MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended June 30, 2023

Produced by Minnesota Management and Budget

MANAGEMENT AND BUDGET

MINNESOTA

State of Minnesota

Annual Comprehensive Financial Report

For the Year Ended JUNE 30, 2023

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

MINNESOTA

State of Minnesota

2023
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/

MINNESOTA

2023 Annual Comprehensive Financial Report

Table of Contents

Financial Section (continued)

Statistical Section

MINNESOTA

State of Minnesota

2023
Annual
Comprehensive
Financial Report

Introduction

MINNESOTA

2023 Annual Comprehensive Financial Report

Transmittal Letter from the Commissioner of Minnesota Management and Budget

December 15, 2023

400 Centennial Building
658 Cedar Street
St. Paul, Minnesota 55155
(651) 201-8000
(800) 627-3529
Fax: (651) 296-8685

The Honorable Tim Walz, Governor

Members of the Legislature and citizens of the state of Minnesota

In accordance with Minnesota Statutes 16A.50, Minnesota Management and Budget is pleased to submit the Annual Comprehensive Financial Report (ACFR) for the state of Minnesota for the fiscal year ended June 30, 2023. 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, 2023. 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, 2023. The supplementary report, "Financial and Compliance Report on Federally Assisted Programs," will be available in March 2024.

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

The near-term economic outlook for Minnesota has improved since Minnesota Management and Budget's Budget and Economic Forecast was prepared in February 2023. At that time, Minnesota’s macroeconomic advisor, S&P Global Market Intelligence (SPGMI), expected a mild two-quarter recession, which the U.S. economy has managed to avoid. Since then, Minnesota’s employment and wage income have continued to grow, the unemployment rate has remained below the U.S. rate, and jobs have surpassed the pre-pandemic level.

In this forecast, the strengthened near-term economic outlook raises our expectation for growth in Minnesota’s employment and wages in 2023 and 2024 compared to our prior forecast. Beyond 2024, we now forecast slower growth in employment and wages than we expected in February.

Minnesota’s economic outlook is informed by the SPGMI forecasts for both the U.S. and Minnesota, data from the Minnesota Department of Economic and Employment Development (DEED), Quarterly Census of Employment and Wages (QCEW), and Minnesota tax revenues.

In April 2022, Minnesota’s unemployment rate reached a historic low of 2.3 percent, 1.3 percentage points below the U.S. unemployment rate of 3.6 percent. The gap between the U.S. unemployment rate and the Minnesota unemployment rate has narrowed. In October, Minnesota’s unemployment rate was 3.2 percent, the 21st lowest among U.S. states and 0.7 percentage points below the U.S. rate of 3.9 percent.

In September, Minnesota’s payroll employment surpassed its pre-pandemic level. During March and April 2020, Minnesota lost 416,000 jobs, approximately 14 percent of February 2020 payroll employment. Across the entire U.S., total employment surpassed the February 2020 level in June 2022. Minnesota's payroll employment increased by 7,000 jobs in October, pushing the total number of seasonally adjusted jobs in the state to a historic milestone of over 3 million for the first time. The state’s employers have added an average of 4,200 jobs per month in January through October, 30 percent below the rate of 6,000 jobs added per month over the same period last year. However, this employment growth is stronger than we anticipated in February, when we expected employment growth to grow by about 1,600 jobs per month in 2023.

Following the 2.3 percent growth in fiscal year 2023, we expect Minnesota payroll employment growth to decelerate to 1.4 percent for the current fiscal year. We expect employment growth to be nearly flat at 0.1 percent in fiscal year 2025 and to average 0.2 percent, or 6,000 jobs per year, in fiscal years 2026 and 2027. This subdued trajectory for Minnesota’s employment growth can be attributed to an aging workforce with an increasing number of individuals transitioning into retirement.

Data from the Bureau of Economic Analysis (BEA) reveals that wage and salary income in Minnesota expanded 5.3 percent in fiscal year 2023. Looking ahead, we anticipate robust wage growth to persist at a rate of 5.0 percent in fiscal year 2024 and 5.8 percent in fiscal year 2025. We expect wage growth to decelerate to an average of 5.0 percent per year for fiscal years 2026 and 2027.

Surging borrowing costs, rising sales prices, and limited inventory are keeping potential homebuyers on the sidelines. The 30-year fixed mortgage interest rate, the most popular home loan in the United States, recently approached eight percent for the first time since 2000. These high rates have discouraged buyers of both new and existing homes and have “locked in” owners of existing homes, who could lose lower rates on their current mortgages if they sell in such a high-rate environment. Sales of existing Minnesota homes are down 18.4 percent January through October, and new listings in Minnesota are down 12.8 percent over the same time period.

As total home inventory remains constrained, Minnesota home prices continue to rise. The median sales prices for both Minneapolis-Saint Paul metro-area homes and homes in greater Minnesota have continued to increase despite rising interest rates, declines in new listings, and declines in pending and closed sales. In October, the median price for metro-area homes was $366,000, 1.7 percent higher than one year ago. On average, metro-area sellers received 98.5 percent of the original list price at closing. The median sales price in Minnesota was $330,000 in October, up 3.1 percent from a year ago.

The combination of higher interest rates and rising home prices is challenging affordability. According to analysis from SPGMI, in the second quarter of 2023, Minnesota's home affordability index reached 112, its lowest level since the data has been recorded, dating back to 1991. An affordability index of 100 is the point where the median household has just enough income to afford a median priced home; a lower affordability index means homes are less affordable. A value below 100 means that the median household has less income than necessary to acquire a mortgage, and a value above 100 means the median household earns more income than required. The same study found that Minnesota ranks 20th among U.S. states for affordability. States in the Midwest tend to be among more affordable states, but recently affordability in even historically affordable regions is reaching historic lows. In this forecast, SPGMI does not expect improvements in affordability in the near-term. SPGMI expects the 30-Year fixed mortgage rate to peak at 7.64 percent in the fourth quarter of 2023, followed by a deceleration to less than 5.0 percent in 2027. According to data through September from the U.S. Census Bureau, the total year-to-date number of authorized residential building permits (not seasonally adjusted) in Minnesota is lagging last year by 25.3 percent. This is due to a 17.3 percent decline in single-family housing permits and a 31.3 percent decrease in multi-family permits. Last year Minnesota issued 32,000 housing permits, including 18,000 for multi-family units. In this forecast, we expect total housing permits to fall to 23,000 in 2023 and average 25,000 permits per year in years 2024-2027.

Inclusion of Estimated Inflation in the State's Budget Forecast

The 2023 Legislature enacted legislation that removed the prohibition of the inclusion of the impacts of inflation in state expenditure forecasting. As a result, the official state revenue and expenditure forecast under Minnesota Statutes 16A.103 now includes an estimate of the cost impact of inflation in expenditure projections for biennia in which appropriations have not been set.

Budget Condition and Outlook

When the Minnesota Legislature concluded the 2023 legislative session, the 2022-23 biennium was expected to end with a projected balance of $12.283 billion. Actual collections exceeded the previously forecasted amounts and estimated spending was lower. The 2022-23 biennium closed with a surplus of $13.103 billion.

The surplus from the 2022-23 biennium carried forward into the 2024-25 biennium. That balance offsets structural imbalance where spending in the biennium exceeds revenues, and the biennium is projected to have a $2.392 billion surplus based on the November 2023 Budget and Economic Forecast. Revenue in the 2024-25 biennium budget period is expected to grow to $59.655 billion, $1.766 billion (2.9 percent) lower than the 2022-23 biennium. Expenditures in the 2024-25 biennium are expected to reach $70.516 billion, an increase of $18.586 billion (35.8 percent) compared to the last biennium. The current budget reserve and cash flow account balance of $3.263 billion in the 2024-25 biennium is $61 million more than the 2022-23 biennium. Due to the large carryforward from the prior biennium, a significant portion of the 2024-25 biennium appropriated budget are one-time expenditures that are not planned to continue beyond the current biennium.

General Fund Condition

On a budgetary basis, the General Fund ended fiscal year 2023 with an unassigned fund balance of $14.147 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 $19.633 billion for fiscal year 2023, a difference of $5.486 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 $3.171 billion. The difference between the GAAP basis and budgetary basis General Fund balance, excluding these additional funds not reported in the budgetary fund balance, was $2.315 billion. For details of the budget to GAAP differences, see Note 17 – Budgetary Basis vs. GAAP in the Notes to the Financial Statements.

Budget Reserve

Minnesota's budget reserves at the close of fiscal year 2023 totaled nearly $3.202 billion, which includes the $2.852 billion budget reserve and the $350 million cash flow account. The budget reserve amounts as of the close of fiscal year 2023 meet the statutory thresholds established in Minnesota Statutes 16A.152.

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, 2022. This was the thirty-seventh 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,

Erin M. Campbell

Erin Campbell
Commissioner

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Minnesota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

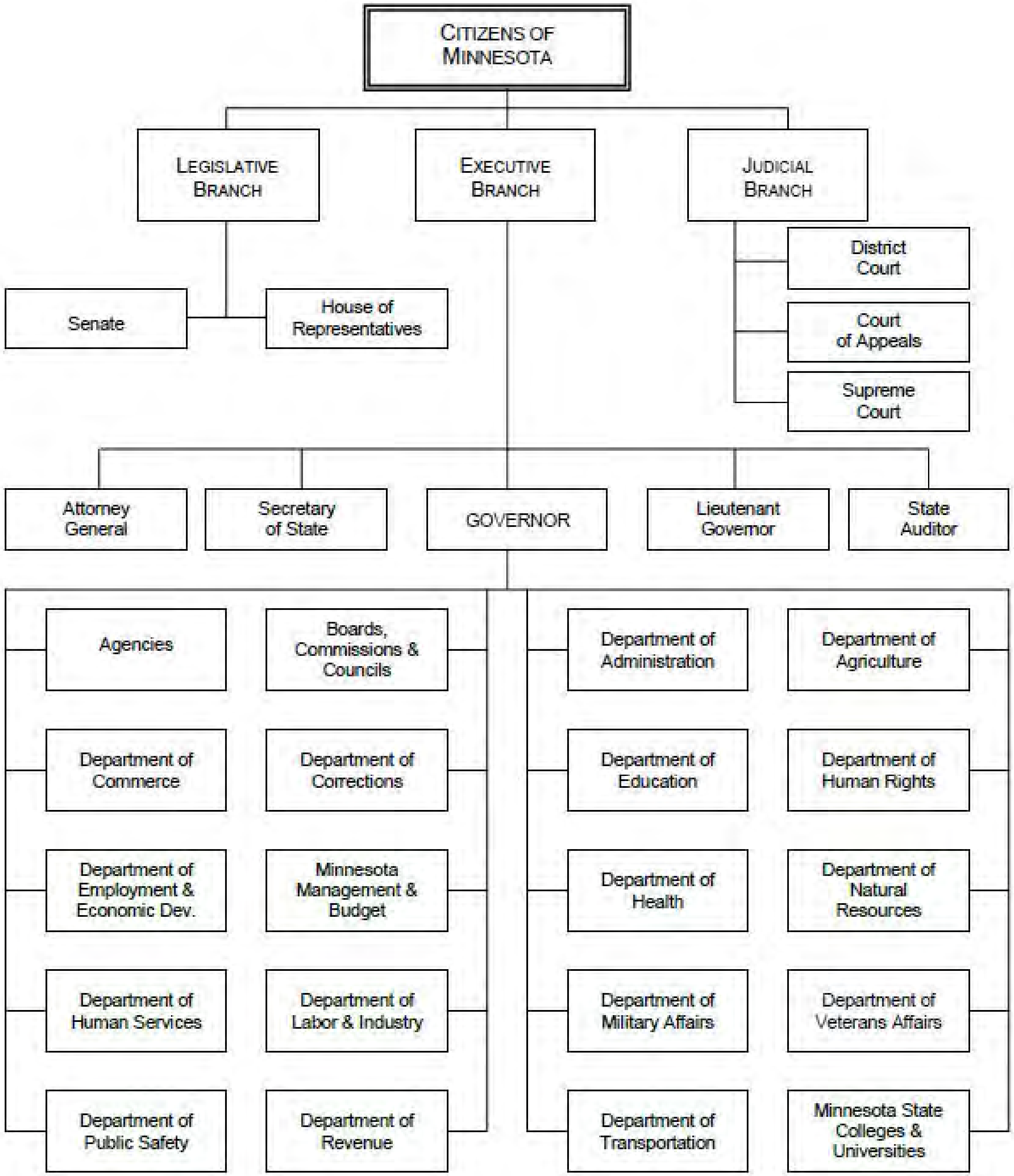
June 30, 2022

Christopher P. Morrill

Executive Director/CEO

2023 Annual Comprehensive Financial Report

State Organization Chart



MINNESOTA

2023 Annual Comprehensive Financial Report

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	David J. Osmek

Judicial Branch

Chief Justice of the Supreme Court	Lorie Skjerven Gildea

MINNESOTA

State of Minnesota

Financial Section

2023
Annual
Comprehensive
Financial Report

OLA | OFFICE OF THE LEGISLATIVE AUDITOR

Judy Randall, Legislative Auditor
State of Minnesota

Independent Auditor's Report

Members of the Minnesota State Legislature

The Honorable Tim Walz, Governor

Ms. Erin Campbell, Commissioner, Minnesota Management and Budget

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Minnesota, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the state's basic financial statements as listed in the Table of Contents.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Minnesota as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Minnesota State Colleges and Universities, which is a major proprietary fund, and the Minnesota State Lottery, which is a nonmajor proprietary fund, and which cumulatively represent 57 percent, 49 percent, and 52 percent, respectively, of the total assets, total net position, and operating revenues of the primary government's business-type activities. We also did not audit the financial statements of the Housing Finance Agency, Metropolitan Council, University of Minnesota, Minnesota Sports Facilities Authority, Office of Higher Education, Public Facilities Authority, and Workers' Compensation Assigned Risk Plan, which cumulatively represent 99 percent, 99 percent, and 99 percent, respectively, of the total assets, total net position, and operating revenues of the total discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned major proprietary fund, business-type activities, and discretely presented component units, is based solely on the reports of other auditors.

Room 140 Centennial Building, 658 Cedar Street, St. Paul, MN 55155-1603 • Phone: 651-296-4708 • Fax: 651-296-4712
E-mail: legislative.auditor@state.mn.us • Website: www.auditor.leg.state.mn.us • Minnesota Relay: 1-800-627-3529 or 711

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, effective July 1, 2022, the State of Minnesota adopted new accounting guidance *GASB Statement No. 96, Subscription-based Information Technology Arrangements.* The guidance requires entities to recognize a right-to-use asset and corresponding liability for all contracts with terms greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities of the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Minnesota's ability to continue as a going concern for a reasonable period of time.

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The Combining and Individual Fund Statements – Nonmajor Funds and the General Obligation Debt Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introduction and the Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

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

Lori Leysen, CPA
Deputy Legislative Auditor

Zach Yzermans, CPA
Audit Director

December 15, 2023

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, 2023 and identifies changes in the financial position of the state that occurred during the fiscal year. This section should be read in conjunction with the preceding transmittal letter and the state's financial statements and notes to the financial statements, which follow.

Overview of the Financial Statements

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

The financial section of this annual report has four parts:

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

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

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

Government-wide Financial Statements

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

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

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

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

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

Governmental Activities

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

Business-type Activities

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

Discretely Presented Component Units

Component units may be blended or discretely presented. Blended component units, although legally separate entities, are, in substance, part of the state's operations. Discretely presented component units are shown separately from the primary government. Component units are legally separate organizations for which the state is financially accountable, or the nature and significance of the unit's relationship with the state is such that exclusion of the unit would cause the state's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit'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 state's 11 component units are reported as discretely presented component units and reported in two categories: major and nonmajor. This categorization is based on the relative size of an individual component unit's assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses in relation to the total of all component units and the primary government.

The state's three major component units are:

- Housing Finance Agency
- Metropolitan Council
- University of Minnesota

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

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

State Fund and Component Unit Financial Statements

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

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

The state's funds are divided into three categories:

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Component Units

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

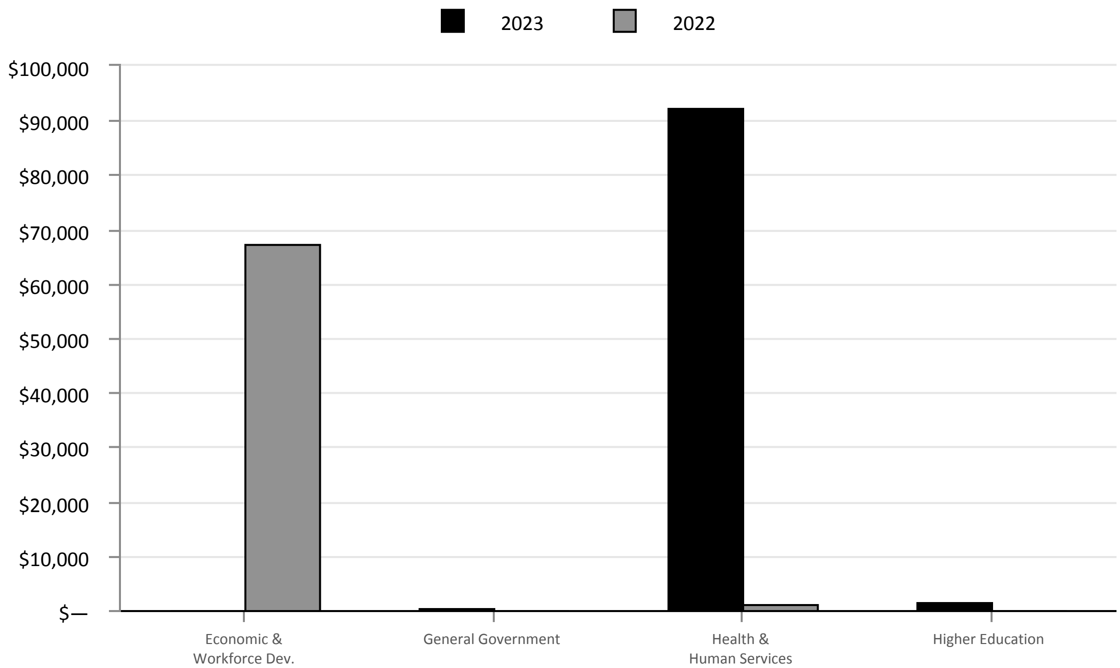
Other supplementary information includes Combining and Individual Fund Financial Statements for nonmajor governmental, proprietary, and fiduciary funds and nonmajor discretely presented component units. These funds are added together by fund type and presented in single columns in the basic financial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

COVID-19 Pandemic Impact on Current Year Governmental Financial Activity

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has had a material impact on global, national, and state economies. The President declared a national emergency and the Governor declared a Peacetime Emergency related to COVID-19 on March 13, 2020. The Peacetime Emergency ended July 1, 2021 and the national emergency ended on May 11, 2023. The COVID-19 pandemic significantly disrupted economic activity and increased public and private health emergency response costs, including those within the state, during fiscal year 2023.

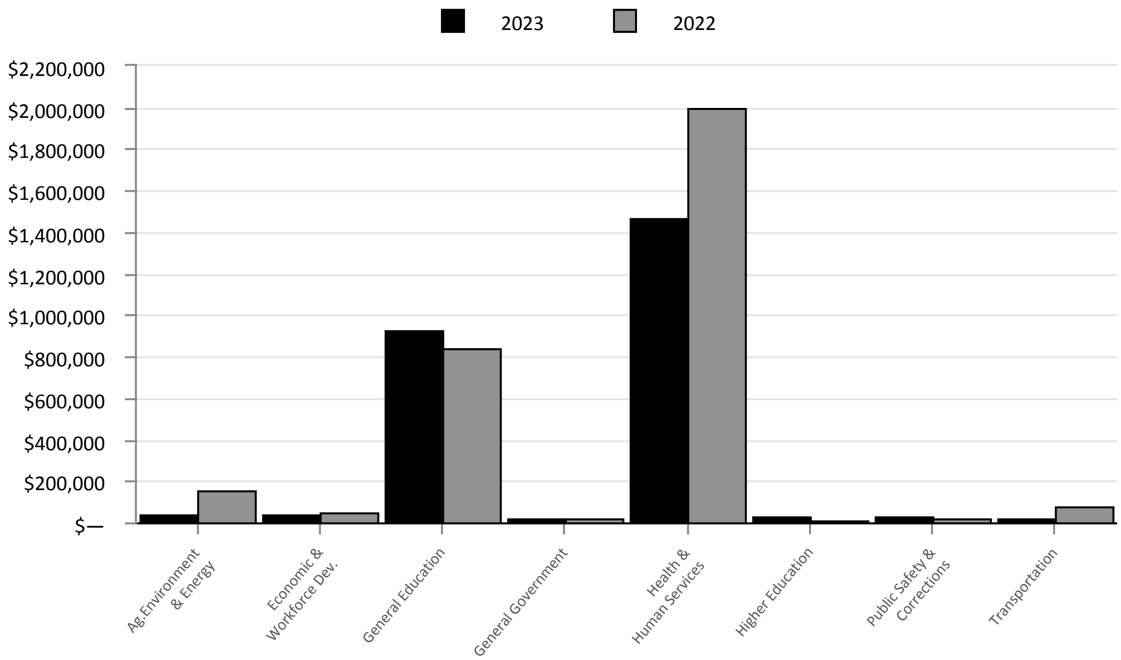
The following graph shows the majority of the functional expenditures in governmental funds related to the impacts of COVID-19. The Federal Fund expenditures are reimbursed by the federal government and are recorded as federal revenue in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and operating grants and contributions in the governmental activities in the Statement of Activities.

Functional Expenditures by Fund Related to COVID-19
Governmental Funds - General Fund
Fiscal Years Ended June 30, 2023 and 2022
(In Thousands)



General Fund expenditures related to COVID-19 continue to be minimal during the current year with the exception of health and human services which focused on recovery and preparedness. These expenditures focused on implementation of testing and vaccine operations, outbreak management, public education, and health system support. Prior year expenditures for economic and workforce development related to grants issued to Minnesota owned and operated businesses that demonstrated a financial hardship as a result of COVID-19.

Functional Expenditures by Fund Related to COVID-19
Governmental Funds - Federal Fund
Fiscal Years Ended June 30, 2023 and 2022
(In Thousands)



The Federal Fund expenditures related to COVID-19 changed significantly in several functions. The largest decrease related to health and human services due the elimination of expenditures for vaccine incentives, emergency hospital staff and the enhanced federal participation under the American Rescue Plan (ARP) as well as a significant reduction in vaccines and testing. The decrease in agricultural, environmental and energy resources expenditures was the result of a reduction in enhanced federal participation under the American Rescue Plan Act (ARP) for the Low-Income Home Energy Assistance Program (LIHEAP) while the decrease in transportation expenditures related to a reduction in federal funding for airports. Federal expenditures for general education continue to increase due to additional aid to school districts for investments into COVID-19 recovery and rebuilding efforts to prevent, prepare for, and respond to the coronavirus impacts on education for students.

The COVID-19 impacts on business-type activities are explained in the Government-wide Financial Analysis section.

