financing public infrastructure projects to facilitate redevelopment with a newly created regional exchange district in the City of Duluth for $6.9 million at a true interest rate of 2.36 percent, financing the cost of implementing environmental clean-up actions at four Superfund sites in Minnesota for $29.7 million at a true interest rate of 2.36 percent, financing grants to public television stations in Minnesota for the cost of acquiring and installing capital equipment for $14.0 million at a true interest rate of 1.70 percent, and financing the cost of acquiring and installing electronic vehicle charging infrastructure on state-owned property for $1.9 million at a true interest rate of 1.70 percent. For more information, see Note 12 – Long-Term Liabilities - Primary Government.

In August 2021, the state issued $41.3 million of refunding revenue bonds Series 2021A at a true interest rate of 0.73 percent. This issuance will refund the Series 2009A and Series 2011C revenue bonds. The revenue bonds are payable solely from, and collateralized by, an irrevocable pledge of revenues to be derived from the operation of the financed buildings and from student fees in the State Colleges and University Fund (enterprise fund).

In September 2021, the state entered into a loan agreement for $11.9 million to purchase energy efficiency improvements and equipment. The capital assets purchased for energy efficiency improvements and equipment purchases are pledge as collateral on the loans incurred to finance the purchases in the State Colleges and University Fund (enterprise fund).

Component Units

Housing Finance Agency

In September 2021, the Housing Finance Agency (HFA) issued $4.5 million state appropriation bonds (Housing Infrastructure) Series 2021A, $16.2 million Series 2021B, $38.4 million Series 2021C, and $17.9 million Series 2021D. The proceeds of the bonds will be used to provide money to fund housing infrastructure loans and to pay the costs of issuance of the Series Bonds. For information on the state appropriation for these bonds, see Note 15 – Contingent Liabilities.

HFA made, or committed to make, draws from index bank notes subsequent to June 30, 2021 totaling $91.7 million.

In August 2021, HFA issued $61.8 million homeownership finance taxable bonds Series 2021C.

In September 2021, HFA issued $7.8 million rental housing bonds Series 2021C, $15.7 million residential housing finance bonds Series 2021E, and $134.3 million residential housing finance bonds Series 2021F.

HFA called for the redemption or repayment of bonds for homeownership finance, residential housing, and rental housing programs totaling $174.8 million subsequent to June 30,2021.

Metropolitan Council

In January 2021, Metropolitan Council (MC) agreed to a $50 million loan Series 2021A from the Minnesota Public Facilities Authority (component unit) for financing eligible capital expenditures.

In May 2021, a Federal assistance grant agreement under the Coronavirus Response and Relief Supplemental Appropriations Act was executed and awarded to MC for $185.9 million. The funding will be used to provide transit services that help the community recover from the severe social and economic impacts of COVID-19.

In May 2021, MC issued $174.8 million general obligation grant anticipation notes Series 2021B and $181.4 million general obligation grant anticipation notes Series 2021C.

In May 2021, MC issued $3.1 million general obligation park bonds Series 2021D, $3.1 million taxable general obligation park bonds Series 2021E, and $101.3 million taxable general obligation wastewater revenue refund bonds Series 2021F.

University of Minnesota

In July 2021, the University of Minnesota (U of M) entered into a 364-day credit agreement with a major bank providing a $150 million line of credit for general operating purposes and as liquidity support for U of M indebtedness. No funds have been drawn as of the date of U of M's annual financial report and the agreement was not extended or renewed.

In September 2021, U of M issued $92.4 million special purpose revenue refunding bonds Series 2021A. The proceeds will be used to refund, on a current refunding basis, the outstanding maturities of Series 2010A and Series 2011B bonds.

In September 2021, U of M issued $31.1 million special purpose revenue taxable refunding bonds Series 2021B. The proceeds will be used to defease and advance refund the Series 2013C bonds.

In September 2021, U of M issued $36.9 million general obligation taxable bonds Series 2021C. The proceeds will be used to finance portion of the costs of design, land acquisition, and other services for a research facility.

MINNESOTA

State of Minnesota

Required Supplementary Information

2021
Annual
Comprehensive
Financial Report

Modified Approach for Infrastructure

The state uses the modified approach for reporting selected infrastructure assets. Under this approach, the state expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 29,000 lane miles of pavement and approximately 3,000 bridges and tunnels maintained by the state.

To utilize the modified approach, the state is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the state.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Lane Miles of Pavement

Measurement Scale

The Minnesota Department of Transportation (MnDOT) uses three pavement condition indices to determine the condition of the trunk highway system: Present Serviceability Rating (PSR), Surface Rating (SR), and Pavement Quality Index (PQI). The PSR is a measure of pavement smoothness, the SR measures pavement distress (cracking), and the PQI is a composite index equal to the square root of the PSR multiplied by the square root of the SR.

The five qualitative categories used to describe pavement condition are shown in the table below:

Description	PQI Range	PSR Range	SR Range
Very Good	3.7 - 4.5	4.1 - 5.0	3.3 - 4.0
Good	2.8 - 3.6	3.1 - 4.0	2.5 - 3.2
Fair	1.9 - 2.7	2.1 - 3.0	1.7 - 2.4
Poor	1.0 - 1.8	1.1 - 2.0	0.9 - 1.6
Very Poor	0.0 - 0.9	0.0 - 1.0	0.0 - 0.8

The PQI is used as the index for determining whether the pavement infrastructure is being maintained in a serviceable level. The PQI is an overall index, combining both pavement smoothness (PSR) and cracking (SR).

Established Condition Level

Principal arterial pavements will be maintained at 3.0 PQI (good) or higher, and all other pavements will be maintained at 2.8 PQI (good) or higher.

Assessed Conditions

The state assesses condition on 100 percent of the pavement surfaces at least once every two years.

Description	2020	2019	2018
Principal Arterial Average PQI	3.6	3.5	3.5
Non-Principal Arterial Average PQI	3.4	3.3	3.3

Bridges and Tunnels

Measurement Scale

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

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

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

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

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

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

Established Condition Level

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

Assessed Conditions

Description	2020	2019	2018
Principal Arterial: Fair to Good	94.6%	94.4%	94.6%
All Other Systems: Fair to Good	94.0%	94.0%	94.1%

Budgeted and Estimated Costs to Maintain

The following table presents the state's estimate of spending necessary to preserve and maintain the pavement and bridges at, or above, the established condition levels cited above, and the actual amount spent (in thousands):

		Costs to be Capitalized			Maintenance of System			
		Bridges	Pavement	Total Costs	Bridges	Pavement	Total Costs	Total Construction Program
Budget	2021	$ 65,300	$ 472,400	$ 537,700	$ 95,600	$ 660,700	$ 756,300	$ 1,294,000
	2020	76,000	364,000	440,000	84,800	712,200	797,000	1,237,000
	2019	97,000	260,000	357,000	126,000	719,000	845,000	1,202,000
	2018	100,000	210,000	310,000	100,000	600,000	700,000	1,010,000
	2017	149,000	376,000	525,000	100,000	500,000	600,000	1,125,000
Actual	2021	$ 50,887	$ 505,490	$ 556,377	$ 85,859	$ 635,307	$ 721,166	$ 1,277,543
	2020	71,650	405,796	477,446	78,244	736,188	814,432	1,291,878
	2019	108,876	294,126	403,002	113,009	717,340	830,349	1,233,351
	2018	64,253	200,064	264,317	121,831	615,727	737,558	1,001,875
	2017	114,106	337,294	451,400	84,046	526,975	611,021	1,062,421

Defined Benefit Plans – State Participating

The state of Minnesota currently contributes as an employer and/or non-employer contributing entity into five primary government administered multiple-employer cost sharing plans, one non-primary government administered multiple-employer cost sharing plan, and three primary government administered single-employer plans. During the fiscal year 2015 reporting period, the Minneapolis Employees Retirement Fund merged with the General Employees Retirement Fund and the Duluth Teachers' Retirement Fund merged with the Teachers Retirement Fund. See Note 8 – Pension and Investment Trust Funds for more information on each plan.

Most of the reporting data begins with fiscal year 2014, which is the measurement date used for the implementation of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions." This statement requires the presentation of supplementary information for each of the ten most recent years. However, until a full 10-year trend is available, the state will present information for the years which the information is available. Covered-Member Payroll is an estimate in the reporting year and is restated in the following year to reflect actual Covered-Member Payroll. Required supplementary information is provided for the following plans:

- State Employees Retirement Fund (SERF)
- Correctional Employees Retirement Fund (CERF)
- General Employees Retirement Fund (GERF)
- Police and Fire Fund (P&FF)
- Teachers Retirement Fund (TRF)
- Minneapolis Employees Retirement Fund (MERF)
- St. Paul Teachers' Retirement Fund (SPTRF)
- Duluth Teachers' Retirement Fund (DTRF)
- Judges Retirement Fund (JRF)
- Legislators Retirement Fund (LRF)
- State Patrol Retirement Fund (SPRF)

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

	State Employee Retirement fund							
Description	2014	2015 [2]	2016	2017	2018	2019 [3]	2020 [4]	2021
Statutorily Required Contribution as an Employer[1]	$ 93,957	$ 107,313	$ 110,804	$ 116,552	$ 121,322	$ 136,157	$ 152,523	$ 156,738
Covered-Member Payroll	$ 1,923,040	$ 2,006,862	$ 2,066,651	$ 2,179,626	$ 2,256,825	$ 2,374,710	$ 2,480,800	$ 2,489,480
Required Employer Contributions as a Percentage of Covered-Member Payroll	4.9%	5.3%	5.4%	5.3%	5.4%	5.7%	6.1%	6.3%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rate for employers increased from 5.0 percent to 5.5 percent.
(3) 2019: The required contribution rate for employers increased to 5.875 percent.
(4) 2020: The required contribution rate for employers increased to 6.25 percent.

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

Correctional Employees Retirement Fund

Description	2014	2015 [2]	2016	2017	2018	2019 [3]	2020 [4]	2021 [5]
Statutorily Required Contribution as an Employer[1]	$ 26,421	$ 29,378	$ 30,624	$ 31,663	$ 32,840	$ 38,141	$ 43,594	$ 48,662
Covered-Member Payroll	$ 218,860	$ 231,126	$ 241,020	$ 248,653	$ 257,055	$ 267,212	$ 278,340	$ 280,159
Required Employer Contributions as a Percentage of Covered-Member Payroll	12.1%	12.7%	12.7%	12.7%	12.8%	14.3%	15.7%	17.4%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rate for employers increased from 12.1 percent to 12.9 percent.
(3) 2019: The required contribution rate for employers increased to 14.4 percent.
(4) 2020: The required contribution rate for employers increased to 15.85 percent.
(5) 2021: The required contribution rate for employers increased to 17.35 percent.

General Employees Retirement Fund

Description	2014	2015 [2]	2016	2017	2018	2019	2020	2021
Statutorily Required Contribution as an:								
Employer[1]	$ 2,782	$ 2,655	$ 2,540	$ 3,155	$ 2,283	$ 2,138	$ 1,949	$ 1,720
Non-Employer Contributing Entity[1]	—	—	6,000	6,000	16,000	16,000	16,000	16,000
Total Statutorily Required Contribution	$ 2,782	$ 2,655	$ 8,540	$ 9,155	$ 18,283	$ 18,138	$ 17,949	$ 17,720
Covered-Member Payroll	$ 37,715	$ 34,289	$ 41,328	$ 31,105	$ 28,849	$ 26,936	$ 24,638	$ 23,020
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.4%	7.7%	6.1%	10.1%	7.9%	7.9%	7.9%	7.5%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rates for employers increased from 7.3-11.8 percent to 7.5-11.8 percent on January 1, 2015.

Police and Fire Fund[2]

Description	2019	2020 [3]	2021
Statutorily Required Contribution as an:			
Employer[1]	$ —	$ 543	$ 586
Non-Employer Contributing Entity[1]	4,500	4,500	9,000
Total Statutorily Required Contribution	$ 4,500	$ 5,043	$ 9,586
Covered-Member Payroll	N/A	$ 2,949	$ 3,291
Required Employer Contributions as a Percentage of Covered-Member Payroll	N/A	18.4%	17.8%

(1) Statutorily required contributions equal actual required contributions.
(2) Reporting data for P&FF begins with fiscal year 2019, due to a change in the statutorily required contribution.
(3) 2020: The required contribution rate for employers increased from 16.95 percent to 17.7 percent.

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

Teachers Retirement Fund

Description	2014	2015 [(2)]	2016	2017	2018	2019 [(3)]	2020 [(4)]	2021 [(5)]
Statutorily Required Contribution as an:								
Employer[(1)]	$ 13,206	$ 14,542	$ 14,514	$ 14,885	$ 14,678	$ 15,447	$ 16,115	$ 16,609
Non-Employer Contributing Entity[(1)]	16,501	29,831	31,088	31,087	30,886	31,087	31,087	31,087
Total Statutorily Required Contribution	$ 29,707	$ 44,373	$ 45,602	$ 45,972	$ 45,564	$ 46,534	$ 47,202	$ 47,696
Covered-Member Payroll	$ 167,667	$ 166,870	$ 168,264	$ 174,018	$ 170,196	$ 177,753	$ 179,645	$ 185,349
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.9%	8.7%	8.6%	8.6%	8.6%	8.7%	9.0%	9.0%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rate for employers increased from 7.0-11.0 percent to 7.5-11.5 percent.
(3) 2019: The required contribution rate for employers increased to 7.71-11.71 percent.
(4) 2020: The required contribution rate for employers increased to 7.92-11.92 percent.
(5) 2021: The required contribution rate for employers increased to 8.13-12.13 percent.

Minneapolis Employees Retirement Fund[(2)]

Description	2014	2015
Statutorily Required Contribution as a Non-Employer Contributing Entity[(1)]	$ 24,000	$ 24,000
Covered-Member Payroll	N/A	N/A
Required Employer Contributions as a Percentage of Covered-Member Payroll	N/A	N/A

(1) Statutorily required contributions equal actual required contributions.
(2) MERF merged with GERF in reporting fiscal year 2015.

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

St. Paul Teachers' Retirement Fund

Description	2014	2015 [2]	2016 [3]	2017 [4]	2018 [5]	2019 [6]	2020 [7]	2021 [8]
Statutorily Required Contribution as an:								
Employer[1]	$ 109	$ 86	$ 64	$ 66	$ 41	$ 47	$ 38	$ 27
Non-Employer Contributing Entity[1]	10,665	9,827	10,665	10,665	10,665	15,666	15,663	15,664
Total Statutorily Required Contribution	$ 10,774	$ 9,913	$ 10,729	$ 10,731	$ 10,706	$ 15,713	$ 15,701	$ 15,691
Covered-Member Payroll	$ 1,749	$ 628	$ 443	$ 465	$ 274	$ 271	$ 211	$ 215
Required Employer Contributions as a Percentage of Covered-Member Payroll	6.2%	13.7%	14.4%	14.2%	15.0%	17.3%	18.0%	12.6%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required contribution rate for employers increased from 5.25-8.75 percent to 5.50-9.00 percent.
(3) 2016: The required contribution rate for employers increased to 6.00-9.50 percent.
(4) 2017: The required contribution rate for employers increased to 6.25-9.75 percent.
(5) 2018: The required contribution rate for employers increased to 6.50-10.00 percent.
(6) 2019: The required contribution rate for employers increased to 7.335-10.835 percent.
(7) 2020: The required contribution rate for employers increased to 8.17-11.67 percent.
(8) 2021: The required contribution rate for employers increased to 8.38-11.88 percent.

Duluth Teachers' Retirement Fund[2]

Description	2014	2015
Statutorily Required Contribution as an:		
Employer[1]	$ 55	$ 56
Non-Employer Contributing Entity[1]	6,555	6,346
Total Statutorily Required Contribution	$ 6,610	$ 6,402
Covered-Member Payroll	$ 729	$ 760
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.5%	7.4%

(1) Statutorily required contributions equal actual required contributions.
(2) DTRF merged with TRF in reporting fiscal year 2015.

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

State Employees Retirement Fund

Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]	2020	2021
Primary Government's Proportion of the Net Pension Liability as an Employer	73.38 %	73.93 %	73.88 %	74.15 %	74.45 %	74.94 %	75.21 %
Primary Government's Proportionate Share of the Net Pension Liability as an Employer	$1,189,902	$1,138,125	$9,160,172	$5,500,428	$1,031,909	$1,054,276	$ 998,968
Primary Government's Covered-Member Payroll – Measurement Period	$1,923,040	$2,006,862	$2,066,651	$2,179,626	$2,256,825	$2,374,710	$2,480,800
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	61.9 %	56.7 %	443.2 %	252.4 %	45.7 %	44.4 %	40.3 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.6 %	88.3 %	47.5 %	62.7 %	90.6 %	90.7 %	91.3 %

[1] 2016: Benefit increase of 2.5 percent was projected to start in 2044 instead of 2016.

[2] 2017: Benefit increase was changed to 2.0 percent for all future years. The discount rate changed from 7.9 percent to 4.17 percent.

[3] 2018: The discount rate changed to 5.42 percent.

[4] 2019: Benefit increase was changed to 2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, and 1.5 percent thereafter. The discount rate changed to 7.5 percent.

Correctional Employees Retirement Fund

Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]	2020	2021
Primary Government's Proportion of the Net Pension Liability as an Employer	99.80 %	99.86 %	99.91 %	99.91 %	99.89 %	99.87 %	99.95 %
Primary Government's Proportionate Share of the Net Pension Liability as an Employer	$ 475,387	$ 653,352	$1,331,563	$1,127,087	$ 375,232	$ 394,861	$ 447,093
Primary Government's Covered-Member Payroll – Measurement Period	$ 218,860	$ 231,126	$ 241,020	$ 248,653	$ 257,055	$ 267,212	$ 278,340
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	217.2 %	282.7 %	552.5 %	453.3 %	146.0 %	147.8 %	160.6 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.8 %	58.1 %	40.3 %	47.6 %	74.8 %	75.0 %	73.2 %

[1] 2016: Benefit increase was projected to remain at 2.0 percent instead of increasing to 2.5 percent in 2016.

[2] 2017: The discount rate changed from 6.25 percent to 4.24 percent.

[3] 2018: The discount rate changed to 5.02 percent.

[4] 2019: Benefit increase was changed to 2.0 percent through December 31, 2018, and 1.5 percent thereafter. The discount rate changed to 7.5 percent.

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

General Employees Retirement Fund

Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]	2020	2021
Primary Government's Proportion of the Net Pension Liability as an:							
Employer	0.70 %	0.62 %	0.72 %	0.51 %	0.46 %	0.41 %	0.37 %
Non-Employer Contributing Entity	— %	3.56 %	1.29 %	1.24 %	3.18 %	3.02 %	2.99 %
Total Primary Government's Proportion of the Net Pension Liability	0.70 %	4.18 %	2.01 %	1.75 %	3.64 %	3.43 %	3.36 %
Primary Government's Proportionate Share of the Net Pension Liability as an:							
Employer	$ 33,103	$ 32,022	$ 58,119	$ 32,252	$ 25,408	$ 22,829	$ 22,051
Non-Employer Contributing Entity	—	184,478	104,677	79,275	176,191	166,659	179,348
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 33,103	$ 216,500	$ 162,796	$ 111,527	$ 201,599	$ 189,488	$ 201,399
Primary Government's Covered-Member Payroll – Measurement Period	$ 37,715	$ 34,289	$ 41,328	$ 31,105	$ 28,849	$ 26,936	$ 24,638
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	87.8 %	93.4 %	140.6 %	103.7 %	88.1 %	84.8 %	89.5 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.7 %	78.2 %	68.9 %	75.9 %	79.5 %	80.2 %	79.1 %

(1) 2016: Benefit increase of 2.5 percent was projected to start in 2036 instead of 2031.
(2) 2017: Benefit increase changed to 1.0 percent for all future years. The discount rate changed from 7.9 percent to 7.5 percent.
(3) 2018: Benefit increase changed to 1.0 percent through 2044 and 2.5 percent thereafter.
(4) 2019: Benefit increase changed to 1.25 percent for all future years.

Police and Fire Fund[1]

Description	2019	2020	2021
Primary Government's Proportion of the Net Pension Liability as an:			
Employer	— %	0.25 %	0.28 %
Non-Employer Contributing Entity	5.27 %	5.15 %	4.60 %
Total Primary Government's Proportion of the Net Pension Liability	5.27 %	5.40 %	4.88 %
Primary Government's Proportionate Share of the Net Pension Liability as an:			
Employer	$ —	$ 2,687	$ 3,635
Non-Employer Contributing Entity	56,187	54,801	60,676
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 56,187	$ 57,488	$ 64,311
Primary Government's Covered-Member Payroll – Measurement Period	N/A	$ 2,553	$ 2,949
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	N/A	105.2 %	123.3 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.8 %	89.3 %	87.2 %

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

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

Teachers Retirement Fund

Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]	2020	2021
Primary Government's Proportion of the Net Pension Liability as an:							
Employer	4.13 %	3.88 %	3.72 %	3.71 %	3.52 %	3.55 %	3.48 %
Non-Employer Contributing Entity	5.17 %	9.74 %	7.97 %	7.70 %	7.50 %	7.10 %	6.75 %
Total Primary Government's Proportion of the Net Pension Liability	9.30 %	13.62 %	11.69 %	11.41 %	11.02 %	10.65 %	10.23 %
Primary Government's Proportionate Share of the Net Pension Liability as an:							
Employer	$ 190,460	$ 239,701	$ 888,788	$ 740,843	$ 221,190	$ 226,558	$ 256,907
Non-Employer Contributing Entity	237,958	602,738	1,900,653	1,537,059	471,220	452,696	499,032
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 428,418	$ 842,439	$2,789,441	$2,277,902	$ 692,410	$ 679,254	$ 755,939
Primary Government's Covered-Member Payroll – Measurement Period	$ 167,667	$ 166,870	$ 168,264	$ 174,018	$ 170,196	$ 177,753	$ 179,645
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	113.6 %	143.6 %	528.2 %	425.7 %	130.0 %	127.5 %	143.0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.5 %	76.8 %	44.9 %	51.6 %	78.1 %	78.2 %	75.5 %

[1] 2016: The discount rate changed from 8.25 percent to 8.00 percent.

[2] 2017: A benefit increase was not projected to be attained instead of 2.5 percent in 2037. The discount rate changed to 4.66 percent.

[3] 2018: Benefit increase of 2.5 percent was projected to start in 2045. The discount rate changed to 5.12 percent.

[4] 2019: Benefit increase changed to 2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, then increase by 0.1 percent each year over five years, and 1.5 percent thereafter. The discount rate changed to 7.5 percent.

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

St. Paul Teachers' Retirement Fund							
Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]	2020	2021
Primary Government's Proportion of the Net Pension Liability as an:							
Employer	0.31 %	0.24 %	0.17 %	0.18 %	0.10 %	0.10 %	0.08 %
Non-Employer Contributing Entity	30.34 %	29.52 %	28.79 %	27.97 %	27.48 %	33.67 %	31.67 %
Total Primary Government's Proportion of the Net Pension Liability	30.65 %	29.76 %	28.96 %	28.15 %	27.58 %	33.77 %	31.75 %
Primary Government's Proportionate Share of the Net Pension Liability as an:							
Employer	$ 1,666	$ 1,385	$ 1,082	$ 1,019	$ 630	$ 617	$ 503
Non-Employer Contributing Entity	162,576	171,776	182,226	161,970	166,431	205,790	207,016
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 164,242	$ 173,161	$ 183,308	$ 162,989	$ 167,061	$ 206,407	$ 207,519
Primary Government's Covered-Member Payroll – Measurement Period	$ 1,749	$ 628	$ 443	$ 465	$ 274	$ 271	$ 211
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	95.3 %	220.5 %	244.2 %	219.1 %	229.9 %	227.7 %	238.4 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.1 %	63.6 %	60.3 %	64.1 %	63.9 %	63.9 %	61.4 %

(1) 2016: Benefit increase if the plan is at least 90 percent funded was up to 2.5 percent instead of up to 5.0 percent.
(2) 2017: Benefit increase of 2.0 percent was projected to start in 2055 and 2.5 percent in 2066 instead of 2041 and 2051, respectively.
(3) 2018: Benefit increase of 2.0 percent was projected to start in 2042 and 2.5 percent in 2052.
(4) 2019: Benefit increase changed to 1.0 percent through December 31, 2018, no benefit increases through December 31, 2020, and 1.0 percent thereafter. The discount rate changed from 8.0 percent to 7.5 percent.

Description	Minneapolis Employee Retirement Fund[1] 2015	Duluth Teachers Retirement Fund[2] 2015
Primary Government's Proportion of the Net Pension Liability as an:		
Employer	—%	0.55%
Non-Employer Contributing Entity	43.35%	64.98%
Total Primary Government's Proportion of the Net Pension Liability	43.35%	65.53%
Primary Government's Proportionate Share of the Net Pension Liability as an:		
Employer	$ —	$ 1,401
Non-Employer Contributing Entity	95,900	166,948
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 95,900	$ 168,349
Primary Government's Covered-Member Payroll – Measurement Period	N/A	$ 729
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	N/A	192.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.9%	46.8%

(1) MERF merged with GERF in reporting fiscal year 2015.
(2) DTRF merged with TRF in reporting fiscal year 2015.