Government-wide Financial Analysis

Net position serves as a useful indicator of a government's financial position over time. The state's combined net position (governmental and business-type activities) totaled $43.5 billion at the end of fiscal year 2023, compared to $35.3 billion at the beginning of the year.

Net Position
June 30, 2023 and 2022
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current Assets	$ 38,116,453	$ 33,393,600	$ 3,614,021	$ 3,942,104	$ 41,730,474	$ 37,335,704
Noncurrent Assets:						
Capital and Right-to-Use Assets[1]	21,053,357	20,287,466	2,048,318	2,107,323	23,101,675	22,394,789
Other Assets	1,039,186	971,426	73,599	71,366	1,112,785	1,042,792
Total Assets[1]	$ 60,208,996	$ 54,652,492	$ 5,735,938	$ 6,120,793	$ 65,944,934	$ 60,773,285
Deferred Outflows of Resources	$ 2,127,434	$ 2,192,101	$ 245,665	$ 282,827	$ 2,373,099	$ 2,474,928
Current Liabilities[1]	$ 8,883,202	$ 9,625,889	$ 687,406	$ 1,113,195	$ 9,570,608	$ 10,739,084
Noncurrent Liabilities[1]	12,722,882	11,462,241	1,069,816	839,008	13,792,698	12,301,249
Total Liabilities[1]	$ 21,606,084	$ 21,088,130	$ 1,757,222	$ 1,952,203	$ 23,363,306	$ 23,040,333
Deferred Inflows of Resources	$ 1,306,587	$ 4,237,675	$ 187,136	$ 654,252	$ 1,493,723	$ 4,891,927
Net Position:						
Net Investment in Capital Assets	$ 17,129,931	$ 16,298,410	$ 1,609,955	$ 1,637,005	$ 18,739,886	$ 17,935,415
Restricted	8,601,936	8,007,582	2,068,655	1,902,788	10,670,591	9,910,370
Unrestricted	13,691,892	7,212,796	358,635	257,372	14,050,527	7,470,168
Total Net Position	$ 39,423,759	$ 31,518,788	$ 4,037,245	$ 3,797,165	$ 43,461,004	$ 35,315,953

[1] 2022 has been restated to be consistent with the 2023 presentation.

The largest portion, $18.7 billion of $43.5 billion, of the state's net position reflects investment in capital and right-to-use assets such as land, buildings, equipment, and infrastructure (pavement, bridges, and other immovable assets) less any related outstanding debt or lease/subscription obligations used to acquire those assets. The state uses these capital and right-to-use assets to provide services to Minnesotans. These assets are not considered to be convertible to cash and cannot be used to fund the daily activities of the state or pay for the debt or lease/subscription obligations related to these assets. Therefore, the resources needed to repay this debt related to capital and right-to-use assets must be provided from other sources.

Approximately $10.7 billion of the state's net position represent resources subject to external restrictions, constitutional provisions, or enabling legislation, which restricts how these assets may be used. Additional information on the state's net position restrictions is located in Note 15 – Equity in the notes to the financial statements.

The remaining net position balance represents unrestricted net position of $14.1 billion.

The state's combined net position for governmental and business-type activities increased $8.1 billion (23.1 percent) over the course of this fiscal year. This resulted from a $7.9 billion (25.1 percent) increase in net position of governmental activities, and a $240.1 million (6.3 percent) increase in net position of business-type activities.

Changes in Net Position
For Fiscal Years Ended June 30, 2023 and 2022
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	$ 1,844,775	$ 1,717,172	$ 3,001,360	$ 2,887,108	$ 4,846,135	$ 4,604,280
Operating Grants and Contributions	20,065,291	19,263,067	712,709	3,749,566	20,778,000	23,012,633
Capital Grants	184,717	197,138	126	1,320	184,843	198,458
General Revenues:						
Individual Income Taxes	16,362,107	16,861,833	—	—	16,362,107	16,861,833
Corporate Income Taxes	2,939,375	2,866,222	—	—	2,939,375	2,866,222
Sales Taxes	8,207,443	7,428,258	—	—	8,207,443	7,428,258
Property Taxes	769,711	743,116	—	—	769,711	743,116
Motor Vehicle Taxes	1,899,939	1,810,109	—	—	1,899,939	1,810,109
Fuel Taxes	886,377	899,424	—	—	886,377	899,424
Other Taxes	3,586,205	3,550,530	—	—	3,586,205	3,550,530
Tobacco Settlement	197,678	195,055	—	—	197,678	195,055
Investment/Interest Earnings	881,305	(189,612)	55,938	6,184	937,243	(183,428)
Other Revenues	179,136	121,981	4,347	360	183,483	122,341
Total Revenues	$ 58,004,059	$ 55,464,293	$ 3,774,480	$ 6,644,538	$ 61,778,539	$ 62,108,831
Expenses						
Agricultural, Environmental and Energy Resources	$ 1,571,112	$ 1,374,916	$ —	$ —	$ 1,571,112	$ 1,374,916
Economic and Workforce Development	1,035,709	801,833	—	—	1,035,709	801,833
General Education	12,103,431	12,289,924	—	—	12,103,431	12,289,924
General Government	1,070,452	824,252	—	—	1,070,452	824,252
Health and Human Services	25,060,350	23,208,505	—	—	25,060,350	23,208,505
Higher Education	1,064,318	1,125,695	—	—	1,064,318	1,125,695
Intergovernmental Aid	2,505,003	2,011,220	—	—	2,505,003	2,011,220
Public Safety and Corrections	1,258,749	1,072,825	—	—	1,258,749	1,072,825
Transportation	3,702,086	3,324,527	—	—	3,702,086	3,324,527
Interest	93,539	255,709	—	—	93,539	255,709
State Colleges and Universities	—	—	2,004,811	2,036,082	2,004,811	2,036,082
Unemployment Insurance	—	—	954,102	1,865,743	954,102	1,865,743
Lottery	—	—	590,113	560,581	590,113	560,581
Other Expenses	—	—	619,713	627,955	619,713	627,955
Total Expenses	$ 49,464,749	$ 46,289,406	$ 4,168,739	$ 5,090,361	$ 53,633,488	$ 51,379,767
Excess (Deficiency) Before Transfers	$ 8,539,310	$ 9,174,887	$ (394,259)	$ 1,554,177	$ 8,145,051	$ 10,729,064
Transfers	(634,339)	(1,087,341)	634,339	1,087,341	—	—
Changes in Net Position	$ 7,904,971	$ 8,087,546	$ 240,080	$ 2,641,518	$ 8,145,051	$ 10,729,064
Net Position, Beginning	$ 31,518,788	$ 23,431,242	$ 3,797,165	$ 1,155,647	$ 35,315,953	$ 24,586,889
Net Position, Ending	$ 39,423,759	$ 31,518,788	$ 4,037,245	$ 3,797,165	$ 43,461,004	$ 35,315,953

Approximately 56 percent of the state's total revenue (governmental and business-type activities) came from taxes, while 34 percent resulted from grants and contributions, including federal aid. Charges for various goods and services provided 8 percent of the total revenues. The remaining 2 percent came from other general revenues.

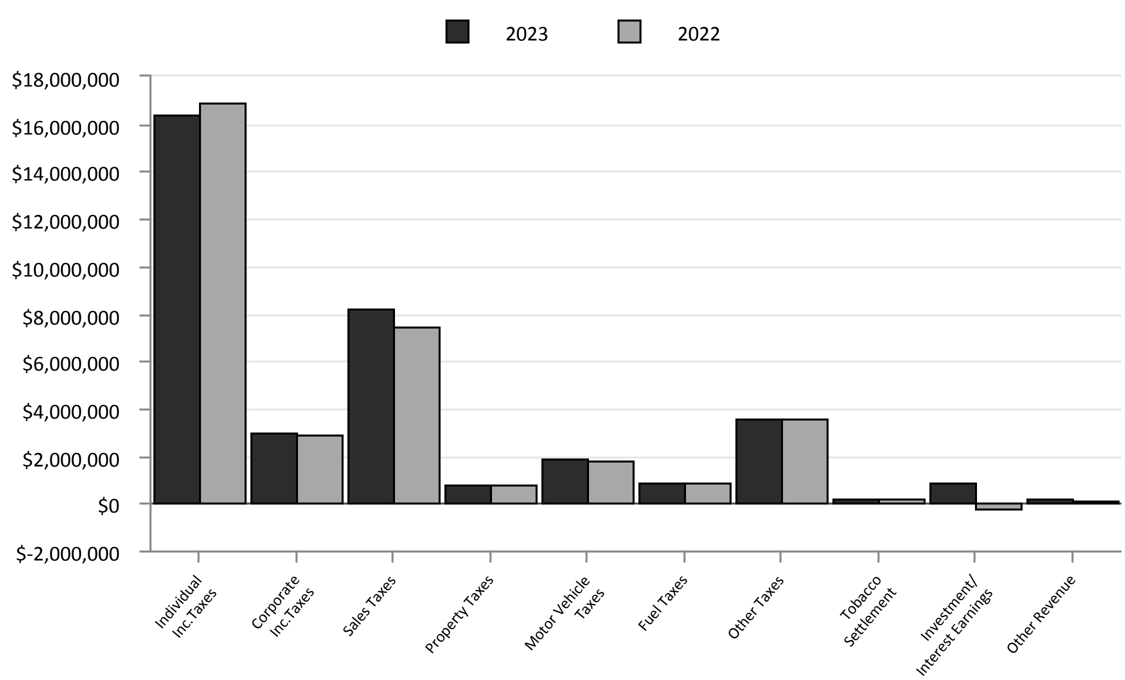
The state's expenses cover a range of services. The largest expenses were for general education and health and human services.

Governmental Activities

Governmental activities increased the state's net position by $7.9 billion in the current year compared to an increase of $8.1 billion in the prior year.

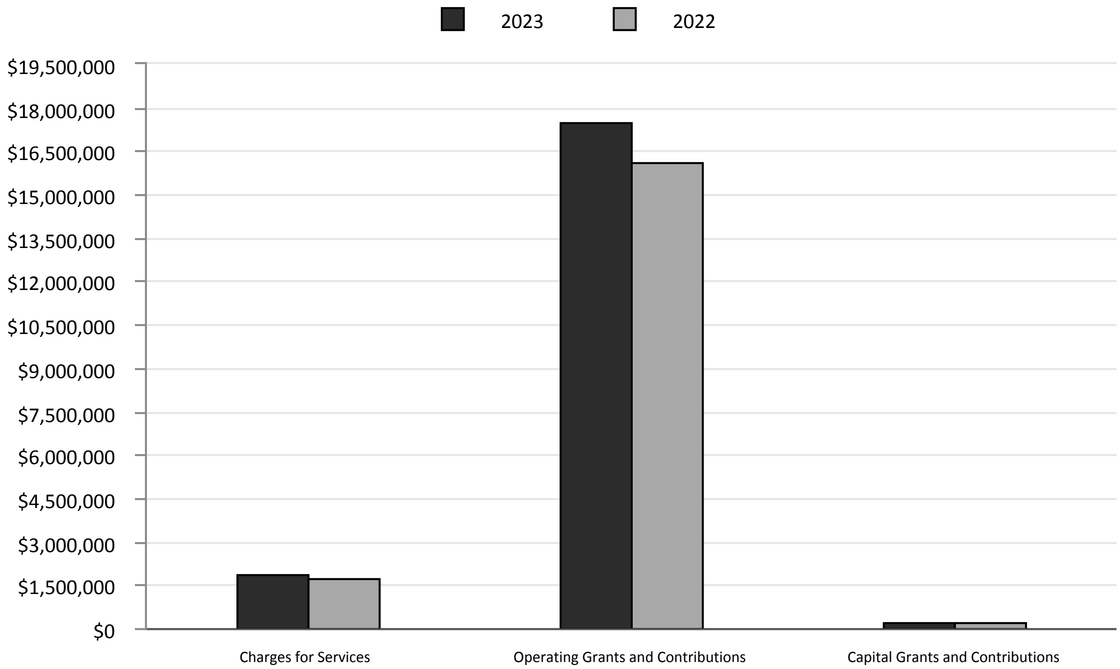
Revenues increased $2.5 billion (4.6 percent) over the prior year. The following graphs show revenues for the current year and prior year separating general revenues from program revenues. The program revenues graph is net of the COVID-19 revenue.

General Revenues - Governmental Activities
Fiscal Years Ended June 30, 2023 and 2022
(In Thousands)



The state's largest general revenues relate to sales and income taxes. The decrease in individual income taxes resulted from lower capital gains. Sales taxes grew as inflation increased the cost of consumer goods while individuals continue to spend down both the savings that were accumulated during the pandemic and the additional $500 million in grants for frontline workers discussed below. The increase in other taxes resulted from an increase in taxes on homes and automobile insurance premiums and estates as well as an increase in hospital surcharge taxes. These increases were offset by decreases in cigarette, mortgage registration, and deed transfer taxes.

Program Revenues, Net of COVID-19 - Governmental Activities
Fiscal Years Ended June 30, 2023 and 2022
(In Thousands)



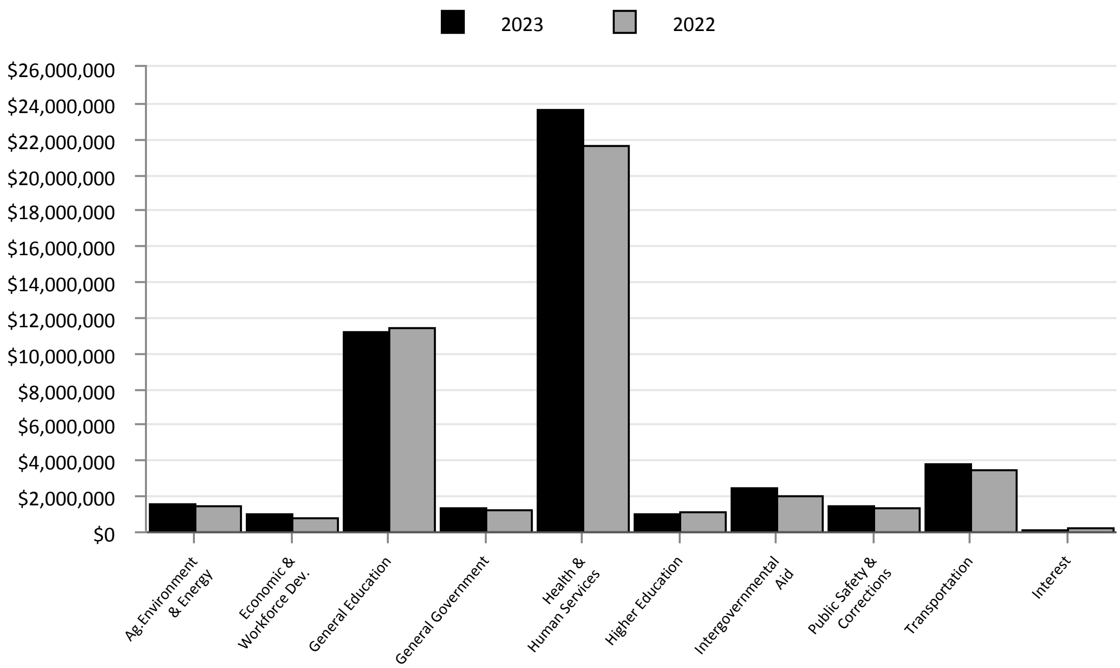
The operating grants and contributions, net of the COVID-19 revenue, increased over the prior year. This was primarily due to an increase of the federal share of medical assistance as a result of continued growth in caseloads and service costs and a significant increase in investment earnings that were restricted for program purposes. The federal funding for the Low-Income Home Energy Assistance Program (LIHEAP) increased as well as federal infrastructure grants for transportation projects due to the Infrastructure Investment and Jobs Act. These increases were partially offset by a decrease in the federal participation rate for aid to school districts for nutrition and childcare.

The charges for services increase was due to both an increase in fees charged on child support received by parents receiving public assistance for child care and an increase in probate fees collected from the estates of deceased public program participants. These increases were offset by a decrease in revenue from local governments on transportation projects.

There was a $3.2 billion (6.9 percent) increase in governmental activities expenses compared to the prior year. This included an increase in expenses of $891.6 million related to the impacts of pension reporting and a decrease in expenses of $574.1 million related to COVID-19 offset by an increase in non-pension related expenses of $2.9 billion. Pension reporting impacted all functional expenses except higher education and intergovernmental aid. See the chart on the Changes in Net Pension Liability and Related Deferred Inflows and Outflows for the impact by functional expenses. COVID-19 impacted primarily health and human services and general education expenses.

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

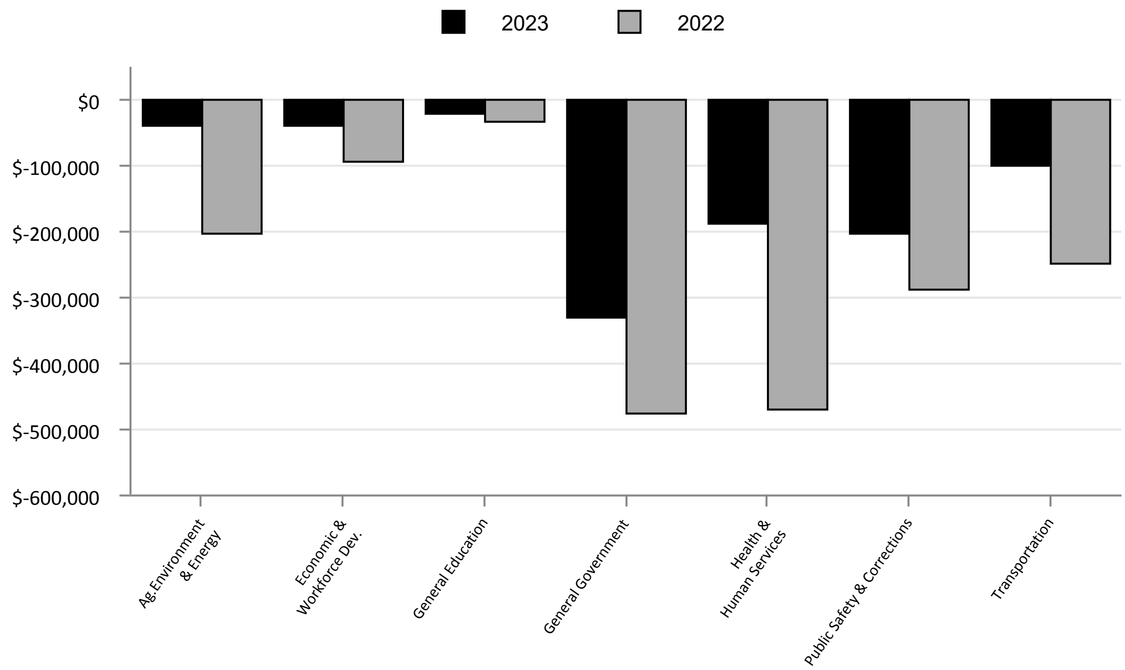
Functional Expenses, Net of Pension and COVID-19 Impacts
Governmental Activities
Fiscal Years Ended June 30, 2023 and 2022
(In Thousands)



Functional expenses, net of the impacts of pension and COVID-19 expenses, changed during the current fiscal year. The largest related to an increase in health and human services expenses as a result of an increase in medical assistance expenses due to a continued increase in caseloads and service costs. Intergovernmental aid expenses increase was to the state issuing approximately $500 million in grants to individuals who worked on the frontlines during the COVID-19 peacetime emergency. Economic and workforce development expenses increase related to additional capital project grants to local units of government and the Public Facilities Authority (component unit) as well as grants to businesses for capital projects and recovery and economic development for main street businesses following the pandemic. Agricultural, environmental and energy expenses increase was due to increases in grants for aid to families to reduce energy costs under the Low Income Energy Assistance Program and grants to Prairie Island Indian Community to develop an energy system to implement renewable energy that results in net zero emissions. Transportation expenses increase was due to an increase in transportation infrastructure due to the Infrastructure Investment and Jobs Act as well as an increase in preservation projects for the state's trunk highways, which was partially offset by a decrease in transportation grants to Metropolitan Council (component unit). General government expenses increase was due to operating increases across many agencies. These included increases for the courts, public defense board, and attorney general's office to help recover from backlogs and operating needs. Public safety expenses relates to an increase in inmate healthcare and criminal apprehension as well as implementing a hometown hero's assistance program and installing new school bus cameras. These increases were offset by a decrease in general education expenses due to a decrease in aid to school districts for nutrition and childcare as a result of a reduction in the federal participation rate for these programs. This was partially offset by a two percent per pupil formula increase.

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

Net Pension Expense (Income)
Governmental Activities
Fiscal Years Ended June 30, 2023 and 2022
(In Thousands)



Business-type Activities

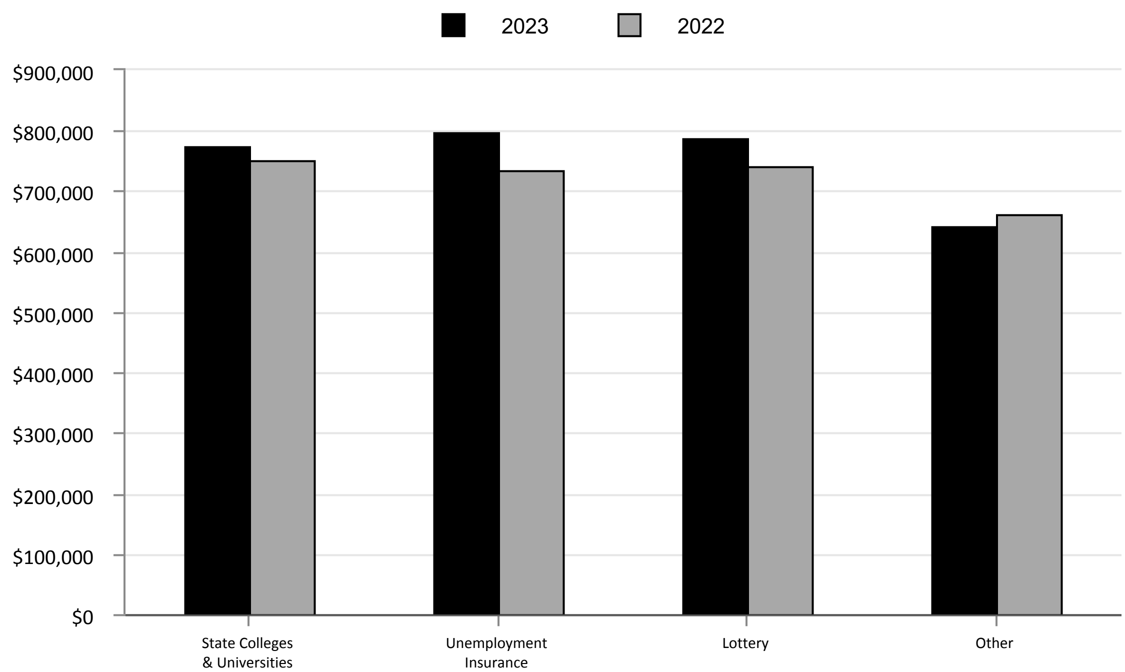
Net position for the state's business-type activities increased by $240.1 million during the current year compared to an increase of $2.6 billion in the prior year. The impacts of pension related reporting on business-type activities resulted in an increase in expenses of $81.7 million during the current year. See chart on expenses net of pension impact - business-type activities for changes in expenses net of these pension reporting impacts.