Required Supplementary Information
Primary Government Administered Single-Employer Plans
Schedule of Contributions
(In Thousands)

Judges Retirement Fund

Description	2012	2013	2014 [(2)]	2015	2016	2017 [(3)]	2018 [(4)]	2019	2020	2021
Statutorily Required Contribution[(1)]	$ 7,922	$ 8,177	$ 9,426	$ 9,776	$ 10,219	$ 13,758	$ 17,027	$ 17,287	$ 17,766	$ 17,915
Covered-Member Payroll	$ 38,644	$ 39,888	$ 41,893	$ 43,449	$ 45,418	$ 47,813	$ 49,009	$ 50,164	$ 52,298	$ 52,130
Contributions as a Percentage of Covered-Member Payroll	20.5%	20.5%	22.5%	22.5%	22.5%	28.8%	34.7%	34.5%	34.0%	34.4%

(1) Statutorily required contributions equal actual required contributions.
(2) 2014: The required employer contribution rate changed from 20.5 percent to 22.5 percent.
(3) 2017: The required employer contribution rate included an additional $3 million over the percentage of covered payroll.
(4) 2018: The required employer contribution rate included an additional $3 million for a total of $6 million over the percentage of covered payroll.

Legislators Retirement Fund[(2)]

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Statutorily Required Contribution[(1)]	$ 3,935	$ 3,399	$ 3,436	$ 3,216	$ 5,087	$ 8,716	$ 8,856	$ 8,798	$ 8,764	$ 8,639
Covered-Member Payroll	$ 1,378	$ 1,233	$ 1,122	$ 1,700	$ 989	$ 889	$ 1,033	$ 1,011	$ 967	$ 848
Contributions as a Percentage of Covered-Member Payroll	285.6%	275.7%	306.2%	189.2%	514.4%	980.4%	857.3%	870.2%	906.3%	1,018.8%

(1) Statutorily required contributions equal actual required contributions.
(2) LRF employer contributions are on a pay-as-you-go basis.

State Patrol Retirement Fund

Description	2012	2013	2014	2015 [(2)]	2016	2017 [(3)]	2018	2019 [(4)]	2020 [(5)]	2021 [(6)]
Statutorily Required Contribution[(1)]	$ 11,620	$ 11,482	$ 12,894	$ 13,763	$ 13,938	$ 15,783	$ 15,952	$ 19,479	$ 21,975	$ 24,809
Covered-Member Payroll	$ 62,524	$ 62,121	$ 63,952	$ 68,463	$ 69,343	$ 73,056	$ 74,007	$ 80,792	$ 84,530	$ 87,630
Contributions as a Percentage of Covered-Member Payroll	18.6%	18.5%	20.2%	20.1%	20.1%	21.6%	21.6%	24.1%	26.0%	28.3%

(1) Statutorily required contributions equal actual required contributions.
(2) 2015: The required employer contribution rate changed from 18.6 percent to 20.1 percent.
(3) 2017: The required employer contribution rate changed to 21.6 percent.
(4) 2019: The required employer contribution rate changed to 22.35 percent, plus an additional supplemental employer contribution of 1.75 percent.
(5) 2020: The required employer contribution rate changed to 23.1 percent, plus an additional supplemental employer contribution of 3.0 percent.
(6) 2021: The additional supplemental employer contribution rate changed to 5.0 percent.

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

Judges Retirement Fund							
Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]	2020 [5]	2021 [6]
Total Pension Liability							
Service Cost	$ 12,075	$ 12,251	$ 13,711	$ 9,483	$ 9,857	$ 9,881	$ 9,897
Interest on the Total Pension Liability	20,535	21,773	21,349	25,366	26,747	27,769	28,721
Difference Between Expected and Actual Experience of the Total Pension Liability	5,080	(4,366)	7,135	(4,958)	1,424	804	(802)
Changes in Assumptions	(8,416)	21,696	(85,756)	11,652	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(20,802)	(21,893)	(22,378)	(23,094)	(23,585)	(25,233)	(26,302)
Net Change in Total Pension Liability	$ 8,472	$ 29,461	$ (65,939)	$ 18,449	$ 14,443	$ 13,221	$ 11,514
Total Pension Liability, Beginning	$ 373,039	$ 381,511	$ 410,972	$ 345,033	$ 363,482	$ 377,925	$ 391,146
Total Pension Liability, Ending	$ 381,511	$ 410,972	$ 345,033	$ 363,482	$ 377,925	$ 391,146	$ 402,660
Fiduciary Net Position							
Contributions – Employer	$ 9,426	$ 9,776	$ 10,219	$ 13,758	$ 17,027	$ 17,287	$ 17,766
Contributions – Member	3,578	3,629	3,763	3,932	3,973	4,049	4,168
Net Investment Income	28,011	7,572	(186)	24,729	19,265	14,491	8,955
Benefit Payments, Including Refunds of Member Contributions	(20,802)	(21,893)	(22,378)	(23,094)	(23,585)	(25,233)	(26,302)
Pension Plan Administrative Expenses	(55)	(60)	(94)	(89)	(65)	(87)	(112)
Net Change in Plan Fiduciary Net Position	$ 20,158	$ (976)	$ (8,676)	$ 19,236	$ 16,615	$ 10,507	$ 4,475
Plan Fiduciary Net Position, Beginning	$ 155,398	$ 175,556	$ 174,580	$ 165,904	$ 185,140	$ 201,755	$ 212,262
Plan Fiduciary Net Position, Ending	$ 175,556	$ 174,580	$ 165,904	$ 185,140	$ 201,755	$ 212,262	$ 216,737
Net Pension Liability	$ 205,955	$ 236,392	$ 179,129	$ 178,342	$ 176,170	$ 178,884	$ 185,923
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.0 %	42.5 %	48.1 %	50.9 %	53.4 %	54.3 %	53.8 %
Covered-Member Payroll – Measurement Period	$ 41,893	$ 43,449	$ 45,418	$ 47,813	$ 49,009	$ 50,164	$ 52,298
Net Pension Liability as a Percentage of Covered-Member Payroll	491.6 %	544.1 %	394.4 %	373.0 %	359.5 %	356.6 %	355.5 %

(1) 2016: The discount rate changed from 5.78 percent to 5.25 percent.

(2) 2017: Benefit increase of 1.75 percent was projected for all future years changed to 1.75 percent through 2041, 2.0 percent for 2042-2054, and 2.5 percent thereafter. The discount rate changed to 7.50 percent.

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

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

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

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

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

Legislators Retirement Fund							
Description	2015	2016 (1)	2017 (2)	2018 (3)	2019 (4)	2020 (5)	2021 (6)
Total Pension Liability							
Service Cost	$ 398	$ 428	$ 495	$ 546	$ 437	$ 496	$ 527
Interest on the Total Pension Liability	6,177	6,113	5,332	4,293	5,094	4,894	4,258
Benefit Changes	—	—	—	—	(9,839)	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(237)	(7,303)	(1,597)	1,518	6,119	(2,441)	645
Changes in Assumptions	11,201	7,057	14,653	(5,017)	(856)	6,722	9,986
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)	(8,536)	(8,716)	(8,912)	(8,853)	(8,812)
Net Change in Total Pension Liability	$ 9,053	$ (2,146)	$ 10,347	$ (7,376)	$ (7,957)	$ 818	$ 6,604
Total Pension Liability, Beginning	$ 137,446	$ 146,499	$ 144,353	$ 154,700	$ 147,324	$ 139,367	$ 140,185
Total Pension Liability, Ending	$ 146,499	$ 144,353	$ 154,700	$ 147,324	$ 139,367	$ 140,185	$ 146,789
Fiduciary Net Position							
Contributions – Employer	$ 3,436	$ 3,216	$ 5,087	$ 8,716	$ 8,856	$ 8,798	$ 8,764
Contributions – Member	101	153	89	80	93	91	87
Net Investment Income	1,750	281	(69)	—	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)	(8,536)	(8,716)	(8,912)	(8,853)	(8,812)
Pension Plan Administrative Expenses	(36)	(37)	(42)	(39)	(37)	(36)	(39)
Other Changes	—	—	41	(41)	—	—	—
Net Change in Plan Fiduciary Net Position	$ (3,235)	$ (4,828)	$ (3,430)	$ —	$ —	$ —	$ —
Plan Fiduciary Net Position, Beginning	$ 11,493	$ 8,258	$ 3,430	$ —	$ —	$ —	$ —
Plan Fiduciary Net Position, Ending	$ 8,258	$ 3,430	$ —	$ —	$ —	$ —	$ —
Net Pension Liability	$ 138,241	$ 140,923	$ 154,700	$ 147,324	$ 139,367	$ 140,185	$ 146,789
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	5.6 %	2.4 %	— %	— %	— %	— %	— %
Covered-Member Payroll – Measurement Period	$ 1,122	$ 1,700	$ 989	$ 889	$ 1,033	$ 1,011	$ 967
Net Pension Liability as a Percentage of Covered-Member Payroll	12,320.9 %	8,289.6 %	15,642.1 %	16,571.9 %	13,491.5 %	13,866.0 %	15,179.8 %

(1) 2016: Benefit increase of 2.5 percent was projected to start in 2044 instead of 2015. The discount rate changed from 4.29 percent to 3.80 percent.

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

(3) 2018: The discount rate changed to 3.56 percent.

(4) 2019: Benefit increase rate changed to 2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, and 1.5 percent thereafter. The discount rate changed to 3.62 percent.

(5) 2020: The discount rate changed to 3.13 percent.

(6) 2021: The discount rate changed to 2.45 percent.

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

State Patrol Retirement Fund

Description	2015	2016 [1]	2017 [2]	2018 [3]	2019 [4]	2020	2021
Total Pension Liability							
Service Cost	$ 14,514	$ 16,144	$ 16,555	$ 29,758	$ 24,935	$ 19,375	$ 21,122
Interest on the Total Pension Liability	60,183	63,753	64,592	58,865	65,110	68,227	70,465
Benefit Changes	—	—	—	—	(2,604)	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(5,771)	(12,855)	(22,222)	(2,418)	(8,369)	2,757	(535)
Changes in Assumptions	30,058	—	283,584	(112,694)	(126,888)	—	—
Benefit Payments, Including Refunds of Member Contributions	(53,722)	(55,480)	(57,774)	(58,565)	(59,692)	(60,803)	(61,971)
Net Change in Total Pension Liability	$ 45,262	$ 11,562	$ 284,735	$ (85,054)	$ (107,508)	$ 29,556	$ 29,081
Total Pension Liability, Beginning	$ 781,411	$ 826,673	$ 838,235	$1,122,970	$1,037,916	$ 930,408	$ 959,964
Total Pension Liability, Ending	$ 826,673	$ 838,235	$1,122,970	$1,037,916	$ 930,408	$ 959,964	$ 989,045
Fiduciary Net Position							
Contributions – Employer	$ 12,894	$ 14,763	$ 14,938	$ 16,783	$ 16,952	$ 20,479	$ 22,975
Contributions – Member	7,930	9,174	9,292	10,520	10,657	12,038	12,595
Net Investment Income	107,187	28,903	(774)	93,077	70,474	51,823	31,073
Benefit Payments, Including Refunds of Member Contributions	(53,722)	(55,480)	(57,774)	(58,565)	(59,692)	(60,803)	(61,971)
Pension Plan Administrative Expenses	(150)	(170)	(220)	(208)	(184)	(191)	(224)
Other Changes	—	—	—	—	(7)	(1)	(2)
Net Change in Plan Fiduciary Net Position	$ 74,139	$ (2,810)	$ (34,538)	$ 61,607	$ 38,200	$ 23,345	$ 4,446
Plan Fiduciary Net Position, Beginning	$ 593,201	$ 667,340	$ 664,530	$ 629,992	$ 691,599	$ 729,799	$ 753,144
Plan Fiduciary Net Position, Ending	$ 667,340	$ 664,530	$ 629,992	$ 691,599	$ 729,799	$ 753,144	$ 757,590
Net Pension Liability	$ 159,333	$ 173,705	$ 492,978	$ 346,317	$ 200,609	$ 206,820	$ 231,455
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.7 %	79.3 %	56.1 %	66.6 %	78.4 %	78.5 %	76.6 %
Covered-Member Payroll – Measurement Period	$ 63,952	$ 68,463	$ 69,343	$ 73,056	$ 74,007	$ 80,792	$ 84,530
Net Pension Liability as a Percentage of Covered-Member Payroll	249.1 %	253.7 %	710.9 %	474.0 %	271.1 %	256.0 %	273.8 %

[1] 2016: Benefit increase of 1.0 percent was projected to start in 2031 instead of 2018, 1.5 percent through 2052 instead of 2045 and 2.5 percent thereafter.
[2] 2017: Benefit increase changed to 1.0 percent for all future years. The discount rate changed from 7.9 percent to 5.31 percent.
[3] 2018: Benefit increase changed to 1.0 percent through 2064, and 1.5 percent thereafter. The discount rate changed to 6.38 percent.
[4] 2019: Benefit increase changed to 1.0 percent for all future years. The discount rate changed to 7.5 percent.

Defined Benefit Other Postemployment Benefits

The state of Minnesota offers other postemployment benefits (OPEB) to state employees and their dependents through a single-employer defined benefit health care plan. The state does not fund this plan and operates on a pay-as-you-go basis. The state implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" in fiscal year 2018, which is the first year the data is available. This statement requires the presentation of supplementary information for each of the ten most recent years. However, until a full 10-year trend is available, the state will present information for the years which the information is available.

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

Description	2018	2019 (2)	2020 (3)	2021 (4)
Total OPEB Liability(1):				
Service Cost	$ 51,415	$ 48,056	$ 47,473	$ 46,502
Interest	18,612	23,378	24,963	23,128
Differences Between Expected and Actual Experience	—	(42,541)	(16,846)	(76,320)
Changes in Assumptions or Other Inputs	(32,277)	(596)	(2,444)	101,123
Benefit Payments	(32,627)	(36,358)	(35,030)	(37,754)
Net Changes in Total OPEB Liability	$ 5,123	$ (8,061)	$ 18,116	$ 56,679
Total OPEB Liability, Beginning	617,856	622,979	614,918	633,034
Total OPEB Liability, Ending	$ 622,979	$ 614,918	$ 633,034	$ 689,713
Covered-Employee Payroll	$ 3,545,697	$ 3,603,462	$ 3,664,566	$ 3,814,738
Total OPEB Liability as a Percentage of Covered-Employee Payroll	17.6 %	17.1 %	17.3 %	18.1 %

(1) Amounts represent the total of the primary government's proportionate share and its discretely presented component unit's proportionate share.
(2) 2019: The discount rate changed from 3.58 percent to 3.87 percent.
(3) 2020: The discount rate changed to 3.50 percent.
(4) 2021: The discount rate changed to 2.21 percent.

Public Employees Insurance Program Development Information

The Public Employees Insurance Program's medical claim is a self-funded program. The following table illustrates how the fund's earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the fund as of the end of each of the past ten years (in thousands).

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1. Required Contribution and Investment Revenue:										
Earned	$ 45,413	$ 49,244	$ 90,110	$ 96,008	$109,484	$120,780	$169,172	$208,391	$268,602	$331,570
Ceded	(3,502)	(4,582)	(8,372)	(4,607)	—	—	—	—	—	—
Net Earned	$ 41,911	$ 44,662	$ 81,738	$ 91,401	$109,484	$120,780	$169,172	$208,391	$268,602	$331,570
2. Unallocated Expenses:										
	$ 3,018	$ 3,612	$ 6,390	$ 7,435	$ 7,846	$ 8,518	$ 10,891	$ 13,213	$ 15,822	$ 19,737
3. Estimated Claims and Expenses End of Policy Year:										
Incurred	$ 38,173	$ 41,959	$ 73,795	$ 86,276	$ 97,089	$ 99,399	$148,773	$196,311	$247,273	$314,643
Ceded	(2,149)	(4,909)	(5,767)	(7,571)	—	—	—	—	—	—
Net Incurred	$ 36,024	$ 37,050	$ 68,028	$ 78,705	$ 97,089	$ 99,399	$148,773	$196,311	$247,273	$314,643
4. Net Paid (Cumulative) as of:										
End of Policy Year	$ 32,176	$ 33,836	$ 60,813	$ 70,741	$ 87,378	$ 90,091	$135,199	$180,716	$223,215	$284,132
One Year Later	35,718	37,353	68,176	79,461	96,681	98,880	147,318	195,547	246,968	
Two Years Later	35,946	37,608	68,256	79,762	96,506	98,873	148,026	195,573		
Three Years Later	35,986	37,629	68,391	79,906	96,506	99,131	147,987			
Four Years Later	35,986	37,629	68,617	79,906	96,602	99,131				
Five Years Later	35,986	37,713	68,617	79,906	96,602					
Six Years Later	35,986	37,713	68,617	79,906						
Seven Years Later	35,986	37,713	68,617							
Eight Years Later	35,986	37,713								
Nine Years Later	35,986									
5. Reestimated Ceded Claims and Expenses:										
	$ 2,149	$ 4,825	$ 5,542	$ 7,374	$ —	$ —	$ —	$ —	$ —	$ —
6. Reestimated Net Incurred Claims and Expenses:										
End of Policy Year	$ 36,024	$ 37,050	$ 68,028	$ 78,705	$ 97,089	$ 99,399	$148,773	$196,311	$247,273	$314,643
One Year Later	36,006	37,673	68,588	80,027	97,415	99,323	148,678	196,227	247,611	
Two Years Later	35,946	37,608	68,408	79,981	96,506	99,443	148,167	195,573		
Three Years Later	35,986	37,629	68,391	79,906	96,601	99,131	147,987			
Four Years Later	35,986	37,629	68,617	79,906	96,602	99,131				
Five Years Later	35,986	37,713	68,617	79,906	96,602					
Six Years Later	35,986	37,713	68,617	79,906						
Seven Years Later	35,986	37,713	68,617							
Eight Years Later	35,986	37,713								
Nine Years Later	35,986									
7. Increase (Decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year:										
	$ (38)	$ 663	$ 589	$ 1,201	$ (487)	$ (268)	$ (786)	$ (738)	$ 338	$ —

The rows of the table are defined as follows:

1. This section shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the fund including overhead and claims expense not allocable to individual claims.
3. This section shows the fund's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, and emergence of new claims not previously known.)
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (section 3) and shows whether this latest estimate of net claims cost is greater or less than originally estimated. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

State of Minnesota

Combining and Individual Fund Statements – Nonmajor Funds

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

Debt Service Fund

The fund accounts for the accumulation of resources for, and the payment of, most general obligation and state appropriation long-term debt principal and interest as well as lease-purchase financing for technology improvement.

Permanent Fund

Permanent School Fund

The constitutionally established trust fund receives revenue from investments and the sale of state land and timber for distribution to school districts.

STATE OF MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
COMBINING BALANCE SHEET
JUNE 30, 2021
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
ASSETS					
Cash and Cash Equivalents	$ 4,656,926	$ 712,622	$ 61,548	$ 254,229	$ 5,685,325
Investments	403,856	71,387	1,886,565	—	2,361,808
Accounts Receivable	292,134	—	7,948	—	300,082
Interfund Receivables	361,578	—	—	64,340	425,918
Due from Component Units	—	112,194	—	—	112,194
Accrued Investment/Interest Income	748	484	4,869	—	6,101
Federal Aid Receivable	61,101	—	—	—	61,101
Inventories	46,447	—	—	—	46,447
Loans and Notes Receivable	130,641	—	—	—	130,641
Other Assets	—	—	—	19	19
Investment In Land	—	—	15,956	—	15,956
Total Assets	$ 5,953,431	$ 896,687	$ 1,976,886	$ 318,588	$ 9,145,592
LIABILITIES					
Accounts Payable	$ 617,038	$ 2	$ 108	$ 105,328	$ 722,476
Interfund Payables	365,119	25,573	10,100	43,540	444,332
Due to Component Units	8,311	—	—	3,757	12,068
Total Liabilities	$ 990,468	$ 25,575	$ 10,208	$ 152,625	$ 1,178,876
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	$ 106,814	$ —	$ 350	$ —	$ 107,164
Total Deferred Inflows of Resources	$ 106,814	$ —	$ 350	$ —	$ 107,164
FUND BALANCES					
Nonspendable	$ 47,447	$ —	$ 1,957,436	$ —	$ 2,004,883
Restricted	3,929,278	871,112	8,892	116,110	4,925,392
Committed	879,424	—	—	—	879,424
Assigned	—	—	—	49,853	49,853
Total Fund Balances	$ 4,856,149	$ 871,112	$ 1,966,328	$ 165,963	$ 7,859,552
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,953,431	$ 896,687	$ 1,976,886	$ 318,588	$ 9,145,592

STATE OF MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
Net Revenues:					
Sales Taxes	$ 594,184	$ —	$ —	$ 10,232	$ 604,416
Motor Vehicle Taxes	1,444,012	—	—	—	1,444,012
Fuel Taxes	854,215	—	—	—	854,215
Other Taxes	238,582	—	—	—	238,582
Federal Revenues	583,814	—	—	—	583,814
Licenses and Fees	440,225	—	205	—	440,430
Departmental Services	155,652	—	40,283	—	195,935
Investment/Interest Income	104,281	5,024	326,456	—	435,761
Other Revenues	272,118	267	174	—	272,559
Net Revenues	$ 4,687,083	$ 5,291	$ 367,118	$ 10,232	$ 5,069,724
Expenditures:					
Agricultural, Environmental and Energy Resources	$ 645,564	$ —	$ 10,423	$ 36,198	$ 692,185
Economic and Workforce Development	192,320	—	—	115,351	307,671
General Education	22,283	—	36,678	22,923	81,884
General Government	96,287	331	303	10,818	107,739
Health and Human Services	130,286	—	—	23,735	154,021
Higher Education	27,981	—	—	35,609	63,590
Intergovernmental Aid	180	—	—	—	180
Public Safety and Corrections	249,671	—	—	8,598	258,269
Transportation	2,264,460	—	—	178,586	2,443,046
Total Current Expenditures	$ 3,629,032	$ 331	$ 47,404	$ 431,818	$ 4,108,585
Capital Outlay	561,984	—	—	237,000	798,984
Debt Service	2,329	930,387	—	—	932,716
Total Expenditures	$ 4,193,345	$ 930,718	$ 47,404	$ 668,818	$ 5,840,285
Excess of Revenues over (under) Expenditures	$ 493,738	$ (925,427)	$ 319,714	$ (658,586)	$ (770,561)
Other Financing Sources (Uses):					
Bond Issuance	$ —	$ 24,612	$ —	$ 538,388	$ 563,000
Issuance of Refunding Bonds	—	695,655	—	—	695,655
Payment to Refunded Bonds Escrow Agent	—	(695,655)	—	—	(695,655)
Bond Issuance Premium	—	45,106	—	101,582	146,688
Transfers-In	125,264	788,985	1,872	103,119	1,019,240
Transfers-Out	(319,462)	—	—	(22,078)	(341,540)
Net Other Financing Sources (Uses)	$ (194,198)	$ 858,703	$ 1,872	$ 721,011	$ 1,387,388
Net Change in Fund Balances	$ 299,540	$ (66,724)	$ 321,586	$ 62,425	$ 616,827
Fund Balances, Beginning, as Reported	$ 4,557,125	$ 937,836	$ 1,644,742	$ 103,538	$ 7,243,241
Change in Accounting Principle	(516)	—	—	—	(516)
Fund Balances, Beginning, as Restated	$ 4,556,609	$ 937,836	$ 1,644,742	$ 103,538	$ 7,242,725
Fund Balances, Ending	$ 4,856,149	$ 871,112	$ 1,966,328	$ 165,963	$ 7,859,552

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Nonmajor Special Revenue Funds

Trunk Highway Fund

The fund receives a portion of the revenue from taxes on motor vehicles and motor fuels and federal grants to plan, design, construct, and maintain the state trunk highway system.

Highway User Tax Distribution Fund

The fund receives a portion of the revenue from taxes on motor vehicles and motor fuels to administer vehicle licensing services.

State Airports Fund

The fund uses revenue from aviation-related taxes and fees to provide technical and financial assistance to municipal airports and to promote aviation safety, planning, and regulation.

Municipal State-Aid Street Fund

The fund receives a portion of the revenue from taxes on motor vehicles and motor fuels to plan, design, construct, and maintain the municipal state aid street system.

County State-Aid Highway Fund

The fund receives a portion of the revenue from taxes on motor vehicles and motor fuels to plan, design, construct, and maintain the county state aid highway system.

Petroleum Tank Cleanup Fund

The fund receives funding from a fee imposed on petroleum distributors to reimburse responsible parties for most of their costs to clean up environmental contamination from petroleum tanks.

Nonmajor Special Revenue Funds – Continued

Natural Resources Fund

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

Game and Fish Fund

The fund receives revenues from license fees and fines related to hunting and fishing which are spent for related purposes.

Environmental and Remediation Fund

The fund accounts for activities that monitor and control environmental problems using taxes and fees from activities and industries contributing to environmental problems. It also accounts for activities that respond to, and correct releases of, hazardous substances, pollutants, chemicals, and petroleum, as well as environmental actions at qualified landfill facilities.

Douglas J. Johnson Economic Protection Trust Fund

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

Heritage Fund

The fund receives a portion of sales and use taxes to restore, protect, and enhance the outdoors, water quality, parks and trails, and arts and cultural heritage.

Endowment Fund

The fund receives gifts and donations that may be expended only for those purposes specified by the donors.

Special Compensation Fund

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

Workforce Development Fund

The fund receives special assessments levied on employers for employment and training programs.

Miscellaneous Special Revenue Fund

The fund includes numerous smaller accounts whose revenues are restricted or committed to a variety of specific purposes.

STATE OF MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
ASSETS			
Cash and Cash Equivalents	$ 953,036	$ 273,647	$ 38,289
Investments	—	—	—
Accounts Receivable	45,857	11,747	1,108
Interfund Receivables	167,250	—	—
Accrued Investment/Interest Income	—	—	—
Federal Aid Receivable	55,613	—	—
Inventories	46,439	—	—
Loans and Notes Receivable	—	—	1,424
Total Assets	$ 1,268,195	$ 285,394	$ 40,821
LIABILITIES			
Accounts Payable	$ 224,219	$ 1,887	$ 1,187
Interfund Payables	69,589	283,507	700
Due to Component Units	1,698	—	95
Total Liabilities	$ 295,506	$ 285,394	$ 1,982
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	$ 2,059	$ —	$ 7
Total Deferred Inflows of Resources	$ 2,059	$ —	$ 7
FUND BALANCES			
Nonspendable	$ 46,439	$ —	$ —
Restricted	924,191	—	38,832
Committed	—	—	—
Total Fund Balances	$ 970,630	$ —	$ 38,832
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,268,195	$ 285,394	$ 40,821

MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION
$ 165,377	$ 699,666	$ 27,480	$ 107,563	$ 76,714	$ 787,589
—	—	—	—	45,418	145,204
6,248	23,855	137	3,835	6,964	12,656
23,431	89,202	—	20,069	1,441	1,087
—	—	—	—	80	269
70	120	—	10	5,145	—
—	—	—	—	—	—
—	—	—	—	—	929
$ 195,126	$ 812,843	$ 27,617	$ 131,477	$ 135,762	$ 947,734
$ 32,496	$ 194,966	$ 1,002	$ 9,647	$ 6,344	$ 11,674
—	—	1,087	1,031	1,045	—
75	241	—	—	132	273
$ 32,571	$ 195,207	$ 2,089	$ 10,678	$ 7,521	$ 11,947
$ 255	$ 969	$ 116	$ 297	$ 580	$ 2,902
$ 255	$ 969	$ 116	$ 297	$ 580	$ 2,902
$ —	$ —	$ —	$ —	$ —	$ —
162,300	616,667	25,412	—	127,661	932,885
—	—	—	120,502	—	—
$ 162,300	$ 616,667	$ 25,412	$ 120,502	$ 127,661	$ 932,885
$ 195,126	$ 812,843	$ 27,617	$ 131,477	$ 135,762	$ 947,734

CONTINUED

STATE OF MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING BALANCE SHEET
JUNE 30, 2021
(IN THOUSANDS)

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
ASSETS			
Cash and Cash Equivalents	$ 67,212	$ 602,772	$ 60,048
Investments	211,240	—	1,994
Accounts Receivable	2,524	36,486	111
Interfund Receivables	—	—	—
Accrued Investment/Interest Income	395	—	4
Federal Aid Receivable	—	—	—
Inventories	—	—	—
Loans and Notes Receivable	39,008	—	—
Total Assets	$ 320,379	$ 639,258	$ 62,157
LIABILITIES			
Accounts Payable	$ 182	$ 43,863	$ 1,729
Interfund Payables	—	68	—
Due to Component Units	—	1,756	39
Total Liabilities	$ 182	$ 45,687	$ 1,768
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	$ 2,514	$ —	$ 2
Total Deferred Inflows of Resources	$ 2,514	$ —	$ 2
FUND BALANCES			
Nonspendable	$ —	$ —	$ 1,000
Restricted	—	593,571	59,387
Committed	317,683	—	—
Total Fund Balances	$ 317,683	$ 593,571	$ 60,387
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 320,379	$ 639,258	$ 62,157

SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
$ 63,860	$ 73,408	$ 660,265	$ 4,656,926
—	—	—	403,856
66,780	22,150	51,676	292,134
1,049	184	57,865	361,578
—	—	—	748
—	—	143	61,101
—	—	8	46,447
—	—	89,280	130,641
$ 131,689	$ 95,742	$ 859,237	$ 5,953,431
$ 22,656	$ 5,287	$ 59,899	$ 617,038
75	—	8,017	365,119
—	—	4,002	8,311
$ 22,731	$ 5,287	$ 71,918	$ 990,468
$ 75,743	$ 3,772	$ 17,598	$ 106,814
$ 75,743	$ 3,772	$ 17,598	$ 106,814
$ —	$ —	$ 8	$ 47,447
33,215	86,683	328,474	3,929,278
—	—	441,239	879,424
$ 33,215	$ 86,683	$ 769,721	$ 4,856,149
$ 131,689	$ 95,742	$ 859,237	$ 5,953,431

STATE OF MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
Net Revenues:			
Sales Taxes	$ 106,700	$ —	$ 12,330
Motor Vehicle Taxes	848,283	3,783	—
Fuel Taxes	484,884	7,285	3,100
Other Taxes	—	—	10,874
Federal Revenues	539,750	—	—
Licenses and Fees	6,924	—	1,114
Departmental Services	6,897	684	2
Investment/Interest Income	4,188	—	130
Other Revenues	32,543	—	—
Net Revenues	$ 2,030,169	$ 11,752	$ 27,550
Expenditures:			
Agricultural, Environmental and Energy Resources	$ —	$ —	$ —
Economic and Workforce Development	—	—	—
General Education	—	—	—
General Government	—	2,195	—
Health and Human Services	—	—	—
Higher Education	—	—	—
Intergovernmental Aid	—	—	—
Public Safety and Corrections	120,933	9,377	—
Transportation	1,196,439	132	22,122
Total Current Expenditures	$ 1,317,372	$ 11,704	$ 22,122
Capital Outlay	496,040	—	144
Debt Service	403	48	—
Total Expenditures	$ 1,813,815	$ 11,752	$ 22,266
Excess of Revenues over (under) Expenditures	$ 216,354	$ —	$ 5,284
Other Financing Sources (Uses):			
Transfers-In	$ 5,618	$ —	$ —
Transfers-Out	(246,159)	—	(700)
Net Other Financing Sources (Uses)	$ (240,541)	$ —	$ (700)
Net Change in Fund Balances	$ (24,187)	$ —	$ 4,584
Fund Balances, Beginning, as Reported	$ 994,817	$ —	$ 34,248
Change in Accounting Principle	—	—	—
Fund Balances, Beginning, as Restated	$ 994,817	$ —	$ 34,248
Fund Balances, Ending	$ 970,630	$ —	$ 38,832

MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION
$ 15,489	$ 88,875	$ —	$ —	$ —	$ —
123,143	468,803	—	—	—	—
70,386	267,963	—	19,527	—	—
—	—	—	—	—	70,503
304	396	—	1,371	40,197	—
—	—	22,354	32,926	73,160	40,496
—	—	—	45,955	1,574	1,578
676	3,116	87	103	10,329	35,579
—	—	33	3,029	182	11,163
$ 209,998	$ 829,153	$ 22,474	$ 102,911	$ 125,442	$ 159,319
$ —	$ —	$ 3,934	$ 91,568	$ 110,655	$ 144,229
—	—	1,894	—	—	766
—	—	—	190	—	—
—	—	—	—	—	338
—	—	—	—	—	554
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	9	—	7
175,706	789,436	—	6,600	—	—
$ 175,706	$ 789,436	$ 5,828	$ 98,367	$ 110,655	$ 145,894
14	47	—	1,594	985	3,924
—	—	—	—	—	—
$ 175,720	$ 789,483	$ 5,828	$ 99,961	$ 111,640	$ 149,818
$ 34,278	$ 39,670	$ 16,646	$ 2,950	$ 13,802	$ 9,501
$ —	$ —	$ 356	$ 23,334	$ 20,038	$ 11,184
(24)	(76)	(11,180)	(4,051)	(2,308)	(374)
$ (24)	$ (76)	$ (10,824)	$ 19,283	$ 17,730	$ 10,810
$ 34,254	$ 39,594	$ 5,822	$ 22,233	$ 31,532	$ 20,311
$ 128,046	$ 577,073	$ 19,590	$ 98,269	$ 96,129	$ 912,574
—	—	—	—	—	—
$ 128,046	$ 577,073	$ 19,590	$ 98,269	$ 96,129	$ 912,574
$ 162,300	$ 616,667	$ 25,412	$ 120,502	$ 127,661	$ 932,885

CONTINUED

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
Net Revenue:			
Sales Taxes	$ —	$ 370,674	$ —
Motor Vehicle Taxes	—	—	—
Fuel Taxes	—	—	—
Other Taxes	4,311	—	—
Federal Revenues	—	—	—
Licenses and Fees	—	—	—
Departmental Services	105	—	6,255
Investment/Interest Income	45,176	2,223	637
Other Revenues	—	70	17,104
Net Revenues	$ 49,592	$ 372,967	$ 23,996
Expenditures:			
Agricultural, Environmental and Energy Resources	$ —	$ 191,739	$ 9,448
Economic and Workforce Development	7,368	12,021	221
General Education	—	15,155	1,049
General Government	—	44,183	2,489
Health and Human Services	—	5,408	1,726
Higher Education	—	1,050	—
Intergovernmental Aid	—	—	—
Public Safety and Corrections	—	—	310
Transportation	—	21,652	—
Total Current Expenditures	$ 7,368	$ 291,208	$ 15,243
Capital Outlay	—	49,464	2,116
Debt Service	1,520	—	—
Total Expenditures	$ 8,888	$ 340,672	$ 17,359
Excess of Revenues over (under) Expenditures	$ 40,704	$ 32,295	$ 6,637
Other Financing Sources (Uses):			
Transfers-In	$ 3,889	$ —	$ 986
Transfers-Out	(1,220)	(407)	(3)
Net Other Financing Sources (Uses)	$ 2,669	$ (407)	$ 983
Net Change in Fund Balances	$ 43,373	$ 31,888	$ 7,620
Fund Balances, Beginning, as Reported	$ 274,310	$ 561,683	$ 52,767
Change in Accounting Principle	—	—	—
Fund Balances, Beginning, as Restated	$ 274,310	$ 561,683	$ 52,767
Fund Balances, Ending	$ 317,683	$ 593,571	$ 60,387

SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
$ —	$ —	$ 116	$ 594,184
—	—	—	1,444,012
—	—	1,070	854,215
63,716	63,674	25,504	238,582
—	—	1,796	583,814
2,218	—	261,033	440,225
1,878	—	90,724	155,652
286	304	1,447	104,281
—	—	207,994	272,118
$ 68,098	$ 63,978	$ 589,684	$ 4,687,083
$ 747	$ —	$ 93,244	$ 645,564
58,395	57,238	54,417	192,320
—	—	5,889	22,283
7,710	—	39,372	96,287
—	—	122,598	130,286
—	—	26,931	27,981
—	—	180	180
—	—	119,035	249,671
—	—	52,373	2,264,460
$ 66,852	$ 57,238	$ 514,039	$ 3,629,032
—	—	7,656	561,984
—	—	358	2,329
$ 66,852	$ 57,238	$ 522,053	$ 4,193,345
$ 1,246	$ 6,740	$ 67,631	$ 493,738
$ —	$ —	$ 59,859	$ 125,264
(154)	(1,006)	(51,800)	(319,462)
$ (154)	$ (1,006)	$ 8,059	$ (194,198)
$ 1,092	$ 5,734	$ 75,690	$ 299,540
$ 32,123	$ 80,949	$ 694,547	$ 4,557,125
$ —	$ —	$ (516)	$ (516)
$ 32,123	$ 80,949	$ 694,031	$ 4,556,609
$ 33,215	$ 86,683	$ 769,721	$ 4,856,149

STATE OF MINNESOTA

NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	TRUNK HIGHWAY		HIGHWAY USER TAX DISTRIBUTION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	$ —	$ —	$ 177,309	$ 181,155
Motor Vehicle Taxes	—	—	1,442,699	1,442,699
Fuel Taxes	—	—	860,200	846,125
Other Taxes	—	—	—	—
Federal Revenues	373,995	528,939	—	—
Licenses and Fees	2,720	7,263	892	1,351
Departmental Services	14,065	14,170	515	694
Investment/Interest Income	4,210	3,176	1,909	1,718
Other Revenues	36,917	29,334	—	—
Net Revenues	$ 431,907	$ 582,882	$ 2,483,524	$ 2,473,742
Expenditures:				
Agricultural, Environmental and Energy Resources	$ —	$ —	$ —	$ —
Economic and Workforce Development	—	—	—	—
General Education	—	—	—	—
General Government	—	—	2,196	2,196
Health and Human Services	—	—	—	—
Higher Education	—	—	—	—
Intergovernmental Aid	—	—	45	45
Public Safety and Corrections	133,183	132,428	9,328	9,289
Transportation	1,865,167	1,841,882	132	132
Total Expenditures	$ 1,998,350	$ 1,974,310	$ 11,701	$ 11,662
Excess of Revenues over (under) Expenditures	$ (1,566,443)	$ (1,391,428)	$ 2,471,823	$ 2,462,080
Other Financing Sources (Uses):				
Transfers-In	$ 1,413,172	$ 1,435,814	$ —	$ —
Transfers-Out	(246,160)	(246,160)	(2,448,508)	(2,448,508)
Net Other Financing Sources (Uses)	$ 1,167,012	$ 1,189,654	$ (2,448,508)	$ (2,448,508)
Net Change in Fund Balances	$ (399,431)	$ (201,774)	$ 23,315	$ 13,572
Fund Balances, Beginning, as Reported	$ 491,327	$ 491,327	$ 10,676	$ 10,676
Prior Period Adjustments	—	46,067	—	91
Fund Balances, Beginning, as Restated	$ 491,327	$ 537,394	$ 10,676	$ 10,767
Budgetary Fund Balances, Ending	$ 91,896	$ 335,620	$ 33,991	$ 24,339
Less: Appropriation Carryover	—	66,869	—	—
Less: Reserved for Long-Term Receivables	—	—	—	—
Unassigned Fund Balance, Ending	$ 91,896	$ 268,751	$ 33,991	$ 24,339

STATE AIRPORTS		PETROLEUM TANK CLEANUP		NATURAL RESOURCES	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
$ 9,000	$ 12,330	$ —	$ —	$ 14,941	$ 19,039
—	—	—	—	—	—
3,000	3,090	—	—	—	—
10,800	10,874	—	—	—	—
—	—	—	—	2,500	1,361
767	1,114	22,504	22,352	29,543	32,866
3	2	—	—	31,369	45,112
162	130	400	87	122	103
30	33	50	36	4,375	3,025
$ 23,762	$ 27,573	$ 22,954	$ 22,475	$ 82,850	$ 101,506
$ —	$ —	$ 4,569	$ 4,005	$ 126,701	$ 103,260
—	—	4,266	4,266	—	—
—	—	—	—	190	190
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	9	9
34,881	34,699	—	—	6,600	6,600
$ 34,881	$ 34,699	$ 8,835	$ 8,271	$ 133,500	$ 110,059
$ (11,119)	$ (7,126)	$ 14,119	$ 14,204	$ (50,650)	$ (8,553)
$ —	$ —	$ 26	$ 356	$ 33,412	$ 31,604
(700)	(700)	(11,226)	(11,226)	(5,514)	(5,514)
$ (700)	$ (700)	$ (11,200)	$ (10,870)	$ 27,898	$ 26,090
$ (11,819)	$ (7,826)	$ 2,919	$ 3,334	$ (22,752)	$ 17,537
$ 21,492	$ 21,492	$ 14,068	$ 14,068	$ 67,090	$ 67,090
—	4,139	—	1,793	—	2,136
$ 21,492	$ 25,631	$ 14,068	$ 15,861	$ 67,090	$ 69,226
$ 9,673	$ 17,805	$ 16,987	$ 19,195	$ 44,338	$ 86,763
—	12,110	—	9,473	—	21,303
—	1,424	—	—	—	—
$ 9,673	$ 4,271	$ 16,987	$ 9,722	$ 44,338	$ 65,460

CONTINUED

STATE OF MINNESOTA

NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	GAME AND FISH		ENVIRONMENTAL & REMEDIATION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	$ 14,941	$ 19,039	$ —	$ —
Motor Vehicle Taxes	—	—	—	—
Fuel Taxes	—	—	—	—
Other Taxes	—	—	68,316	70,012
Federal Revenues	35,271	35,051	—	—
Licenses and Fees	70,688	73,081	39,269	40,504
Departmental Services	1,576	1,495	1,402	1,610
Investment/Interest Income	207	236	10,509	3,319
Other Revenues	174	187	14,528	11,239
Net Revenues	$ 122,857	$ 129,089	$ 134,024	$ 126,684
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 130,452	$ 114,876	$ 156,371	$ 151,391
Economic and Workforce Development	—	—	733	733
General Education	—	—	—	—
General Government	—	—	385	339
Health and Human Services	—	—	1,747	1,446
Higher Education	—	—	—	—
Intergovernmental Aid	—	—	—	—
Public Safety and Corrections	—	—	78	7
Transportation	—	—	—	—
Total Expenditures	$ 130,452	$ 114,876	$ 159,314	$ 153,916
Excess of Revenues over (under) Expenditures	$ (7,595)	$ 14,213	$ (25,290)	$ (27,232)
Other Financing Sources (Uses):				
Transfers-In	$ 1,120	$ 1,120	$ 12,067	$ 11,229
Transfers-Out	(2,399)	(2,399)	(374)	(374)
Net Other Financing Sources (Uses)	$ (1,279)	$ (1,279)	$ 11,693	$ 10,855
Net Change in Fund Balances	$ (8,874)	$ 12,934	$ (13,597)	$ (16,377)
Fund Balances, Beginning, as Reported	$ 70,423	$ 70,423	$ 790,484	$ 790,484
Prior Period Adjustments	—	1,238	—	4,072
Fund Balances, Beginning, as Restated	$ 70,423	$ 71,661	$ 790,484	$ 794,556
Budgetary Fund Balances, Ending	$ 61,549	$ 84,595	$ 776,887	$ 778,179
Less: Appropriation Carryover	—	14,352	—	746,353
Less: Reserved for Long-Term Receivables	—	—	—	929
Unassigned Fund Balance, Ending	$ 61,549	$ 70,243	$ 776,887	$ 30,897

HERITAGE		SPECIAL COMPENSATION		WORKFORCE DEVELOPMENT	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
$ 345,188	$ 361,468	$ —	$ —	$ —	$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	66,000	65,545	61,571	60,385
—	—	—	—	—	—
—	—	1,806	1,916	—	—
—	—	3,584	1,740	—	—
8,768	2,321	1,305	268	375	304
7	69	649	570	—	—
$ 353,963	$ 363,858	$ 73,344	$ 70,039	$ 61,946	$ 60,689
$ 280,722	$ 277,817	$ 763	$ 748	$ —	$ —
10,654	10,654	48,239	47,865	63,157	61,480
15,187	15,147	—	—	—	—
44,738	44,738	8,836	8,462	—	—
5,955	5,955	—	—	—	—
1,050	1,050	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
21,652	21,652	—	—	—	—
$ 379,958	$ 377,013	$ 57,838	$ 57,075	$ 63,157	$ 61,480
$ (25,995)	$ (13,155)	$ 15,506	$ 12,964	$ (1,211)	$ (791)
$ —	$ —	$ —	$ —	$ —	$ —
(80)	(80)	(154)	(154)	—	—
$ (80)	$ (80)	$ (154)	$ (154)	$ —	$ —
$ (26,075)	$ (13,235)	$ 15,352	$ 12,810	$ (1,211)	$ (791)
$ 231,882	$ 231,882	$ 41,003	$ 41,003	$ 36,706	$ 36,706
—	31,557	—	884	—	4,729
$ 231,882	$ 263,439	$ 41,003	$ 41,887	$ 36,706	$ 41,435
$ 205,807	$ 250,204	$ 56,355	$ 54,697	$ 35,495	$ 40,644
—	198,779	—	6,630	—	1,253
—	—	—	—	—	—
$ 205,807	$ 51,425	$ 56,355	$ 48,067	$ 35,495	$ 39,391

CONTINUED

STATE OF MINNESOTA

NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	MISCELLANEOUS SPECIAL REVENUE RENEWABLE DEVELOPMENT ACCOUNT		COMBINED TOTALS	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	$ —	$ —	$ 561,379	$ 593,031
Motor Vehicle Taxes	—	—	1,442,699	1,442,699
Fuel Taxes	—	—	863,200	849,215
Other Taxes	—	—	206,687	206,816
Federal Revenues	—	—	411,766	565,351
Licenses and Fees	—	—	168,189	180,447
Departmental Services	—	—	52,514	64,823
Investment/Interest Income	570	446	28,537	12,108
Other Revenues	19,260	19,260	75,990	63,753
Net Revenues	$ 19,830	$ 19,706	$ 3,810,961	$ 3,978,243
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 6,959	$ 6,899	$ 706,537	$ 658,996
Economic and Workforce Development	1,643	1,643	128,692	126,641
General Education	—	—	15,377	15,337
General Government	—	—	56,155	55,735
Health and Human Services	—	—	7,702	7,401
Higher Education	—	—	1,050	1,050
Intergovernmental Aid	—	—	45	45
Public Safety and Corrections	—	—	142,598	141,733
Transportation	—	—	1,928,432	1,904,965
Total Expenditures	$ 8,602	$ 8,542	$ 2,986,588	$ 2,911,903
Excess of Revenues over (under) Expenditures	$ 11,228	$ 11,164	$ 824,373	$ 1,066,340
Other Financing Sources (Uses):				
Transfers-In	$ —	$ —	$ 1,459,797	$ 1,480,123
Transfers-Out	—	—	(2,715,115)	(2,715,115)
Net Other Financing Sources (Uses)	$ —	$ —	$ (1,255,318)	$ (1,234,992)
Net Change in Fund Balances	$ 11,228	$ 11,164	$ (430,945)	$ (168,652)
Fund Balances, Beginning, as Reported	$ 71,500	$ 71,500	$ 1,846,651	$ 1,846,651
Prior Period Adjustments	—	—	—	96,706
Fund Balances, Beginning, as Restated	$ 71,500	$ 71,500	$ 1,846,651	$ 1,943,357
Budgetary Fund Balances, Ending	$ 82,728	$ 82,664	$ 1,415,706	$ 1,774,705
Less: Appropriation Carryover	—	35,917	—	1,113,039
Less: Reserved for Long-Term Receivables	—	—	—	2,353
Unassigned Fund Balance, Ending	$ 82,728	$ 46,747	$ 1,415,706	$ 659,313

NOTE TO NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

Budgetary Basis vs GAAP
Nonmajor Appropriated Special Revenue Funds

Actual revenues, transfers-in, expenditures, encumbrances, and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Appropriated Special Revenue Fund - Budget and Actual. This inequality results primarily from the differences in the recognition of accruals, reimbursements, deferred revenue, and intrafund transactions, and from the budgetary basis of accounting for encumbrances. On the budgetary basis, encumbrances are recognized as expenditures in the year encumbered. The modified accrual basis of accounting recognizes expenditures when the goods or services are received, regardless of the year funds are encumbered. The GAAP fund balances also include several funds that are not included in the budgetary fund balances. A reconciliation of the fund balances under the two bases of accounting for the Nonmajor Appropriated Special Revenue Funds is provided in the following table.