The increase in the net position of the state's business-type activities primarily resulted from an $84.5 million increase in net position in the State Colleges and Universities Fund and an $80.0 million increase in net position in the Unemployment Insurance Fund.

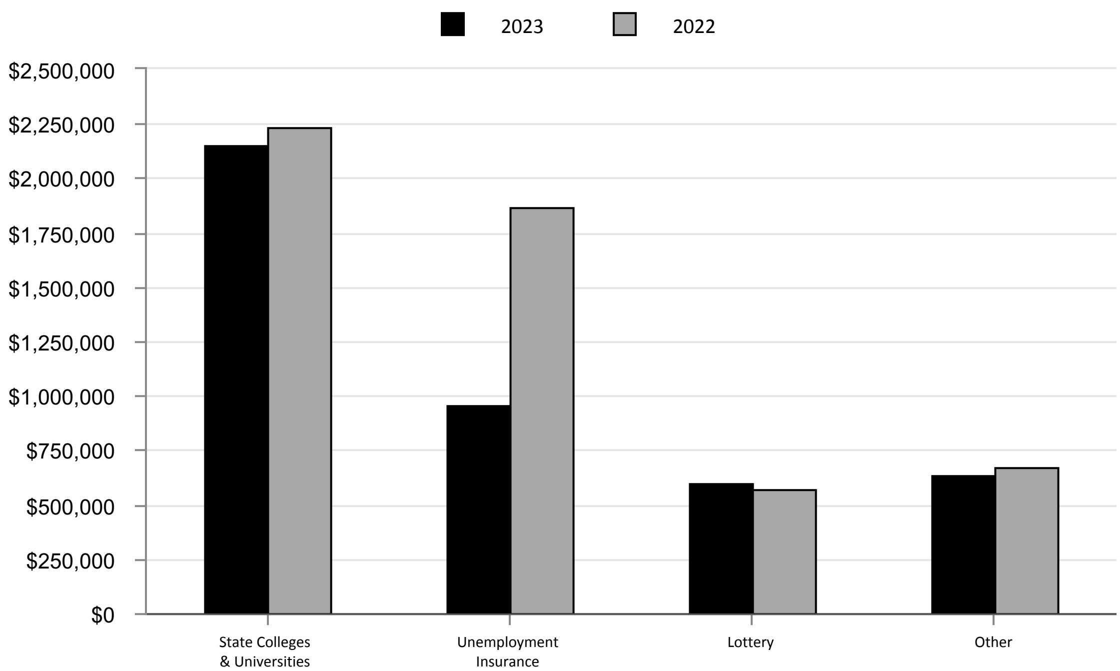
The State Colleges and Universities Fund's net position increased $84.5 million during the current year compared to an increase of $256.6 million in the prior year. The operating grants and contributions decrease was the result of a decrease in federal grants associated with the Higher Education Emergency Relief funds as the program concluded. This attributed to the reduction in student financial aid that was financed by this federal program. In addition, net pension expense increased $49.3 million.

The Unemployment Insurance Fund's net position increased $80.0 million during the current year compared to an increase of $2.3 billion in the prior year. The impacts of COVID-19 continue to have less of an impact over the prior year. Insurance premiums continue to recover as wages continue to increase. Both the unemployment benefits and federal grants continued to decrease during the current year as the federally paid pandemic extension unemployment benefit ended after the first quarter of the prior year. Federal grants also decreased as the Unemployment Insurance Fund received $2.1 billion in Coronavirus State and Local Fiscal Recovery funds (part of the federal governments American Rescue Plan) in the prior year. These funds along with a General Fund transfer were used to pay back the principal and interest on the loan from the federal government in the prior year.

Charges for Services - Business-Type Activities
Fiscal Years Ended June 30, 2023 and 2022
(In Thousands)



Expenses Net of Pension Impact - Business-Type Activities
Fiscal Years Ended June 30, 2023, and 2022
(In Thousands)



Long-Term Liabilities

The state's total long-term liabilities increased by $1.5 billion (10.9 percent) during the current fiscal year. This increase is primarily attributable to an increase in the Net Pension Liability of $2.1 billion, which was offset by a decrease in state appropriation bonds due to early redemption and prepayment of the state General Fund appropriation bonds for the professional football stadium project. For additional information on long-term liabilities see Note 11 – Long-Term Liabilities - Primary Government.

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 $28.3 billion, an increase of $5.3 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 $19.6 billion, an increase of $5.1 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, individual income taxes were lower than the prior year due to lower capital gains. Even though individual income taxes declined, sales taxes grew as individuals spent down savings that accumulated during the pandemic and the additional grants due to the frontline worker grants described below. The slight increase in other taxes resulted from an increase in taxes on homes and automobile insurance premiums and estates as well as an increase in hospital surcharge taxes. These increases were offset by decreases in cigarette, mortgage registration, and deed transfer taxes.

The General Fund expenditures, net of expenditures related to COVID-19, increased over the prior year. Health and human services expenditures grew for both the General Fund and the Federal Fund (special revenue fund) for the federal government's share resulting from an increase in caseloads and service costs for medical assistance. Intergovernmental aid expenditures increase was due to issuing grants to individuals who worked on the frontlines during the COVID-19 peacetime emergency. Public safety expenditures increase relates to an increase in inmate healthcare and criminal apprehension as well as implementing a hometown hero's assistance program and installing new school bus cameras. General government expenditures increase was due to operating increases across many agencies. These included increases for the courts, public defense board, and attorney general's office to help recover from backlogs and operating needs. Economic development expenditures increase was the result of issuing recovery and economic development grants for main street businesses following the pandemic. Transportation expenditure increase was due to an increase in transportation infrastructure under the Transportation Infrastructures Finance and Innovation Act (TIFIA) loan program, which was partially offset by decrease in transportation grants to Metropolitan Council (component unit). General education expenditures remained fairly consistent with a slight increase due to a two percent per pupil formula increase.

The Federal Fund expenditures, net of expenditures related to COVID-19, also had an increase over the prior years. As discussed above, medical assistance grew. In addition, agricultural, environmental and energy expenditures increase was due to increases in grants for aid to families to reduce energy costs under the Low Income Energy Assistance Program (LIHEAP). Expenditures on transportation infrastructure also grew due to the Infrastructure Investments and Jobs Act. These increases were partially offset by a decrease in general education expenses as a result of a decrease in aid to school districts for nutrition and childcare due to a reduction in the federal participation rate for these programs.

During the current year, federal revenue increase in the Trunk Highway Fund (special revenue fund) was a result of the federal government share of the increase in preservation projects on the state's trunk highways. This also resulted in an increase in transportation expenditures for both the state and federal government's share in these projects. Agricultural, environmental and energy expenditures increase was due to grants to Prairie Island Indian Community to develop an energy system to implement renewable energy that results in net zero emissions in the Miscellaneous Special Revenue Fund (special revenue fund). Economic and workforce development expenditures increase related to capital project grants to local units of government and the Public Facilities Authority (component unit) in the Building Fund (capital projects fund). The decrease in higher education expenditures related to a decrease in grants to the University of Minnesota (component unit) for capital projects in the Building Fund.

Proprietary Funds – Enterprise and Internal Service Funds

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

Enterprise Funds

The state’s enterprise funds are included in the Business-type Activities column of the Statement of Activities. Enterprise funds net position increased by $240.1 million during the current year. This primarily resulted from a $84.5 million increase in net position of the State Colleges and Universities Fund and a $80.0 million increase in net position of the Unemployment Insurance Fund. For further discussion, see the Government-wide Financial Analysis – Business-type Activities section.

Internal Service Funds

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

The implementation of GASB 68, "Accounting and Financial Reporting for Pensions," which required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions, has caused a nonmajor enterprise fund 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 nonmajor enterprise and internal service 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 2023. These are material to understanding changes in General Fund balances that occurred in fiscal year 2023. 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 2023.

Actions Establishing the Fiscal Year 2023 Budget

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

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

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

$52.363 billion in General Fund projected spending, $2.136 billion in cash flow and budgetary reserves, $201 million in a stadium reserve account, and a $127 million ending budgetary balance.

Budget and Forecast Actions Impacting Fiscal Year 2023

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

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

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

Fiscal year 2022 ended with an actual General Fund balance of $8.744 billion, $3.280 billion above prior estimate. This increased balance carried forward into fiscal year 2023 as an added resource. Total revenues, transfers-in, and other resources in fiscal year 2022 were $2.979 billion higher than previously forecast. Tax revenue were $2.838 billion more than projections and non-tax revenues were $76 million above previous projections. Prior period adjustments were $61 million higher than estimates, and other resource changes contributed to an additional $4 million compared to previous projections. After accounting for unspent appropriations authorized under law to carry forward to the next fiscal year, actual expenditures were $334 million below the previous forecast. The budget reserve increased $17 million and the stadium reserve account increased $17 million over prior estimates.

The November 2022 Forecast projected an improved balance for fiscal year 2023, with the fiscal year projected to end with a surplus of $11.605 billion. Actual collections, including funds carried forward from fiscal year 2022, exceeded the prior forecast and estimated spending was lower than prior estimates. Total General Fund revenues for the 2022-23 biennium were forecast to be $59.928 billion, $3.273 billion (5.8 percent) more than prior estimates while expenditures for the biennium were expected to be $51.779 billion, a reduction of $1.521 billion (2.9 percent) from prior estimates. The budget reserve projection increased by $196 million to $2.852 billion while the cash flow account balance was unchanged. The stadium reserve was expected to end the biennium with a balance $41 million higher than prior estimates.

With the February 2023 Forecast, the 2022-23 biennium was projected to end with a surplus of $12.484 billion, an improvement of $867 million compared to the November 2022 Forecast. Total General Fund revenues for the biennium were forecast to be $60.681 billion, $753 million (1.3 percent) more than the November 2022 estimate while expenditures were forecast to total $51.655 billion, a reduction of $112 million (0.2 percent) from November 2022 estimates. The budget reserve and cash flow account balances were unchanged while the stadium reserve was expected to end the year with a balance $2 million lower than prior estimates.

The 2023 Legislature enacted changes to 2022-23 biennium expenditures and reserves. Spending was increased to $52.222 billion, $567 million (1.1 percent) higher than the February 2023 Forecast. The most significant driver was $393 million in capital expenditures, largely from the early payoff of the bonds issued to pay for the construction of U.S. Bank Stadium in Minneapolis. Reserves were reduced $366 million due to the use of the stadium reserve to fund the bond payoff. Revenues as well as the budget reserve and the cash flow account were unchanged from February 2023 Forecast levels.

The 2022-23 biennium ended with a General Fund actual balance of $13.103 billion, $820 million higher than estimated at the end of the 2023 legislative session. Final revenues, including taxes, other revenue, and accounting adjustments from prior fiscal years, for the biennium totaled $61.420 billion, $739 million (1.2 percent) higher than previous estimates. General Fund spending for the biennium was $51.930 billion, $292 million (0.6 percent) lower than prior estimates. The $2.852 billion budget reserve and $350 million cash flow account were unchanged from prior estimates.

The 2023 Legislature established the 2024-25 biennial budget based on the February 2023 Forecast, which showed a projected balance of $17.455 billion for that biennium. Revenues at the time of enactment were projected to be $58.818 billion while appropriations for the enacted budget totaled $69.518 billion. Offsetting the difference between revenue and spending for the biennium was the $12.283 billion projected balance carried forward from the 2022-23 biennium. Reserves for the biennium at the time of enactment were $2.852 billion in the budget reserve and $350 million in the cash flow account, both unchanged from the previous forecast. The unreserved balance for the biennium was projected to be $1.583 billion.

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 2023 with a balance of $14.147 billion. On a GAAP basis, the General Fund reported a balance of $19.633 billion for fiscal year 2023, a difference of $5.486 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 $3.171 billion. The difference between the GAAP basis and budgetary basis fund balance of the General Fund, excluding these additional funds not reported in the budgetary fund balance, was $2.315 billion. Additional information on the differences between the budgetary basis and the GAAP basis for the General Fund is included in Note 17 – Budgetary Basis vs. GAAP of the notes to the financial statements.

Capital and Right-to-Use Assets and Debt Administration

Capital and Right-to-Use Assets

The state's investment in capital and right-to-use assets for governmental and business-type activities as of June 30, 2023, was $29.0 billion, less accumulated depreciation/amortization of $5.9 billion, resulting in a net book value of $23.1 billion. This investment in capital and right-to-use assets includes both capital and right-to-use 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 and Right-to-Use Assets
June 30, 2023 and 2022
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Capital Assets not Depreciated:						
Land	$ 2,972,624	$ 2,898,734	$ 93,817	$ 93,421	$ 3,066,441	$ 2,992,155
Buildings, Structures, Improvements	342,252	342,252	—	—	342,252	342,252
Construction in Progress[1]	440,359	283,371	97,391	87,227	537,750	370,598
Development in Progress[1]	280,336	263,935	424	4,777	280,760	268,712
Infrastructure	13,250,715	12,733,387	—	—	13,250,715	12,733,387
Easement/Other Intangibles	571,395	554,371	596	596	571,991	554,967
Art and Historical Treasures	12,290	9,071	—	—	12,290	9,071
Total Capital Assets not Depreciated	$ 17,869,971	$ 17,085,121	$ 192,228	$ 186,021	$ 18,062,199	$ 17,271,142
Capital Assets Depreciated:						
Buildings, Structures, Improvements	$ 3,590,100	$ 3,523,209	$ 4,058,172	$ 4,010,366	$ 7,648,272	$ 7,533,575
Infrastructure	521,764	514,775	30,734	30,571	552,498	545,346
Easements	4,389	4,028	—	—	4,389	4,028
Library Collections	—	—	32,803	33,548	32,803	33,548
Internally Generated Computer Software	475,076	444,443	71,277	65,190	546,353	509,633
Equipment, Furniture, Fixtures	1,032,759	983,846	365,254	356,172	1,398,013	1,340,018
Total Capital Assets Depreciated	$ 5,624,088	$ 5,470,301	$ 4,558,240	$ 4,495,847	$ 10,182,328	$ 9,966,148
Less: Accumulated Depreciation	(2,899,601)	(2,744,821)	(2,785,511)	(2,648,969)	(5,685,112)	(5,393,790)
Total Capital Assets Depreciated, Net	$ 2,724,487	$ 2,725,480	$ 1,772,729	$ 1,846,878	$ 4,497,216	$ 4,572,358
Right-to-Use Assets Amortized[1]:						
Leased Buildings, Structures, Improvements[1]	$ 489,423	$ 453,110	$ 60,091	$ 34,644	$ 549,514	$ 487,754
Leased Easements	794	279	—	—	794	279
Leased Equipment, Furniture, Fixtures	20,627	8,093	16,561	13,397	37,188	21,490
IT Subscriptions[1]	106,764	80,956	48,500	41,392	155,264	122,348
Total Right-to-Use Assets Amortized	$ 617,608	$ 542,438	$ 125,152	$ 89,433	$ 742,760	$ 631,871
Less: Accumulated Amortization[1]	(158,709)	(65,573)	(41,791)	(15,009)	(200,500)	(80,582)
Total Right-to-Use Assets Amortized, Net	$ 458,899	$ 476,865	$ 83,361	$ 74,424	$ 542,260	$ 551,289
Total Capital and Right-to-Use Assets, Net	$ 21,053,357	$ 20,287,466	$ 2,048,318	$ 2,107,323	$ 23,101,675	$ 22,394,789

[1] 2022 has been restated as a result of the implementation of GASB 96 "Subscription-Based Information Technology Arrangements" in fiscal year 2023 and to be consistent with the 2023 presentation.

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 2022, 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 2022, indicated that 93.8 percent of principal arterial system bridges and 93.1 percent of all other system bridges were in fair to good condition. The state has also maintained a stable condition of bridges over the past several years.

During the current year, expenditures were fairly consistent with budget. Maintaining existing infrastructure continues to be the focus over capitalization. The increase in capitalized bridge expenditures related primarily to the significant expenditures for the I-35 Duluth Terminal Port Interchange bridges during the current year.

Additional information on the state's capital assets and infrastructure under the modified approach is included in Note 6 – Capital and Right-to-Use 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, 2023, as follows:

- AAA by Fitch Ratings
- AAA by S&P Global Ratings
- Aaa by Moody's Investors Service Inc.

The Legislature also statutorily authorizes other types of debt.

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

The state issued state General Fund appropriation refunding bonds to refund bonds issued by a blended component unit, Tobacco Securitization Authority, which no longer exists. The state also issued state General Fund appropriation bonds to finance the state and City of Minneapolis shares of the costs of a professional football stadium project, the Lewis and Clark Regional Water System project, the environmental response PCA superfund, the public television equipment, and the electric vehicle infrastructure.

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

Outstanding Bonded Debt and Unamortized Premium
June 30, 2023 and 2022
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General Obligation	$ 7,211,161	$ 7,376,400	$ 166,577	$ 186,863	$ 7,377,738	$ 7,563,263
Revenue	23,885	25,645	188,542	205,979	212,427	231,624
State Appropriation Bonds	449,028	954,340	—	—	449,028	954,340
Certificate of Participation	70,345	73,361	—	—	70,345	73,361
Total	$ 7,754,419	$ 8,429,746	$ 355,119	$ 392,842	$ 8,109,538	$ 8,822,588

During fiscal year 2023, the state issued the following bonds:

- $251.8 million in general obligation state various purpose bonds
- $220.0 million in general obligation state trunk highway bonds
- $9.2 million in general obligation taxable state various purpose bonds
- $106.7 million in state various purpose refunding bonds
- $338.3 million in state appropriation refunding bonds

Additional information on the state's long-term debt obligations is located in Note 11 – Long-Term Liabilities - Primary Government in the notes to the financial statements.

Requests for Information

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

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

Minnesota Management and Budget
400 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota, 55155-1489
651-201-8000
https://www.mn.gov/mmb/

State of Minnesota

Basic Financial Statements

2023
Annual
Comprehensive
Financial Report

MINNESOTA

State of Minnesota

2023
Annual
Comprehensive
Financial Report

Government-wide Financial Statements

STATE OF MINNESOTA

STATEMENT OF NET POSITION
JUNE 30, 2023
(IN THOUSANDS)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 27,160,900	$ 3,099,789	$ 30,260,689	$ 1,747,390
Investments	3,915,853	21,575	3,937,428	1,704,256
Accounts Receivable	4,008,704	472,170	4,480,874	698,392
Due from Component Units	13,422	—	13,422	—
Due from Primary Government	—	—	—	254,011
Accrued Investment/Interest Earnings	86,893	—	86,893	38,515
Federal Aid Receivable	2,735,431	35,009	2,770,440	23,584
Inventories	87,251	19,350	106,601	65,347
Loans and Notes Receivable	58,440	1,733	60,173	326,611
Leases Receivable	2,331	3,087	5,418	16,742
Internal Balances	40,370	(40,370)	—	—
Other Assets	6,858	1,678	8,536	44,639
Total Current Assets	$ 38,116,453	$ 3,614,021	$ 41,730,474	$ 4,919,487
Noncurrent Assets:				
Cash and Cash Equivalents-Restricted	$ —	$ 56,727	$ 56,727	$ 1,803,759
Investments-Restricted	—	305	305	3,923,931
Accounts Receivable-Restricted	—	—	—	296,923
Due from Primary Government-Restricted	—	—	—	1,949
Due from Primary Government	—	—	—	1,633
Due from Component Units	92,665	—	92,665	—
Investments	—	—	—	6,738,318
Derivative Instrument-Rate Swap	—	—	—	32,228
Accounts Receivable	777,813	1,732	779,545	434,613
Loans and Notes Receivable	161,950	4,974	166,924	3,164,974
Leases Receivable	5,763	9,861	15,624	655,099
Right-to-Use Assets (Net)	458,899	83,361	542,260	270,218
Depreciable Capital Assets (Net)	2,724,487	1,772,729	4,497,216	6,756,514
Nondepreciable Capital Assets	4,619,256	192,228	4,811,484	3,370,059
Infrastructure (Not depreciated)	13,250,715	—	13,250,715	—
Other Assets	995	—	995	14,721
Total Noncurrent Assets	$ 22,092,543	$ 2,121,917	$ 24,214,460	$ 27,464,939
Total Assets	$ 60,208,996	$ 5,735,938	$ 65,944,934	$ 32,384,426
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivative Instruments	$ —	$ —	$ —	$ 479
Bond Refunding	150,442	1,383	151,825	2,605
Deferred Outflows	—	—	—	4,565
Deferred Pension Outflows	1,854,693	224,709	2,079,402	381,383
Deferred Other Postemployment Benefits Outflows	122,299	19,573	141,872	43,367
Total Deferred Outflows of Resources	$ 2,127,434	$ 245,665	$ 2,373,099	$ 432,399
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 7,321,641	$ 290,284	$ 7,611,925	$ 592,672
Due to Component Units	221,721	—	221,721	—
Due to Primary Government	—	—	—	17,369
Unearned Revenue	223,197	283,268	506,465	128,257
Accrued Interest Payable	108,538	—	108,538	80,520
Bonds and Notes Payable	651,751	32,921	684,672	765,865
Lease/Subscription Payable	97,255	23,947	121,202	33,152
Certificates of Participation Payable	2,650	—	2,650	990
Claims Payable	195,487	22,500	217,987	270,768
Compensated Absences Payable	60,962	20,967	81,929	289,528
Other Liabilities	—	13,519	13,519	4,532
Total Current Liabilities	$ 8,883,202	$ 687,406	$ 9,570,608	$ 2,183,653

STATE OF MINNESOTA

STATEMENT OF NET POSITION
JUNE 30, 2023
(IN THOUSANDS)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Noncurrent Liabilities:				
Accounts Payable-Restricted	$ —	$ —	$ —	$ 175,088
Unearned Revenue-Restricted	—	—	—	208,187
Accrued Interest Payable-Restricted	—	—	—	12,581
Accounts Payable	—	—	—	69,625
Due to Primary Government	—	—	—	92,665
Unearned Revenue	144,832	—	144,832	9,043
Interest Rate Swap Agreements	—	—	—	479
Bonds and Notes Payable	7,094,036	345,053	7,439,089	8,128,540
Lease/Subscription Payable	293,476	57,575	351,051	178,686
Due to Component Units	1,633	—	1,633	—
Certificates of Participation Payable	67,695	—	67,695	760
Claims Payable	726,227	1,717	727,944	541,304
Compensated Absences Payable	357,937	145,548	503,485	37,309
Other Postemployment Benefits	638,578	92,964	731,542	357,595
Net Pension Liability	3,398,468	421,245	3,819,713	454,502
Funds Held in Trust	—	—	—	479,205
Other Liabilities	—	5,714	5,714	73,776
Total Noncurrent Liabilities	$ 12,722,882	$ 1,069,816	$ 13,792,698	$ 10,819,345
Total Liabilities	$ 21,606,084	$ 1,757,222	$ 23,363,306	$ 13,002,998
DEFERRED INFLOWS OF RESOURCES				
Accumulated Increase in Fair Values of Derivative Instruments	$ —	$ —	$ —	$ 37,813
Bond Refunding	14,314	4,021	18,335	13,954
Deferred Leases	8,094	14,168	22,262	644,072
Deferred Revenue	431,209	—	431,209	49,454
Deferred Pension Inflows	748,087	149,351	897,438	185,500
Deferred Other Postemployment Benefits Inflows	104,883	19,596	124,479	68,269
Total Deferred Inflows of Resources	$ 1,306,587	$ 187,136	$ 1,493,723	$ 999,062
NET POSITION				
Net Investment in Capital Assets	$ 17,129,931	$ 1,609,955	$ 18,739,886	$ 6,784,812
Restricted to:				
Improve Agricultural, Environmental and Energy Resources	$ 3,611,779	$ —	$ 3,611,779	$ —
Enhance Arts and Culture	58,161	—	58,161	—
Acquire, Maintain, and Improve Land and Buildings	—	448	448	—
Retire Indebtedness	470,972	131,858	602,830	—
Develop Economy and Workforce	235,182	12,541	247,723	—
Enhance E-12 Education	24,972	—	24,972	—
Enhance State Government	37,899	—	37,899	—
Enhance Health and Human Services	163,911	46,921	210,832	—
Enhance Higher Education	182	24,887	25,069	—
Enhance 911 Services and Increase Safety	9,568	129,668	139,236	—
School Aid-Expendable	12,403	—	12,403	—
School Aid-Nonexpendable	1,909,952	—	1,909,952	—
Construct Highways and Improve Infrastructure	2,066,955	—	2,066,955	—
Unemployment Benefits	—	1,622,933	1,622,933	—
Other Purposes	—	99,399	99,399	—
Component Units	—	—	—	10,740,041
Total Restricted	$ 8,601,936	$ 2,068,655	$ 10,670,591	$ 10,740,041
Unrestricted	$ 13,691,892	$ 358,635	$ 14,050,527	$ 1,289,912
Total Net Position	$ 39,423,759	$ 4,037,245	$ 43,461,004	$ 18,814,765

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBU-TIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBU-TIONS
Primary Government:				
Governmental Activities:				
Agricultural, Environmental and Energy Resources	$ 1,571,112	$ 522,344	$ 678,044	$ 18,774
Economic and Workforce Development	1,035,709	59,689	246,711	—
General Education	12,103,431	21,565	1,873,221	4,415
General Government	1,070,452	389,408	90,171	—
Health and Human Services	25,060,350	598,046	15,816,981	—
Higher Education	1,064,318	—	29,434	—
Intergovernmental Aid	2,505,003	—	—	—
Public Safety and Corrections	1,258,749	204,783	326,197	—
Transportation	3,702,086	48,940	1,004,532	161,528
Interest	93,539	—	—	—
Total Governmental Activities	$ 49,464,749	$ 1,844,775	$ 20,065,291	$ 184,717
Business-type Activities:				
State Colleges and Universities	$ 2,004,811	$ 773,577	$ 483,492	$ 126
Unemployment Insurance	954,102	797,761	229,023	—
Lottery	590,113	787,239	—	—
Others	619,713	642,783	194	—
Total Business-type Activities	$ 4,168,739	$ 3,001,360	$ 712,709	$ 126
Total Primary Government	$ 53,633,488	$ 4,846,135	$ 20,778,000	$ 184,843
Component Units:				
Housing Finance	$ 654,282	$ 22,387	$ 365,000	$ —
Metropolitan Council	1,155,703	392,345	731,128	628,409
University of Minnesota	4,785,093	1,486,277	2,213,430	58,207
Others	780,519	159,741	186,403	19,840
Total Component Units	$ 7,375,597	$ 2,060,750	$ 3,495,961	$ 706,456

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 Earnings

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
$ (351,950)		$ (351,950)	
(729,309)		(729,309)	
(10,204,230)		(10,204,230)	
(590,873)		(590,873)	
(8,645,323)		(8,645,323)	
(1,034,884)		(1,034,884)	
(2,505,003)		(2,505,003)	
(727,769)		(727,769)	
(2,487,086)		(2,487,086)	
(93,539)		(93,539)	
$ (27,369,966)		$ (27,369,966)	
	$ (747,616)	$ (747,616)	
	72,682	72,682	
	197,126	197,126	
	23,264	23,264	
	$ (454,544)	$ (454,544)	
$ (27,369,966)	$ (454,544)	$ (27,824,510)	
			$ (266,895)
			596,179
			(1,027,179)
			(414,535)
			$ (1,112,430)
$ 16,362,107	$ —	$ 16,362,107	$ —
2,939,375	—	2,939,375	—
8,207,443	—	8,207,443	—
769,711	—	769,711	—
1,899,939	—	1,899,939	—
886,377	—	886,377	—
3,586,205	—	3,586,205	89,164
197,678	—	197,678	—
881,305	55,938	937,243	301,781
179,136	4,347	183,483	202,394
—	—	—	1,199,267
(634,339)	634,339	—	—
$ 35,274,937	$ 694,624	$ 35,969,561	$ 1,792,606
$ 7,904,971	$ 240,080	$ 8,145,051	$ 680,176
$ 31,518,788	$ 3,797,165	$ 35,315,953	$ 18,133,427
—	—	—	(240)
—	—	—	1,402
$ 31,518,788	$ 3,797,165	$ 35,315,953	$ 18,134,589
$ 39,423,759	$ 4,037,245	$ 43,461,004	$ 18,814,765

MINNESOTA

State of Minnesota

Fund Financial Statements

2023
Annual
Comprehensive
Financial Report

MINNESOTA

State of Minnesota

2023
Annual
Comprehensive
Financial Report

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.

STATE OF MINNESOTA

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023
(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 20,076,293	$ 86,575	$ 6,401,947	$ 26,564,815
Investments	1,595,703	—	2,320,150	3,915,853
Accounts Receivable	3,945,691	434,806	398,797	4,779,294
Interfund Receivables	227,230	23	185,615	412,868
Due from Component Units	10,792	—	95,295	106,087
Accrued Investment/Interest Earnings	76,355	—	10,538	86,893
Federal Aid Receivable	—	2,615,797	119,634	2,735,431
Inventories	—	34,929	52,081	87,010
Loans and Notes Receivable	77,324	91	142,975	220,390
Leases Receivable	—	—	5,572	5,572
Prepaid Expense	—	—	763	763
Investment in Land	—	—	15,953	15,953
Total Assets	$ 26,009,388	$ 3,172,221	$ 9,749,320	$ 38,930,929
LIABILITIES				
Accounts Payable	$ 3,912,594	$ 2,704,005	$ 762,492	$ 7,379,091
Interfund Payables	8,237	142,838	170,796	321,871
Due to Component Units	105,105	97,241	19,072	221,418
Unearned Revenue	127,542	217,596	15,970	361,108
Total Liabilities	$ 4,153,478	$ 3,161,680	$ 968,330	$ 8,283,488
DEFERRED INFLOWS OF RESOURCES				
Deferred Leases	$ —	$ —	$ 5,572	$ 5,572
Deferred Revenue	2,223,200	—	159,180	2,382,380
Total Deferred Inflows of Resources	$ 2,223,200	$ —	$ 164,752	$ 2,387,952
FUND BALANCES				
Nonspendable	$ 1,634,311	$ —	$ 1,962,796	$ 3,597,107
Restricted	88,262	10,541	5,631,848	5,730,651
Committed	79,867	—	1,027,555	1,107,422
Assigned	2,755,403	—	53,005	2,808,408
Unassigned	15,074,867	—	(58,966)	15,015,901
Total Fund Balances	$ 19,632,710	$ 10,541	$ 8,616,238	$ 28,259,489
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 26,009,388	$ 3,172,221	$ 9,749,320	$ 38,930,929

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, 2023
(IN THOUSANDS)

Total Fund Balance for Governmental Funds		$ 28,259,489
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital/right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Infrastructure	$ 13,250,715	
Nondepreciable Capital Assets	4,603,042	
Depreciable Capital Assets	5,398,981	
Accumulated Depreciation	(2,742,033)	
Right-to-Use Assets	562,962	
Accumulated Amortization	(142,876)	
		20,930,791
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.		1,951,171
Net Deferred Outflows (Inflows) resulting from the refunding of debt included in the Statement of Net Position.		136,128
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.		488,269
Deferred pension outflows (inflows) resulting primarily from actuarial gains and losses to be amortized are included in the Statement of Net Position.		1,081,237
Deferred other postemployment benefits outflows (inflows) resulting primarily from actuarial gains and losses to be amortized are included in the Statement of Net Position.		17,183
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	$ (108,443)	
General Obligation Bonds Payable	(6,301,189)	
State Appropriation Bonds Payable	(426,920)	
Revenue Bonds Payable	(23,885)	
Loans and Notes Payable	(19,598)	
Bond Premium Payable	(932,080)	
Due to Component Units	(1,936)	
Lease/Subscription Payable	(351,565)	
Certificates of Participation Payable	(62,745)	
Certificates of Participation Premium Payable	(7,600)	
Claims Payable	(820,392)	
Compensated Absences Payable	(402,977)	
Other Postemployment Benefits	(629,663)	
Net Pension Liability	(3,351,516)	
		(13,440,509)
Net Position of Governmental Activities		$ 39,423,759

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, 2023
(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
Net Revenues:				
Individual Income Taxes	$ 16,304,325	$ —	$ —	$ 16,304,325
Corporate Income Taxes	2,911,082	—	—	2,911,082
Sales Taxes	7,538,069	—	685,568	8,223,637
Property Taxes	770,142	—	—	770,142
Motor Vehicle Taxes	424,120	—	1,475,759	1,899,879
Fuel Taxes	—	—	887,011	887,011
Other Taxes	3,296,489	—	259,149	3,555,638
Tobacco Settlement	179,497	—	17,750	197,247
Federal Revenues	50,557	18,734,788	692,331	19,477,676
Licenses and Fees	264,560	4,441	444,693	713,694
Departmental Services	179,776	15,994	213,159	408,929
Investment/Interest Earnings	1,033,719	9,055	385,214	1,427,988
Other Revenues	513,816	109,117	312,470	935,403
Net Revenues	$ 33,466,152	$ 18,873,395	$ 5,373,104	$ 57,712,651
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 386,802	$ 364,715	$ 811,717	$ 1,563,234
Economic and Workforce Development	404,235	271,724	377,087	1,053,046
General Education	10,295,273	1,734,557	83,400	12,113,230
General Government	1,016,072	44,332	114,818	1,175,222
Health and Human Services	9,382,910	15,587,639	215,944	25,186,493
Higher Education	985,891	29,886	48,221	1,063,998
Intergovernmental Aid	2,504,788	—	215	2,505,003
Public Safety and Corrections	865,633	253,329	299,381	1,418,343
Transportation	613,082	445,111	2,687,696	3,745,889
Total Current Expenditures	$ 26,454,686	$ 18,731,293	$ 4,638,479	$ 49,824,458
Capital Outlay	104,412	111,682	808,839	1,024,933
Debt Service	87,667	9,219	1,409,327	1,506,213
Total Expenditures	$ 26,646,765	$ 18,852,194	$ 6,856,645	$ 52,355,604
Excess of Revenues over (under) Expenditures	$ 6,819,387	$ 21,201	$ (1,483,541)	$ 5,357,047
Other Financing Sources (Uses):				
Bond Issuance	$ —	$ —	$ 478,418	$ 478,418
Loan Issuance	16,312	—	—	16,312
Right-to-Use Issuance	23,496	9,706	4,229	37,431
Issuance of Refunding Bonds	—	—	444,960	444,960
Payment to Refunded Bonds Escrow Agent	—	—	(444,960)	(444,960)
Bond Issuance Premium	—	—	105,926	105,926
Transfers-In	237,088	1,516	1,416,206	1,654,810
Transfers-Out	(1,988,967)	(30,239)	(323,087)	(2,342,293)
Net Other Financing Sources (Uses)	$ (1,712,071)	$ (19,017)	$ 1,681,692	$ (49,396)
Net Change in Fund Balances	$ 5,107,316	$ 2,184	$ 198,151	$ 5,307,651
Fund Balances, Beginning, as Reported	$ 14,525,394	$ 8,357	$ 8,418,087	$ 22,951,838
Fund Balances, Ending	$ 19,632,710	$ 10,541	$ 8,616,238	$ 28,259,489

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, 2023
(IN THOUSANDS)

Net Change in Fund Balances for Governmental Funds		$ 5,307,651
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/right-to-use assets are allocated over their estimated useful lives or lease/subscription terms as applicable as depreciation/amortization. This is the amount by which capital outlay exceeded the depreciation/amortization in the current period.		
Capital Outlay	$ 1,024,933	
Depreciation/Amortization	(293,808)	
		731,125
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.		4,701
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.		80,979
Net changes in revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.		169,492
Bond, loan, and lease/subscription 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.		(1,093,784)
Net changes due to the additions and amortization of deferred inflows and outflows related to the refunding of debt is reported in the Statement of Activities but not included in governmental funds.		65,238
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.		887,449
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.		(9,720)
Repayment of bonds, loans, certificates of participation, and leases/subscriptions are reported as expenditures in governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.		1,799,656
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.		(37,816)
Change in Net Position of Governmental Activities		$ 7,904,971

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, 2023
(IN THOUSANDS)

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Net Revenues:			
Individual Income Taxes	$ 15,697,125	$ 15,494,219	$ 15,777,561
Corporate Income Taxes	2,051,145	2,764,021	2,928,922
Sales Taxes	7,190,528	7,383,905	7,412,487
Property Taxes	764,133	757,362	765,246
Other Taxes	3,170,114	3,101,156	3,111,252
Tobacco Settlement	168,289	170,985	179,497
Licenses and Fees	255,217	259,727	254,783
Departmental Services	114,126	97,247	100,495
Investment/Interest Earnings	31,926	453,349	535,632
Other Revenues	360,229	396,858	441,899
Net Revenues	$ 29,802,832	$ 30,878,829	$ 31,507,774
Expenditures:			
Agricultural, Environmental and Energy Resources	$ 157,825	$ 276,198	$ 264,957
Economic and Workforce Development	279,485	330,500	325,716
General Education	10,444,458	10,337,620	10,248,970
General Government	599,286	1,152,473	1,131,792
Health and Human Services	9,971,362	8,712,932	8,590,119
Higher Education	968,223	980,014	971,864
Intergovernmental Aid	2,476,206	2,476,883	2,476,809
Public Safety and Corrections	886,591	890,347	873,048
Transportation	137,364	137,501	132,446
Total Expenditures	$ 25,920,800	$ 25,294,468	$ 25,015,721
Excess of Revenues over (under) Expenditures	$ 3,882,032	$ 5,584,361	$ 6,492,053
Other Financing Sources (Uses):			
Transfers-In	$ 27,185	$ 37,495	$ 33,912
Transfers-Out	(2,953,334)	(2,838,334)	(2,838,334)
Net Other Financing Sources (Uses)	$ (2,926,149)	$ (2,800,839)	$ (2,804,422)
Net Change in Fund Balances	$ 955,883	$ 2,783,522	$ 3,687,631
Fund Balances, Beginning, as Reported	$ 13,764,112	$ 13,764,112	$ 13,764,112
Prior Period Adjustments	—	—	156,436
Fund Balances, Beginning, as Restated	$ 13,764,112	$ 13,764,112	$ 13,920,548
Budgetary Fund Balances, Ending	$ 14,719,995	$ 16,547,634	$ 17,608,179
Less: Appropriation Carryover	—	—	219,112
Less: Reserved for Long-Term Receivables	—	—	40,242
Less: Budgetary Reserve	—	—	3,202,098
Unassigned Fund Balance, Ending	$ 14,719,995	$ 16,547,634	$ 14,146,727

The notes are an integral part of the financial statements.

State of Minnesota

2023
Annual
Comprehensive
Financial Report

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, 2023
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 1,122,190	$ 1,552,745	$ 424,854	$ 3,099,789	$ 596,085
Investments	21,575	—	—	21,575	—
Accounts Receivable	83,450	351,905	36,815	472,170	109,359
Interfund Receivables	22,475	—	5,582	28,057	78
Federal Aid Receivable	33,786	1,223	—	35,009	—
Inventories	12,465	—	6,885	19,350	241
Loans and Notes Receivable	1,733	—	—	1,733	—
Leases Receivable	3,065	—	22	3,087	1,207
Prepaid Expenses	1,030	—	648	1,678	6,095
Total Current Assets	$ 1,301,769	$ 1,905,873	$ 474,806	$ 3,682,448	$ 713,065
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	$ 56,727	$ —	$ —	$ 56,727	$ —
Investments-Restricted	305	—	—	305	—
Accounts Receivable	—	—	1,732	1,732	—
Loans and Notes Receivable	4,974	—	—	4,974	—
Leases Receivable	9,861	—	—	9,861	1,315
Right-to-Use Assets (Net)	63,862	—	19,499	83,361	38,813
Depreciable Capital Assets (Net)	1,650,943	—	121,786	1,772,729	67,539
Nondepreciable Capital Assets	177,905	—	14,323	192,228	261
Prepaid Expenses	—	—	—	—	995
Total Noncurrent Assets	$ 1,964,577	$ —	$ 157,340	$ 2,121,917	$ 108,923
Total Assets	$ 3,266,346	$ 1,905,873	$ 632,146	$ 5,804,365	$ 821,988
DEFERRED OUTFLOWS OF RESOURCES					
Bond Refunding	$ 1,383	$ —	$ —	$ 1,383	$ —
Deferred Pension Outflows	187,853	—	36,856	224,709	42,831
Deferred Other Postemployment Benefits Outflows	15,647	—	3,926	19,573	1,698
Total Deferred Outflows of Resources	$ 204,883	$ —	$ 40,782	$ 245,665	$ 44,529
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 160,203	$ 55,636	$ 74,445	$ 290,284	$ 44,874
Interfund Payables	7,129	31,206	30,092	68,427	50,517
Unearned Revenue	77,181	196,098	9,989	283,268	6,921
Accrued Interest Payable	—	—	—	—	95
Bonds and Notes Payable	32,921	—	—	32,921	16,507
Lease/Subscription Payable	18,374	—	5,573	23,947	10,807
Claims Payable	3,052	—	19,448	22,500	101,322
Compensated Absences Payable	18,252	—	2,715	20,967	1,821
Other Liabilities	13,519	—	—	13,519	—
Total Current Liabilities	$ 330,631	$ 282,940	$ 142,262	$ 755,833	$ 232,864

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Noncurrent Liabilities:					
Bonds and Notes Payable	$ 345,053	$ —	$ —	$ 345,053	$ 25,608
Lease/Subscription Payable	43,704	—	13,871	57,575	28,359
Claims Payable	1,717	—	—	1,717	—
Compensated Absences Payable	133,845	—	11,703	145,548	14,101
Other Postemployment Benefits	72,570	—	20,394	92,964	8,915
Net Pension Liability	374,740	—	46,505	421,245	46,952
Other Liabilities	5,714	—	—	5,714	—
Total Noncurrent Liabilities	$ 977,343	$ —	$ 92,473	$ 1,069,816	$ 123,935
Total Liabilities	$ 1,307,974	$ 282,940	$ 234,735	$ 1,825,649	$ 356,799
DEFERRED INFLOWS OF RESOURCES					
Bond Refunding	$ 4,021	$ —	$ —	$ 4,021	$ —
Deferred Leases	14,146	—	22	14,168	2,522
Deferred Pension Inflows	135,236	—	14,115	149,351	17,462
Deferred Other Postemployment Benefits Inflows	16,250	—	3,346	19,596	1,465
Total Deferred Inflows of Resources	$ 169,653	$ —	$ 17,483	$ 187,136	$ 21,449
NET POSITION					
Net Investment in Capital Assets	$ 1,473,791	$ —	$ 136,164	$ 1,609,955	$ 25,332
Restricted for:					
Acquire, Maintain, and Improve Land and Buildings	$ 448	$ —	$ —	$ 448	$ —
Retire Indebtedness	131,858	—	—	131,858	—
Develop Economy and Workforce	—	—	12,541	12,541	—
Enhance Health and Human Services	—	—	46,921	46,921	—
Enhance Higher Education	24,887	—	—	24,887	—
Enhance 911 Services and Increase Safety	—	—	129,668	129,668	—
Unemployment Benefits	—	1,622,933	—	1,622,933	—
Other Purposes	—	—	99,399	99,399	—
Total Restricted	$ 157,193	$ 1,622,933	$ 288,529	$ 2,068,655	$ —
Unrestricted	$ 362,618	$ —	$ (3,983)	$ 358,635	$ 462,937
Total Net Position	$ 1,993,602	$ 1,622,933	$ 420,710	$ 4,037,245	$ 488,269

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:					
Tuition and Fees	$ 664,978	$ —	$ —	$ 664,978	$ —
Restricted Student Payments, Net	94,219	—	—	94,219	—
Net Sales	—	—	1,101,444	1,101,444	338,294
Insurance Premiums	—	778,320	289,844	1,068,164	1,167,475
Other Income	14,380	19,441	38,734	72,555	12,667
Total Operating Revenues	$ 773,577	$ 797,761	$ 1,430,022	$ 3,001,360	$ 1,518,436
Less: Cost of Goods Sold	—	—	587,244	587,244	—
Gross Margin	$ 773,577	$ 797,761	$ 842,778	$ 2,414,116	$ 1,518,436
Operating Expenses:					
Purchased Services	$ 277,265	$ —	$ 95,272	$ 372,537	$ 215,671
Salaries and Fringe Benefits	1,286,006	—	178,833	1,464,839	112,166
Student Financial Aid	74,299	—	—	74,299	—
Unemployment Benefits	—	953,008	—	953,008	—
Claims	—	—	261,119	261,119	1,027,388
Depreciation and Amortization	157,618	—	23,334	180,952	28,931
Supplies and Materials	122,380	—	5,603	127,983	11,760
Repairs and Maintenance	17,841	—	1,869	19,710	18,555
Indirect Costs	—	—	10,148	10,148	4,557
Other Expenses	42,509	—	913	43,422	1,002
Total Operating Expenses	$ 1,977,918	$ 953,008	$ 577,091	$ 3,508,017	$ 1,420,030
Operating Income (Loss)	$ (1,204,341)	$ (155,247)	$ 265,687	$ (1,093,901)	$ 98,406
Nonoperating Revenues (Expenses):					
Investment/Interest Earnings	$ 20,302	$ 28,783	$ 6,853	$ 55,938	$ 16,689
Federal Grants	328,959	229,023	194	558,176	—
Private Grants	35,218	—	—	35,218	—
Grants and Subsidies	119,441	—	—	119,441	—
Other Nonoperating Revenues	—	—	2	2	34
Interest and Financing Costs	(11,507)	—	(323)	(11,830)	(2,887)
Grants, Aids and Subsidies	(15,386)	(1,094)	(28,007)	(44,487)	—
Other Nonoperating Expenses	—	—	(17,161)	(17,161)	(331)
Gain (Loss) on Disposal of Capital Assets	4,248	—	97	4,345	1,709
Total Nonoperating Revenues (Expenses)	$ 481,275	$ 256,712	$ (38,345)	$ 699,642	$ 15,214
Income (Loss) Before Transfers and Contributions	$ (723,066)	$ 101,465	$ 227,342	$ (394,259)	$ 113,620
Transfers-In	807,516	—	49,528	857,044	—
Transfers-Out	—	(21,502)	(201,203)	(222,705)	(32,641)
Change in Net Position	$ 84,450	$ 79,963	$ 75,667	$ 240,080	$ 80,979
Net Position, Beginning, as Reported	$ 1,909,152	$ 1,542,970	$ 345,043	$ 3,797,165	$ 407,290
Net Position, Ending	$ 1,993,602	$ 1,622,933	$ 420,710	$ 4,037,245	$ 488,269