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	PETROLEUM TANK CLEANUP
GAAP Basis Fund Balance:	$ 970,630	$ —	$ 38,832	$ 25,412
Less: Nonspendable Inventory	46,439	—	—	—
Less: Encumbrances	985,689	4	20,406	6,169
Unassigned Fund Balance	$ (61,498)	$ (4)	$ 18,426	$ 19,243
Basis of Accounting Differences:				
Revenue Accruals/Adjustments:				
Taxes Receivable	$ (51,687)	$ —	$ (621)	$ —
Other Receivables	—	(1,543)		(48)
Investments at Market	—	—	—	—
Expenditure Accruals/Adjustments:				
Other Payables	178	25,886	—	—
Other Financing Sources (Uses):				
Transfers-In	—	—	—	—
Transfers-Out	—	—	—	—
Perspective Differences:				
Accounts with no Legally Adopted Budget	—	—	—	—
Appropriation Carryover	(66,869)	—	(12,110)	(9,473)
Long-Term Receivables	—	—	(1,424)	—
Long-Term Commitments	448,627	—	—	—
Budgetary Basis:				
Unassigned Fund Balance	$ 268,751	$ 24,339	$ 4,271	$ 9,722

NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION	HERITAGE	SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE
$ 120,502	$ 127,661	$ 932,885	$ 593,571	$ 33,215	$ 86,683	$ 769,721
—	—	—	—	—	—	—
12,338	6,583	8,770	309,083	1,854	27,701	1,402
$ 108,164	$ 121,078	$ 924,115	$ 284,488	$ 31,361	$ 58,982	$ 768,319
$ —	$ —	$ (8,363)	$ (36,455)	$ —	$ (18,154)	$ —
(19,981)	(5,545)	—	—	(8,163)	(184)	—
—	(29,723)	(7,012)	—	—	—	—
689	—	1,000	2,171	31,499	—	—
(2,507)	(1,441)	—	—	—	—	—
398	226	—	—	—	—	—
—	—	(131,561)	—	—	—	(685,655)
(21,303)	(14,352)	(746,353)	(198,779)	(6,630)	(1,253)	(35,917)
—	—	(929)	—	—	—	—
—	—	—	—	—	—	—
$ 65,460	$ 70,243	$ 30,897	$ 51,425	$ 48,067	$ 39,391	$ 46,747

State of Minnesota

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Nonmajor Capital Projects Funds

Building Fund

The fund receives revenue from the sale of certificates of participation and state bonds to finance technology development and to provide funds for the acquisition, maintenance, and betterment of state and local lands and buildings.

General Projects Fund

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

Transportation Fund

The fund receives transportation bond proceeds, General Fund appropriations, and federal grants for the construction or reconstruction of state and locally-owned transportation infrastructure.

STATE OF MINNESOTA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021
(IN THOUSANDS)

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 165,368	$ 54,170	$ 34,691	$ 254,229
Interfund Receivables	—	—	64,340	64,340
Other Assets	—	19	—	19
Total Assets	$ 165,368	$ 54,189	$ 99,031	$ 318,588
LIABILITIES				
Accounts Payable	$ 57,443	$ 4,336	$ 43,549	$ 105,328
Interfund Payables	37,702	—	5,838	43,540
Due to Component Units	3,757	—	—	3,757
Total Liabilities	$ 98,902	$ 4,336	$ 49,387	$ 152,625
FUND BALANCES				
Restricted	$ 66,466	$ —	$ 49,644	$ 116,110
Assigned	—	49,853	—	49,853
Total Fund Balances	$ 66,466	$ 49,853	$ 49,644	$ 165,963
Total Liabilities and Fund Balances	$ 165,368	$ 54,189	$ 99,031	$ 318,588

STATE OF MINNESOTA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
Net Revenues:				
Sales Taxes	$ —	$ —	$ 10,232	$ 10,232
Net Revenues	$ —	$ —	$ 10,232	$ 10,232
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 29,695	$ 6,503	$ —	$ 36,198
Economic and Workforce Development	104,174	11,177	—	115,351
General Education	15,319	7,604	—	22,923
General Government	9,272	1,422	124	10,818
Health and Human Services	23,658	77	—	23,735
Higher Education	35,609	—	—	35,609
Public Safety and Corrections	8,598	—	—	8,598
Transportation	26,960	186	151,440	178,586
Total Current Expenditures	$ 253,285	$ 26,969	$ 151,564	$ 431,818
Capital Outlay	76,906	—	160,094	237,000
Total Expenditures	$ 330,191	$ 26,969	$ 311,658	$ 668,818
Excess of Revenues over (under) Expenditures	$ (330,191)	$ (26,969)	$ (301,426)	$ (658,586)
Other Financing Sources (Uses):				
Bond Issuance	$ 336,150	$ —	$ 202,238	$ 538,388
Bond Issuance Premium	85,600	—	15,982	101,582
Transfers-In	—	38,779	64,340	103,119
Transfers-Out	(21,608)	(440)	(30)	(22,078)
Net Other Financing Sources (Uses)	$ 400,142	$ 38,339	$ 282,530	$ 721,011
Net Change in Fund Balances	$ 69,951	$ 11,370	$ (18,896)	$ 62,425
Fund Balances, Beginning, as Reported	$ (3,485)	$ 38,483	$ 68,540	$ 103,538
Fund Balances, Ending	$ 66,466	$ 49,853	$ 49,644	$ 165,963

MINNESOTA

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Nonmajor Enterprise Funds

Behavioral Services Fund

The fund accounts for the activity of state regional treatment centers for chemical dependency treatment services and for the activity of state neurorehabilitation services.

Enterprise Activities Fund

The fund includes various minor activities providing services to the general public or local governmental units.

Giants Ridge Fund

The fund accounts for a recreation area established to foster economic development and tourism within St. Louis County.

Minnesota Correctional Industries Fund

The fund accounts for the activity of state correctional industries which facilitates offender rehabilitation by providing facilities and assistance for manufacturing and marketing goods primarily to governmental entities.

MNsure Fund

The fund accounts for the on-going operations of MNsure, which is Minnesota's state-run health insurance exchange under the federal Affordable Care Act.

911 Services Fund

The fund accounts for activities related to the enhancement of the state's 911 emergency response system.

Public Employees Insurance Fund

The fund provides hospital, medical, and dental benefit coverage as well as life insurance coverage to public employees and other eligible persons.

Nonmajor Enterprise Funds – Continued

State Lottery Fund

The fund accounts for the operations of the state lottery. Forty percent (40%) of the net proceeds are transferred to the Environment and Natural Resources Fund, with the remainder transferred to the General Fund.

State Operated Community Services Fund

The fund accounts for waiver residential and day treatment and rehabilitation services for individuals with developmental disabilities.

STATE OF MINNESOTA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 2,861	$ 55,643	$ 4,571	$ 13,808
Accounts Receivable	526	5,973	93	8,519
Interfund Receivables	—	1,500	—	—
Inventories	—	196	204	6,296
Prepaid Expenses	—	—	—	—
Total Current Assets	$ 3,387	$ 63,312	$ 4,868	$ 28,623
Noncurrent Assets:				
Accounts Receivable	$ 1,202	$ 1	$ —	$ —
Depreciable Capital Assets (Net)	160	200	24,578	4,893
Nondepreciable Capital Assets	—	3	2,059	371
Total Noncurrent Assets	$ 1,362	$ 204	$ 26,637	$ 5,264
Total Assets	$ 4,749	$ 63,516	$ 31,505	$ 33,887
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	$ 677	$ 726	$ 14	$ 1,813
Deferred Other Postemployment Benefits Outflows	178	109	3	1,013
Total Deferred Outflows of Resources	$ 855	$ 835	$ 17	$ 2,826
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 1,038	$ 28,192	$ 983	$ 4,441
Interfund Payables	—	3	—	—
Unearned Revenue	—	25	—	—
Claims Payable	—	—	—	—
Compensated Absences Payable	149	90	1	160
Total Current Liabilities	$ 1,187	$ 28,310	$ 984	$ 4,601
Noncurrent Liabilities:				
Unearned Revenues	$ —	$ —	$ —	$ —
Compensated Absences Payable	718	875	14	947
Other Postemployment Benefits	1,082	646	15	6,003
Net Pension Liability	2,660	2,859	53	11,018
Total Noncurrent Liabilities	$ 4,460	$ 4,380	$ 82	$ 17,968
Total Liabilities	$ 5,647	$ 32,690	$ 1,066	$ 22,569
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	$ 6,034	$ 6,485	$ 121	$ 9,176
Deferred Other Postemployment Benefits Inflows	176	105	2	973
Total Deferred Inflows of Resources	$ 6,210	$ 6,590	$ 123	$ 10,149
NET POSITION				
Net Investment in Capital Assets	$ 160	$ 203	$ 26,637	$ 5,264
Restricted for:				
Develop Economy and Workforce	$ —	$ —	$ 3,696	$ —
Enhance 911 Services and Increase Safety	—	—	—	—
Other Purposes	—	24,868	—	—
Total Restricted	$ —	$ 24,868	$ 3,696	$ —
Unrestricted	$ (6,413)	$ —	$ —	$ (1,269)
Total Net Position	$ (6,253)	$ 25,071	$ 30,333	$ 3,995

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
$ 2,606	$ 106,944	$ 98,882	$ 31,546	$ 22,829	$ 339,690
3,066	87	12,936	8,734	1,592	41,526
4,500	—	—	—	—	6,000
—	—	—	2,264	—	8,960
—	—	—	507	—	507
$ 10,172	$ 107,031	$ 111,818	$ 43,051	$ 24,421	$ 396,683
$ —	$ —	$ —	$ —	$ 1,173	$ 2,376
27,179	79,941	—	1,122	1,413	139,486
3,529	11,062	—	—	786	17,810
$ 30,708	$ 91,003	$ —	$ 1,122	$ 3,372	$ 159,672
$ 40,880	$ 198,034	$ 111,818	$ 44,173	$ 27,793	$ 556,355
$ 936	$ 412	$ 15	$ 1,042	$ 2,991	$ 8,626
163	69	2	169	1,577	3,283
$ 1,099	$ 481	$ 17	$ 1,211	$ 4,568	$ 11,909
$ 2,742	$ 3,162	$ 6,829	$ 20,263	$ 7,091	$ 74,741
4,230	—	—	21,306	—	25,539
—	—	13,599	339	—	13,963
—	—	31,155	—	—	31,155
126	148	11	208	1,440	2,333
$ 7,098	$ 3,310	$ 51,594	$ 42,116	$ 8,531	$ 147,731
$ —	$ —	$ —	$ 281	$ —	$ 281
775	606	63	1,574	5,657	11,229
971	442	12	1,002	9,532	19,705
3,682	1,619	60	4,101	11,780	37,832
$ 5,428	$ 2,667	$ 135	$ 6,958	$ 26,969	$ 69,047
$ 12,526	$ 5,977	$ 51,729	$ 49,074	$ 35,500	$ 216,778
$ 8,349	$ 3,671	$ 136	$ 9,299	$ 26,716	$ 69,987
158	72	2	163	1,545	3,196
$ 8,507	$ 3,743	$ 138	$ 9,462	$ 28,261	$ 73,183
$ 30,708	$ 91,003	$ —	$ 1,122	$ 2,199	$ 157,296
$ —	$ —	$ —	$ —	$ —	$ 3,696
—	97,792	—	—	—	97,792
—	—	59,968	—	—	84,836
$ —	$ 97,792	$ 59,968	$ —	$ —	$ 186,324
$ (9,762)	$ —	$ —	$ (14,274)	$ (33,599)	$ (65,317)
$ 20,946	$ 188,795	$ 59,968	$ (13,152)	$ (31,400)	$ 278,303

STATE OF MINNESOTA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
Operating Revenues:				
Net Sales	$ 9,200	$ 33,541	$ 5,949	$ 43,181
Insurance Premiums	—	—	—	—
Other Income	—	172	—	2,472
Total Operating Revenues	$ 9,200	$ 33,713	$ 5,949	$ 45,653
Less: Cost of Goods Sold	—	49	647	24,411
Gross Margin	$ 9,200	$ 33,664	$ 5,302	$ 21,242
Operating Expenses:				
Purchased Services	$ 2,160	$ 4,251	$ 8,199	$ 2,528
Salaries and Fringe Benefits	15,424	11,758	124	15,476
Claims	—	—	—	—
Depreciation and Amortization	51	54	1,943	1,155
Supplies and Materials	744	364	236	—
Repairs and Maintenance	38	18	8	160
Indirect Costs	5	260	—	1,477
Other Expenses	5	78	135	—
Total Operating Expenses	$ 18,427	$ 16,783	$ 10,645	$ 20,796
Operating Income (Loss)	$ (9,227)	$ 16,881	$ (5,343)	$ 446
Nonoperating Revenues (Expenses):				
Investment Income	$ 21	$ 11	$ —	$ 51
Other Nonoperating Revenues	—	—	—	—
Interest and Financing Costs	—	—	—	—
Grants, Aids and Subsidies	(2)	—	—	—
Other Nonoperating Expenses	—	(14,703)	—	—
Gain (Loss) on Disposal of Capital Assets	—	—	—	—
Total Nonoperating Revenues (Expenses)	$ 19	$ (14,692)	$ —	$ 51
Income (Loss) Before Transfers and Contributions	$ (9,208)	$ 2,189	$ (5,343)	$ 497
Transfers-In	7,438	1,263	5,763	—
Transfers-Out	—	(3)	—	(567)
Change in Net Position	$ (1,770)	$ 3,449	$ 420	$ (70)
Net Position, Beginning, as Reported	$ (4,483)	$ 21,622	$ 29,913	$ 4,065
Net Position, Ending	$ (6,253)	$ 25,071	$ 30,333	$ 3,995

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
$ —	$ 79,441	$ —	$ 803,641	$ 120,736	$ 1,095,689
—	—	330,560	—	—	330,560
29,210	—	1,139	—	212	33,205
$ 29,210	$ 79,441	$ 331,699	$ 803,641	$ 120,948	$ 1,459,454
—	—	—	586,933	—	612,040
$ 29,210	$ 79,441	$ 331,699	$ 216,708	$ 120,948	$ 847,414
$ 18,482	$ 16,768	$ 19,828	$ 11,371	$ 6,934	$ 90,521
15,144	6,328	257	15,205	103,462	183,178
—	—	314,147	—	—	314,147
5,916	6,003	—	539	24	15,685
20	1,255	—	896	1,824	5,339
6	352	—	—	278	860
16	114	13	—	1,269	3,154
—	83	151	174	76	702
$ 39,584	$ 30,903	$ 334,396	$ 28,185	$ 113,867	$ 613,586
$ (10,374)	$ 48,538	$ (2,697)	$ 188,523	$ 7,081	$ 233,828
$ 16	$ 5	$ 382	$ 184	$ 47	$ 717
6	—	—	—	—	6
—	1,226	—	—	—	1,226
—	(16,013)	—	—	(258)	(16,273)
(3)	—	—	—	—	(14,706)
—	(1)	—	—	64	63
$ 19	$ (14,783)	$ 382	$ 184	$ (147)	$ (28,967)
$ (10,355)	$ 33,755	$ (2,315)	$ 188,707	$ 6,934	$ 204,861
—	—	—	—	—	14,464
—	—	—	(188,829)	—	(189,399)
$ (10,355)	$ 33,755	$ (2,315)	$ (122)	$ 6,934	$ 29,926
$ 31,301	$ 155,040	$ 62,283	$ (13,030)	$ (38,334)	$ 248,377
$ 20,946	$ 188,795	$ 59,968	$ (13,152)	$ (31,400)	$ 278,303

STATE OF MINNESOTA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
Cash Flows from Operating Activities:				
Receipts from Customers	$ 9,368	$ 32,031	$ 5,924	$ 40,516
Receipts from Other Revenues	—	172	—	2,472
Payments to Claimants	—	—	—	—
Payments to Suppliers	(2,638)	(4,643)	(8,958)	(27,398)
Payments to Employees	(14,422)	(10,915)	(188)	(12,295)
Payments to Others	—	(14,703)	—	—
Net Cash Flows from Operating Activities	$ (7,692)	$ 1,942	$ (3,222)	$ 3,295
Cash Flows from Noncapital Financing Activities:				
Grant Disbursements	$ (2)	$ —	$ —	$ —
Transfers-In	7,438	1,263	5,763	—
Transfers-Out	—	(3)	—	—
Net Cash Flows from Noncapital Financing Activities	$ 7,436	$ 1,260	$ 5,763	$ —
Cash Flows from Capital and Related Financing Activities:				
Investment in Capital Assets	$ —	$ —	$ (1,698)	$ (88)
Proceeds from Disposal of Capital Assets	—	—	—	25
Repayment of Bond Principal	—	—	—	—
Interest Paid	—	—	—	—
Net Cash Flows from Capital and Related Financing Activities	$ —	$ —	$ (1,698)	$ (63)
Cash Flows from Investing Activities:				
Investment Earnings	$ 21	$ 11	$ —	$ 51
Net Cash Flows from Investing Activities	$ 21	$ 11	$ —	$ 51
Net Increase (Decrease) in Cash and Cash Equivalents	$ (235)	$ 3,213	$ 843	$ 3,283
Cash and Cash Equivalents, Beginning, as Reported	$ 3,096	$ 52,430	$ 3,728	$ 10,525
Cash and Cash Equivalents, Ending	$ 2,861	$ 55,643	$ 4,571	$ 13,808
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Operating Income (Loss)	$ (9,227)	$ 16,881	$ (5,343)	$ 446
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation and Amortization	$ 51	$ 54	$ 1,943	$ 1,155
Miscellaneous Nonoperating Revenues	—	—	—	—
Miscellaneous Nonoperating Expenses	—	(14,703)	—	—
Change in Assets, Liabilities, Deferred Outflows and Inflows:				
Accounts Receivable	168	(1,529)	(25)	(2,665)
Inventories	—	159	(26)	176
Other Assets	—	—	—	—
Deferred Outflows	3,223	3,739	110	3,811
Accounts Payable	314	218	293	1,002
Claims Payable	—	—	—	—
Compensated Absences Payable	(89)	17	—	(260)
Unearned Revenues	—	19	—	—
Other Postemployment Benefits	(3)	19	(3)	4,927
Net Pension Liability	177	49	(26)	473
Deferred Inflows	(2,306)	(2,981)	(145)	(5,770)
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 1,535	$ (14,939)	$ 2,121	$ 2,849
Net Cash Flows from Operating Activities	$ (7,692)	$ 1,942	$ (3,222)	$ 3,295
Noncash Investing, Capital and Financing Activities:				
Capital Assets Transferred Out	$ —	$ —	$ —	$ 567
Bond Premium Amortization	$ —	$ —	$ —	$ —

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
$ —	$ 79,815	$ 324,691	$ 802,345	$ 120,454	$ 1,415,144
34,097	—	1,139	1	212	38,093
—	—	(307,872)	(509,379)	—	(817,251)
(22,810)	(18,916)	(18,002)	(31,157)	(7,361)	(141,883)
(14,883)	(6,431)	(233)	(14,788)	(103,645)	(177,800)
(3)	—	—	(53,740)	—	(68,446)
$ (3,599)	$ 54,468	$ (277)	$ 193,282	$ 9,660	$ 247,857
$ —	$ (16,013)	$ —	$ —	$ (258)	$ (16,273)
—	—	—	—	—	14,464
—	—	—	(192,511)	—	(192,514)
$ —	$ (16,013)	$ —	$ (192,511)	$ (258)	$ (194,323)
$ (636)	$ (1,446)	$ —	$ (493)	$ —	$ (4,361)
—	—	—	—	64	89
—	(10,145)	—	—	—	(10,145)
—	(508)	—	—	—	(508)
$ (636)	$ (12,099)	$ —	$ (493)	$ 64	$ (14,925)
$ 16	$ 5	$ 382	$ 184	$ 47	$ 717
$ 16	$ 5	$ 382	$ 184	$ 47	$ 717
$ (4,219)	$ 26,361	$ 105	$ 462	$ 9,513	$ 39,326
$ 6,825	$ 80,583	$ 98,777	$ 31,084	$ 13,316	$ 300,364
$ 2,606	$ 106,944	$ 98,882	$ 31,546	$ 22,829	$ 339,690
$ (10,374)	$ 48,538	$ (2,697)	$ 188,523	$ 7,081	$ 233,828
$ 5,916	$ 6,003	$ —	$ 539	$ 24	$ 15,685
6	—	—	—	—	6
(3)	—	—	—	—	(14,706)
4,881	374	(4,980)	(1,054)	(282)	(5,112)
—	—	—	(217)	—	92
—	—	—	(127)	—	(127)
5,326	2,493	81	5,962	17,447	42,192
(4,286)	(344)	1,990	5,699	3,020	7,906
—	—	6,275	—	—	6,275
108	64	5	124	345	314
—	—	(889)	(327)	—	(1,197)
22	19	1	8	1,193	6,183
(262)	(206)	1	(305)	(1,525)	(1,624)
(4,933)	(2,473)	(64)	(5,543)	(17,643)	(41,858)
$ 6,775	$ 5,930	$ 2,420	$ 4,759	$ 2,579	$ 14,029
$ (3,599)	$ 54,468	$ (277)	$ 193,282	$ 9,660	$ 247,857
$ —	$ —	$ —	$ —	$ —	$ 567
$ —	$ 1,691	$ —	$ —	$ —	$ 1,691

State of Minnesota

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Internal Service Funds

Central Motor Pool Fund

The fund accounts for the operation of a fleet of passenger vehicles and the state vehicle maintenance garage.

Central Services Fund

The fund accounts for miscellaneous centralized support services provided to state agencies.

Employee Insurance Fund

The fund accounts for employee health and life insurance premiums and makes payments based on insurance benefits provided to employees.

MN.IT Services Fund

The fund accounts for the operation of statewide communication and information systems.

Plant Management Fund

The fund accounts for maintenance and operation costs of state-owned buildings and grounds in the capitol complex.

Risk Management Fund

The fund accounts for the providing of liability insurance, primarily automobile, to state agencies.

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 2,663	$ 1,943	$ 505,219
Accounts Receivable	1,770	4,368	40,225
Interfund Receivables	—	—	—
Inventories	—	4	—
Prepaid Expenses	—	205	—
Total Current Assets	$ 4,433	$ 6,520	$ 545,444
Noncurrent Assets:			
Depreciable Capital Assets (Net)	$ 38,075	$ 292	$ —
Nondepreciable Capital Assets	—	—	—
Prepaid Expenses	—	—	—
Total Noncurrent Assets	$ 38,075	$ 292	$ —
Total Assets	$ 42,508	$ 6,812	$ 545,444
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	$ 58	$ 465	$ 329
Deferred Other Postemployment Benefits Outflows	11	60	50
Total Deferred Outflows of Resources	$ 69	$ 525	$ 379
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 1,330	$ 976	$ 22,225
Interfund Payables	1,500	818	—
Unearned Revenue	—	—	5,739
Accrued Interest Payable	43	—	—
Bonds and Notes Payable	10,630	—	—
Claims Payable	—	—	88,039
Compensated Absences Payable	12	59	64
Total Current Liabilities	$ 13,515	$ 1,853	$ 116,067
Noncurrent Liabilities:			
Bonds and Notes Payable	$ 14,945	$ —	$ —
Compensated Absences Payable	104	591	555
Other Postemployment Benefits	63	354	297
Net Pension Liability	232	1,837	1,297
Total Noncurrent Liabilities	$ 15,344	$ 2,782	$ 2,149
Total Liabilities	$ 28,859	$ 4,635	$ 118,216
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	$ 525	$ 4,169	$ 2,941
Deferred Other Postemployment Benefits Inflows	11	57	48
Total Deferred Inflows of Resources	$ 536	$ 4,226	$ 2,989
NET POSITION			
Net Investment in Capital Assets	$ 12,500	$ 292	$ —
Unrestricted	$ 682	$ (1,816)	$ 424,618
Total Net Position	$ 13,182	$ (1,524)	$ 424,618

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
$ 65,958	$ 22,621	$ 23,660	$ 622,064
45,193	247	224	92,027
—	325	—	325
—	408	—	412
12,670	—	251	13,126
$ 123,821	$ 23,601	$ 24,135	$ 727,954
$ 22,028	$ 7,150	$ 111	$ 67,656
—	261	—	261
1,973	—	—	1,973
$ 24,001	$ 7,411	$ 111	$ 69,890
$ 147,822	$ 31,012	$ 24,246	$ 797,844
$ 7,311	$ 1,243	$ 86	$ 9,492
924	258	12	1,315
$ 8,235	$ 1,501	$ 98	$ 10,807
$ 22,304	$ 4,198	$ 814	$ 51,847
50,000	—	—	52,318
5,379	—	324	11,442
—	5	—	48
8,253	175	—	19,058
—	—	11,489	99,528
1,269	215	22	1,641
$ 87,205	$ 4,593	$ 12,649	$ 235,882
$ 11,027	$ 2,982	$ —	$ 28,954
10,663	1,266	142	13,321
5,486	1,531	73	7,804
28,789	4,893	338	37,386
$ 55,965	$ 10,672	$ 553	$ 87,465
$ 143,170	$ 15,265	$ 13,202	$ 323,347
$ 65,289	$ 11,095	$ 766	$ 84,785
889	248	12	1,265
$ 66,178	$ 11,343	$ 778	$ 86,050
$ 2,748	$ 7,135	$ 111	$ 22,786
$ (56,039)	$ (1,230)	$ 10,253	$ 376,468
$ (53,291)	$ 5,905	$ 10,364	$ 399,254

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
Operating Revenues:			
Net Sales	$ 14,284	$ 20,802	$ —
Insurance Premiums	—	—	1,110,288
Other Income	267	2,020	8,852
Total Operating Revenues	$ 14,551	$ 22,822	$ 1,119,140
Operating Expenses:			
Purchased Services	$ 1,463	$ 16,123	$ 90,220
Salaries and Fringe Benefits	920	6,676	4,854
Claims	—	—	943,263
Depreciation and Amortization	8,163	62	—
Supplies and Materials	2,027	345	17
Repairs and Maintenance	1,166	114	2
Indirect Costs	138	162	265
Other Expenses	494	—	396
Total Operating Expenses	$ 14,371	$ 23,482	$ 1,039,017
Operating Income (Loss)	$ 180	$ (660)	$ 80,123
Nonoperating Revenues (Expenses):			
Investment Income	$ 129	$ —	$ 1,844
Interest and Financing Costs	(539)	—	—
Other Nonoperating Expenses	—	—	—
Gain (Loss) on Disposal of Capital Assets	1,000	—	—
Total Nonoperating Revenues (Expenses)	$ 590	$ —	$ 1,844
Income (Loss) Before Transfers and Contributions	$ 770	$ (660)	$ 81,967
Transfers-Out	(3)	—	(35)
Change in Net Position	$ 767	$ (660)	$ 81,932
Net Position, Beginning, as Reported	$ 12,415	$ (864)	$ 342,686
Net Position, Ending	$ 13,182	$ (1,524)	$ 424,618