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:					
Receipts from Customers	$ 745,297	$ 703,123	$ 1,387,045	$ 2,835,465	$ 1,477,927
Receipts from Other Revenues	—	19,441	38,462	57,903	12,701
Receipts from Repayment of Program Loans	2,032	—	—	2,032	—
Financial Aid Disbursements	(74,299)	—	—	(74,299)	—
Payments to Claimants	—	(937,629)	(762,020)	(1,699,649)	(1,032,418)
Payments to Suppliers	(453,511)	—	(159,656)	(613,167)	(246,837)
Payments to Employees	(1,475,052)	—	(199,854)	(1,674,906)	(136,700)
Payments to Others	—	—	(56,622)	(56,622)	(331)
Net Cash Flows from Operating Activities	$ (1,255,533)	$ (215,065)	$ 247,355	$ (1,223,243)	$ 74,342
Cash Flows from Noncapital Financing Activities:					
Grant Receipts	$ 517,872	$ 1,168	$ 194	$ 519,234	$ —
Grant Disbursements	(15,620)	(1,141)	(28,007)	(44,768)	—
Transfers-In	790,580	—	49,528	840,108	—
Transfers-Out	—	(5,186)	(199,383)	(204,569)	(32,641)
Repayment of Advances from Others	—	(102,700)	—	(102,700)	—
Net Cash Flows from Noncapital Financing Activities	$ 1,292,832	$ (107,859)	$ (177,668)	$ 1,007,305	$ (32,641)
Cash Flows from Capital and Related Financing Activities:					
Transfers-In	$ 28,638	$ —	$ —	$ 28,638	$ —
Investment in Capital Assets	(87,260)	—	(7,499)	(94,759)	(29,680)
Proceeds from Disposal of Capital Assets	4,849	—	115	4,964	4,212
Proceeds from Capital Bonds	3,000	—	—	3,000	—
Proceeds from Loans	45	—	—	45	21,457
Lease/Subscription Payments	(21,677)	—	(8,630)	(30,307)	(10,185)
Repayment of Loan Principal	(766)	—	—	(766)	(18,774)
Repayment of Bond Principal	(35,686)	—	—	(35,686)	—
Interest Paid	(6,379)	—	(323)	(6,702)	(2,820)
Net Cash Flows from Capital and Related Financing Activities	$ (115,236)	$ —	$ (16,337)	$ (131,573)	$ (35,790)
Cash Flows from Investing Activities:					
Proceeds from Sales and Maturities of Investments	$ 293	$ —	$ —	$ 293	$ —
Purchase of Investments	(1,300)	—	—	(1,300)	—
Investment/Interest Earnings	19,117	28,783	6,853	54,753	16,689
Net Cash Flows from Investing Activities	$ 18,110	$ 28,783	$ 6,853	$ 53,746	$ 16,689
Net Increase (Decrease) in Cash and Cash Equivalents	$ (59,827)	$ (294,141)	$ 60,203	$ (293,765)	$ 22,600
Cash and Cash Equivalents, Beginning, as Reported	$ 1,238,744	$ 1,846,886	$ 364,651	$ 3,450,281	$ 573,485
Cash and Cash Equivalents, Ending	$ 1,178,917	$ 1,552,745	$ 424,854	$ 3,156,516	$ 596,085

CONTINUED

STATE OF MINNESOTA

PROPRIETARY FUNDS (CONTINUED)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(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)	$ (1,204,341)	$ (155,247)	$ 265,687	$ (1,093,901)	$ 98,406
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation and Amortization	$ 157,618	$ —	$ 23,334	$ 180,952	$ 28,931
Miscellaneous Nonoperating Revenues	—	—	2	2	34
Miscellaneous Nonoperating Expenses	—	—	(17,161)	(17,161)	(331)
Loan Principal Repayments	2,032	—	—	2,032	—
Provision for Loan Defaults	(82)	—	—	(82)	—
Loans Forgiven	1,728	—	—	1,728	—
Change in Assets, Liabilities, Deferred Outflows and Inflows of Resources:					
Accounts Receivable	(22,798)	(5,755)	(758)	(29,311)	(26,178)
Leases Receivable	1,056	—	—	1,056	—
Inventories	90	—	2,341	2,431	116
Other Assets	—	—	(76)	(76)	2,259
Deferred Outflows of Resources	30,426	—	6,736	37,162	8,845
Accounts Payable	(40,057)	8,915	9,513	(21,629)	2,333
Claims Payable	—	—	(11,259)	(11,259)	(5,030)
Compensated Absences Payable	860	—	707	1,567	495
Unearned Revenue	(6,538)	(62,985)	(3,759)	(73,282)	(1,664)
Other Postemployment Benefits	1,133	—	222	1,355	819
Net Pension Liability	223,909	—	35,797	259,706	44,610
Other Liabilities	2,473	7	—	2,480	—
Deferred Inflows of Resources	(403,042)	—	(63,971)	(467,013)	(79,303)
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ (51,192)	$ (59,818)	$ (18,332)	$ (129,342)	$ (24,064)
Net Cash Flows from Operating Activities	$ (1,255,533)	$ (215,065)	$ 247,355	$ (1,223,243)	$ 74,342
Noncash Investing, Capital and Financing Activities:					
Leases Receivable Additions	$ —	$ —	$ —	$ —	$ 1,174
Right-to-Use Assets Acquired through Lease/ Subscription	32,928	—	5,602	38,530	9,473
Right-to-Use Assets Remeasurement Additions	—	—	1	1	22,391
Right-to-Use Assets Remeasurement Deletions	—	—	(152)	(152)	(44)
Bond Premium Amortization	5,037	—	—	5,037	—

The notes are an integral part of the financial statements.

MINNESOTA

State of Minnesota

2023
Annual
Comprehensive
Financial Report

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, 2023
(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	CUSTODIAL FUND
ASSETS			
Cash and Cash Equivalent Investments	$ 71,567	$ —	$ 135,898
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 5,105,845	$ 47,153	$ —
Investments	95,287,482	1,323,846	—
Accrued Interest and Dividends	148,859	2,599	—
Securities Trade Receivable (Payable)	(421,114)	(1,733)	—
Total Investment Pool Participation	$ 100,121,072	$ 1,371,865	$ —
Receivables:			
Accounts Receivable	$ —	$ —	$ 9,458
Interfund Receivables	14,309	—	—
Taxes Receivable	—	—	68,482
Other Receivables	118,316	—	—
Total Receivables	$ 132,625	$ —	$ 77,940
Securities Lending Collateral	$ 4,447,977	$ —	$ —
Right-to-Use Assets (Net)	258	—	—
Depreciable Capital Assets (Net)	24,990	—	—
Nondepreciable Capital Assets	552	—	—
Total Assets	$ 104,799,041	$ 1,371,865	$ 213,838
LIABILITIES			
Accounts Payable	$ 29,227	$ —	$ 168,451
Interfund Payables	14,497	—	—
Unearned Revenue	1,210	—	—
Accrued Expense	5	—	—
Revenue Bonds Payable	2,937	—	—
Bond Interest	2	—	—
Lease/Subscription Payable	265	—	—
Compensated Absences Payable	3,916	—	—
Securities Lending Liabilities	4,447,977	—	—
Other Liabilities	3,099	—	—
Total Liabilities	$ 4,503,135	$ —	$ 168,451
NET POSITION			
Net Position Restricted for Pensions, Pooled Investments and Individuals, Organizations, and Other Governments	$ 100,295,906	$ 1,371,865	$ 45,387

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, 2023
(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	CUSTODIAL FUND
Additions:			
Contributions:			
Employer	$ 1,732,360	$ —	$ —
Member	1,973,102	—	—
Contributions From Other Sources	9,230	—	—
Participating Plans	—	10,631	—
Total Contributions	$ 3,714,692	$ 10,631	$ —
Net Investment Income (Loss):			
Investment Income (Loss)	$ 8,509,139	$ 180,297	$ —
Less: Investment Expenses	(64,275)	(710)	—
Net Investment Income (Loss)	$ 8,444,864	$ 179,587	$ —
Securities Lending Revenues (Expenses):			
Securities Lending Income	$ 168,064	$ —	$ —
Securities Lending Rebates and Fees	(148,411)	—	—
Net Securities Lending Revenue	$ 19,653	$ —	$ —
Total Investment Income (Loss)	$ 8,464,517	$ 179,587	$ —
Tax Collections for Other Governments	$ —	$ —	$ 862,990
Beneficiary Deposits - Child Support	—	—	512,536
Beneficiary Deposits - Corrections	—	—	27,857
Beneficiary Deposits - Regional Treatment Centers	—	—	5,251
Beneficiary Deposits - Veterans Homes	—	—	1,469
Employee Insurance Trust	—	—	38,718
Courts Interest Held for Other Governments and Individuals	—	—	12,820
Legal Settlements for External Parties	—	—	671
Miscellaneous	—	—	6,469
Other Additions	15,525	—	—
Transfers-In	112,755	—	—
Total Additions	$ 12,307,489	$ 190,218	$ 1,468,781

STATE OF MINNESOTA

FIDUCIARY FUNDS
STATEMENT OF CHANGES
IN NET POSITION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	CUSTODIAL FUND
Deductions:			
Benefits	$ 6,059,058	$ —	$ —
Refunds and Withdrawals	546,403	46,924	—
Administrative Expenses	73,158	118	765
Tax Payments to Other Governments	—	—	862,918
Beneficiary Payments - Child Support	—	—	512,536
Beneficiary Payments - Corrections	—	—	27,932
Beneficiary Payments - Regional Treatment Centers	—	—	4,934
Beneficiary Payments - Veterans Homes	—	—	1,404
Employee Insurance Trust	—	—	40,309
Court Payments to Other Governments and Individuals	—	—	9,095
Legal Settlements Paid to External Parties	—	—	681
Miscellaneous	—	—	382
Transfers-Out	26,970	—	—
Total Deductions	$ 6,705,589	$ 47,042	$ 1,460,956
Net Increase (Decrease)	$ 5,601,900	$ 143,176	$ 7,825
Net Position Restricted for Pensions, Pooled Investments, and Individuals, Organizations, and Other Governments Beginning, as Reported	$ 94,683,429	$ 1,221,443	$ 37,562
Change in Reporting Entity	10,125	7,698	—
Change in Fund Structure	452	(452)	—
Net Position Restricted for Pensions, Pooled Investments, and Individuals, Organizations, and Other Governments, Beginning, as Restated	$ 94,694,006	$ 1,228,689	$ 37,562
Net Position Restricted for Pensions, Pooled Investments, and Individuals, Organizations, and Other Governments, Ending	$ 100,295,906	$ 1,371,865	$ 45,387

The notes are an integral part of the financial statements.

State of Minnesota

2023
Annual
Comprehensive
Financial Report

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, 2022 and JUNE 30, 2023
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 77,463	$ 359,588	$ 698,606	$ 611,733	$ 1,747,390
Investments	—	374,047	1,079,212	250,997	1,704,256
Accounts Receivable	308	26,998	610,401	60,685	698,392
Due from Primary Government	116	87,070	19,466	147,359	254,011
Accrued Investment/Interest Earnings	17,655	1,771	3,845	15,244	38,515
Federal Aid Receivable	4,053	16,709	—	2,822	23,584
Inventories	—	42,482	22,818	47	65,347
Loans and Notes Receivable	64,410	124	7,170	254,907	326,611
Leases Receivable	—	1,228	8,559	6,955	16,742
Other Assets	972	7,450	31,972	4,245	44,639
Total Current Assets	$ 164,977	$ 917,467	$ 2,482,049	$ 1,354,994	$ 4,919,487
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	$ 725,228	$ 715,904	$ 140,685	$ 221,942	$ 1,803,759
Investments-Restricted	3,378,115	—	493,628	52,188	3,923,931
Accounts Receivable-Restricted	—	295,718	—	1,205	296,923
Due from Primary Government-Restricted	—	1,949	—	—	1,949
Due from Primary Government	—	—	—	1,633	1,633
Investments	—	364,618	6,373,700	—	6,738,318
Interest Rate Swap Agreements	32,228	—	—	—	32,228
Accounts Receivable	—	—	116,277	318,336	434,613
Loans and Notes Receivable	975,381	33,577	41,518	2,114,498	3,164,974
Leases Receivable	—	—	337,223	317,876	655,099
Right-to-Use Assets (Net)	8,161	14,769	240,448	6,840	270,218
Depreciable Capital Assets (Net)	1,388	3,369,938	2,601,546	783,642	6,756,514
Nondepreciable Capital Assets	—	2,829,830	497,033	43,196	3,370,059
Other Assets	630	—	12,812	1,279	14,721
Total Noncurrent Assets	$ 5,121,131	$ 7,626,303	$ 10,854,870	$ 3,862,635	$ 27,464,939
Total Assets	$ 5,286,108	$ 8,543,770	$ 13,336,919	$ 5,217,629	$ 32,384,426
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Derivative Instruments	$ 479	$ —	$ —	$ —	$ 479
Bond Refunding	99	—	374	2,132	2,605
Deferred Outflows	—	—	4,565	—	4,565
Deferred Pension Outflows	10,282	155,614	212,066	3,421	381,383
Deferred Other Postemployment Benefits Outflows	411	34,978	7,870	108	43,367
Total Deferred Outflows of Resources	$ 11,271	$ 190,592	$ 224,875	$ 5,661	$ 432,399

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2022 and JUNE 30, 2023
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 33,543	$ 94,957	$ 424,909	$ 39,263	$ 592,672
Due to Primary Government	—	1,371	532	15,466	17,369
Unearned Revenue	—	28,044	66,923	33,290	128,257
Accrued Interest Payable	49,412	3,687	20,002	7,419	80,520
Bonds and Notes Payable	157,359	213,121	337,580	57,805	765,865
Lease/Subscription Payable	2,112	2,185	28,391	464	33,152
Certificates of Participation Payable	—	990	—	—	990
Claims Payable	—	18,761	47,659	204,348	270,768
Compensated Absences Payable	450	33,290	255,541	247	289,528
Other Liabilities	—	—	4,455	77	4,532
Total Current Liabilities	$ 242,876	$ 396,406	$ 1,185,992	$ 358,379	$ 2,183,653
Noncurrent Liabilities:					
Accounts Payable-Restricted	$ —	$ 141,815	$ 33,273	$ —	$ 175,088
Unearned Revenue-Restricted	—	208,187	—	—	208,187
Accrued Interest Payable-Restricted	—	12,581	—	—	12,581
Accounts Payable	69,625	—	—	—	69,625
Due to Primary Government	—	—	35	92,630	92,665
Unearned Revenue	—	—	6,421	2,622	9,043
Interest Rate Swap Agreements	479	—	—	—	479
Bonds and Notes Payable	4,110,419	1,653,676	1,696,777	667,668	8,128,540
Lease/Subscription Payable	6,816	12,962	152,531	6,377	178,686
Certificates of Participation Payable	—	760	—	—	760
Claims Payable	—	12,876	12,043	516,385	541,304
Compensated Absences Payable	3,427	9,025	23,629	1,228	37,309
Other Postemployment Benefits	2,157	307,265	47,604	569	357,595
Net Pension Liability	11,271	194,401	245,107	3,723	454,502
Funds Held in Trust	74,394	—	403,965	846	479,205
Other Liabilities	—	—	73,526	250	73,776
Total Noncurrent Liabilities	$ 4,278,588	$ 2,553,548	$ 2,694,911	$ 1,292,298	$ 10,819,345
Total Liabilities	$ 4,521,464	$ 2,949,954	$ 3,880,903	$ 1,650,677	$ 13,002,998
DEFERRED INFLOWS OF RESOURCES					
Accumulated Increase in Fair Value of Derivative Instruments	$ 32,228	$ 5,585	$ —	$ —	$ 37,813
Bond Refunding	—	—	13,954	—	13,954
Deferred Leases	—	1,215	330,960	311,897	644,072
Deferred Revenue	19,385	—	2,537	27,532	49,454
Deferred Pension Inflows	4,191	70,705	109,137	1,467	185,500
Deferred Other Postemployment Benefits Inflows	354	58,696	9,126	93	68,269
Total Deferred Inflows of Resources	$ 56,158	$ 136,201	$ 465,714	$ 340,989	$ 999,062
NET POSITION					
Net Investment in Capital Assets	$ 790	$ 4,411,154	$ 1,553,449	$ 819,419	$ 6,784,812
Restricted-Expendable	1,431,821	1,131,659	4,016,637	2,285,264	8,865,381
Restricted-Nonexpendable	—	—	1,874,660	—	1,874,660
Unrestricted	(712,854)	105,394	1,770,431	126,941	1,289,912
Total Net Position	$ 719,757	$ 5,648,207	$ 9,215,177	$ 3,231,624	$ 18,814,765

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMPONENT UNIT FUNDS
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 and JUNE 30, 2023
(IN THOUSANDS)

	HOUSING FINANCE AGENCY	METROPOLITAN COUNCIL	UNIVERSITY OF MINNESOTA	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
Net Expenses:					
Total Expenses	$ 654,282	$ 1,155,703	$ 4,785,093	$ 780,519	$ 7,375,597
Program Revenues:					
Charges for Services	$ 22,387	$ 392,345	$ 1,486,277	$ 159,741	$ 2,060,750
Operating Grants and Contributions	365,000	731,128	2,213,430	186,403	3,495,961
Capital Grants and Contributions	—	628,409	58,207	19,840	706,456
Net (Expense) Revenue	$ (266,895)	$ 596,179	$ (1,027,179)	$ (414,535)	$ (1,112,430)
General Revenues:					
Taxes	$ —	$ 89,164	$ —	$ —	$ 89,164
Investment/Interest Earnings	32,656	(73,387)	335,070	7,442	301,781
Other Revenues	1,583	415	170,964	29,432	202,394
Total General Revenues before Grants	$ 34,239	$ 16,192	$ 506,034	$ 36,874	$ 593,339
State Grants Not Restricted	56,674	—	716,341	426,252	1,199,267
Total General Revenues	$ 90,913	$ 16,192	$ 1,222,375	$ 463,126	$ 1,792,606
Change in Net Position	$ (175,982)	$ 612,371	$ 195,196	$ 48,591	$ 680,176
Net Position, Beginning, as Reported	$ 895,979	$ 5,035,836	$ 9,018,579	$ 3,183,033	$ 18,133,427
Prior Period Adjustment	(240)	—	—	—	(240)
Change in Accounting Principle	—	—	1,402	—	1,402
Net Position, Beginning, as Restated	$ 895,739	$ 5,035,836	$ 9,019,981	$ 3,183,033	$ 18,134,589
Net Position, Ending	$ 719,757	$ 5,648,207	$ 9,215,177	$ 3,231,624	$ 18,814,765

The notes are an integral part of the financial statements.

2023 Annual Comprehensive Financial Report

Index of Notes to the Financial Statements

MINNESOTA

2023 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, 2023:

- GASB Statement No. 91 "Conduit Debt Obligations" was issued May 2019. This statement provides a single method of reporting conduit debt obligations by issuers. This statement has no material impact on the state.
- GASB Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" was issued March 2020. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and provides guidance for the accounting and financial reporting of availability payment arrangements (APAs). This statement has no material impact on the state.
- GASB Statement No. 96 "Subscription-Based Information Technology Arrangements" was issued May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. See Note 6 – Capital and Right-to-Use Assets and Note 11 – Long-Term Liabilities - Primary Government for details related to IT subscription right-to-use assets and related liabilities, and Note 20 – Change in Accounting Principle, Change in Reporting Entity, Change in Fund Structure, and Prior Period Adjustment for further discussion on the impacts of implementing this statement.
- GASB Statement No. 99 "Omnibus 2022" was issued April 2022. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement has no material impact on the state.
- Implementation Guide No. 2021-1 "Implementation Guidance Update - 2021". This guide provides guidance to clarify, explain, or elaborate on GASB statements previously implemented.
- Implementation Guide No. 2023-1 "Implementation Guidance Update - 2023". This guide provides guidance to clarify, explain, or elaborate on GASB statements previously implemented. Only portions of this guide were implemented for the fiscal year ended June 30, 2023.

Financial Reporting Entity of the State of Minnesota

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

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

Discretely Presented Component Units

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

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

state who are not otherwise able to obtain such coverage in the marketplace. The board has 13 members, seven of whom are selected by commissioners of state departments. The state has appropriated funding for the program and has the ability to approve or reject the parameters for making payments to health carriers. The fiscal year for MCHA ends December 31.

- Minnesota Sports Facilities Authority (MSFA) – MSFA's mission is to provide for the construction, financing, and long-term use of a multi-purpose stadium and related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities. The board of the authority has five members, including a chair and two members whom are appointed by the governor. The state provides administrative funding to MSFA.
- National Sports Center Foundation (NSCF) – The Minnesota Amateur Sports Commission (MASC), consisting of 14 members, 9 of whom are appointed by the state, contracts with NSCF to operate various sports facilities, including the National Sports Center. The facilities are used primarily for holding youth-oriented athletic and other non-athletic functions and events. Although the facilities belong to the state, NSCF is responsible for the operating costs and certain improvements to the facilities. The MASC appoints all foundation board members, approves the foundation's spending budget, approves all rates and fees, and owns any reserve funds. The fiscal year for NSCF ends December 31. The most recently available audited financial information for the NSCF and included in this report is as of December 31, 2021.
- 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 overall financial operations for the state, 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 overall reporting for the state, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the state and its discretely presented component units. Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once in the function for which the expenses were made. General government expenses that benefit state agencies have not been allocated as indirect expenses to the various functions of the state, but are reported under the general government function.

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

Statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liabilities rather than as expenditures.

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Classification of Funds

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

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

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

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

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

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

internal service funds include motor pool, central services, employee insurance, technology services, plant management, and risk management.

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

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

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

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

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

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

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

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

Right-to-use assets consist of leased assets and subscription-based assets. Leased assets are recorded at present value of the payments expected to be made during the lease term, plus any amounts paid or lease incentives received from the lessor at or before the commencement of the lease term and any initial direct costs necessary to place the leased asset into service. Leased assets are amortized over the shorter of the lease term or the life of the leased asset. Subscription-based assets are recorded at present value of the payments to be made during the subscription term, which begins when the initial implementation stage is completed. The subscription-based assets consists of the subscription liability plus payments to the lessor at the commencement of the subscription term and capitalizable initial implementation costs. Subscription-based assets are amortized over the shorter of the lease term or the life of the subscription-based leased asset.

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

Current and Noncurrent Assets

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

Deferred Outflows of Resources

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

Current and Noncurrent Liabilities

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

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

See Note 11 – Long-Term Liabilities - Primary Government for further information.

Deferred Inflows of Resources

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

Deferred Compensation Plan

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

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

The difference between fund total assets and deferred outflows of resources and total liabilities and deferred inflows of resources 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 and right-to-use assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of bonds, mortgages, notes, lease/subscription payables 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, 2023 fair value of investment derivative instruments is reported as investments.

Synthetic Guaranteed Investment Contract (SGIC): SBI maintains a fully benefit-responsive SGIC for the Supplemental Investment Fund (SIF) - Stable Value Fund of the pension and investment trust funds' portfolio. The investment objective of the Supplemental Investment Fund (SIF) is to protect investors from loss of their original investment and to provide a competitive interest rate. On June 30, 2023, the Supplemental Investment Fund (SIF) - Stable Value Fund had a portfolio of well diversified high quality investment grade fixed income securities with a fair value of $1,562,906,000 that is $105,913,000 below the value protected by the wrap contract. The Supplemental Investment Fund (SIF) - Stable Value Fund also includes liquid investment pools with a combined fair value of $30,255,000.

The following table summarizes, by derivative instrument type, the investment derivative instrument activity, and June 30 positions for fiscal year 2023.

Primary Government
Derivative Instrument Activity for the Year Ended June 30, 2023
By Derivative Instrument Type
(In Thousands)

Derivative Instrument Type	Change in Fair Value	Year End Fair Value	Year End Notional Amount
Governmental Activities:			
Futures	$ 523	$ —	$ 44,581
Total Governmental Activities	$ 523	$ —	$ 44,581
Fiduciary Activities:			
Futures	$ 14,889	$ —	$ 809,117
Equity Options Bought	11	—	—
Equity Options Written	112	—	—
Fixed Income Options Written	148	(37)	(3,454)
Futures Options Bought	(7,790)	727	1,918
Futures Options Written	7,455	(558)	(4,456)
FX Forwards	29,456	(49,246)	30,315,422
Warrants/Stock Rights	2,858	36	117
Credit Default Swaps Bought	(843)	(377)	13,616
Credit Default Swaps Written	6,826	3,174	160,919
Pay Fixed Interest Rate Swaps	7,928	6,682	84,896
Receive Fixed Interest Rate Swaps	(4,088)	(2,176)	100,026
Total Return Swaps Equity	124	13	(7,447)
Total Fiduciary Activities	$ 57,086	$ (41,762)	$ 31,470,674

Credit Risk: Minnesota is exposed to credit risk through twenty-two 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 $618,855,000 should these counterparties fail to perform. These counterparties have S&P Global Ratings (S&P) credit ratings of BBB+ or better. The primary government, excluding pension and investment trust funds, had no exposure to counterparty risk.

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

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

Credit Risk of Debt Security Investments

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

Unrated Corporate Obligations

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

Corporate Stock

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

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

Primary Government
Governmental, Proprietary, and Custodial Funds
Investments and Cash Equivalent Investments
Credit Risk Exposure
As of June 30, 2023
(In Thousands)

Quality Rating	Fair Value
AAA	$ 2,576,184
AA	7,818,664
A	1,612,412
BBB	7,161,914
BB	92,115
B	5,300
Unrated	11,817,275
Agencies	4,465
U.S. Governments	1,835
Total Debt Securities	$ 31,090,164

Primary Government
Pension and Investment Trust Funds
Investments and Cash Equivalent Investments
Credit Risk Exposure
As of June 30, 2023
(In Thousands)

Quality Rating	Fair Value
AAA	$ 614,492
AA	13,027,653
A	383,678
BBB	2,178,754
BB	1,104,004
B	939,194
CCC	429,217
CC	65,826
C	2,407
D	11,409
Unrated	3,623,846
Total Debt Securities	$ 22,380,480

Interest Rate Risk – Investments

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

Primary Government
Governmental, Proprietary, and Custodial Funds
Investments and Cash Equivalent Investments
Interest Rate Risk
As of June 30, 2023
(In Thousands)

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
Asset-Backed Securities	$ 2,709,380	0.98
Collateralized Mortgage Obligations	232,380	6.06
Corporate Debt	2,714,920	2.56
Mortgage-Backed Securities	344,995	7.57
Short-Term Investment Securities	19,954,112	0.00
State or Local Government Bonds	85,000	7.14
U.S. Agencies	3,299,158	0.69
U.S. Treasury	1,117,584	3.20
Yankee Bonds	632,635	1.60
Total Debt Securities	$ 31,090,164	

Primary Government
Pension and Investment Trust Funds
Investments and Cash Equivalent Investments
Interest Rate Risk
As of June 30, 2023
(In Thousands)

Security Type	Fair Value	Weighted Average Maturity in Years
Debt Securities:		
Asset-Backed Securities	$ 787,656	5.46
Bank Loans	217,435	4.57
Collateralized Mortgage Obligations	684,192	9.64
Corporate Debt	2,910,208	8.17
Foreign Country Bonds	374,746	7.65
Mortgage-backed Securities	1,955,378	7.78
Short-Term Investment Securities	4,534,238	0.00
State or Local Government Bonds	58,184	14.45
U.S. Agencies	1,128,577	4.02
U.S. Treasury	8,628,867	14.04
Yankee Bonds	1,100,999	8.81
Total Debt Securities	$ 22,380,480	

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, 2023 values, adjusted for cash flows. The investments measured at the NAV are typically not eligible for redemption. Distributions received as underlying investments within the funds are liquidated over the life of the investment. The typical liquidation period for alternative investments including private equity, real estate, real assets and private credit ranges from three to twelve years. The majority of the distribution is received during the liquidation period, however it is not uncommon for a minimal amount of the fund to remain open while waiting final close from the investor. Cash and a portion of the short-term investments are not leveled under GASB Statement No. 72 “Fair Value Measurement and Application”.

As of June 30, 2023 the alternative investments are not expected to be sold at an amount different from the NAV value of the SBI's interest in partner's capital. SBI has a total of $11,657,293,000 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, 2023
(In Thousands)

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	$ 2,300,909	$ 2,300,509	$ 400	$ —
Real Estate Investment Trust	54,870	54,870	—	—
Equity Total	$ 2,355,779	$ 2,355,379	$ 400	$ —
Fixed Income:				
Asset-backed Securities	$ 3,139,206	$ —	$ 2,279,571	$ 859,635
Mortgage-backed Securities	577,361	—	577,361	—
Corporate Bonds	6,817,684	—	6,817,684	—
Government Issues	4,694,210	6,317	4,687,893	—
Fixed Income Total	$ 15,228,461	$ 6,317	$ 14,362,509	$ 859,635
Total Investments by Fair Value	$ 17,584,240 [1]	$ 2,361,696	$ 14,362,909	$ 859,635

[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, 2023
(In Thousands)

Investments	Fair Value	Level 1	Level 2	Level 3
Equity:				
Common Stock	$ 41,664,866	$ 41,662,300	$ 2,445	$ 121
Real Estate Investment Trust	907,836	907,835	—	1
Other Equity	1,490,049	780,117	3,851	706,081
Equity Total	$ 44,062,751	$ 43,350,252	$ 6,296	$ 706,203
Fixed Income:				
Asset-backed Securities	$ 914,617	$ —	$ 721,349	$ 193,268
Mortgage-backed Securities	3,161,379	—	3,158,962	2,417
Corporate Bonds	5,126,945	—	5,126,945	—
Government Issues	10,173,809	—	10,172,381	1,428
Other Debt Instruments	724,971	—	724,971	—
Fixed Income Total	$ 20,101,721	$ —	$ 19,904,608	$ 197,113
Investment Derivatives:				
Options, Rights, Warrants	$ 205	$ —	$ 205	$ —
Investment Derivatives Total	$ 205	$ —	$ 205	$ —
Total Investments by Fair Value	$ 64,164,677	$ 43,350,252	$ 19,911,109	$ 903,316

Investments Measured at Net Asset Value (NAV):	NAV	Number of Investments	Percent of NAV Value	Unfunded Commitments
Private Equity	$ 15,803,831	193	73 %	$ 8,030,335
Real Estate	2,007,747	35	9 %	1,727,069
Real Assets	2,105,773	32	10 %	588,700
Private Credit	1,667,860	42	8 %	1,311,189
Total Investments at NAV	$ 21,585,211	302	100 %	$ 11,657,293
Total Investments by Fair Value and NAV	$ 85,749,888 [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 not have exposure to any one single issuer that equaled or exceeded five percent of the overall portfolio as of June 30, 2023.

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, 2023. 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, 2023
(In Thousands)

Currency	Cash	Equity	Fixed Income
Australian Dollar	$ 1,364	$ 612,621	$ —
Brazilian Real	1,063	207,118	30,140
Canadian Dollar	10,014	1,005,861	18,738
Danish Krone	473	321,507	—
Euro Currency	1,254	4,953,957	150,769
Hong Kong Dollar	917	815,559	—
Japanese Yen	11,184	2,018,198	—
Mexican Peso	2,803	84,522	38,224
New Taiwan Dollar	63	418,777	—
Pound Sterling	4,821	1,387,055	39,068
Singapore Dollar	352	139,815	—
South Korean Won	308	416,372	3,157
Swedish Krona	127	286,643	—
Swiss Franc	3,979	895,032	—
Yuan Renminbi	(2,704)	145,339	6,065
Others	4,081	477,140	112,980
Total	$ 40,099	$ 14,185,516	$ 399,141

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, 2023, the investment pool had an average duration of 3.1 days and an average weighted maturity of 77.82 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, 2023, 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, 2023, were $5,527,551,000 and $5,403,779,000, respectively. Securities received as collateral for which the state does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in the statement of net position. Cash collateral of $4,447,977,000 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, 2023
(In Thousands)

Investment Type		Fair Value
Domestic Equities	$	4,574,840
U.S. Government Bonds		540,938
International Equities		165,038
Domestic Corporate Bonds		122,963
Total	$	5,403,779

Component Units

Housing Finance Agency

As of June 30, 2023, the Housing Finance Agency (HFA) had $802,691,000 of cash and cash equivalents and $3,378,115,000 of investments. As of June 30, 2023, $802,441,000 of deposits and $3,304,442,000 of investment securities were subject to custodial credit risk. HFA investments have weighted average maturities ranging from under one month (certificates of deposit) to 0.4 – 27.8 years.

HFA cash equivalents included $250,000 of investment agreements, which are generally uncollateralized, interest-bearing contracts.

HFA investments had an estimated fair value of $3,378,115,000 as of June 30, 2023. Included in these investments were US Treasuries (not rated) with a par value of $25,000,000, and $3,640,693,000 in U.S. Agencies, also at par value, having an S&P rating of AA+ and Moody's rating of Aaa. An additional $7,075,000 in municipal debt investments at par value had an S&P rating of AA+.

HFA measured the fair value of its investments using the three-tier hierarchy of input quality specified by GASB Statement No. 72 "Fair Value Measurement and Application." HFA measured investments of $26,991,000 and $3,645,777,000 using Level 1 and Level 2 inputs, respectively. The remaining investments of $(294,653,000) related to premiums/discounts and unrealized appreciation/depreciation.

HFA had investments in single issuers as of June 30, 2023, excluding investments issued or explicitly guaranteed by the U.S. Government that exceeded five percent or more of total investments. These investments of $1,776,390,000 were issued by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and U.S. Agencies.

HFA entered into interest rate swap agreements that were considered to be derivative instruments under GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments." These interest rate swap agreements have been determined to be effective hedges and were reported at fair value as of June 30, 2023, as both an asset and liability called "Interest Rate Swap Agreements." The inception-to-date change in fair value as of June 30, 2023, was reported in deferred outflows of resources as "Accumulated Decrease in Fair Value of Derivative Instruments" and in deferred inflows of resources as "Accumulated Increase in Fair Value of Derivative Instruments."

As of June 30, 2023, HFA had interest rate swap agreements with the following counterparties: the Bank of New York Mellon (five agreements), Royal Bank of Canada (seven agreements) and Wells Fargo (two agreements) for total notional amounts of $124,725,000, $215,615,000, and $65,225,000, and fair values of

$17,952,000, $12,319,000, and $3,953,000, respectively. For these counterparties, the fair values for the fiscal year ended June 30, 2023, increased $8,273,000, increased $9,763,000, and increased $1,278,000, 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 Aa1, Aa1, and Aa2 respectively, and by S&P as AA-, AA-, and A+ respectively.

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

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

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

Metropolitan Council

As of December 31, 2022, the Metropolitan Council (MC) had $1,075,492,000 in cash and cash equivalents and $738,665,000 in investments. Of this amount, $622,469,000 was subject to rating. Using the Moody's rating scale, $307,700,000 of these investments ranged from Aaa-A1, while $314,769,000 were not rated. The remaining amount of $1,191,688,000 was not subject to rating.

MC has investment policies to address its various types of investment risks. Several MC investment holdings are subject to custodial credit risk. MC has a custodial credit risk exposure of $1,900,000 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 $991,409,000 and $403,162,000 using Level 1 and Level 2 inputs, respectively. MC measured another $213,262,000 of investments at the net asset value, while the remaining $5,517,000 was cash and cash equivalents. MC also held $185,107,000 in the Internal Equity Pool and $15,700,000 in a cash fund with the State Board of Investment (SBI) established as a trust account to pay other post-employment benefits (OPEB).

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

Major Component Unit
Metropolitan Council
Fair Value of Investments
As of December 31, 2022
(In Thousands)

Fair Value of Portfolio	Estimated Fair Value
Less Than 1 Year	$ 1,449,539
1-5 Year(s)	332,397
5+ Years	32,221
Total	$ 1,814,157

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 2022, MC performed a statistical analysis and determined that the liquidated hedges were essentially effective.

As of December 31, 2022, MC had 285 New York Mercantile Exchange (NYMEX) heating oil futures contracts (12.00 million gallons) acquired from April 01, 2021, through December 20, 2022, to terminate on dates from January 31, 2023, through September 30, 2024. As of December 31, 2022, the ultra-low sulfur diesel futures contracts had a fair value of $34,154,000.

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, 2023, the University of Minnesota (U of M), including its discretely presented component units, had $839,291,000 of cash and cash equivalents and $7,946,540,000 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 $684,480,000 and investments of $3,731,329,000.

As of June 30, 2023, U of M's bank balance of $38,238,000 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, 2023, $1,928,049,000 of investment in securities was subject to quality rating and interest rate risk. This amount was rated as follows:

- $1,469,672,000 was rated AA or better
- $31,913,000 was rated BBB to A
- $3,039,000 was rated BB or lower

- $423,425,000 was not rated

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

- $871,937,000 in government agencies with weighted average maturities of 1.7 to 2.0 years
- $27,892,000 in mortgage-backed securities with a weighted average maturity of 13.1 years
- $452,828,000 in cash and cash equivalents with a weighted average maturity of 0.0 years
- $151,967,000 in mutual funds with a weighted average maturity of 4.3 years

As of June 30, 2023, U of M had $96,526,000 of equity investments subject to foreign currency risk. The two components of this amount are $59,031,000 in Euro Currency and $37,495,000 in British Pound Sterling.

As of June 30, 2023, none of the U of M investment holdings are subject to custodial credit risk because the investment securities are held by the University and not by a counterparty.

U of M measured the fair value of its investments using the three-tier hierarchy of input quality specified by GASB Statement No. 72 "Fair Value Measurement and Application." U of M measured investments of $235,169,000, $1,276,261,000, and $12,277,000 using Level 1, 2 and 3 inputs, respectively. U of M measured another $2,207,622,000 of investments at the net asset value.

Nonmajor Component Units

Nonmajor Component Units
Cash, Cash Equivalents, and Investments
As of December 31, 2022 or June 30, 2023, as applicable
(In Thousands)

Component Unit	Cash and Cash Equivalents	Investments
Agricultural and Economic Development Board	$ 930	$ 22,801
Minnesota Comprehensive Health Association	132	—
Minnesota Sports Facilities Authority	58,241	29,387
National Sports Center Foundation	3,197	—
Office of Higher Education	519,856	—
Public Facilities Authority	223,690	—
Rural Finance Authority	17,497	—
Workers' Compensation Assigned Risk Plan	10,132	250,997
Total	$ 833,675	$ 303,185

Note 3 – Disaggregation of Receivables

Primary Government
Components of Net Receivables
Government-wide
As of June 30, 2023
(In Thousands)

	Governmental Activities			
Description	General Fund[2]	Federal Fund	Nonmajor Governmental Funds[1]	Total
Taxes:				
Corporate and Individual	$ 1,502,758	$ —	$ —	$ 1,502,758
Sales and Use	984,995	—	39,822	1,024,817
Property	367,891	—	—	367,891
Health Care Provider	543,289	—	—	543,289
Motor Vehicle/Fuel	—	—	73,345	73,345
Others	95,134	—	47,763	142,897
Child Support	17,716	20,395	125	38,236
Workers' Compensation	—	—	13,468	13,468
Others	434,096	414,411	231,309	1,079,816
Net Receivables	$ 3,945,879	$ 434,806	$ 405,832	$ 4,786,517

	Business-type Activities			
Description	State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	Total
Insurance Premiums	$ —	$ 351,905	$ —	$ 351,905
Tuition and Fees[3]	83,450	—	—	83,450
Others	—	—	38,547	38,547
Net Receivables	$ 83,450	$ 351,905	$ 38,547	$ 473,902
Total Government-wide Net Receivables				$ 5,260,419

[1] Includes $109.359 million for Internal Service Funds, less Internal Service Fund eliminations of $102.324 million among Governmental Activities.

[2] Includes $188 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 $274.432 million.

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

- Corporate and Individual Taxes $219,567,000
- Sales and Use Taxes $44,348,000
- Child Support $82,566,000

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

- Corporate and Individual Taxes $321,111,000
- Sales and Use Taxes $97,156,000
- Child Support $36,612,000
- Health Care Provider $115,186,000
- Other Receivables $209,480,000

Note 4 – Loans, Notes, and Leases Receivable

Primary Government

The following table is the loans and notes receivable, net of allowances outstanding as of June 30, 2023.

Primary Government
Loans and Notes Receivable, Net of Allowance
As of June 30, 2023
(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	$ —	$ —	$ —	$ 5,464	$ 5,464
Economic Development	68,931	91	41,646	—	110,668
School Districts	1,414	—	—	—	1,414
Agricultural, Environmental and Energy Resources	—	—	97,917	—	97,917
Transportation	—	—	2,913	—	2,913
Others	6,979	—	499	1,243	8,721
Total	$ 77,324	$ 91	$ 142,975	$ 6,707	$ 227,097

The state has entered into various lease arrangements where the state is the lessor for building space and vehicles. Lease term ranges vary from two to twenty-seven years. The lease receivable was calculated based on the interest rate charged on the lease, if available, or the state's average annual short-term monthly incremental borrowing rate.

In the governmental activities, there are more than two hundred leases for vehicles. There is one building space lease agreement through the Iron Range Resources and Rehabilitation (IRRR) to which the lessee has capital spending credits that can reduce or eliminate their lease payments. For fiscal year 2023, the lessee exercised this option to eliminate their lease payments to the state.

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

Primary Government
Leases Receivable and Revenue
As of and for the Year June 30, 2023
(In Thousands)

Primary Government	Leases Receivable	Lease Revenue
Nonmajor Special Revenue Funds	$ 5,572	$ 1,205
Internal Service Funds	2,522	1,379
State Colleges and Universities Fund	12,926	3,227
Non-Major Enterprise Funds	22	136
Total	$ 21,042	$ 5,947

Component Units

The following table is the loans and notes receivable, net of allowances outstanding as of December 31, 2022 or June 30, 2023, as applicable.

Component Units
Loans and Notes Receivable
As of December 31, 2022 or June 30, 2023, as applicable
(In Thousands)

Component Unit	Loans and Notes Receivable
Housing Finance Agency	$ 1,039,791
Metropolitan Council	33,701
University of Minnesota	48,688
National Sports Center Foundation	496
Office of Higher Education	415,999
Public Facilities Authority	1,845,043
Rural Finance Authority	107,867
Total	$ 3,491,585

The following table is a schedule of leases receivable as of December 31, 2022 or June 30, 2023, as applicable, for the state's component units. The detail supporting the leases receivable of the discretely presented component units of the state can be found within the individual component units' financial statements and notes.

Component Units
Leases Receivable
As of December 31, 2022 or June 30, 2023, as applicable
(In Thousands)

Component Unit	Leases Receivable
Metropolitan Council	$ 1,228
University of Minnesota	345,782
Minnesota Sports Facility Authority	324,831
Total	$ 671,841

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, 2023
(In Thousands)

Description		Amount
Due to the General Fund from:		
Federal Fund	$	142,838
Nonmajor Governmental Funds		6,897
Nonmajor Enterprise Funds		26,795
Internal Service Funds		50,512
Fiduciary Funds		188
Total Due to General Fund from Other Funds	$	227,230
Due to the Federal Fund from:		
Unemployment Insurance Fund	$	23
Total Due to Federal Fund from Other Funds	$	23
Due to the State Colleges and Universities Fund from:		
Nonmajor Governmental Funds	$	22,475
Total Due to State Colleges and Universities Fund from Other Funds	$	22,475
Due to Nonmajor Enterprise Funds from:		
General Fund	$	5,456
Nonmajor Enterprise Funds		126
Total Due to Nonmajor Enterprise Funds from Other Funds	$	5,582
Due to the Internal Service Funds from:		
Internal Service Funds	$	5
Nonmajor Governmental Funds		73
Total Due to Internal Service Funds from Other Funds	$	78
Due to Fiduciary Funds from:		
Fiduciary Funds	$	14,309
Total Due to Fiduciary Funds from Other Funds	$	14,309
Due to Nonmajor Governmental Funds from:		
General Fund	$	2,781
State Colleges and Universities Fund		7,129
Unemployment Insurance Fund		31,183
Nonmajor Governmental Funds		141,351
Nonmajor Enterprise Funds		3,171
Total Due to Nonmajor Governmental Funds from Other Funds	$	185,615

Primary Government
Interfund Transfers
Year Ended June 30, 2023
(In Thousands)

Description		Amount
Transfers to the General Fund from:		
Federal Fund	$	29,691
Nonmajor Governmental Funds		21,291
Nonmajor Enterprise Funds		160,562
Internal Service Funds		25,544
Total Transfers to General Fund from Other Funds	$	237,088
Transfers to the Federal Fund from:		
Unemployment Insurance Fund	$	8
Nonmajor Governmental Funds		1,508
Total Transfers to Federal Fund from Other Funds	$	1,516
Transfers to the State Colleges and Universities Fund from:		
General Fund	$	789,491
Nonmajor Governmental Funds		18,025
Total Transfers to State Colleges and Universities Fund from Other Funds	$	807,516
Transfers to Fiduciary Funds from:		
General Fund	$	85,785
Fiduciary Funds		26,970
Total Transfers to Fiduciary Funds from Other Funds	$	112,755
Transfers to Nonmajor Governmental Funds from:		
General Fund	$	1,076,957
Federal Fund		548
Unemployment Insurance Fund		21,494
Nonmajor Governmental Funds		272,595
Nonmajor Enterprise Funds		37,515
Internal Service Funds		7,097
Total Transfers to Nonmajor Governmental Funds from Other Funds	$	1,416,206
Transfers to Nonmajor Enterprise Funds from:		
General Fund	$	36,734
Nonmajor Enterprise Funds		3,126
Nonmajor Governmental Funds		9,668
Total Transfers to Nonmajor Enterprise Funds from Other Funds	$	49,528

Component Units

Primary Government and Component Units
Receivables and Payables
As of December 31, 2022 or June 30, 2023, as applicable
(In Thousands)

Component Units	Due from Primary Government	Due to Primary Government
Major Component Units:		
Housing Finance Agency	$ 116	$ —
Metropolitan Council	89,019	1,371
University of Minnesota	19,466	567
Total Major Component Units	$ 108,601	$ 1,938
Nonmajor Component Units	148,992	108,096
Total Component Units	$ 257,593	$ 110,034

Primary Government	Due from Component Units	Due to Component Units
Major Governmental Funds:		
General Fund	$ 10,792	$ 105,105
Federal Fund	—	97,241
Total Major Governmental Funds	$ 10,792	$ 202,346
Nonmajor Governmental Funds	95,295	19,072
Total Primary Government	$ 106,087	$ 221,418 (1)

(1) Due to Component Units on the Government-wide Statement of Net Position totals $223.354 million and includes $1.936 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 $3,947,000 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 $36,175,000 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 $1,936,000 loans payable disclosed above.