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
$ 213,290	$ 77,986	$ 19	$ 326,381
—	—	14,515	1,124,803
—	1,027	—	12,166
$ 213,290	$ 79,013	$ 14,534	$ 1,463,350
$ 82,317	$ 13,157	$ 8,745	$ 212,025
119,962	17,134	1,201	150,747
—	—	6,478	949,741
12,154	694	37	21,110
14,885	1,866	4	19,144
5,977	12,551	—	19,810
1,578	999	127	3,269
13	173	3	1,079
$ 236,886	$ 46,574	$ 16,595	$ 1,376,925
$ (23,596)	$ 32,439	$ (2,061)	$ 86,425
$ 115	$ 1	$ 91	$ 2,180
(366)	(112)	—	(1,017)
—	—	(693)	(693)
(73)	—	—	927
$ (324)	$ (111)	$ (602)	$ 1,397
$ (23,920)	$ 32,328	$ (2,663)	$ 87,822
(126)	(32,515)	—	(32,679)
$ (24,046)	$ (187)	$ (2,663)	$ 55,143
$ (29,245)	$ 6,092	$ 13,027	$ 344,111
$ (53,291)	$ 5,905	$ 10,364	$ 399,254

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
Cash Flows from Operating Activities:			
Receipts from Customers	$ 13,816	$ 21,514	$ 1,106,564
Receipts from Other Revenues	267	2,020	8,852
Payments to Claimants	—	—	(934,405)
Payments to Suppliers	(3,587)	(18,165)	(80,611)
Payments to Employees	(863)	(6,213)	(4,679)
Payments to Others	—	—	—
Net Cash Flow from Operating Activities	$ 9,633	$ (844)	$ 95,721
Cash Flows from Noncapital Financing Activities:			
Transfers-Out	$ (3)	$ —	$ (35)
Net Cash Flows from Noncapital Financing Activities	$ (3)	$ —	$ (35)
Cash Flows from Capital and Related Financing Activities:			
Investment in Capital Assets	$ (9,867)	$ —	$ —
Proceeds from Disposal of Capital Assets	4,283	—	—
Proceeds from Loans	9,693	—	—
Repayment of Loan Principal	(12,023)	—	—
Interest Paid	(496)	—	—
Net Cash Flows from Capital and Related Financing Activities	$ (8,410)	$ —	$ —
Cash Flows from Investing Activities:			
Investment Earnings	$ 129	$ —	$ 1,844
Net Cash Flows from Investing Activities	$ 129	$ —	$ 1,844
Net Increase (Decrease) in Cash and Cash Equivalents	$ 1,349	$ (844)	$ 97,530
Cash and Cash Equivalents, Beginning, as Reported	$ 1,314	$ 2,787	$ 407,689
Cash and Cash Equivalents, Ending	$ 2,663	$ 1,943	$ 505,219
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	$ 180	$ (660)	$ 80,123
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Depreciation and Amortization	$ 8,163	$ 62	$ —
Miscellaneous Nonoperating Expenses	—	—	—
Change in Assets, Liabilities, Deferred Outflows and Inflows:			
Accounts Receivable	(468)	712	(3,495)
Inventories	—	(1)	—
Other Assets	—	44	—
Deferred Outflows	328	2,460	1,889
Accounts Payable	1,701	(1,464)	10,289
Claims Payable	—	—	8,858
Compensated Absences Payable	27	38	111
Unearned Revenues	—	—	(229)
Other Postemployment Benefits	9	(13)	33
Net Pension Liability	(12)	1	(99)
Deferred Inflows	(295)	(2,023)	(1,759)
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 9,453	$ (184)	$ 15,598
Net Cash Flows from Operating Activities	$ 9,633	$ (844)	$ 95,721

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
$ 209,534	$ 80,394	$ 15,820	$ 1,447,642
—	1,027	—	12,166
—	—	(4,974)	(939,379)
(91,567)	(29,125)	(8,330)	(231,385)
(97,552)	(16,906)	(1,179)	(127,392)
—	—	(693)	(693)
$ 20,415	$ 35,390	$ 644	$ 160,959
$ (126)	$ (32,515)	$ —	$ (32,679)
$ (126)	$ (32,515)	$ —	$ (32,679)
$ (8,728)	$ (126)	$ —	$ (18,721)
240	12	—	4,535
8,218	—	—	17,911
(8,814)	(166)	—	(21,003)
(366)	(112)	—	(974)
$ (9,450)	$ (392)	$ —	$ (18,252)
$ 115	$ 1	$ 91	$ 2,180
$ 115	$ 1	$ 91	$ 2,180
$ 10,954	$ 2,484	$ 735	$ 112,208
$ 55,004	$ 20,137	$ 22,925	$ 509,856
$ 65,958	$ 22,621	$ 23,660	$ 622,064
$ (23,596)	$ 32,439	$ (2,061)	$ 86,425
$ 12,154	$ 694	$ 37	$ 21,110
—	—	(693)	(693)
(654)	2,408	1,234	(263)
—	54	—	53
3,091	—	(60)	3,075
30,378	7,073	486	42,614
10,112	(433)	609	20,814
—	—	1,504	10,362
1,190	8	(7)	1,367
(3,102)	—	52	(3,279)
377	100	8	514
5,063	(364)	(21)	4,568
(14,598)	(6,589)	(444)	(25,708)
$ 44,011	$ 2,951	$ 2,705	$ 74,534
$ 20,415	$ 35,390	$ 644	$ 160,959

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Pension Trust Funds

Minnesota State Retirement System

State Employees Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities to state and University of Minnesota employees not covered by other pension funds.

Correctional Employees Retirement Fund

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

Judges Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible district, municipal, county, and probate court judges, supreme court justices, and various court referees.

Legislators Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities for members of the state legislature.

State Patrol Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible state patrol officers, conservation officers, and crime bureau personnel.

Hennepin County Supplemental Retirement Fund

The fund accounts for resources administered by the Minnesota State Retirement System on behalf of the Hennepin County supplemental retirement program.

Pension Trust Funds – Continued

Health Care Savings Fund

The fund includes contributions by or on behalf of employees and accumulated earnings for reimbursement of health-related expenses of the employee or dependents after retirement.

Unclassified Employees Retirement Fund

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

Minnesota Deferred Compensation Fund

The fund includes contributions by participants toward a voluntary retirement savings plan.

Public Employees Retirement Association

General Employees Retirement Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

Police and Fire Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible police officers and firefighters.

Public Employees Correctional Fund

The fund includes resources accumulated to pay present and future retirement annuities to eligible correctional employees of various local units of government.

Volunteer Firefighter Retirement Fund

The fund contains the assets attributable to the voluntary statewide lump-sum volunteer firefighter retirement plan.

Defined Contribution Fund

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

Teachers Retirement Association

Teachers Retirement Fund

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

State Colleges and Universities

State Colleges and Universities Retirement Fund

The fund includes unclassified teachers, librarians, administrators, and certain other staff members who have been employed full time for a minimum of two academic years.

STATE OF MINNESOTA

PENSION TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
ASSETS			
Cash and Cash Equivalent Investments	$ 16,886	$ 2,931	$ 696
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 942,917	$ 86,304	$ 15,337
Investments	16,549,113	1,498,689	261,945
Accrued Interest and Dividends	29,954	2,705	475
Securities Trade Receivable (Payable)	(137,109)	(12,333)	(2,176)
Total Investment Pool Participation	$ 17,384,875	$ 1,575,365	$ 275,581
Receivables:			
Interfund Receivables	$ 10,598	$ 2	$ —
Other Receivables	23,831	4,744	506
Total Receivables	$ 34,429	$ 4,746	$ 506
Securities Lending Collateral	$ 1,110,330	$ 100,400	$ 17,586
Depreciable Capital Assets (Net)	13,313	—	—
Nondepreciable Capital Assets	270	—	—
Total Assets	$ 18,560,103	$ 1,683,442	$ 294,369
LIABILITIES			
Accounts Payable	$ 5,645	$ 401	$ 71
Interfund Payables	2	938	74
Accrued Expense	—	—	—
Revenue Bonds Payable	1,915	—	—
Bond Interest	—	—	—
Compensated Absences Payable	1,455	—	—
Securities Lending Liabilities	1,110,330	100,400	17,586
Other Liabilities	705	750	—
Total Liabilities	$ 1,120,052	$ 102,489	$ 17,731
NET POSITION			
Net Position Restricted for Pensions	$ 17,440,051	$ 1,580,953	$ 276,638

MINNESOTA STATE RETIREMENT SYSTEM					
LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION
$ 510	$ 1,673	$ 28	$ 1,598	$ 91	$ 7,792
$ —	$ 52,211	$ 13,515	$ 438,556	$ 4,018	$ 105,632
—	907,895	176,990	1,189,111	398,202	9,540,045
—	1,642	1	47	—	11
—	(7,508)	—	—	—	—
$ —	$ 954,240	$ 190,506	$ 1,627,714	$ 402,220	$ 9,645,688
$ —	$ —	$ —	$ —	$ —	$ —
2	2,393	7	4,871	274	6,283
$ 2	$ 2,393	$ 7	$ 4,871	$ 274	$ 6,283
$ —	$ 60,892	$ —	$ —	$ —	$ —
—	—	—	—	—	—
—	—	—	—	—	—
$ 512	$ 1,019,198	$ 190,541	$ 1,634,183	$ 402,585	$ 9,659,763
$ 2	$ 240	$ 17	$ 904	$ 37	$ 952
510	198	16	6,443	972	1,922
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	60,892	—	—	—	—
—	4	—	123	—	611
$ 512	$ 61,334	$ 33	$ 7,470	$ 1,009	$ 3,485
$ —	$ 957,864	$ 190,508	$ 1,626,713	$ 401,576	$ 9,656,278

CONTINUED

STATE OF MINNESOTA

PENSION TRUST FUNDS (CONTINUED)
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
ASSETS			
Cash and Cash Equivalent Investments	$ 2,482	$ 3,673	$ 521
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 1,570,656	$ 629,534	$ 56,524
Investments	27,155,622	10,829,462	985,037
Accrued Interest and Dividends	49,137	19,590	1,775
Securities Trade Receivable (Payable)	(224,803)	(89,585)	(8,074)
Total Investment Pool Participation	$ 28,550,612	$ 11,389,001	$ 1,035,262
Receivables:			
Interfund Receivables	$ 2,122	$ 22	$ 2
Other Receivables	38,285	12,125	553
Total Receivables	$ 40,407	$ 12,147	$ 555
Securities Lending Collateral	$ 1,821,601	$ 726,335	$ 65,928
Depreciable Capital Assets (Net)	5,798	—	—
Nondepreciable Capital Assets	170	—	—
Total Assets	$ 30,421,070	$ 12,131,156	$ 1,102,266
LIABILITIES			
Accounts Payable	$ 8,124	$ 5,238	$ 277
Interfund Payables	24	1,482	345
Accrued Expense	—	—	—
Revenue Bonds Payable	2,542	—	—
Bond Interest	—	—	—
Compensated Absences Payable	1,126	—	—
Securities Lending Liabilities	1,821,601	726,335	65,928
Other Liabilities	—	—	—
Total Liabilities	$ 1,833,417	$ 733,055	$ 66,550
NET POSITION			
Net Position Restricted for Pensions	$ 28,587,653	$ 11,398,101	$ 1,035,716

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
$ —	$ 850	$ 12,505	$ —	$ 52,236
$ 12,290	$ 5,764	$ 1,616,522	$ —	$ 5,549,780
137,495	93,675	26,887,361	2,823,069	99,433,711
423	161	48,722	—	154,643
(5,072)	(1,640)	(223,169)	—	(711,469)
$ 145,136	$ 97,960	$ 28,329,436	$ 2,823,069	$ 104,426,665
$ —	$ —	$ —	$ —	$ 12,746
104	72	19,889	—	113,939
$ 104	$ 72	$ 19,889	$ —	$ 126,685
$ —	$ —	$ 1,804,791	$ —	$ 5,707,863
—	—	14,263	—	33,374
—	—	171	—	611
$ 145,240	$ 98,882	$ 30,181,055	$ 2,823,069	$ 110,347,434
$ 33	$ 21	$ 10,925	$ —	$ 32,887
—	295	—	—	13,221
—	—	33	—	33
—	—	2,504	—	6,961
—	—	3	—	3
—	—	1,042	—	3,623
—	—	1,804,791	—	5,707,863
—	—	—	—	2,193
$ 33	$ 316	$ 1,819,298	$ —	$ 5,766,784
$ 145,207	$ 98,566	$ 28,361,757	$ 2,823,069	$ 104,580,650

STATE OF MINNESOTA

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
Additions:			
Contributions:			
Employer	$ 206,381	$ 48,823	$ 11,915
Member	199,525	27,136	4,166
Contributions From Other Sources	—	—	—
Total Contributions	$ 405,906	$ 75,959	$ 16,081
Net Investment Income (Loss):			
Investment Income (Loss)	$ 4,110,971	$ 367,501	$ 65,139
Less: Investment Expenses	(16,544)	(1,484)	(263)
Net Investment Income (Loss)	$ 4,094,427	$ 366,017	$ 64,876
Securities Lending Revenues (Expenses):			
Securities Lending Income	$ 5,494	$ 498	$ 87
Securities Lending Rebates and Fees	(1,791)	(163)	(28)
Net Securities Lending Revenue	$ 3,703	$ 335	$ 59
Total Investment Income (Loss)	$ 4,098,130	$ 366,352	$ 64,935
Transfers-In	$ 28,802	$ —	$ 6,000
Other Additions	170	22	—
Total Additions	$ 4,533,008	$ 442,333	$ 87,016
Deductions:			
Benefits	$ 923,364	$ 81,829	$ 27,038
Refunds and Withdrawals	12,556	2,135	—
Administrative Expenses	10,809	953	78
Transfers-Out	1,920	—	—
Total Deductions	$ 948,649	$ 84,917	$ 27,116
Net Increase (Decrease)	$ 3,584,359	$ 357,416	$ 59,900
Net Position Restricted for Pensions, Beginning, as Reported	$ 13,855,692	$ 1,223,537	$ 216,738
Change in Reporting Entity	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated	$ 13,855,692	$ 1,223,537	$ 216,738
Net Position Restricted for Pensions, Ending	$ 17,440,051	$ 1,580,953	$ 276,638

MINNESOTA STATE RETIREMENT SYSTEM					
LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION
$ —	$ 24,809	$ 66	$ —	$ 7,457	$ —
76	13,605	66	186,610	7,455	323,824
—	—	—	—	—	—
$ 76	$ 38,414	$ 132	$ 186,610	$ 14,912	$ 323,824
$ —	$ 224,976	$ 42,424	$ 240,386	$ 90,032	$ 2,029,068
—	(906)	(57)	(488)	(120)	(2,891)
$ —	$ 224,070	$ 42,367	$ 239,898	$ 89,912	$ 2,026,177
$ —	$ 301	$ —	$ —	$ —	$ —
—	(99)	—	—	—	—
$ —	$ 202	$ —	$ —	$ —	$ —
$ —	$ 224,272	$ 42,367	$ 239,898	$ 89,912	$ 2,026,177
$ 8,639	$ —	$ —	$ —	$ 1,920	$ —
—	1,000	106	6,710	218	4,904
$ 8,715	$ 263,686	$ 42,605	$ 433,218	$ 106,962	$ 2,354,905
$ 8,679	$ 63,094	$ 6,995	$ 94,664	$ —	$ 56,066
—	116	4,673	—	6,732	367,011
36	202	193	13,082	573	10,590
—	—	—	—	28,802	—
$ 8,715	$ 63,412	$ 11,861	$ 107,746	$ 36,107	$ 433,667
$ —	$ 200,274	$ 30,744	$ 325,472	$ 70,855	$ 1,921,238
$ —	$ 757,590	$ 159,764	$ 1,301,241	$ 330,721	$ 7,735,040
—	—	—	—	—	—
$ —	$ 757,590	$ 159,764	$ 1,301,241	$ 330,721	$ 7,735,040
$ —	$ 957,864	$ 190,508	$ 1,626,713	$ 401,576	$ 9,656,278

CONTINUED

STATE OF MINNESOTA

PENSION TRUST FUNDS (CONTINUED)
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
Additions:			
Contributions:			
Employer	$ 524,685	$ 201,129	$ 19,351
Member	439,488	129,351	12,948
Contributions From Other Sources	—	—	—
Total Contributions	$ 964,173	$ 330,480	$ 32,299
Net Investment Income (Loss):			
Investment Income (Loss)	$ 6,733,745	$ 2,681,205	$ 239,415
Less: Investment Expenses	(27,112)	(10,802)	(969)
Net Investment Income (Loss)	$ 6,706,633	$ 2,670,403	$ 238,446
Securities Lending Revenues (Expenses):			
Securities Lending Income	$ 9,015	$ 3,595	$ 327
Securities Lending Rebates and Fees	(2,938)	(1,172)	(107)
Net Securities Lending Revenue	$ 6,077	$ 2,423	$ 220
Total Investment Income (Loss)	$ 6,712,710	$ 2,672,826	$ 238,666
Transfers-In	$ 16,000	$ 18,000	$ —
Other Additions	182	23	1
Total Additions	$ 7,693,065	$ 3,021,329	$ 270,966
Deductions:			
Benefits	$ 1,666,103	$ 592,687	$ 20,088
Refunds and Withdrawals	58,027	3,060	2,140
Administrative Expenses	12,741	941	344
Transfers-Out	—	—	—
Total Deductions	$ 1,736,871	$ 596,688	$ 22,572
Net Increase (Decrease)	$ 5,956,194	$ 2,424,641	$ 248,394
Net Position Restricted for Pensions, Beginning, as Reported	$ 22,631,459	$ 8,973,460	$ 787,322
Change in Reporting Entity	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated	$ 22,631,459	$ 8,973,460	$ 787,322
Net Position Restricted for Pensions, Ending	$ 28,587,653	$ 11,398,101	$ 1,035,716

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
$ 529	$ 2,133	$ 448,829	$ 45,960	$ 1,542,067
—	2,066	410,162	48,079	1,804,557
—	—	8,731	4,098	12,829
$ 529	$ 4,199	$ 867,722	$ 98,137	$ 3,359,453
$ 25,062	$ 23,384	$ 6,705,046	$ 602,007	$ 24,180,361
(276)	(83)	(26,957)	—	(88,952)
$ 24,786	$ 23,301	$ 6,678,089	$ 602,007	$ 24,091,409
$ —	$ —	$ 10,531	$ —	$ 29,848
—	—	(4,514)	—	(10,812)
$ —	$ —	$ 6,017	$ —	$ 19,036
$ 24,786	$ 23,301	$ 6,684,106	$ 602,007	$ 24,110,445
$ 5,059	$ —	$ 31,090	$ —	$ 115,510
664	6	1,721	—	15,727
$ 31,038	$ 27,506	$ 7,584,639	$ 700,144	$ 27,601,135
$ 5,627	$ —	$ 1,935,460	$ 122,951	$ 5,604,645
—	6,986	16,396	—	479,832
12	279	16,022	1,659	68,514
—	—	—	—	30,722
$ 5,639	$ 7,265	$ 1,967,878	$ 124,610	$ 6,183,713
$ 25,399	$ 20,241	$ 5,616,761	$ 575,534	$ 21,417,422
$ 118,127	$ 78,325	$ 22,744,996	$ 2,247,535	$ 83,161,547
1,681	—	—	—	1,681
$ 119,808	$ 78,325	$ 22,744,996	$ 2,247,535	$ 83,163,228
$ 145,207	$ 98,566	$ 28,361,757	$ 2,823,069	$ 104,580,650

State of Minnesota

Investment Trust Funds

2021
Annual
Comprehensive
Financial Report

Supplemental Retirement Fund

The fund provides an investment vehicle for the assets of various public retirement plans and funds.

Investment Trust Fund

The fund provides an investment vehicle for external funds authorized to be invested by the state.

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF PLAN NET POSITION
JUNE 30, 2021
(IN THOUSANDS)

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
ASSETS			
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 25,087	$ 21,211	$ 46,298
Investments	848,528	572,013	1,420,541
Accrued Interest and Dividends	1,330	816	2,146
Securities Trade Receivable (Payable)	(10,447)	(1,396)	(11,843)
Total Investment Pool Participation	$ 864,498	$ 592,644	$ 1,457,142
Total Assets	$ 864,498	$ 592,644	$ 1,457,142
NET POSITION			
Net Position Restricted for Pooled Investments	$ 864,498	$ 592,644	$ 1,457,142

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES
IN PLAN NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
Additions:			
Contributions:			
Participating Plans	$ 13,386	$ 1,950	$ 15,336
Total Contributions	$ 13,386	$ 1,950	$ 15,336
Net Investment Income (Loss):			
Investment Income (Loss)	$ 234,949	$ 137,679	$ 372,628
Less: Investment Expenses	(674)	(122)	(796)
Net Investment Income (Loss)	$ 234,275	$ 137,557	$ 371,832
Total Additions	$ 247,661	$ 139,507	$ 387,168
Deductions:			
Refunds and Withdrawals	$ 57,499	$ 10,026	$ 67,525
Administrative Expenses	44	41	85
Total Deductions	$ 57,543	$ 10,067	$ 67,610
Net Increase (Decrease)	$ 190,118	$ 129,440	$ 319,558
Net Position Restricted for Pooled Investments, Beginning, as Reported	$ 674,373	$ 463,204	$ 1,137,577
Change in Reporting Entity	7	—	7
Net Position Restricted for Pooled Investments, Beginning, as Restated	$ 674,380	$ 463,204	$ 1,137,584
Net Position Restricted for Pooled Investments, Ending	$ 864,498	$ 592,644	$ 1,457,142

MINNESOTA

State of Minnesota

Custodial Fund

2021
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Financial Report

Custodial Fund

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

CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	CUSTODIAL FUND
ASSETS	
Cash and Cash Equivalent Investments	$ 340,143
Receivables:	
Accounts Receivable	$ 54,677
Total Receivables	$ 54,677
Total Assets	$ 394,820
LIABILITIES	
Accounts Payable	$ 272,362
Total Liabilities	$ 272,362
NET POSITION	
Net Position Restricted for Individuals, Organizations, and Other Governments	$ 122,458

STATE OF MINNESOTA

CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	CUSTODIAL FUND
Additions:	
Employee Insurance Trust	$ 38,141
Tax Collections for Other Governments	655,375
Legal Settlements for External Parties	7,218
Courts Interest Held for Other Governments and Individuals	18,530
Federal Revenue	188,466
Beneficiary Deposits - Child Support	547,999
Beneficiary Deposits - Regional Treatment Centers	5,853
Beneficiary Deposits - Corrections	34,421
Beneficiary Deposits - Veterans Homes	1,871
Miscellaneous	7,786
Total Additions	$ 1,505,660
Deductions:	
Employee Insurance Trust	$ 37,862
Tax Payments to Other Governments	655,311
Legal Settlements Paid to External Parties	1,881
Court Payments to Other Governments and Individuals	33,987
Federal Revenue Pass through	108,241
Beneficiary Payments - Child Support	548,002
Beneficiary Payments - Regional Treatment Centers	5,113
Beneficiary Payments - Corrections	31,229
Beneficiary Payments - Veterans Homes	1,518
Miscellaneous	1,570
Total Deductions	$ 1,424,714
Net Increase (Decrease)	$ 80,946
Net Position Restricted for Individuals, Organizations, and Other Governments, Beginning, as Reported	$ —
Change in Accounting Principle	41,512
Net Position Restricted for Individuals, Organizations, and Other Governments, Beginning, as Restated	$ 41,512
Net Position Restricted for Individuals, Organizations, and Other Governments, Ending	$ 122,458

MINNESOTA

State of Minnesota

2021
Annual
Comprehensive
Financial Report

Nonmajor Component Unit Funds

Agricultural and Economic Development Board

The board administers programs for agricultural and economic development.

Minnesota Comprehensive Health Association

The Association administers the Premium Security Plan, a risk mitigation program designed to help keep premiums affordable to individual purchasers within the state of Minnesota.

Minnesota Sports Facilities Authority

The authority provides for the construction, financing, and long-term use and operations of a new multi-purpose stadium and related stadium infrastructure. The purpose of the stadium is to hold professional football games as well as a broad range of other civic, community, athletic, educational, cultural, and commercial activities.

National Sports Center Foundation

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

Office of Higher Education

The office makes and guarantees loans to qualified post secondary students.

Public Facilities Authority

The authority provides financial assistance to eligible municipalities with high cost wastewater infrastructure projects.

Rural Finance Authority

The authority administers state agricultural programs.

Workers' Compensation Assigned Risk Plan

The plan is the source of workers' compensation and employers' liability coverage for Minnesota employers who have been unable to obtain an insurance policy through the voluntary market.

STATE OF MINNESOTA

NONMAJOR COMPONENT UNIT FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2020 and JUNE 30, 2021
(IN THOUSANDS)

ASSETS	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY
Current Assets:			
Cash and Cash Equivalents	$ 974	$ 293	$ 34,714
Investments	—	—	—
Accounts Receivable	—	—	9,469
Due from Primary Government	—	160,210	—
Accrued Investment/Interest Income	81	—	—
Federal Aid Receivable	—	—	—
Inventories	—	—	—
Loans and Notes Receivable	—	—	—
Other Assets	—	16	887
Total Current Assets	$ 1,055	$ 160,519	$ 45,070
Noncurrent Assets:			
Cash and Cash Equivalents-Restricted	$ —	$ —	$ 14,809
Investments-Restricted	23,230	—	—
Due from Primary Government	—	—	—
Accounts Receivable	—	—	—
Loans and Notes Receivable	—	—	—
Depreciable Capital Assets (Net)	—	—	872,069
Nondepreciable Capital Assets	—	—	31,983
Other Assets	—	—	1,323
Total Noncurrent Assets	$ 23,230	$ —	$ 920,184
Total Assets	$ 24,285	$ 160,519	$ 965,254
DEFERRED OUTFLOWS OF RESOURCES			
Bond Refunding	$ —	$ —	$ —
Deferred Pension Outflows	—	—	132
Deferred Other Postemployment Benefits Outflows	—	—	—
Total Deferred Outflows of Resources	$ —	$ —	$ 132
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ —	$ 29	$ 3,082
Due to Primary Government	—	—	—
Unearned Revenue	—	280	28,272
Accrued Interest Payable	—	—	—
Bonds and Notes Payable	—	—	—
Claims Payable	—	160,210	—
Compensated Absences Payable	—	—	67
Other Liabilities	—	—	—
Total Current Liabilities	$ —	$ 160,519	$ 31,421
Noncurrent Liabilities:			
Due to Primary Government	$ —	$ —	$ —
Unearned Revenue	—	—	5,230
Bonds and Notes Payable	—	—	—
Claims Payable	—	—	—
Compensated Absences Payable	1	—	109
Other Postemployment Benefits	—	—	—
Net Pension Liability	—	—	159
Funds Held in Trust	—	—	128
Other Liabilities	—	—	—
Total Noncurrent Liabilities	$ 1	$ —	$ 5,626
Total Liabilities	$ 1	$ 160,519	$ 37,047
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	$ —	$ —	$ —
Deferred Pension Inflows	—	—	609
Deferred Other Postemployment Benefits Inflows	—	—	—
Total Deferred Inflows of Resources	$ —	$ —	$ 609
NET POSITION			
Net Investment in Capital Assets	$ —	$ —	$ 904,052
Restricted-Expendable	—	—	19,448
Unrestricted	24,284	—	4,230
Total Net Position	$ 24,284	$ —	$ 927,730

NATIONAL SPORTS CENTER FOUNDATION	OFFICE OF HIGHER EDUCATION	PUBLIC FACILITIES AUTHORITY	RURAL FINANCE AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	TOTAL
$ 1,376	$ 275,232	$ 325,381	$ 36,087	$ 11,546	$ 685,603
—	—	2,102	—	295,494	297,596
795	2,592	—	—	45,628	58,484
40	76	671	—	—	160,997
—	2,030	10,508	—	676	13,295
—	—	119	—	—	119
31	—	—	—	—	31
71	71,565	170,175	10,070	—	251,881
328	—	—	—	2,992	4,223
$ 2,641	$ 351,495	$ 508,956	$ 46,157	$ 356,336	$ 1,472,229
$ —	$ 360,297	$ —	$ —	$ —	$ 375,106
—	—	—	—	—	23,230
—	—	2,231	—	—	2,231
—	—	—	—	359,426	359,426
495	370,518	1,627,705	88,266	—	2,086,984
10,955	1,071	—	—	—	884,095
3,966	—	—	—	—	35,949
—	—	—	—	—	1,323
$ 15,416	$ 731,886	$ 1,629,936	$ 88,266	$ 359,426	$ 3,768,344
$ 18,057	$ 1,083,381	$ 2,138,892	$ 134,423	$ 715,762	$ 5,240,573
$ —	$ —	$ 4,959	$ —	$ —	$ 4,959
—	452	224	—	—	808
—	3	—	—	—	3
$ —	$ 455	$ 5,183	$ —	$ —	$ 5,770
$ 2,019	$ 8,005	$ 9,238	$ —	$ 3,827	$ 26,200
—	5,467	—	14,595	31,155	51,217
628	—	—	—	13,880	43,060
—	1,286	7,968	—	—	9,254
518	23,160	74,510	—	—	98,188
—	—	—	—	60,475	220,685
—	57	62	—	—	186
—	313	—	—	—	313
$ 3,165	$ 38,288	$ 91,778	$ 14,595	$ 109,337	$ 449,103
$ —	$ —	$ —	$ 95,274	$ —	$ 95,274
—	—	—	—	—	5,230
7,363	477,419	471,769	—	—	956,551
—	—	—	—	556,425	556,425
—	640	427	—	—	1,177
—	19	—	—	—	19
—	1,778	877	—	—	2,814
—	—	—	—	—	128
250	—	—	—	—	250
$ 7,613	$ 479,856	$ 473,073	$ 95,274	$ 556,425	$ 1,617,868
$ 10,778	$ 518,144	$ 564,851	$ 109,869	$ 665,762	$ 2,066,971
$ —	$ 16,628	$ —	$ —	$ —	$ 16,628
—	4,032	1,990	—	—	6,631
—	4	—	—	—	4
$ —	$ 20,664	$ 1,990	$ —	$ —	$ 23,263
$ 7,409	$ 1,071	$ —	$ —	$ —	$ 912,532
—	547,647	1,574,567	—	4,749	2,146,411
(130)	(3,690)	2,667	24,554	45,251	97,166
$ 7,279	$ 545,028	$ 1,577,234	$ 24,554	$ 50,000	$ 3,156,109

NONMAJOR COMPONENT UNIT FUNDS
COMBINING STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 and JUNE 30, 2021
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY
Net Expenses:			
Total Expenses	$ 38	$ 160,630	$ 78,670
Program Revenues:			
Charges for Services	$ 42	$ —	$ 21,253
Operating Grants and Contributions	—	160,630	13
Capital Grants and Contributions	—	—	4,572
Net (Expense) Revenue	$ 4	$ —	$ (52,832)
General Revenues:			
Investment Income (Loss)	$ 1	$ —	$ 9
Other Revenues	—	—	—
Total General Revenues before Grants	$ 1	$ —	$ 9
State Grants Not Restricted	—	—	—
Total General Revenues	$ 1	$ —	$ 9
Change in Net Position	$ 5	$ —	$ (52,823)
Net Position, Beginning, as Reported	$ 24,279	$ —	$ 980,553
Net Position, Ending	$ 24,284	$ —	$ 927,730

NATIONAL SPORTS CENTER FOUNDATION		OFFICE OF HIGHER EDUCATION		PUBLIC FACILITIES AUTHORITY		RURAL FINANCE AUTHORITY		WORKERS' COMPENSATION ASSIGNED RISK PLAN		TOTAL	
$	10,747	$	273,568	$	81,304	$	1,323	$	61,464	$	667,744
$	7,167	$	15,154	$	28,854	$	3,506	$	47,175	$	123,151
	—		5,278		35,436		—		—		201,357
	—		—		—		—		—		4,572
$	(3,580)	$	(253,136)	$	(17,014)	$	2,183	$	(14,289)	$	(338,664)
$	—	$	—	$	—	$	—	$	14,289	$	14,299
	2,010		—		—		—		—		2,010
$	2,010	$	—	$	—	$	—	$	14,289	$	16,309
	—		260,701		76,000		—		—		336,701
$	2,010	$	260,701	$	76,000	$	—	$	14,289	$	353,010
$	(1,570)	$	7,565	$	58,986	$	2,183	$	—	$	14,346
$	8,849	$	537,463	$	1,518,248	$	22,371	$	50,000	$	3,141,763
$	7,279	$	545,028	$	1,577,234	$	24,554	$	50,000	$	3,156,109

STATE OF MINNESOTA

NONMAJOR COMPONENT UNITS
NOT ISSUING SEPARATELY AUDITED FINANCIAL STATEMENTS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Operating Revenues:			
Loan Interest Income	$ 3	$ 3,504	$ 3,507
Rental and Service Fees	—	2	2
Other Income	39	—	39
Total Operating Revenues	$ 42	$ 3,506	$ 3,548
Operating Expenses:			
Economic and Manpower Development	$ 38	$ 1,323	$ 1,361
Total Operating Expenses	$ 38	$ 1,323	$ 1,361
Operating Income (Loss)	$ 4	$ 2,183	$ 2,187
Nonoperating Revenues (Expenses):			
Investment/Interest Income (Loss)	$ 1	$ —	$ 1
Total Nonoperating Revenues (Expenses)	$ 1	$ —	$ 1
Change in Net Position	$ 5	$ 2,183	$ 2,188
Net Position, Beginning, as Reported	$ 24,279	$ 22,371	$ 46,650
Net Position, Ending	$ 24,284	$ 24,554	$ 48,838

STATE OF MINNESOTA

NONMAJOR COMPONENT UNITS
NOT ISSUING SEPARATELY AUDITED FINANCIAL STATEMENTS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Cash Flows from Operating Activities:			
Receipts from Customers	$ 161	$ 14,760	$ 14,921
Receipts from Other Revenues	—	25,061	25,061
Payments to Customers	—	(12,235)	(12,235)
Payments to Suppliers	(35)	—	(35)
Payments to Employees	(3)	—	(3)
Payments to Others	—	(13,502)	(13,502)
Net Cash Flows from Operating Activities	$ 123	$ 14,084	$ 14,207
Cash Flows from Investing Activities:			
Proceeds from Sales and Maturities of Investments	$ 10,595	$ —	$ 10,595
Purchase of Investments	(11,922)	—	(11,922)
Investment Interest	403	—	403
Net Cash Flows from Investing Activities	$ (924)	$ —	$ (924)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (801)	$ 14,084	$ 13,283
Cash and Cash Equivalents, Beginning, as Reported	$ 1,775	$ 22,003	$ 23,778
Cash and Cash Equivalents, Ending	$ 974	$ 36,087	$ 37,061
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	$ 4	$ 2,183	$ 2,187
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Loans Receivable	$ 119	$ (842)	$ (723)
Due to Primary Government	—	12,743	12,743
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 119	$ 11,901	$ 12,020
Net Cash Flows from Operating Activities	$ 123	$ 14,084	$ 14,207

MINNESOTA

State of Minnesota

General Obligation Debt Schedule

2021
Annual
Comprehensive
Financial Report

GENERAL OBLIGATION BONDS AUTHORIZED, ISSUED AND UNISSUED
June 30, 2021
(In Thousands)

Purpose of Issue	Law Authorizing	Total Authorization	Previously Issued as Par Bonds	Previously Issued as Premium[1]	Remaining Authorization
Various Purpose [7, 21, 24]	X2002, Ch. 1	$ 15,055	$ 14,755	$ —	$ 300
Various Purpose [2, 5, 7, 9, 10, 12, 14, 17, 19, 20, 23]	2005, Ch. 20	913,665	913,241	418	6
Trunk Highway [4, 5, 9, 10, 14, 20]	2008, Ch. 152	1,780,700	1,757,573	—	23,127
Various Purpose [2, 4, 5, 9, 10, 12, 14, 17, 20, 22]	2008, Ch. 179	788,171	785,467	2,480	224
Various Purpose [2, 4, 5, 9, 10, 12, 15, 20]	2009, Ch. 93	255,226	250,134	3,401	1,691
Various Purpose [2, 4, 5, 9, 10, 12, 18]	2010, Ch. 189	707,464	694,603	12,547	314
Various Purpose [2, 5, 9, 10, 12, 16]	X2010, Ch. 1	30,688	27,635	2,268	785
Various Purpose [2, 4, 5, 6, 9]	X2011, Ch. 12	548,379	524,685	22,907	787
Trunk Highway [4, 5, 13]	2012, Ch. 287	17,510	17,505	—	5
Various Purpose [2, 4, 5, 9]	2012, Ch. 293	562,475	512,035	47,307	3,133
Various Purpose [2, 4, 5, 9]	X2012, Ch. 1	52,463	45,636	6,570	257
Various Purpose [2, 5]	2013, Ch. 136	171,967	150,666	20,434	867
Various Purpose [2, 4, 5, 6, 7, 11]	2014, Ch. 294	888,848	736,690	145,440	6,718
Various Purpose [2, 4]	X2015, Ch. 5	189,743	147,555	31,915	10,273
Trunk Highway	X2015, Ch. 5	140,140	140,140	—	—
Trunk Highway [8]	X2017, Ch. 3	940,940	329,198	—	611,742
Various Purpose	X2017, Ch. 8	1,038,510	751,121	163,079	124,310
Various Purpose [3]	2018, Ch. 214	888,699	507,707	117,732	263,260
Trunk Highway	2018, Ch. 214	416,608	9,860	—	406,748
Various Purpose	2019, Ch. 2	102,402	49,774	14,226	38,402
Various Purpose	2020, Ch. 67	50,050	23,769	1,256	25,025
Various Purpose	X2020, Ch. 3	1,392,315	—	—	1,392,315
Trunk Highway	X2020, Ch. 3	300,300	—	—	300,300
Trunk Highway	X2021, Ch. 5	413,413	—	—	413,413
Totals		$ 12,605,731	$ 8,389,749	$ 591,980	$ 3,624,002

(1) Minnesota Statutes 16A.641, Subdivision 7b requires the premium received on the sale of bonds after December 1, 2012, to be deposited to either the bond proceeds fund where it is used to reduce the par amount of the bonds issued or to the state bond fund or used to reduce the par amount of the bond issue at the time of the sale.

(2) Minnesota Statutes 16A.642 required that on January 1, 2021, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations will cancel effective on July 1, 2021. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2005, Chapter 20 by $1,000; Laws 2008, Chapter 179 by $90,501; Laws 2009, Chapter 93 by $38,826; Laws 2010, Chapter 189 by $54,459; Special Session 2010, Chapter 1 by $401,792; Special Session Laws 2011, Chapter 12 by $37,867; Laws 2012, Chapter 293 by $71,175; Special Session Laws 2012, Chapter 1 by $37,230; Laws 2013, Chapter 136 by $5,720; Laws 2014, Chapter 294 by $294,873; and Special Session Laws 2015, Chapter 5 by $38,467.

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

(4) Minnesota Statutes 16A.642 required that on January 1, 2020, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations will cancel effective on July 1, 2020. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2008, Chapter 179 by $36,992; Laws 2009, Chapter 93 by $193,587; Laws 2010, Chapter 189 by $7; Special Session Laws 2011, Chapter 12 by $80,340; Laws 2012, Chapter 293 by $623,883; Special Session Laws 2012, Chapter 1 by $216,234; Laws 2014, Chapter 294 by $500,073; and Special Session Laws 2015, Chapter 5 by $915,847. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by $1,070,472; and Laws 2012, Chapter 287 by $685.

[5] Minnesota Statutes 16A.642 required that on January 1, 2019, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2019. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2005, Chapter 20 by $203,245; Laws 2008, Chapter 179 by $1,353,154; Laws 2009, Chapter 93 by $4,469; Laws 2010, Chapter 189 by $164,671; Second Special Session Laws 2010, Chapter 1 by $32,798; Special Session Laws 2011, Chapter 12 by $1,518,198; Laws 2012, Chapter 293 by $1,009,368; Special Session Laws 2012, Chapter 1 by $198,399; Laws 2013, Chapter 136 by $6,821,915; and Laws 2014, Chapter 294 by $3,341,134. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by $475,104; and Laws 2012, Chapter 287 by $102,461.

[6] Laws 2018, Chapter 214 reduced Various Purpose Bonds authorized in Special Session Laws 2011, Chapter 12 by $4,035,839 and Various Purpose Bonds authorized in Laws 2014, Chapter 294 by $1,719,000.

[7] Special Session Laws 2017, Chapter 8, Article 1 reduced Various Purpose Bonds authorized in Special Session Laws 2002, Chapter 1 by $217,959; Laws 2005, Chapter 20 by $3,366,628; and Laws 2014, Chapter 294 by $1,200,000. The legislation also cancelled the bond authorizations listed in the Cancellation Report of January 2017, as noted in footnote 9 below, on May 31, 2017, rather than the statutory cancellation date of July 1, 2017.

[8] Special Session Laws 2017, Chapter 3, Article 2 increased Trunk Highway bond authorizations by $940,940,000. However, the effective date on the article is July 1, 2017.

[9] Minnesota Statutes 16A.642 required that on January 1, 2017, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2017. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2005, Chapter 20 by $396,889; Laws 2008, Chapter 179 by $697,986; Laws 2009, Chapter 93 by $637,749; Laws 2010, Chapter 189 by $550,379; Special Session Laws 2010, Chapter 1 by $290,140; Special Session Laws 2011, Chapter 12 by $1,318,615; Laws 2012, Chapter 293 by $3,750,772; and Special Session Laws 2012, Chapter 1 by $3,780,466. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by $202,248.

[10] Minnesota Statutes 16A.642 required that on January 1, 2015, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2015. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2005, Chapter 20 by $295,267; Laws 2008, Chapter 179 by $923,933; Laws 2009, Chapter 93 by $564,587; Laws 2010, Chapter 189 by $4,866,171; and Special Session Laws 2010, Chapter 1 by $1,243,997. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by $297,457.

[11] Special Session Laws 2015, Chapter 5, Article 1 reduced Various Purpose Bonds authorized in Laws 2014, Chapter 294 by $50,000.

[12] Laws 2014, Chapter 294 reduced Various Purpose Bonds authorized in Laws 2005, Chapter 20 by $40,399; Laws 2008, Chapter 179 by $3,646,561; Laws 2009, Chapter 93 by $199,627; Laws 2010, Chapter 189 by $2,200,284; and Special Session Laws 2010, Chapter 1 by $2,000,000.

[13] Laws 2014, Chapter 312, Article 9 increased Trunk Highway Bonds authorized in Laws 2012, Chapter 287 by $1,493,000.

[14] Minnesota Statutes 16A.642 required that on January 1, 2013, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2013. The cancellation report will reduce Various Purpose Bonds authorizations as follows: Laws 2005, Chapter 20 by $2,110,817; and Laws 2008, Chapter 179 by $2,354,454. The Cancellation Report also reduced Trunk Highway Bond Authorization of Laws 2008, Chapter 152 by $1,968,953; however, $1,414,600 was reauthorized by Laws 2013, Chapter 117.

[15] Laws 2013, Chapter 136 reduced Various Purpose Bonds authorized in Laws 2009, Chapter 93 by $2,000,000.

[16] Special Session Laws 2012, Chapter 1 reduced Various Purpose Bonds authorized in Special Session Laws 2010, Chapter 1 by $2,133,000.

[17] Special Session Laws 2011, Chapter 12 also reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by $22,000,000; and Laws 2008, Chapter 179 by $3,500,000. However, as of July 2012, Laws 2005, Chapter 20 had only $18,520,501 available in remaining authorization so that is the amount that was cancelled.

[18] The Governor vetoed $361,460,000 of appropriations for Various Purpose capital projects and $6,500,000 for Trunk Highway projects to be funded from Laws 2010, Chapter 189. The Governor requested that the bond authorizations be reduced to match the appropriations in the 2011 Legislative Session but no capital budget was passed during this time frame. The bond authorizations for Laws 2010, Chapter 189 were reduced in Special Session Laws 2011, Chapter 12 to match the appropriations. The net reductions to the bond authorizations were $359,660,000 for Various Purpose Bonds and $6,500,000 for Trunk Highway Bonds.

[19] Minnesota Statutes 16A.642 required that on January 1, 2011, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2011. The cancellation report reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by $2,697,899.

[20] Laws 2010, Chapter 189 reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by $1,682,567; Laws 2008, Chapter 179 by $152,660; and Laws 2009, Chapter 93 by $3,900,000. Laws 2010, Chapter 189 reduced Trunk Highway Bond authorization Laws 2008, Chapter 152 by $18,500,000. Laws 2010, Chapter 189 reduced the Various Purpose Bond authorization in Laws 2009, Chapter 93 by $85,155,000 to offset the appropriations that the Governor vetoed $85,155,000.

[21] Minnesota Statutes 16A.642 required that on January 1, 2009, the commissioner of Finance report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2009. The cancellation report reduced Special Session Laws 2002, Chapter 1 by $178,656.

[22] Laws 2008, Chapter 365 reduced the Various Purpose Bond authorization in Laws 2008, Chapter 179 by $223,588,000.

[23] Laws 2008, Chapter 179 reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by $2,000,000.

[24] Minnesota Statutes 16A.642 required that on January 1, 2007, the commissioner of Finance report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2007. The cancellation report reduced Special Session Laws 2002, Chapter 1 by $863,386.

State of Minnesota

Statistical Section

2021
Annual
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Financial Report

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state's overall financial health.

Financial Trends

These schedules contain trend information to help understand and assess how the state's financial position has changed over time.

Revenue Capacity

These schedules contain information to assess the state's most significant revenue source, individual income taxes. Minnesota's data privacy laws prevent disclosing the names of principal taxpayers.

Debt Capacity

These schedules present information to help assess the affordability of the state's current level of outstanding debt and the state's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help understand the environment within which the state's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help understand how the information in the state's financial report relates to the services the state provides and the activities it performs.

MINNESOTA

2021 Annual Comprehensive Financial Report
Index of Statistical Section

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

	2012	2013	2014	2015
Governmental Activities:				
Net Investment in Capital Assets	$ 10,010,130	$ 10,376,465	$ 11,125,938	$ 11,768,063
Restricted	3,546,397	4,050,489	5,508,417	5,392,483
Unrestricted	(2,762,715)	(1,958,703)	(2,448,395)	(5,452,119)
Total Governmental Activities Net Position	$ 10,793,812	$ 12,468,251	$ 14,185,960	$ 11,708,427
Business-type Activities:				
Net Investment in Capital Assets	$ 1,394,303	$ 1,456,939	$ 1,489,631	$ 1,510,882
Restricted	1,252,075	1,899,250	2,279,417	1,992,311
Unrestricted	(6,409)	(8,257)	(8,450)	(120,013)
Total Business-type Activities Net Position	$ 2,639,969	$ 3,347,932	$ 3,760,598	$ 3,383,180
Primary Government:				
Net Investment in Capital Assets	$ 11,404,433	$ 11,833,404	$ 12,615,569	$ 13,278,945
Restricted	4,798,472	5,949,739	7,787,834	7,384,794
Unrestricted	(2,769,124)	(1,966,960)	(2,456,845)	(5,572,132)
Total Primary Government Net Position	$ 13,433,781	$ 15,816,183	$ 17,946,558	$ 15,091,607

Note: In fiscal year 2015, the state implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" which required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions. In fiscal year 2018, the state implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" (OPEB) which required the recording of total OPEB liability and the deferred inflows and outflows of resources associated with OPEB. These have caused some funds to end in a deficit net position.