Note 6 – Capital and Right-to-Use Assets

Primary Government

Primary Government
Capital and Right-to-Use Asset Activity
Government-wide Governmental Activities
Year Ended June 30, 2023
(In Thousands)

Asset Category	Beginning	Additions	Deductions	Ending
Governmental Activities:				
Capital Assets not Depreciated:				
Land	$ 2,898,734	$ 76,683	$ (2,793)	$ 2,972,624
Buildings, Structures, Improvements	342,252	—	—	342,252
Construction in Progress	283,371	260,173	(103,185)	440,359
Development in Progress	263,935	40,477	(24,076)	280,336
Infrastructure	12,733,387	521,056	(3,728)	13,250,715
Easements	554,371	17,024	—	571,395
Art and Historical Treasures	9,071	3,219	—	12,290
Total Capital Assets not Depreciated	$ 17,085,121	$ 918,632	$ (133,782)	$ 17,869,971
Capital Assets Depreciated:				
Buildings, Structures, Improvements	$ 3,523,209	$ 67,729	$ (838)	$ 3,590,100
Infrastructure	514,775	19,635	(12,646)	521,764
Easements	4,028	361	—	4,389
Internally Generated Computer Software	444,443	30,633	—	475,076
Equipment, Furniture, Fixtures	983,846	123,204	(74,291)	1,032,759
Total Capital Assets Depreciated	$ 5,470,301	$ 241,562	$ (87,775)	$ 5,624,088
Accumulated Depreciation for:				
Buildings, Structures, Improvements	$ (1,699,990)	$ (93,711)	$ 220	$ (1,793,481)
Infrastructure	(167,749)	(15,651)	6,797	(176,603)
Easements	(1,421)	(207)	—	(1,628)
Internally Generated Computer Software	(270,685)	(46,651)	—	(317,336)
Equipment, Furniture, Fixtures	(604,976)	(72,094)	66,517	(610,553)
Total Accumulated Depreciation	$ (2,744,821)	$ (228,314)	$ 73,534	$ (2,899,601)
Total Capital Assets Depreciated, Net	$ 2,725,480	$ 13,248	$ (14,241)	$ 2,724,487
Right-to-Use Assets Amortized:				
Leased Buildings, Structures, Improvements	$ 453,110	$ 43,338	$ (7,025)	$ 489,423
Leased Easements	279	636	(121)	794
Leased Equipment, Furniture, Fixtures	8,093	13,227	(693)	20,627
IT Subscriptions[(1)]	80,956	25,808	—	106,764
Total Right-to-Use Assets Amortized	$ 542,438	$ 83,009	$ (7,839)	$ 617,608
Accumulated Amortization for:				
Leased Buildings, Structures, Improvements	$ (61,529)	$ (61,303)	$ 558	$ (122,274)
Leased Easements	(187)	(184)	121	(250)
Leased Equipment, Furniture, Fixtures	(3,857)	(4,606)	610	(7,853)
IT Subscriptions	—	(28,332)	—	(28,332)
Total Accumulated Amortization	$ (65,573)	$ (94,425)	$ 1,289	$ (158,709)
Total Right-to-Use Assets Amortized, Net	$ 476,865	$ (11,416)	$ (6,550)	$ 458,899
Governmental Activities Capital and Right-to-Use Assets, Net	$ 20,287,466	$ 920,464	$ (154,573)	$ 21,053,357

(1) The beginning balance has been restated as a result of the implementation of GASB 96 "Subscription-Based Information Technology Arrangements" in fiscal year 2023.

Capital outlay expenditures in the governmental funds totaled $1,024,933,000 for fiscal year 2023. Donations of general capital assets received were valued at $18,833,000. Transfers of $127,156,000 were primarily from construction in progress for completed projects. Right-to-use assets include remeasurement additions of $10,737,000. Internal service funds had additions of $39,153,000 and right-to-use assets remeasurement additions totaling $22,391,000.

Primary Government
Capital and Right-to-Use Asset Activity
Government-wide Business-type Activities
Year Ended June 30, 2023
(In Thousands)

Asset Category	Beginning	Additions	Deductions	Ending
Capital Assets not Depreciated:				
Land	$ 93,421	$ 670	$ (274)	$ 93,817
Construction in Progress[2]	87,227	54,354	(44,190)	97,391
Development in Progress[2]	4,777	424	(4,777)	424
Other Intangibles	596	—	—	596
Total Capital Assets not Depreciated	$ 186,021	$ 55,448	$ (49,241)	$ 192,228
Capital Assets Depreciated:				
Buildings, Structures, Improvements	$ 4,010,366	$ 47,867	$ (61)	$ 4,058,172
Infrastructure	30,571	163	—	30,734
Library Collections	33,548	4,532	(5,277)	32,803
Internally Generated Computer Software	65,190	7,101	(1,014)	71,277
Equipment, Furniture, Fixtures	356,172	17,884	(8,802)	365,254
Total Capital Assets Depreciated	$ 4,495,847	$ 77,547	$ (15,154)	$ 4,558,240
Accumulated Depreciation for:				
Buildings, Structures, Improvements	$ (2,279,705)	$ (122,671)	$ 61	$ (2,402,315)
Infrastructure	(20,441)	(973)	—	(21,414)
Library Collections	(19,653)	(4,686)	5,277	(19,062)
Internally Generated Computer Software	(40,359)	(7,010)	1,014	(46,355)
Equipment, Furniture, Fixtures	(288,811)	(16,343)	8,789	(296,365)
Total Accumulated Depreciation	$ (2,648,969)	$ (151,683)	$ 15,141	$ (2,785,511)
Total Capital Assets Depreciated, Net	$ 1,846,878	$ (74,136)	$ (13)	$ 1,772,729
Right-to-Use Assets Amortized:				
Leased Buildings, Structures, Improvements[3]	$ 34,644	$ 27,352	$ (1,905)	$ 60,091
Leased Equipment, Furniture, Fixtures	13,397	4,071	(907)	16,561
IT Subscriptions[1]	41,392	7,108	—	48,500
Total Right-to-Use Assets Amortized	$ 89,433	$ 38,531	$ (2,812)	$ 125,152
Accumulated Amortization for:				
Leased Buildings, Structures, Improvements[3]	$ (10,683)	$ (12,430)	$ 1,753	$ (21,360)
Leased Equipment, Furniture, Fixtures	(4,326)	(4,856)	734	(8,448)
IT Subscriptions	—	(11,983)	—	(11,983)
Total Accumulated Amortization	$ (15,009)	$ (29,269)	$ 2,487	$ (41,791)
Total Right-to-Use Assets Amortized, Net	$ 74,424	$ 9,262	$ (325)	$ 83,361
Business-type Activities Capital and Right-to-Use Assets, Net	$ 2,107,323	$ (9,426)	$ (49,579)	$ 2,048,318

(1) The beginning balance has been restated as a result of the implementation of GASB 96 "Subscription-Based Information Technology Arrangements" in fiscal year 2023.

(2) Development in Progress was previously reported within the Construction in Progress total and the beginning balances have been reclassified to separate these two asset categories

(3) The beginning balance has been restated as a result of a state agency splitting out the amortization on a property lease that was previously netted.

Transfers for Business-type Activities totaling $38,236,000 primarily related to construction in progress for completed projects. Right-to-use assets include remeasurement additions totaling $1,000.

Primary Government
Capital and Right-to-Use Asset Activity
Fiduciary Funds
Year Ended June 30, 2023
(In Thousands)

Asset Category	Beginning	Additions	Deductions	Ending
Capital Assets not Depreciated:				
Land	$ 429	$ —	$ —	$ 429
Construction in Progress	—	123	—	123
Total Capital Assets not Depreciated	$ 429	$ 123	$ —	$ 552
Capital Assets Depreciated:				
Buildings	$ 29,763	$ —	$ —	$ 29,763
Internally Generated Computer Software	36,020	—	—	36,020
Equipment, Furniture, Fixtures	8,023	—	—	8,023
Total Capital Assets Depreciated	$ 73,806	$ —	$ —	$ 73,806
Accumulated Depreciation for:				
Buildings	$ (15,726)	$ (738)	$ —	$ (16,464)
Internally Generated Computer Software	(21,910)	(3,065)	—	(24,975)
Equipment, Furniture, Fixtures	(6,970)	(407)	—	(7,377)
Total Accumulated Depreciation	$ (44,606)	$ (4,210)	$ —	$ (48,816)
Total Capital Assets Depreciated, Net	$ 29,200	$ (4,210)	$ —	$ 24,990
Right-to-Use Assets Amortized:				
Leased Equipment, Furniture, Fixtures	$ 122	$ —	$ (6)	$ 116
IT Subscriptions[1]	243	—	—	243
Total Right-to-Use Assets Amortized	$ 365	$ —	$ (6)	$ 359
Accumulated Amortization for:				
Leased Equipment, Furniture, Fixtures	$ (26)	$ (25)	$ —	$ (51)
IT Subscriptions	—	(50)	—	(50)
Total Accumulated Amortization	$ (26)	$ (75)	$ —	$ (101)
Total Right-to-Use Assets Amortized, Net	$ 339	$ (75)	$ (6)	$ 258
Fiduciary Funds, Capital and Right-to-Use Assets, Net	$ 29,968	$ (4,162)	$ (6)	$ 25,800

(1) The beginning balance has been restated as a result of the implementation of GASB 96 "Subscription-Based Information Technology Arrangements" in fiscal year 2023.

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

Primary Government
Depreciation/Amortization Expense
Government-wide
Year Ended June 30, 2023
(In Thousands)

Function	Depreciation/ Amortization Expense
Governmental Activities:	
Agricultural, Environmental & Energy Resources	$ 31,053
Economic and Workforce Development	10,771
General Education	7,499
General Government	64,135
Health and Human Services	69,714
Higher Education	356
Public Safety and Corrections	53,430
Transportation	56,850
Internal Service Funds	28,931
Total Governmental Activities	$ 322,739
Business-type Activities:	
State Colleges and Universities	$ 157,618
Lottery	4,899
Others	18,435
Total Business-type Activities	$ 180,952

Primary Government
Significant Project Authorizations and Commitments
As of June 30, 2023
(In Thousands)

Description	Administration	Transportation
Authorization	$ 788,989	$ 2,003,561
Less: Expended (through June 30)	(710,990)	(1,464,612)
Less: Unexpended Commitment	(36,478)	(436,673)
Remaining Available Authorization	$ 41,521	$ 102,276

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 2,512,269 total acres as of June 30, 2023.

Component Units

Component Units
Capital and Right-to-Use Assets
As of December 31, 2022 or June 30, 2023, as applicable
(In Thousands)

Asset Category	Major Component Units: Housing Finance Agency	Metropolitan Council	University of Minnesota	Nonmajor Component Units	Total
Capital Assets not Depreciated:					
Land	$ —	$ 260,642	$ 254,489	$ 40,434	$ 555,565
Construction in Progress	—	2,569,188	121,335	2,762	2,693,285
Easements	—	—	5	—	5
Museums and Collections	—	—	121,204	—	121,204
Total Capital Assets not Depreciated	$ —	$ 2,829,830	$ 497,033	$ 43,196	$ 3,370,059
Capital Assets Depreciated:					
Buildings, Structures, Improvements	$ —	$ 5,375,402	$ 5,032,699	$ 870,441	$11,278,542
Infrastructure	—	—	458,770	32,838	491,608
Other Intangibles	—	—	6,903	—	6,903
Library	—	—	185,300	—	185,300
Internally Generated Computer Software	7,640	—	202,119	—	209,759
Equipment, Furniture, Fixtures	3,749	1,343,965	856,054	240,536	2,444,304
Total Capital Assets Depreciated	$ 11,389	$ 6,719,367	$ 6,741,845	$ 1,143,815	$14,616,416
Total Accumulated Depreciation	$ (10,001)	$ (3,349,429)	$ (4,164,048)	$ (360,173)	$ (7,883,651)
Total Capital Assets Depreciated, Net[1]	$ 1,388	$ 3,369,938	$ 2,577,797	$ 783,642	$ 6,732,765
Right-to-Use Assets Amortized:					
Leased Buildings, Structures, Improvements	$ 9,739	$ 9,045	$ 257,516	$ 6,224	$ 282,524
Leased Easements	—	4,806	723	—	5,529
Leased Equipment, Furniture, Fixtures	—	—	3,996	1,175	5,171
IT Subscriptions	3,872	4,072	57,378	181	65,503
Total Right-to-Use Assets Amortized	$ 13,611	$ 17,923	$ 319,613	$ 7,580	$ 358,727
Total Accumulated Amortization	$ (5,450)	$ (3,154)	$ (79,165)	$ (740)	$ (88,509)
Total Right-to-Use Assets Amortized, Net	$ 8,161	$ 14,769	$ 240,448	$ 6,840	$ 270,218
Component Units Capital and Right-to-Use Assets, Net	$ 9,549	$ 6,214,537	$ 3,315,278	$ 833,678	$10,373,042

[1] In addition to this amount, the component units of the University of Minnesota had combined capital assets with a net value of $23.749 million as of June 30, 2023.

Note 7 – Disaggregation of Payables

Primary Government
Components of Accounts Payable
Government-wide
As of June 30, 2023
(In Thousands)

	Governmental Activities			
Description	General Fund	Federal Fund	Nonmajor Governmental Funds[1]	Total
School Aid Programs	$ 1,054,925	$ 546,526	$ 111	$ 1,601,562
Tax Refunds	1,001,041	—	—	1,001,041
Medical Care Programs	1,006,363	1,749,044	10,424	2,765,831
Grants	468,782	280,718	396,607	1,146,107
Salaries and Benefits	79,484	14,899	38,737	133,120
Vendors/Service Providers	301,999	112,818	259,163	673,980
Net Payables	$ 3,912,594	$ 2,704,005	$ 705,042	$ 7,321,641

	Business-type Activities			
Description	State Colleges and Universities	Unemployment Insurance	Nonmajor Enterprise Funds	Total
Salaries and Benefits	$ 99,441	$ —	$ 5,934	$ 105,375
Vendors/Service Providers	60,762	55,636	68,511	184,909
Net Payables	$ 160,203	$ 55,636	$ 74,445	$ 290,284
Total Government-wide Net Payables				$ 7,611,925

[1] Includes $44.874 million for Internal Service Funds, less Internal Service Fund eliminations of $102.324 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, 2023, this presentation resulted in a negative asset within the total investment pool participation.

Non-Primary Government Administered Plan

The state contributes as a non-employer contributing entity into the St. Paul Teachers’ Retirement Fund, but does not perform any other fiduciary responsibilities. Separately-issued financial statements for the St. Paul Teachers’ Retirement Fund Association may be obtained at St. Paul Teachers’ Retirement Association, 2550 University Ave W 312N, St. Paul, MN 55114-1005.

Defined Benefit Plans

Primary Government Administered Multiple-Employer Cost Sharing Plans

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

Benefit Formula	Members hired before July 1, 1989: Step or Level formula, whichever is greater. Members hired on or after July 1, 1989: Level formula. Step formula: 1.2 percent of the high-five average salary for each of the first 10 years of allowable service, and 1.7 percent for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90 or greater). Level formula: 1.7 percent of the high-five average salary for all years of allowable service, with full benefits at normal retirement age. Not eligible for benefits under the Rule of 90.
Annual Benefit Increase	1.0 percent through December 31, 2023 and 1.5 percent thereafter. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase of 1.0 percent payable in a lump sum by March 31, 2024.

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. Three 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. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase of 1.0 percent payable in a lump sum by March 31, 2024.

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. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase for basic members and former MERF members of 4 percent minus the actual 2024 benefit increase and for coordinated members, 2.5 percent minus the actual 2024 benefit increase, payable in a lump sum by March 31, 2024.

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. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase of 3.0 percent payable in a lump sum by March 31, 2024.

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 until it no longer meets the conditions, then the benefit increase will return to 2.5 percent maximum. The benefit increase of 2.0 percent is projected through 2055, and 1.5 percent thereafter. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 benefit increase payable in a lump sum by March 31, 2024. In the prior measurement period, the benefit increase of 2.0 percent was projected through 2105, and 1.5 percent thereafter.

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

Membership Types	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. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase for basic members and coordinated members of 2.9 percent and 1.4 percent, respectively, payable in a lump sum by March 31, 2024. 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[1][3]	CERF[3]	GERF[3]	P&FF[3]	TRF[2][3]
Minnesota Statutory Authority	352.04	352.92	353.27 353.505	353.65	354.42 354.435,436
Required Contribution Rate:					
Active Members	6.0%	9.6%	6.5-9.75%	11.8%	7.5-11.0%
Employer(s)	6.25%	18.85%	7.5-11.78%	17.7%	8.55-12.55%
Non-Employer Contributing Entity	$ —	$ —	$ 16,000	$ 9,000	$ 31,087
Primary Government Contributions – Reporting Period	$ 172,451	$ 58,356	$ 17,439	$ 9,584	$ 49,576

(1) Member contribution rates decrease by 0.50 percent effective fiscal year 2024 and increase by 0.50 percent effective fiscal year 2026.

(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 16.19 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2024 and an additional 0.25 percent effective fiscal year 2026. Employer contribution rates increase by 0.20 percent effective fiscal year 2024 and an additional 0.75 percent effective fiscal year 2026.

(3) A one-time state aid contribution for fiscal year 2024 for SERF, CERF, GERF, P&FF, and TRF will be $76.440 million, $10.446 million, $170.093 million, $19.397 million, and $176.167 million, respectively.

Primary Government Administered Multiple-Employer Cost Sharing Plans
Summary of Pension Amounts
As of June 30, 2023
(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	$ 1,255,049	$ 599,385	$ 22,628	$ 11,919	$ 266,953	$ 2,155,934
Non-Employer Contributing Entity	—	—	225,578	182,147	482,875	890,600
Total	$ 1,255,049	$ 599,385	$ 248,206	$ 194,066	$ 749,828	$ 3,046,534
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:						
Current Year Measurement Date	76.37%	99.95%	3.13%	4.46%	9.36%	
Prior Year Measurement Date	76.55%	99.96%	3.29%	4.58%	9.84%	
Deferred Outflows of Resources	$ 1,144,870	$ 256,515	$ 79,990	$ 155,137	$ 201,611	$ 1,838,123
Deferred Inflows of Resources	$ 466,764	$ 57,002	$ 13,325	$ 10,343	$ 275,515	$ 822,949
Net Pension Expense	$ (514,402)	$ (34,417)	$ 25,155	$ 28,541	$ (202,154)	$ (697,277)

(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[1]	GERF[1]	P&FF[2]	TRF[3]
Actuarial Valuation/ Measurement Date	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Long-Term Expected Rate	6.75%	6.75%	6.50%	6.50%	7.00%
20 Year Municipal Bond Rate[4]	3.69%	3.69%	3.69%	3.69%	3.37%
Experience Study Dates	2014-2018	2015-2019	2014-2018	2015-2019	2014-2018
Inflation	2.25%	2.25%	2.25%	2.25%	2.50%
Salary Increases	Service Related Rates	Service Related Rates	Service Related Rates	Service Related Rates	2.85-9.25%
Payroll Growth	3.00%	3.00%	3.00%	3.00%	3.00%

(1) For SERF, CERF, and GERF mortality rate assumptions, the Pub-2010 General Mortality Table was used and adjusted for mortality improvements based on Scale MP-2018 for SERF, Scale MP-2019 for CERF, and Scale MP-2021 for GERF. There are various adjustments in each plan to match experience. For the prior measurement period, Scale MP-2020 was used for GERF.

(2) For P&FF mortality rate assumptions, the Pub-2010 Public Safety Mortality Table was used and adjusted for mortality improvements based on Scale MP-2021. There are various adjustments to match experience. For the prior measurement period, Scale MP-2020 was used.

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

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

Primary Government Administered Multiple-Employer Cost Sharing Plans
Deferred Outflows of Resources
As of June 30, 2023
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	$ 9,788	$ 23,899	$ 2,073	$ 11,853	$ 10,968	$ 58,581
Changes in Assumption	859,296	161,656	56,173	114,238	120,121	1,311,484
Net Difference Between Projected and Actual Earnings on Investment	59,804	12,341	4,305	2,601	20,946	99,997
Change in Proportionate Difference Between Actual Contributions and Proportionate Share of Contributions	43,531	263	—	16,861	—	60,655
Contributions Subsequent to the Measurement Date	172,451	58,356	17,439	9,584	49,576	307,406
Total	$ 1,144,870	$ 256,515	$ 79,990	$ 155,137	$ 201,611	$ 1,838,123

Primary Government Administered Multiple-Employer Cost Sharing Plans
Deferred Inflows of Resources
As of June 30, 2023
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
Difference Between Expected and Actual Experience	$ 8,056	$ 2,841	$ 2,651	$ —	$ 6,587	$ 20,135
Changes in Assumption	456,335	54,095	1,010	1,167	158,679	671,286
Change in Proportionate Share of Contributions	2,373	66	9,664	9,176	110,249	131,528
Total	$ 466,764	$ 57,002	$ 13,325	$ 10,343	$ 275,515	$ 822,949

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, 2023
(In Thousands)

Description	SERF	CERF	GERF	P&FF	TRF	Total
2024	$ 90,201	$ 38,106	$ 17,912	$ 38,681	$ (173,713)	$ 11,187
2025	77,952	36,065	20,028	22,134	(8,464)	147,715
2026	83,730	26,674	(11,042)	19,643	(15,895)	103,110
2027	253,772	40,312	22,328	38,840	82,344	437,596
2028	—	—	—	15,912	(7,752)	8,160
Net Pension Expense	$ 505,655	$ 141,157	$ 49,226	$ 135,210	$ (123,480)	$ 707,768
Deferred Outflow of Resources as a Reduction to Net Pension Liability	172,451	58,356	17,439	9,584	49,576	307,406
Net Deferred Outflows (Inflows) of Resources	$ 678,106	$ 199,513	$ 66,665	$ 144,794	$ (73,904)	$ 1,015,174

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 and for retirements on or after July 1, 2023 when a member is at least age 62 with at least 30 years of service. Not eligible for benefits under the Rule of 90.
Annual Benefit Increase	1.0 percent fixed rate. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase for basic members and coordinated members of 3.0 percent and 1.5 percent, respectively, payable in a lump sum by March 31, 2024. 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)(2)]
Minnesota Statutory Authority	354A.12
Required Contribution Rate:	
Active Members	7.5-10.0%
Employer(s)	8.8-12.3%
Primary Government as Non-Employer Contributing Entity - Statutory Requirement	$ 15,663
Primary Government Contributions - Reporting Period	$ 15,683

(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 15.94 percent. Member contribution rates increase by 0.25 percent effective fiscal year 2024 and an additional 1.25 percent effective fiscal year 2026. Employer contribution rates increase by 0.20 percent effective fiscal year 2024 and an additional 0.75 percent effective fiscal year 2026.