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

2016	2017	2018	2019	2020	2021
$ 12,421,870	$ 12,659,739	$ 13,318,601	$ 14,068,082	$ 14,765,807	$ 15,704,737
5,633,354	5,523,662	6,566,430	6,895,583	7,187,903	8,015,585
(4,891,314)	(4,947,153)	(5,535,152)	(3,363,575)	(3,002,510)	(297,162)
$ 13,163,910	$ 13,236,248	$ 14,349,879	$ 17,600,090	$ 18,951,200	$ 23,423,160
$ 1,620,835	$ 1,650,940	$ 1,634,807	$ 1,659,114	$ 1,694,373	$ 1,671,095
2,120,972	1,896,802	1,973,820	2,078,645	761,014	329,437
(65,830)	(252,631)	(398,341)	(108,526)	(104,030)	(844,885)
$ 3,675,977	$ 3,295,111	$ 3,210,286	$ 3,629,233	$ 2,351,357	$ 1,155,647
$ 14,042,705	$ 14,310,679	$ 14,953,408	$ 15,727,196	$ 16,460,180	$ 17,375,832
7,754,326	7,420,464	8,540,250	8,974,228	7,948,917	8,345,022
(4,957,144)	(5,199,784)	(5,933,493)	(3,472,101)	(3,106,540)	(1,142,047)
$ 16,839,887	$ 16,531,359	$ 17,560,165	$ 21,229,323	$ 21,302,557	$ 24,578,807

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

	2012	2013	2014	2015
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Agricultural, Environmental and Energy Resources	$ 384,593	$ 326,696	$ 350,950	$ 401,687
Economic and Workforce Development	59,481	40,093	60,754	57,819
General Education	23,418	24,120	22,042	22,136
General Government	249,824	381,788	279,835	305,057
Health and Human Services	399,963	520,216	380,644	397,520
Higher Education	636	346	337	315
Public Safety and Corrections	159,882	157,198	158,690	161,205
Transportation	19,146	30,280	28,386	23,811
Operating Grants and Contributions:				
Health and Human Services	6,342,736	6,844,284	7,371,378	8,350,067
All Others	2,040,575	2,318,910	2,407,201	2,205,884
Capital Grants and Contributions	137,497	172,725	250,709	170,102
Total Governmental Activities Program Revenues	$ 9,817,751	$ 10,816,656	$ 11,310,926	$ 12,095,603
Business-type Activities:				
Charges for Services:				
State Colleges and Universities	$ 848,541	$ 851,377	$ 824,190	$ 815,508
Unemployment Insurance	1,444,622	1,469,936	1,188,214	937,851
Lottery	520,049	560,448	531,550	546,812
All Others	274,825	272,822	333,425	351,662
Operating Grants and Contributions	1,113,581	710,153	551,820	525,297
Capital Grants and Contributions	—	—	—	—
Total Business-type Activities Program Revenues	$ 4,201,618	$ 3,864,736	$ 3,429,199	$ 3,177,130
Total Primary Government Program Revenues	$ 14,019,369	$ 14,681,392	$ 14,740,125	$ 15,272,733
Expenses:				
Governmental Activities:				
Agricultural, Environmental and Energy Resources	$ 916,001	$ 954,721	$ 955,339	$ 932,235
Economic and Workforce Development	543,680	571,265	641,424	677,044
General Education	7,890,863	8,207,311	9,048,212	9,087,613
General Government	860,883	971,198	1,013,415	1,153,921
Health and Human Services	12,433,172	13,107,913	13,608,672	14,977,278
Higher Education	778,389	849,510	912,083	912,909
Intergovernmental Aid	1,358,521	1,269,078	1,291,075	1,583,636
Public Safety and Corrections	952,585	970,095	998,054	985,399
Transportation	2,280,481	2,683,545	2,685,688	2,898,216
Interest	506,909	218,218	177,244	291,983
Total Governmental Activities Expenses	$ 28,521,484	$ 29,802,854	$ 31,331,206	$ 33,500,234
Business-type Activities:				
State Colleges and Universities	1,816,268	1,891,779	1,936,061	1,905,845
Unemployment Insurance	1,490,943	1,060,431	888,665	726,529
Lottery	396,590	425,541	404,705	410,237
Others	270,276	288,146	350,729	408,408
Total Business-type Activities Expenses	$ 3,974,077	$ 3,665,897	$ 3,580,160	$ 3,451,019
Total Primary Government Expenses	$ 32,495,561	$ 33,468,751	$ 34,911,366	$ 36,951,253

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

2016	2017	2018	2019	2020	2021
$ 355,269	$ 430,333	$ 1,314,147	$ 470,015	$ 476,082	$ 501,373
58,939	58,317	55,573	56,817	68,912	69,751
22,646	$ 23,477	21,845	19,141	14,146	12,564
327,487	340,021	347,661	337,288	374,497	350,360
389,068	410,726	472,831	510,739	435,071	493,839
20	—	5	—	73	—
159,549	155,843	152,465	151,911	186,460	205,024
114,667	73,111	104,674	82,142	87,393	54,396
8,716,931	9,048,622	9,606,414	9,980,653	10,308,028	13,141,618
2,215,444	2,309,582	2,283,111	2,598,278	2,955,439	4,898,245
194,056	142,942	115,974	235,522	238,623	222,208
$ 12,554,076	$ 12,992,974	$ 14,474,700	$ 14,442,506	$ 15,144,724	$ 19,949,378
$ 835,447	$ 833,494	$ 829,982	$ 820,489	$ 794,020	$ 751,197
820,322	585,523	775,863	767,805	975,380	661,954
592,806	563,507	596,453	636,806	668,547	803,641
389,807	425,937	492,551	524,301	567,379	655,813
481,563	456,997	445,338	437,587	4,436,859	6,518,820
—	—	—	28	14	—
$ 3,119,945	$ 2,865,458	$ 3,140,187	$ 3,187,016	$ 7,442,199	$ 9,391,425
$ 15,674,021	$ 15,858,432	$ 17,614,887	$ 17,629,522	$ 22,586,923	$ 29,340,803
$ 1,013,148	$ 1,254,115	$ 1,369,950	$ 1,153,557	$ 1,254,084	$ 1,363,384
658,893	806,872	769,021	619,817	787,975	942,801
9,434,928	9,836,193	10,172,185	10,516,190	10,900,070	11,785,920
1,151,991	1,589,095	1,438,678	756,146	1,443,784	1,461,124
15,551,493	16,357,755	17,351,698	17,514,760	18,485,278	21,194,790
976,351	987,375	1,032,885	1,087,101	1,009,104	1,038,674
1,626,833	1,644,215	1,699,020	1,867,341	1,780,630	2,860,441
1,005,349	1,360,363	1,296,548	974,208	1,191,908	1,359,127
2,814,456	2,998,902	3,287,843	3,283,888	3,441,636	3,462,174
305,017	291,679	224,558	246,462	239,792	41,328
$ 34,538,459	$ 37,126,564	$ 38,642,386	$ 38,019,470	$ 40,534,261	$ 45,509,763
$ 1,910,435	$ 2,204,067	$ 2,174,240	$ 1,795,697	$ 2,088,956	$ 2,076,496
801,670	785,137	754,269	731,132	6,298,163	7,884,357
446,860	429,843	455,374	477,974	513,558	615,118
383,012	476,331	495,581	467,022	569,862	640,261
$ 3,541,977	$ 3,895,378	$ 3,879,464	$ 3,471,825	$ 9,470,539	$ 11,216,232
$ 38,080,436	$ 41,021,942	$ 42,521,850	$ 41,491,295	$ 50,004,800	$ 56,725,995

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

	2012	2013	2014	2015
Net (Expense)/Revenue:				
Governmental Activities	$ (18,703,733)	$ (18,986,198)	$ (20,020,280)	$ (21,404,631)
Business-type Activities	227,541	198,839	(150,961)	(273,889)
Total Primary Government Net Expense	$ (18,476,192)	$ (18,787,359)	$ (20,171,241)	$ (21,678,520)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual Income Taxes	$ 8,409,530	$ 9,209,954	$ 9,915,021	$ 10,607,930
Corporate Income Taxes	953,428	1,242,912	1,308,578	1,507,608
Sales Taxes	4,849,514	5,004,330	5,283,785	5,469,773
Property Taxes	809,044	831,316	823,949	839,939
Motor Vehicle Taxes	1,150,343	1,241,242	1,312,982	1,395,872
Fuel Taxes	849,955	860,837	883,619	908,278
Other Taxes	2,253,625	2,436,828	2,489,475	2,651,969
Tobacco Settlement	166,154	171,338	175,386	170,424
Unallocated Investment/Interest Income	12,873	23,129	26,728	25,378
Other Revenues	133,285	128,115	27,339	63,101
Transfers	(480,195)	(489,364)	(520,134)	(554,346)
Total Government Activities	$ 19,107,556	$ 20,660,637	$ 21,726,728	$ 23,085,926
Business-type Activities:				
Unallocated Investment/Interest Income	$ 6,567	$ 17,545	$ 33,688	$ 40,583
Other Revenues	12,134	2,215	9,107	7,028
Transfers	480,195	489,364	520,134	554,346
Total Business-type Activities	$ 498,896	$ 509,124	$ 562,929	$ 601,957
Total Primary Government General Revenues	$ 19,606,452	$ 21,169,761	$ 22,289,657	$ 23,687,883
Changes in Net Position:				
Governmental Activities	$ 403,823	$ 1,674,439	$ 1,706,448	$ 1,681,295
Change in Accounting Principle	—	—	11,959	(4,158,828)
Change in Fund Structure	—	—	(698)	—
Business-type Activities	726,437	707,963	411,968	328,068
Changes in Accounting Principle	—	—	—	(705,486)
Change in Fund Structure	—	—	698	—
Total Primary Government Change in Net Position	$ 1,130,260	$ 2,382,402	$ 2,130,375	$ (2,854,951)

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

2016	2017	2018	2019	2020	2021
$ (21,984,383)	$ (24,133,590)	$ (24,167,686)	$ (23,576,964)	$ (25,389,537)	$ (25,560,385)
(422,032)	(1,029,920)	(739,277)	(284,809)	(2,028,340)	(1,824,807)
$ (22,406,415)	$ (25,163,510)	$ (24,906,963)	$ (23,861,773)	$ (27,417,877)	$ (27,385,192)

$ 10,969,019	$ 11,307,961	$ 12,125,496	$ 12,693,113	$ 12,754,820	$ 14,199,891
1,361,681	1,270,423	1,343,290	1,606,928	1,638,366	2,402,120
5,534,870	5,779,685	5,995,103	6,275,369	6,408,680	6,736,757
846,216	850,240	823,551	820,829	781,471	788,623
1,428,134	1,518,531	1,566,759	1,626,285	1,622,413	1,836,728
904,424	917,834	936,618	931,329	882,917	855,981
2,801,323	2,833,543	2,964,339	3,056,301	3,019,463	3,315,179
170,179	165,244	165,089	166,137	150,729	259,124
35,289	66,639	94,641	156,000	127,253	97,485
50,574	87,096	75,201	137,949	51,292	155,267
(661,843)	(591,268)	(626,435)	(643,065)	(696,757)	(620,256)
$ 23,439,866	$ 24,205,928	$ 25,463,652	$ 26,827,175	$ 26,740,647	$ 30,026,899

$ 44,919	$ 45,796	$ 50,457	$ 59,959	$ 53,677	$ 7,923
8,067	11,990	4,249	732	30	918
661,843	591,268	626,435	643,065	696,757	620,256
$ 714,829	$ 649,054	$ 681,141	$ 703,756	$ 750,464	$ 629,097
$ 24,154,695	$ 24,854,982	$ 26,144,793	$ 27,530,931	$ 27,491,111	$ 30,655,996

$ 1,455,483	$ 72,338	$ 1,295,966	$ 3,250,211	$ 1,351,110	$ 4,466,514
—	—	(175,330)	—	—	5,446
—	—	(7,005)	—	—	—
292,797	(380,866)	(58,136)	418,947	(1,277,876)	(1,195,710)
—	—	(33,694)	—	—	—
—	—	7,005	—	—	—
$ 1,748,280	$ (308,528)	$ 1,028,806	$ 3,669,158	$ 73,234	$ 3,276,250

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

	2012	2013	2014	2015
General Fund:				
Nonspendable	$ 625,689	$ 750,071	$ 912,814	$ 931,595
Restricted	148,483	105,581	128,025	119,108
Committed	—	—	—	—
Assigned	—	219,562	231,559	322,780
Unassigned	(818,928)	252,474	576,549	840,405
Total General Fund	$ (44,756)	$ 1,327,688	$ 1,848,947	$ 2,213,888
All Other Governmental Funds:				
Nonspendable	$ 892,478	$ 992,738	$ 1,154,936	$ 1,224,853
Restricted	2,300,043	2,754,222	4,011,252	3,708,694
Committed	561,628	714,304	642,573	861,685
Assigned	642,158	1,152	199,900	682,373
Unassigned	(97,404)	—	—	—
Total All Other Governmental Funds	$ 4,298,903	$ 4,462,416	$ 6,008,661	$ 6,477,605
Total Governmental Funds	$ 4,254,147	$ 5,790,104	$ 7,857,608	$ 8,691,493

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

2016	2017	2018	2019	2020	2021
$ 929,967	$ 1,034,219	$ 1,121,875	$ 1,229,393	$ 1,306,394	$ 1,656,575
180,272	86,942	83,409	93,570	98,995	91,030
—	—	82,000	62,221	55,698	69,968
365,054	757,056	1,830,239	2,124,922	2,121,691	1,885,096
1,641,798	1,610,516	1,759,000	2,175,460	2,059,642	5,205,205
$ 3,117,091	$ 3,488,733	$ 4,876,523	$ 5,685,566	$ 5,642,420	$ 8,907,874
$ 1,275,357	$ 1,369,443	$ 1,442,020	$ 1,568,078	$ 1,677,904	$ 2,004,883
3,482,136	3,629,229	4,618,092	4,719,005	4,743,594	4,938,195
709,828	952,613	688,673	663,729	804,708	879,424
598,110	548,454	24,072	53,513	38,483	49,853
—	—	—	—	(3,485)	4,783
$ 6,065,431	$ 6,499,739	$ 6,772,857	$ 7,004,325	$ 7,261,204	$ 7,877,138
$ 9,182,522	$ 9,988,472	$ 11,649,380	$ 12,689,891	$ 12,903,624	$ 16,785,012

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

	2012	2013	2014	2015
Revenues:				
Individual Income Taxes	$ 8,267,608	$ 9,257,352	$ 9,859,403	$ 10,640,365
Corporate Income Taxes	996,524	1,273,112	1,302,563	1,503,461
Sales Taxes	4,871,038	5,028,616	5,281,384	5,455,081
Property Taxes	813,723	817,895	830,759	836,257
Motor Vehicle Taxes	1,150,343	1,241,242	1,312,837	1,395,959
Fuel Taxes	851,410	861,780	882,649	908,740
Federal Revenues	8,241,573	8,893,572	9,465,563	10,303,369
Other Taxes and Revenues	4,101,994	4,550,709	4,654,510	4,660,862
Total Revenues	$ 29,294,213	$ 31,924,278	$ 33,589,668	$ 35,704,094
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 904,313	$ 961,993	$ 951,403	$ 951,901
Economic and Workforce Development	588,847	623,810	647,590	694,016
General Education	7,885,111	8,201,852	9,042,621	9,088,463
General Government	747,209	825,528	900,517	1,066,108
Health and Human Services	12,412,737	13,091,238	13,587,375	15,018,706
Higher Education	777,958	849,506	911,986	912,947
Intergovernmental Aid	1,358,520	1,269,078	1,291,075	1,583,636
Public Safety and Corrections	893,858	909,426	939,855	965,508
Transportation	2,300,784	2,610,632	2,630,645	2,883,144
Capital Outlay	573,631	646,086	939,987	1,090,210
Debt Service:				
Principal	467,870	326,989	410,450	598,590
Interest	571,656	295,231	251,606	365,231
Total Expenditures	$ 29,482,494	$ 30,611,369	$ 32,505,110	$ 35,218,460
Excess of Revenues over (under) Expenditures	$ (188,281)	$ 1,312,909	$ 1,084,558	$ 485,634
Other Financing Sources (Uses):				
Bond Issuance	$ 1,517,849	$ 1,296,087	$ 1,348,259	$ 720,300
Certificate of Participation Issuance	—	—	—	80,100
Loan Issuance	—	1,597	—	—
Issuance of Refunding Bonds	—	—	373,940	153,905
Payment to Refunded Bonds Escrow Agent	(400,775)	(768,450)	(373,940)	(153,905)
Bond Issuance Premium	142,273	200,932	180,783	123,666
Net Transfers-In (Out)	(495,540)	(507,118)	(546,096)	(575,815)
Net Other Financing Sources (Uses)	$ 763,807	$ 223,048	$ 982,946	$ 348,251
Change in Accounting Principle	—	—	—	—
Change in Fund Structure	—	—	—	—
Net Changes in Fund Balances	$ 575,526	$ 1,535,957	$ 2,067,504	$ 833,885
Debt Service as a Percentage of noncapital Expenditures	3.6 %	2.1 %	2.1 %	2.8 %

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

	2016	2017	2018	2019	2020	2021
	$ 11,013,385	$ 11,263,573	$ 12,082,631	$ 12,674,858	$ 12,329,724	$ 14,369,219
	1,414,531	1,272,913	1,327,533	1,613,373	1,620,684	2,404,057
	5,558,870	5,792,017	5,993,944	6,264,666	6,387,889	6,755,167
	855,032	848,463	819,654	811,117	772,876	789,888
	1,428,000	1,518,624	1,566,752	1,626,429	1,622,106	1,836,267
	904,475	917,956	936,543	930,988	884,788	854,215
	10,724,013	11,043,070	11,529,973	12,183,673	12,997,791	17,330,357
	4,792,065	5,092,983	6,172,623	5,635,967	5,401,771	6,350,613
	$ 36,690,371	$ 37,749,599	$ 40,429,653	$ 41,741,071	$ 42,017,629	$ 50,689,783
	$ 1,008,712	$ 1,035,953	$ 1,173,902	$ 1,224,420	$ 1,303,941	$ 1,322,622
	720,340	756,386	721,636	762,380	821,081	936,239
	9,438,526	9,801,245	10,142,699	10,545,012	10,896,959	11,779,019
	1,022,298	978,292	967,045	978,388	1,009,413	1,181,182
	15,556,280	16,039,287	17,087,873	17,881,072	18,537,691	21,113,015
	976,387	987,714	1,032,901	1,087,158	1,009,076	1,038,657
	1,626,833	1,644,215	1,699,020	1,867,341	1,780,630	2,860,441
	974,864	1,046,709	1,067,492	1,168,970	1,188,951	1,314,226
	2,840,880	2,772,542	3,093,871	3,385,926	3,411,652	3,409,599
	1,183,985	870,595	669,165	840,378	881,527	929,456
	650,190	647,020	655,751	614,384	649,388	619,204
	390,603	392,195	380,418	339,397	321,316	346,937
	$ 36,389,898	$ 36,972,153	$ 38,691,773	$ 40,694,826	$ 41,811,625	$ 46,850,597
	$ 300,473	$ 777,446	$ 1,737,880	$ 1,046,245	$ 206,004	$ 3,839,186
	$ 670,905	$ 491,129	$ 449,188	$ 603,407	$ 621,347	$ 563,000
	—	—	—	—	—	—
	—	769	2,887	—	—	—
	391,555	310,565	404,880	—	27,570	695,655
	(391,555)	(310,565)	(404,880)	—	(27,570)	(695,655)
	163,418	155,376	137,078	79,169	130,449	146,688
	(643,767)	(618,770)	(666,622)	(688,310)	(744,067)	(672,932)
	$ 190,556	$ 28,504	$ (77,469)	$ (5,734)	$ 7,729	$ 36,756
	—	—	—	—	—	5,446
	—	—	497	—	—	—
	$ 491,029	$ 805,950	$ 1,660,908	$ 1,040,511	$ 213,733	$ 3,881,388
	3.0 %	2.9 %	2.7 %	2.4 %	2.4 %	2.1 %

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

	2011	2012	2013	2014
Farm Earnings	$ 4,497,149	$ 6,234,574	$ 6,055,896	$ 3,957,930
Nonfarm Earnings:				
Private Earnings:				
Forestry, Fishing, Related Activities	$ 313,714	$ 377,581	$ 375,183	$ 372,518
Mining	1,175,135	1,195,976	940,241	836,803
Utilities	1,696,883	1,598,936	1,753,610	1,819,167
Construction	8,610,456	9,695,487	10,307,393	11,256,047
Manufacturing:				
Durable Goods Manufacturing	14,945,794	15,477,077	15,769,874	16,463,894
Nondurable Goods Manufacturing	7,376,995	7,865,499	7,976,017	8,866,827
Wholesale trade	11,521,480	12,015,927	12,457,480	12,670,150
Retail Trade	9,838,374	10,267,848	10,568,505	10,934,279
Transportation and Warehousing	5,752,355	5,944,742	6,131,364	6,468,497
Information	4,554,992	4,501,266	4,506,448	4,720,952
Finance and Insurance	13,498,147	16,305,898	15,853,822	15,939,115
Real Estate and Rental and Leasing	2,835,593	3,766,233	4,020,944	4,248,409
Professional and Technical Services	14,232,902	14,850,286	15,577,864	16,890,612
Management of Companies and Enterprises	9,380,832	9,729,235	10,194,587	10,605,646
Administrative and Waste Services	5,659,208	5,769,149	5,871,881	6,229,435
Educational Services	2,729,144	2,796,682	2,766,270	2,865,504
Health Care and Social Assistance	22,453,534	23,162,318	24,004,913	24,990,069
Arts, Entertainment, and Recreation	1,427,418	1,446,421	1,576,030	1,884,804
Accommodation and Food Services	4,028,151	4,314,959	4,480,084	4,746,770
Other Services, Except Public Administration	6,040,975	6,294,864	6,401,623	6,886,532
Total Private Earnings	$ 148,072,082	$ 157,376,384	$ 161,534,133	$ 169,696,030
Government and Government Enterprises:				
Federal, Civilian	$ 3,024,745	$ 3,007,494	$ 2,978,551	$ 3,039,703
Military	784,391	748,232	709,513	665,703
State and Local	20,989,028	21,119,824	21,944,845	22,804,710
Total Government and Government Enterprises	$ 24,798,164	$ 24,875,550	$ 25,632,909	$ 26,510,116
Total Nonfarm Earnings	$ 172,870,246	$ 182,251,934	$ 187,167,042	$ 196,206,146
Total Earnings By Industry	$ 177,367,395	$ 188,486,508	$ 193,222,938	$ 200,164,076
Derivation of Personal Income:				
Earnings by Place of Work	$ 177,367,395	$ 188,486,508	$ 193,222,938	$ 200,164,076
Other Personal Income[1]	61,270,680	65,534,021	62,816,834	68,365,869
Personal Income	$ 238,638,075	$ 254,020,529	$ 256,039,772	$ 268,529,945

(1) Adjustments for Residence, Dividends, Interest, Rent, and Transfer Receipts less Social Security Benefits.

Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA), table SAINC5N: Personal Income by Major Component and Earnings by NAICS Industry (www.apps.bea.gov/itable). The data is updated quarterly. The Annual Comprehensive Financial Report utilizes the most current data estimates available. Data from the website and prior years are not adjusted or updated. The website reflects that data used in this report was updated September 23, 2021 for calendar year 2020.

	2015	2016	2017	2018	2019	2020
	$ 3,436,873	$ 2,134,638	$ 492,804	$ 1,852,217	$ 2,846,797	$ 4,067,578
	$ 405,253	$ 424,616	$ 434,528	$ 481,398	$ 477,302	$ 451,016
	711,097	567,153	598,939	759,190	838,794	738,578
	1,813,182	1,872,657	1,831,635	1,908,942	1,964,871	2,118,672
	12,199,335	12,845,658	13,656,541	13,978,979	14,825,124	15,329,099
	17,276,885	17,438,243	17,929,229	18,601,711	19,143,064	18,895,291
	9,169,634	9,357,227	9,404,043	9,604,543	10,220,779	10,387,716
	13,096,562	12,945,024	14,803,153	14,349,985	14,830,395	15,728,992
	11,384,942	11,789,700	11,927,427	12,326,763	12,583,008	12,653,316
	6,743,929	7,336,944	8,010,476	8,380,010	8,958,186	8,532,098
	4,851,528	4,689,082	4,911,711	4,899,737	5,103,172	5,533,813
	16,821,074	16,837,111	18,327,349	19,603,029	20,294,860	21,534,399
	4,464,110	3,983,710	3,996,742	3,629,490	3,773,705	3,598,990
	17,816,158	19,890,779	20,579,819	21,484,286	22,009,990	22,302,458
	10,841,476	10,879,965	11,677,068	12,000,032	13,531,826	13,308,455
	6,499,176	6,924,327	7,654,637	7,593,887	7,823,540	7,770,546
	2,918,287	3,085,382	3,157,217	3,251,508	3,417,599	3,403,828
	26,435,203	28,175,658	29,831,013	31,256,560	32,320,602	33,280,658
	2,004,934	2,212,728	2,274,522	2,631,950	2,567,039	1,829,275
	5,159,435	5,517,804	5,810,628	6,015,044	6,210,891	4,726,572
	7,151,982	7,369,166	7,766,344	7,956,699	8,338,454	7,940,437
	$ 177,764,182	$ 184,142,934	$ 194,583,021	$ 200,713,743	$ 209,233,201	$ 210,064,209
	$ 3,169,588	$ 3,254,830	$ 3,341,625	$ 3,501,023	$ 3,551,617	$ 3,695,225
	623,320	657,201	653,478	706,250	758,605	760,090
	23,628,074	24,423,598	25,166,437	26,343,997	26,752,970	26,959,982
	$ 27,420,982	$ 28,335,629	$ 29,161,540	$ 30,551,270	$ 31,063,192	$ 31,415,297
	$ 205,185,164	$ 212,478,563	$ 223,744,561	$ 231,265,013	$ 240,296,393	$ 241,479,506
	$ 208,622,037	$ 214,613,201	$ 224,237,365	$ 233,117,230	$ 243,143,190	$ 245,547,084
	$ 208,622,037	$ 214,613,201	$ 224,237,365	$ 233,117,230	$ 243,143,190	$ 245,547,084
	71,784,447	72,636,608	78,903,906	89,610,344	88,658,735	105,237,607
	$ 280,406,484	$ 287,249,809	$ 303,141,271	$ 322,727,574	$ 331,801,925	$ 350,784,691

Schedule 6 - Revenue Rates
Tax Rates and Taxable Income Brackets for Calendar Years 2012 through 2021

Tax Year 2012

	5.35% Up To	7.05%			7.85% Over
Married Joint	$ 34,590	$ 34,591	—	$ 137,430	$ 137,430
Married Separate	17,300	17,301	—	68,720	68,720
Single	23,670	23,671	—	77,730	77,730
Head of Household	29,130	29,131	—	117,060	117,060

Tax Year 2013

	5.35% Up To	7.05%			7.85%			9.85% Over
Married Joint	$ 35,480	$ 35,481	—	$ 140,960	$ 140,961	—	$ 250,000	$ 250,000
Married Separate	17,740	17,741	—	70,480	70,481	—	125,000	125,000
Single	24,270	24,271	—	79,730	79,731	—	150,000	150,000
Head of Household	29,880	29,881	—	120,070	120,071	—	200,000	200,000

Tax Year 2014

	5.35% Up To	7.05%			7.85%			9.85% Over
Married Joint	$ 36,080	$ 36,081	—	$ 143,350	$ 143,351	—	$ 254,240	$ 254,240
Married Separate	18,040	18,041	—	71,680	71,681	—	127,120	127,120
Single	24,680	24,681	—	81,080	81,081	—	152,540	152,540
Head of Household	30,390	30,391	—	122,110	122,111	—	203,390	203,390

Tax Year 2015

	5.35% Up To	7.05%			7.85%			9.85% Over
Married Joint	$ 36,650	$ 36,651	—	$ 145,620	$ 145,621	—	$ 258,260	$ 258,260
Married Separate	18,330	18,331	—	72,810	72,811	—	129,130	129,130
Single	25,070	25,071	—	82,360	82,361	—	154,950	154,950
Head of Household	30,870	30,871	—	124,040	124,041	—	206,610	206,610

Tax Year 2016

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

Source: Minnesota Department of Revenue Tax Research Division

For tax years prior to 2019, Minnesota Taxable Income is federal taxable income modified for state-specific additions and subtractions. Beginning with tax year 2019, Minnesota Taxable Income is federal adjusted gross income modified for state-specific additions and subtractions.

Schedule 6 - Revenue Rates
Tax Rates and Taxable Income Brackets for Calendar Years 2012 through 2021 (continued)

Tax Year 2017

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

Tax Year 2018

	5.35% Up To	7.05%		7.85%		9.85% Over
Married Joint	$ 37,850	$ 37,851 —	$ 150,380	$ 150,381 —	$ 266,700	$ 266,700
Married Separate	18,930	18,931 —	75,190	75,191 —	133,350	133,350
Single	25,890	25,891 —	85,060	85,061 —	160,020	160,020
Head of Household	31,880	31,881 —	128,090	128,091 —	213,360	213,360

Tax Year 2019

	5.35% Up To	7.05%		7.85%		9.85% Over
Married Joint	$ 38,770	$ 38,771 —	$ 154,020	$ 154,021 —	$ 269,010	$ 269,010
Married Separate	19,385	19,386 —	77,010	77,011 —	134,505	134,505
Single	26,520	26,521 —	87,110	87,111 —	161,720	161,720
Head of Household	32,650	32,651 —	131,190	131,191 —	214,980	214,980

Tax Year 2020

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

Tax Year 2021

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

Schedule 7 - Principal Tax Payers
Personal Income Tax Filers and Liability by Income Level
Calendar Years 2010 and 2019

Calendar Year 2010

Federal Adjusted Gross Income	Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability[1]	Percent of Total
$ — – $ 4,999	216,164	8.41 %	$ 2,924,436	0.04 %
5,000 – 9,999	196,817	7.66 %	5,158,137	0.07 %
10,000 – 19,999	340,490	13.25 %	61,562,700	0.87 %
20,000 – 29,999	303,340	11.81 %	165,959,354	2.33 %
30,000 – 39,999	255,103	9.93 %	251,164,846	3.53 %
40,000 – 49,999	206,692	8.04 %	310,401,380	4.37 %
50,000 – 99,999	650,903	25.33 %	1,804,018,067	25.38 %
100,000 – 249,999	337,097	13.12 %	2,254,900,423	31.72 %
250,000 – 499,999	40,591	1.58 %	743,503,118	10.46 %
500,000 & Over	22,259	0.87 %	1,509,396,228	21.24 %
Total	2,569,456	100.00 %	$ 7,108,988,689	100.00 %

Calendar Year 2019

Federal Adjusted Gross Income	Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability[1]	Percent of Total
$ — – $ 4,999	189,379	6.52 %	$ 35,328,145	0.30 %
5,000 – 9,999	170,025	5.86 %	1,612,970	0.01 %
10,000 – 19,999	296,087	10.20 %	28,796,450	0.24 %
20,000 – 29,999	287,170	9.89 %	119,592,090	1.01 %
30,000 – 39,999	283,832	9.78 %	244,087,419	2.06 %
40,000 – 49,999	235,446	8.11 %	323,618,316	2.73 %
50,000 – 99,999	743,547	25.61 %	2,010,281,832	16.97 %
100,000 – 249,999	566,337	19.51 %	3,998,314,016	33.76 %
250,000 – 499,999	88,299	3.04 %	1,756,335,396	14.83 %
500,000 & Over	43,038	1.49 %	3,325,663,916	28.09 %
Total	2,903,160	100.00 %	$ 11,843,630,550	100.00 %

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

Source: Minnesota Department of Revenue, Individual Income Tax Sample. Calendar year 2019 is the most recent year available.

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

	2012	2013	2014	2015
Governmental Activities:				
General Obligation Bonds[1]	$ 5,772,034	$ 6,157,536	$ 6,649,907	$ 6,885,776
Revenue Bonds[1]	794,574	10,260	47,255	44,757
State Appropriation Bonds[1]	—	774,770	1,230,408	1,175,677
Loans	28,612	35,982	28,610	24,966
Capital Leases	144,319	115,300	106,821	98,512
Certificates of Participation[1]	70,742	49,440	41,981	125,875
Total Governmental Activities	$ 6,810,281	$ 7,143,288	$ 8,104,982	$ 8,355,563
Business-type Activities:				
General Obligation Bonds[1]	$ 249,636	$ 250,321	$ 256,886	$ 260,431
Revenue Bonds[1]	431,952	470,498	444,231	460,484
Loans	5,015	4,414	3,635	3,794
Capital Leases	40,137	35,281	30,519	25,968
Total Business-type Activities	$ 726,740	$ 760,514	$ 735,271	$ 750,677
Total Debt to the Primary Government	$ 7,537,021	$ 7,903,802	$ 8,840,253	$ 9,106,240
Less: Set Aside to Repay General Debt	$ (301,320)	$ (383,740)	$ (604,165)	$ (605,850)
Net Debt to the Primary Government	$ 7,235,701	$ 7,520,062	$ 8,236,088	$ 8,500,390
Total Personal Income	$238,638.075	$254,020,529	$256,039,772	$268,529,945
Ratio of Total Debt to Personal Income	3.16 %	3.11 %	3.45 %	3.39 %
Per Capita Total Outstanding Debt (Actual Dollars)	$ 1,409	$ 1,469	$ 1,631	$ 1,670
Ratio of Net General Obligation Debt to Personal Income	2.40 %	2.37 %	2.46 %	2.44 %
Per Capita Net General Obligation Debt (Actual Dollars)	$ 1,069	$ 1,120	$ 1,163	$ 1,199

(1) Includes applicable premium or discount.

Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA), table SAINC5N: Personal Income by Major Component and Earnings by NAICS Industry (www.apps.bea.gov/itable). The data is updated quarterly. The Annual Comprehensive Financial Report utilizes the most current data estimates available. Data from the website and prior years are not adjusted or updated. The website reflects that data used in this report was updated September 23, 2021 for calendar year 2020.

2016	2017	2018	2019	2020	2021
$ 7,043,943	$ 6,999,510	$ 6,867,284	$ 6,924,502	$ 7,025,411	$ 6,915,311
42,103	39,365	36,795	34,150	31,410	28,580
1,128,706	1,090,895	1,048,439	997,488	944,767	956,012
23,337	23,252	41,770	51,182	55,395	51,608
89,854	80,881	71,576	61,864	51,702	41,047
115,870	104,875	93,425	81,709	79,038	76,257
$ 8,443,813	$ 8,338,778	$ 8,159,289	$ 8,150,895	$ 8,187,723	$ 8,068,815
$ 253,671	$ 238,637	$ 227,901	$ 223,190	$ 214,906	$ 199,199
431,289	392,070	351,871	309,803	266,519	232,993
4,842	2,552	11,030	10,358	13,398	1,150,619
21,635	26,996	13,741	9,494	5,351	4,364
$ 711,437	$ 660,255	$ 604,543	$ 552,845	$ 500,174	$ 1,587,175
$ 9,155,250	$ 8,999,033	$ 8,763,832	$ 8,703,740	$ 8,687,897	$ 9,655,990
$ (613,385)	$ (625,870)	$ (611,595)	$ (619,740)	$ (615,705)	$ (574,475)
$ 8,541,865	$ 8,373,163	$ 8,152,237	$ 8,084,000	$ 8,072,192	$ 9,081,515
$280,406,484	$287,249,809	$303,141,271	$322,727,574	$331,801,925	$350,784,691
3.26 %	3.13 %	2.89 %	2.70 %	2.62 %	2.75 %
$ 1,670	$ 1,630	$ 1,571	$ 1,551	$ 1,540	$ 1,707
2.38 %	2.30 %	2.14 %	2.02 %	2.00 %	1.86 %
$ 1,219	$ 1,198	$ 1,163	$ 1,163	$ 1,175	$ 1,156

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

	2012	2013	2014	2015
State University Board Revenue Segment of College and University Enterprise Fund				
Gross Revenues[1]	$ 111,168	$ 109,368	$ 109,857	$ 112,662
Less: Operating Expenses[2]	(74,432)	(78,410)	(81,624)	(78,856)
Net Available Revenue	$ 36,736	$ 30,958	$ 28,233	$ 33,806
Debt Service:				
Principal	$ 7,545	$ 11,575	$ 12,425	$ 14,060
Interest	11,889	11,129	12,452	11,847
Total Debt Service	$ 19,434	$ 22,704	$ 24,877	$ 25,907
Coverage	1.89	1.36	1.13	1.30
Itasca Community College Student Housing[3] Segments of College and University Enterprise Fund				
Gross Revenues[1]	$ 690	$ 450	$ 473	$ 478
Less: Operating Expenses[2]	(334)	(205)	(230)	(203)
Net Available Revenue	$ 356	$ 245	$ 243	$ 275
Debt Service:				
Principal	$ 165	$ 95	$ 130	$ 120
Interest	124	71	49	48
Total Debt Service	$ 289	$ 166	$ 179	$ 168
Coverage	1.23	1.48	1.36	1.64
911 Services Fund[4]				
911 Services Fees	$ 68,516	$ 63,222	$ 63,684	$ 57,381
Less: Operating Expenses[2]	(25,815)	(26,019)	(26,191)	(24,741)
Net Available Revenue	$ 42,701	$ 37,203	$ 37,493	$ 32,640
Debt Service:				
Principal	$ 15,005	$ 11,380	$ 11,820	$ 12,310
Interest	7,260	6,918	6,443	5,924
Total Debt Service	$ 22,265	$ 18,298	$ 18,263	$ 18,234
Coverage	1.92	2.03	2.05	1.79

(1) Revenues from student fees and the operating of the financed buildings are pledged to repay revenue bonds. This amount is net of cost of goods sold.

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

(3) In 2013, the remaining $85,000 in principal and interest was paid in full for Vermillion Community College. Remaining pledged revenue is for Itasca Community College only.

(4) Revenue bonds of $42.2 million were issued on November 13, 2008, for 911 services. The 911 fees assessed on wireless and wire-line telephone services are pledged to repay the 911 revenue bonds. The bonds were paid in full during fiscal year 2021.

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

	2016	2017	2018	2019	2020	2021
	$ 119,182	$ 120,261	$ 116,988	$ 118,060	$ 98,172	$ 82,216
	(80,031)	(85,050)	(84,176)	(76,509)	(76,121)	(68,991)
	$ 39,151	$ 35,211	$ 32,812	$ 41,551	$ 22,051	$ 13,225
	$ 14,385	$ 16,315	$ 17,755	$ 18,665	$ 17,560	$ 20,145
	12,342	10,503	11,378	10,529	10,017	9,256
	$ 26,727	$ 26,818	$ 29,133	$ 29,194	$ 27,577	$ 29,401
	1.46	1.31	1.13	1.42	0.80	0.45
	$ 495	$ 493	$ 481	$ 487	$ 380	$ 362
	(209)	(245)	(260)	(207)	(233)	(301)
	$ 286	$ 248	$ 221	$ 280	$ 147	$ 61
	$ 120	$ 130	$ 130	$ 130	$ 135	$ 135
	46	44	42	40	37	34
	$ 166	$ 174	$ 172	$ 170	$ 172	$ 169
	1.72	1.43	1.28	1.65	0.85	0.36
	$ 68,500	$ 76,324	$ 79,130	$ 81,354	$ 75,032	$ 79,441
	(24,695)	(25,244)	(22,430)	(19,561)	(23,542)	(24,900)
	$ 43,805	$ 51,080	$ 56,700	$ 61,793	$ 51,490	$ 54,541
	$ 12,810	$ 20,320	$ 19,430	$ 20,400	$ 21,420	$ 10,145
	5,403	2,675	3,570	2,598	1,578	507
	$ 18,213	$ 22,995	$ 23,000	$ 22,998	$ 22,998	$ 10,652
	2.41	2.22	2.47	2.69	2.24	5.12

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

	2012	2013	2014	2015
D.J. Johnson Economic Protection Trust Fund[5]				
Taconite Production Tax	$ 1,919	$ 5,723	$ 2,074	$ 1,542
Net Available Revenue	$ 1,919	$ 5,723	$ 2,074	$ 1,542
Debt Service:				
Principle[4]	$ 440	$ 572	$ 477	$ 973
Interest	256	123	417	853
Total Debt Service	$ 696	$ 695	$ 894	$ 1,826
Coverage	2.76	8.23	2.32	0.84
Iron Range Resources and Rehabilitation Agency (IRRR)[5]				
Taconite Production Tax	$ 704	$ 706	$ 2,074	$ 2,452
Net Available Revenue	$ 704	$ 706	$ 2,074	$ 2,452
Debt Service:				
Principle	$ 440	$ 572	$ 478	$ 1,452
Interest	256	124	615	1,343
Total Debt Service	$ 696	$ 696	$ 1,093	$ 2,795
Coverage	1.01	1.01	1.90	0.88

(5) On October 18, 2013, Iron Range Resources and Rehabilitation (IRRR) issued $37.8 million Educational Facilities Revenue bonds, a portion of Taconite production tax revenues allocated to IRRR is pledged to repay the bonds. IRRR pays two-third and D.J. Johnson Economic Protection Trust Funds pay one-third of the debt.

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

2016	2017	2018	2019	2020	2021
$ 1,540	$ 1,540	$ 1,539	$ 1,539	$ 1,257	$ 1,262
$ 1,540	$ 1,540	$ 1,539	$ 1,539	$ 1,257	$ 1,262
$ 974	$ 1,007	$ 1,037	$ 1,063	$ 1,105	$ 1,141
547	518	487	458	417	379
$ 1,521	$ 1,525	$ 1,524	$ 1,521	$ 1,522	$ 1,520
1.01	1.01	1.01	1.01	0.83	0.83
$ 2,450	$ 2,452	$ 2,451	$ 2,451	$ 2,733	$ 2,732
$ 2,450	$ 2,452	$ 2,451	$ 2,451	$ 2,733	$ 2,732
$ 1,431	$ 1,483	$ 1,533	$ 1,582	$ 1,635	$ 1,689
992	944	896	840	789	731
$ 2,423	$ 2,427	$ 2,429	$ 2,422	$ 2,424	$ 2,420
1.01	1.01	1.01	1.01	1.13	1.13

Schedule 10 - Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population [1]	Income (Thousands)[1]	Per Capita Personal Income[1]	Median Age[2]	Unemployment Rate[3]
2011	5,348,562	$ 238,638,075	$ 44,617	37.5	6.5%
2012	5,380,285	$ 254,020,529	$ 47,213	37.6	5.6%
2013	5,418,521	$ 256,039,772	$ 47,253	37.7	5.0%
2014	5,453,109	$ 268,529,945	$ 49,243	37.7	4.2%
2015	5,482,435	$ 280,406,484	$ 51,146	37.8	3.7%
2016	5,519,952	$ 287,249,809	$ 52,038	37.9	3.8%
2017	5,576,606	$ 303,141,271	$ 54,359	38.0	3.1%
2018	5,611,179	$ 322,727,574	$ 57,515	38.1	2.9%
2019	5,639,632	$ 331,801,925	$ 58,834	38.3	3.2%
2020	5,657,342	$ 350,784,691	$ 62,005	38.4	6.2%

Sources:

(1) U.S. Department of Commerce, Bureau of Economic Analysis (BEA), table SAINC5N: Personal Income by Major Component and Earnings by NAICS Industry (www.apps.bea.gov/itable). The data is updated quarterly. The Annual Comprehensive Financial Report utilizes the most current data estimates available data from the website and prior years are not adjusted or updated. The website reflects that data used in this report was updated September 23, 2021 for calendar year 2020.

(2) U.S. Census Bureau

(3) Minnesota Department of Employment and Economic Development

Schedule 11 - Principal Employers
Calendar Year 2020 and Nine Years Ago

Employer	2011 Employees[(1)]	2011 Rank	2011 Percent of Total State Employment	2020 Employees[(2)]	2020 Rank	2020 Percent of Total State Employment
State of Minnesota	40,208	1	1.48%	40,471	2	1.49%
Mayo Clinic	32,893	3	1.21%	44,697	1	1.65%
United States Government	34,000	2	1.25%	35,223	3	1.30%
Target Corp.	30,500	4	1.12%	31,000	5	1.14%
Allina Health System	23,302	5	0.86%	28,896	6	1.06%
Fairview Health Services	20,178	7	0.74%	32,778	4	1.21%
Wells Fargo Bank Minnesota	20,000	8	0.74%	18,000	10	0.66%
Wal-Mart Stores Inc.	20,434	6	0.75%			0.00%
University of Minnesota	19,157	9	0.71%	27,000	7	0.99%
MN State Colleges/Universities	18,516	10	0.68%			
Health Partners Inc.			0.00%	24,963	8	0.92%
United Health Group Inc.			0.00%	18,200	9	0.67%
Total	259,188			301,228		
Total State Employment[(3)]	2,715,362			2,716,180		

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

Source:
(1) 2011 State of Minnesota Annual Comprehensive Report
(2) Minneapolis/St. Paul Business Journal Book of Lists published July 10, 2020
(3) State of Minnesota Full-Time Employee data 2020 provided by the Minnesota Department of Employment and Economic Development.

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

	2012	2013	2014	2015
Primary Government:				
Agricultural, Environmental and Energy Resources	4,221	4,543	4,532	4,622
Economic and Workforce Development	2,368	2,468	2,378	2,373
General Education	851	898	915	900
General Government	6,867	7,228	7,552	7,606
Health and Human Services	8,694	9,143	9,613	9,909
Higher Education	15,554	15,584	15,481	15,090
Public Safety and Corrections	6,457	6,521	6,519	6,598
Transportation	4,514	4,915	4,970	4,815
Total	49,526	51,300	51,960	51,913

Sources: Minnesota Management & Budget
Minnesota State Colleges and Universities

2016	2017	2018	2019	2020	2021
4,576	4,459	4,454	4,471	4,453	4,312
2,332	2,242	2,184	2,176	2,188	2,266
846	859	849	861	860	805
8,666	9,347	9,511	9,813	10,204	10,160
9,062	9,452	9,837	10,119	10,288	10,232
14,810	14,576	14,385	14,376	14,341	19,331
6,761	6,728	6,817	6,915	6,936	6,832
4,654	4,793	4,979	5,145	5,210	5,189
51,707	52,456	53,016	53,876	54,480	59,127

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

	2012	2013	2014	2015
Agricultural, Environmental and Energy Resources:				
Recreational Fishing Licenses Issued/License Year	1,394,075	1,340,327	1,364,293	1,363,641
Watercraft Licenses Issued/Calendar Year	970,091	957,061	958,111	960,418
Acres of State Land Managed by Forestry/Fiscal Year	3,914,875	4,008,450	4,014,742	4,014,641
Farms/Calendar Year	74,500	74,400	74,000	73,600
Acres of Farmland/Calendar Year (1,000 Acres)	26,000	25,900	25,900	25,900
Agricultural Production-Crops/Calendar Year (Dollars in thousands)	$ 13,547,827	$ 12,763,802	$ 8,981,160	$ 9,359,125
Agricultural Production-Livestock/Calendar Year (Dollars in thousands)	$ 7,434,338	$ 7,621,957	$ 9,614,139	$ 7,858,145
Economic and Workforce Development:				
Unemployment Claims Filed [2]	319,473	282,339	268,800	242,214
Workplace Injuries Reported	33,757	34,303	34,963	33,786
General Education:[1]				
Pre-kindergarten (handicapped only) through Grade 12 Students	824,922	831,722	837,616	845,527
School Districts	337	336	332	332
Charter Schools	147	148	150	157
Special Education Age 0-21 Child Count	128,430	128,812	129,669	130,886
General Government:				
Individual Income Tax Payers/Calendar Year	2,766,477	2,794,748	2,854,888	2,894,528
Corporate Income Tax Returns/Calendar Year	33,404	36,223	35,857	35,534
Sales Tax Permit Holders/Calendar Year	256,439	284,000	155,000	155,000
Health and Human Services:				
Average Monthly Cash Recipients	183,983	181,900	176,300	166,428
Average Monthly Health Care Enrollees	855,643	864,365	929,455	1,139,325
Health Care Providers	4,680	4,780	4,931	4,724
Higher Education:				
Full Year Student Equivalents	153,447	149,905	144,524	138,657
Number of Students Graduated	39,617	39,800	39,148	38,220
Square Footage of Buildings	27,835,651	27,968,002	27,998,859	28,042,641
Public Safety and Corrections:				
Incarcerated Inmates	9,345	9,452	9,768	9,947
Offenders on Supervision	19,697	19,968	19,343	20,418
Correctional Facilities	10	10	10	10
Reassignment of Minnesota Certificates of Title	1,319,334	1,625,547	1,420,951	1,177,543
Crashes Investigated by State Patrol	20,527	23,229	25,670	23,278
Transportation:				
Miles of Paved Highways	29,310	29,323	29,288	29,288
Number of Trunk Highway Bridges	2,985	3,017	3,032	3,036
Acres of Right-of-Way	254,958	255,714	255,453	256,265

(1) Current year amounts are estimated.
(2) Increase in 2020 due to the Covid - 19 pandemic.

Notes: Of the $21.4 billion in capital assets owned by the state as of June 30, 2021, $14.3 billion (66.8 percent) of the assets represent infrastructure and right of way under the Transportation function. The remaining $7.1 billion in capital assets are allocated to other functions.
N/A indicates the information for the current year is not available.

2016	2017	2018	2019	2020	2021
1,375,334	1,398,604	1,345,199	1,316,656	1,483,113	N/A
976,329	989,301	977,780	981,926	984,538	N/A
4,030,652	4,200,338	4,202,557	4,205,684	4,204,167	4,205,320
73,300	72,845	72,745	67,812	67,294	66,779
25,900	25,775	25,770	25,367	25,379	25,284
$ 8,720,433	$ 8,290,126	$ 8,627,695	$ 8,963,847	$ 9,721,016	$ 10,654,872
$ 7,560,945	$ 7,520,072	$ 7,796,953	$ 7,548,137	$ 6,910,187	$ 7,480,650
240,570	225,711	208,174	202,300	923,535	654,798
33,915	33,006	33,252	32,949	32,461	48,477
852,399	861,191	870,737	876,334	877,523	878,524
332	332	330	331	331	330
165	165	164	164	162	173
133,742	137,601	142,270	147,605	152,016	149,382
2,942,829	2,936,859	2,985,941	3,029,630	3,066,503	3,119,096
35,613	33,872	32,879	34,469	35,057	35,340
160,000	160,000	160,000	315,000	315,000	315,000
163,859	168,518	164,703	156,672	155,874	169,895
1,191,630	1,169,864	1,189,240	1,170,116	1,158,037	1,291,455
4,533	4,582	4,805	5,101	5,787	5,468
135,192	131,640	128,830	126,094	122,483	115,766
37,427	36,846	36,128	35,969	33,893	33,540
28,473,676	28,675,891	28,587,383	28,550,290	28,552,287	28,548,068
10,105	9,869	9,963	9,479	9,381	7,593
20,011	20,168	20,291	20,533	20,444	18,701
10	10	10	10	10	10
1,343,989	1,399,009	1,341,378	1,721,593	1,347,515	1,010,522
25,113	28,200	29,845	29,198	22,976	20,757
29,288	29,290	29,263	29,233	29,169	29,169
3,022	3,017	3,033	3,036	3,034	3,034
256,483	256,958	256,715	256,679	256,679	257,223