(2) A one-time state aid contribution for fiscal year 2024 will be $15.747 million.

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Summary of Pension Amounts
As of June 30, 2023
(In Thousands)

Description	SPTRF[1]
Primary Government's Proportionate Share of the Net Pension Liability as an:	
Employer	$ 243
Non-Employer Contributing Entity	200,407
Total	$ 200,650
Primary Government's Total Proportionate Share Percentage of the Net Pension Liability as of:	
Current Measurement Date	28.88%
Prior Measurement Date	30.95%
Deferred Outflows of Resources	$ 51,332
Deferred Inflows of Resources	$ 12,692
Net Pension Expense	$ 9,415

(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, 2022
Long-Term Expected Rate	7.00%
20 Year Municipal Bond Rate[2]	3.69%
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-2021 for the current measurement period and Scale MP-2020 for the prior measurement period. There are various adjustments to match experience. In fiscal year 2024, will use the Pub-2010 Teachers mortality table and will adjust for mortality improvements based on Scale MP-2021.

(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, 2023
(In Thousands)

Description	SPTRF
Difference Between Expected and Actual Experience	$ 1,958
Changes in Assumption	19,637
Net Difference Between Projected and Actual Earnings on Investment	14,054
Contributions Subsequent to the Measurement Date	15,683
Total	$ 51,332

Non-Primary Government Administered Multiple-Employer Cost Sharing Plan
Deferred Inflows of Resources
As of June 30, 2023
(In Thousands)

Description	SPTRF
Difference Between Expected and Actual Experience	$ 2,259
Changes in Assumption	938
Change in Proportionate Share of Contributions	9,495
Total	$ 12,692

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, 2023
(In Thousands)

Description	SPTRF
2024	$ 7,639
2025	6,721
2026	(2,320)
2027	10,917
Net Pension Expense	$ 22,957
Deferred Outflow of Resources as a Reduction to Net Pension Liability	15,683
Net Deferred Outflows (Inflows) of Resources	$ 38,640

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 205 employers participating in this plan. The plan provides retirement and survivor benefits only. If fire state aid plus investment income are not expected to cover the normal cost of benefits during the next calendar year, an employer contribution is calculated and payable by the end of the next calendar year. Benefits are determined by employee years of service multiplied by a benefit level chosen by the entity sponsoring the fire department from possible levels ranging from $500 to $15,000 per year of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent. The plan is established and administered in accordance with Minnesota Statutes 353G. The state is not an employer of participants in the plan, but performs in a fiduciary capacity.

Primary Government Administered Single-Employer Plans

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

Benefit Formula	Judges appointed or elected before July 1, 2013: 2.7 percent of the high-five average salary for each year of allowable service prior to July 1, 1980, and 3.2 percent for each year thereafter, up to 76.8 percent. Judges appointed or elected on or after July 1, 2013: 2.5 percent of the high-five average salary for each year of allowable service. There is no maximum benefit.
Annual Benefit Increase	1.5 percent fixed rate. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase of 1.0 percent payable in a lump sum by March 31, 2024.

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. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase of 1.0 percent payable in a lump sum by March 31, 2024.

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. In addition, for January 1, 2024 through December 31, 2024 there will be a one-time, non-compounding benefit increase of 3.0 percent payable in a lump sum by March 31, 2024.

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

Description	JRF[4]	LRF[4]	SPRF[4]
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% [1]	N/A [2]	23.1% [3]
Primary Government Contributions – Reporting Period	$ 18,245	$ 8,699	$ 31,537

[1] Employer contributions include an additional $6 million each year until the earlier of the plan is fully funded for three consecutive years or July 1, 2048.

[2] Employer contributions are funded on a pay-as-you-go basis.

[3] Additional supplemental employer contributions rate is 7.0 percent. This brings the top of the Employer contribution range to 30.1 percent. The 7.0 percent will remain in effect until the plan is 100 percent funded for three consecutive years.

[4] A one-time state aid contribution for fiscal year 2024 for JRF, LRF, and SPRF will be $293 thousand, $91 thousand, and $11.971 million, respectively.

Primary Government Administered Single-Employer Plans
Membership Statistics

Description	JRF	LRF	SPRF
Members (or their beneficiaries) Currently Receiving Benefits	412	349	1,140
Members Entitled to, but not Receiving Benefits	19	25	78
Active Members	320	12	937

Primary Government Administered Single-Employer Plans
Summary of Pension Amounts
As of June 30, 2023
(In Thousands)

Description	JRF	LRF	SPRF	Total
Net Pension Liability	$ 177,927	$ 114,007	$ 280,595	$ 572,529
Deferred Outflows of Resources	36,208	8,699	145,040	189,947
Deferred Inflows of Resources	9,417	—	52,380	61,797
Net Pension Expense	17,965	(18,107)	(11,463)	(11,605)

Primary Government Administered Single-Employer Plans
Actuarial Assumptions

Description	JRF[1]	LRF[1]	SPRF[1]
Actuarial Valuation / Measurement Date	June 30, 2022	June 30, 2022	June 30, 2022
Long-Term Expected Rate	6.75%	N/A	6.75%
20 Year Municipal Bond Rate[2]	3.69%	3.69%	3.69%
Experience Study Dates	2015-2019	N/A	2015-2019
Inflation	2.25%	2.25%	2.25%
Salary Increases	2.50%	4.25%	Service Related Rates
Payroll Growth	2.50%	N/A	3.00%

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

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

Primary Government Administered Single-Employer Plans
Schedule of Net Pension Liability
As of June 30, 2023
(In Thousands)

Description	JRF	LRF	SPRF	Total
Total Pension Liability (TPL):				
Service Cost	$ 11,707	$ 532	$ 26,648	$ 38,887
Interest on the Total Pension Liability	27,360	2,625	71,049	101,034
Difference Between Expected and Actual Experience of the Total Pension Liability	2,040	(415)	54,474	56,099
Changes in Assumptions	(10,257)	(20,826)	(35,484)	(66,567)
Benefit Payments, Including Refunds of Member Contributions	(28,035)	(8,705)	(64,506)	(101,246)
Net Change in Total Pension Liability	$ 2,815	$ (26,789)	$ 52,181	$ 28,207
Total Pension Liability, Beginning	$ 429,083	$ 140,796	$ 1,111,995	$ 1,681,874
Total Pension Liability, Ending	$ 431,898	$ 114,007	$ 1,164,176	$ 1,710,081
Fiduciary Net Position (FNP):				
Contributions – Employer	$ 18,248	$ 8,682	$ 33,258	$ 60,188
Contributions – Member	4,214	62	16,515	20,791
Net Investment Income	(17,022)	—	(59,360)	(76,382)
Benefit Payments, Including Refunds of Member Contributions	(28,035)	(8,705)	(64,506)	(101,246)
Pension Plan Administrative Expenses	(72)	(39)	(190)	(301)
Net Change in Plan Fiduciary Net Position	$ (22,667)	$ —	$ (74,283)	$ (96,950)
Plan Fiduciary Net Position, Beginning	$ 276,638	$ —	$ 957,864	$ 1,234,502
Plan Fiduciary Net Position, Ending	$ 253,971	$ —	$ 883,581	$ 1,137,552
Net Pension Liability (NPL)	$ 177,927	$ 114,007	$ 280,595	$ 572,529

Primary Government Administered Single-Employer Plans
Deferred Outflows of Resources
As of June 30, 2023
(In Thousands)

Description	JRF	LRF	SPRF	Total
Difference Between Expected and Actual Experience	$ 1,792	$ —	$ 47,377	$ 49,169
Changes in Assumption	14,817	—	60,096	74,913
Net Difference Between Projected and Actual Earnings on Investment	1,354	—	6,030	7,384
Contributions Subsequent to the Measurement Date	18,245	8,699	31,537	58,481
Total	$ 36,208	$ 8,699	$ 145,040	$ 189,947

Primary Government Administered Single-Employer Plans
Deferred Inflows of Resources
As of June 30, 2023
(In Thousands)

Description	JRF	SPRF	Total
Difference Between Expected and Actual Experience	$ 1,211	$ 1,662	$ 2,873
Changes in Assumption	8,206	50,718	58,924
Total	$ 9,417	$ 52,380	$ 61,797

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, 2023
(In Thousands)

Description	JRF	LRF	SPRF	Total
2024	$ 1,648	$ —	$ (7,906)	$ (6,258)
2025	1,389	—	14,261	15,650
2026	189	—	8,921	9,110
2027	5,320	—	42,682	48,002
2028	—	—	3,165	3,165
Net Pension Expense	$ 8,546	$ —	$ 61,123	$ 69,669
Deferred Outflow of Resources as a Reduction to Net Pension Liability	18,245	8,699	31,537	58,481
Net Deferred Outflows (Inflows) of Resources	$ 26,791	$ 8,699	$ 92,660	$ 128,150

Summary of Defined Benefit Plans

Summary of Defined Benefit Plans
As of June 30, 2023
(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	$ 3,046,534	$ 200,650	$ 572,529	$ 3,819,713
Deferred Outflows of Resources	1,838,123	51,332	189,947	2,079,402
Deferred Inflows of Resources	822,949	12,692	61,797	897,438
Net Pension Expense	(697,277)	9,415	(11,605)	(699,467)

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, 2023

Asset Class	Target Allocation	Long-Term Expected Rate of Return (Geometric Mean)
Domestic Stocks	33.50 %	5.10 %
International Stocks	16.50 %	5.30 %
Bonds	25.00 %	0.75 %
Alternative Assets	25.00 %	5.90 %
Total	100.00 %	

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

Primary Government Proportionate Share
Sensitivity of the Net Pension Liability to Changes in the Discount Rate
As of June 30, 2023
(In Thousands)

	With a 1% Decrease		Current Discount Rate		With a 1% Increase	
Plan	Rate	NPL[1]	Rate	NPL[1]	Rate	NPL[1]
SERF[3][4]	5.75 %	$ 2,945,333	6.75 %	$ 1,255,049	7.75 %	$ (143,185)
CERF[3][4]	5.75 %	912,483	6.75 %	599,385	7.75 %	345,727
GERF	5.50 %	392,054	6.50 %	248,206	7.50 %	130,228
P&FF[3]	4.40 %	293,694	5.40 %	194,066	6.40 %	113,523
TRF	6.00 %	1,182,063	7.00 %	749,828	8.00 %	395,530
SPTRF[3]	6.00 %	266,662	7.00 %	200,650	8.00 %	146,107
JRF[3][4]	5.75 %	221,472	6.75 %	177,927	7.75 %	140,577
LRF[3][4]	2.69 %	125,022	3.69 % [2]	114,007	4.69 %	104,596
SPRF[3][4]	5.75 %	433,983	6.75 %	280,595	7.75 %	154,800

(1) Net Pension Liability (Asset).

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

(3) The discount rate changed from 6.50 percent for SERF, CERF, P&FF, JRF, and SPRF, from 7.50 percent for SPTRF, and from 1.92 percent for LRF.

(4) The discount rate for fiscal year 2024 will change to 7.00 percent for SERF, CERF, JRF, and SPRF, and 3.86 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 $185,389,000 for the fiscal year ended June 30, 2023.

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. Employee contribution rates decrease by 0.50 percent effective fiscal year 2024 and increase by 0.50 percent effective fiscal year 2026. However, contribution rates for participating judges are 8.0 percent of employee's salary with no state contribution. Benefits are either an annuity based on age, value of the participant’s account, and the effective actuarial assumptions, or the participant’s account balance withdrawals.

The Minnesota Deferred Compensation Fund (DCPF) is a voluntary retirement savings plan authorized under section 457(b) of the Internal Revenue Code and Minnesota Statutes 352.965. The plan is primarily composed of employee contributions and accumulated investment gains or losses. Some employer units or bargaining units may match a portion of an employee's contributions annually. Participants may withdraw funds upon termination of public service or in the event of an unforeseeable emergency. Employees and elected officials of the state and its political subdivisions are eligible to participate in the plan.

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

The State Colleges and Universities Retirement Fund (CURF), authorized by Minnesota Statutes 354B and 354C, covers unclassified teachers, librarians, administrators, and certain other staff members. Participation is mandatory for qualified employees. This fund consists of an Individual Retirement Account Plan (IRAP) and a Supplemental Retirement Plan (SRP). Two member groups, faculty and administrators, participate in the IRAP. For those members eligible before July 1, 2018, the employer and employee statutory contribution rates are 8.75 and 7.10 percent, respectively, and member contribution rates increase by 0.65 percent in fiscal year 2024. For those members eligible after July 1, 2018, the employer and employee statutory contribution rates are 8.75 and 7.5 percent, respectively, and member contribution rates increase by 0.25 percent effective fiscal year 2024 and an additional 0.25 percent effective fiscal year 2026. 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, 2023
(In Thousands)

Description	HCSRF	UERF	DCPF	DCF	CURF
Member Contributions	$ 40	$ 8,612	$ 365,682	$ 2,268	$ 53,855
Employer Contributions:					
Primary Government Contributions	$ —	$ 8,140	$ 8,472	$ —	$ 47,846
Other Employer Contributions	40	744	—	2,365	—
Total Employer Contributions	$ 40	$ 8,884	$ 8,472	$ 2,365	$ 47,846

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, 2022 or June 30, 2023, 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	$ 11,271	$ 147,978	$ 215,664	$ 181	$ 2,391	$ 1,151	$ 378,636
Deferred Outflows of Resources	10,282	121,306	189,942	189	2,182	1,050	324,951
Deferred Inflows of Resources	4,191	67,475	108,689	149	890	428	181,822
Net Pension Expense (Income)	(4,619)	(66,726)	(107,629)	(128)	(981)	(472)	(180,555)

Major Component Units
Summary of Pension Amounts
Police and Fire Fund
As of December 31, 2022 or June 30, 2023, as applicable
(In Thousands)

Description	MC	U of M	Total
Proportionate Share of the Net Pension Liability	$ 46,423	$ 29,443	$ 75,866
Deferred Outflows of Resources	34,308	22,124	56,432
Deferred Inflows of Resources	3,230	448	3,678
Net Pension Expense	4,227	2,400	6,627

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 54 former faculty members and staff currently receive this benefit. The cost of the benefits was $2,688,000 during fiscal year ended June 30, 2023, with a remaining liability as of June 30, 2023, of $2,815,000.

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 2023 was $42,351,000**.**

Primary Government Single-Employer Plan
Employee Statistics

Description	Employees
Inactive Employees (or their beneficiaries) Currently Receiving Benefits	3,173
Active Employees	46,941

Primary Government Single-Employer Plan
Summary of OPEB Amounts
As of June 30, 2023
(In Thousands)

Description	Amount[1]
Total OPEB Liability	$ 731,542
Deferred Outflows of Resources	141,872
Deferred Inflows of Resources	124,479
Total OPEB Expense	54,950

(1) Amounts represent the primary government's total proportionate share of 99.6 percent. The remaining 0.4 percent represents discretely presented component units' proportionate share.

Single-Employer Plan
Actuarial Assumptions

Description	OPEB Plan
Actuarial Valuation[1]	July 1, 2022
Measurement Date[1]	June 30, 2022
Discount Rate: 20 Year Municipal Bond Rate[2]	3.54%
Healthcare Cost Trend Rate	8.4% reduced to 3.7% by 2073
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-2021 as applicable to the employee group covered.

Single-Employer Plan
Schedule of Total OPEB Liability
As of June 30, 2023
(In Thousands)

Description	Primary Government's Share[1]	Component Unit's Share[1]	Plan Total
Total OPEB Liability:			
Service Cost	$ 49,343	$ 510	$ 49,853
Interest	16,218	60	16,278
Differences between Expected and Actual Experience	48,181	180	48,361
Changes in Assumptions or Other Inputs	(63,609)	(237)	(63,846)
Benefit Payments	(39,956)	(149)	(40,105)
Net Changes in Total OPEB Liability	$ 10,177	$ 364	$ 10,541
Total OPEB Liability, Beginning	721,365	2,362	723,727
Total OPEB Liability, Ending	$ 731,542	$ 2,726	$ 734,268

(1) The primary government's total proportionate share is 99.6 percent and the component units' proportionate share is 0.4 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, 2023
(In Thousands)

Description	Deferred Outflows of Resources[1]	Deferred Inflows of Resources[1]
Difference between Expected and Actual Experience	$ 40,906	$ 61,953
Changes of Assumption	58,615	62,526
Transactions Subsequent to the Measurement Date	42,351	NA
Total	$ 141,872	$ 124,479

(1) Amounts represent the primary government's total proportionate share of 99.6 percent. The remaining 0.4 percent represents discretely presented component units' proportionate share.

Primary Government Single-Employer Plan
Net Deferred Outflows (Inflows) of Resources
Recognized as OPEB Expense or a Reduction to the Total OPEB Liability
As of June 30, 2023
(In Thousands)

Description	Amount[1]
2024	$ (11,289)
2025	(8,133)
2026	(1,996)
2027	63
2028	(2,113)
Thereafter	(1,490)
Net OPEB Expense	$ (24,958)
Deferred Outflow of Resources as a Reduction of the Total OPEB Liability	42,351
Net Deferred Outflows (Inflows) of Resources	$ 17,393

(1) Amounts represent the primary government's total proportionate share of 99.6 percent. The remaining 0.4 percent represents discretely presented component units' proportionate share.

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

Primary Government
Sensitivity of the Total OPEB liability to Changes in the Discount Rate
As of June 30, 2023
(In Thousands)

With a 1% Decrease		Current Discount Rate		With a 1% Increase	
Rate	TOPEBL	Rate[1]	TOPEBL	Rate	TOPEBL
2.54%	$ 785,484	3.54%	$ 731,542	4.54%	$ 680,981

(1) The discount rate changed from 2.16 percent.

Sensitivity of the Total OPEB liability to Changes in the Healthcare Trend Rates
As of June 30, 2023
(In Thousands)

With a 1% Decrease		Current Healthcare Trend Rate		With a 1% Increase	
Rate	TOPEBL	Rate	TOPEBL	Rate	TOPEBL
2.7%	$ 663,044	3.7%	$ 731,542	4.7%	$ 811,381

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 $296 million as of December 31, 2022 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, 2023
(In Thousands)

Description	Major Component Unit HFA	Non-Major Component Unit OHE	Total
Proportionate Share Total OPEB Liability	$ 2,157	$ 569	$ 2,726
Deferred Outflows of Resources	411	108	519
Deferred Inflows of Resources	354	93	447
Total OPEB Expense	172	54	226

Major Component Units
Summary of OPEB Amounts
Other Plans
As of December 31, 2022 or June 30, 2023, as applicable
(In Thousands)

	Major Component Units		
Description	MC	U of M	Total
Proportionate Share Total OPEB Liability	$ 307,265	$ 47,604	$ 354,869
Deferred Outflows of Resources	34,978	7,870	42,848
Deferred Inflows of Resources	58,696	9,126	67,822
Total OPEB Expense	17,951	6,132	24,083

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, 2023, were as follows:

Primary Government
Encumbrances
As of June 30, 2023
(In Thousands)

Description	Amount
General Fund	$ 697,804
Non-Major Governmental Funds	2,680,061
Total Encumbrances	$ 3,377,865

Enterprise Fund - Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities had commitments of $108,580,000 for construction and renovation of college and university facilities and replacement of legacy ERP system as of June 30, 2023.

Component Units

As of June 30, 2023, the Housing Finance Agency had committed approximately $700,179,000 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, 2022, unpaid commitments for Metro Transit Bus services were approximately $271,898,000. Future commitments for Metro Transit Light Rail were approximately $444,813,000, while future commitments for Metro Transit Commuter Rail were approximately $2,598,000. Future commitments for Regional Transit and Environmental Services were approximately $39,855,000 and $135,417,000, respectively. Finally, amounts authorized and initiated in the calendar year 2022 budget but not completely expended in calendar year 2022 were $3,829,000.

The University of Minnesota had construction projects in progress with an estimated completion cost of $323,140,000 as of June 30, 2023. These costs will be funded from plant account assets and state appropriations.

As of June 30, 2023, the Public Facilities Authority (PFA) had committed approximately $241,400,000 for the origination or disbursement of future loans under the Clean Water, Drinking Water, and Transportation Revolving Loan programs. PFA also committed $58,200,000 for grants.

Note 11 – Long-Term Liabilities - Primary Government

Primary Government
Long-Term Liabilities
Year Ended June 30, 2023
(In Thousands)

Liability Type	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 7,376,400	$ 669,285	$ 834,524	$ 7,211,161	$ 587,565
Revenue Bonds	25,645	—	1,760	23,885	1,815
State Appropriation Bonds	954,340	360,019	865,331	449,028	43,465
Loans	43,597	37,769	19,653	61,713	18,906
Due to Component Units	2,231	—	295	1,936	303
Leases [(2)]	333,823	56,565	78,083	312,305	69,856
IT Subscription Payables [(1)]	80,956	23,467	25,997	78,426	27,399
Certificates of Participation	73,361	—	3,016	70,345	2,650
Claims	902,663	1,146,458	1,127,407	921,714	195,487
Compensated Absences	402,482	427,264	410,847	418,899	60,962
Other Postemployment Benefits	629,756	43,012	34,190	638,578	—
Net Pension Liability	1,530,844	2,214,952	347,328	3,398,468	—
Total	$ 12,356,098	$ 4,978,791	$ 3,748,431	$13,586,458	$ 1,008,408
Business-type Activities:					
General Obligation Bonds	$ 186,863	$ 3,000	$ 23,286	$ 166,577	$ 18,440
Revenue Bonds	205,979	—	17,437	188,542	13,355
Loans	23,576	45	766	22,855	1,126
Leases [(2)]	32,058	31,423	18,219	45,262	13,220
IT Subscription Payables[(1)]	41,392	7,108	12,240	36,260	10,727
Claims	34,310	263,719	273,812	24,217	22,500
Compensated Absences	164,948	35,682	34,115	166,515	20,967
Other Postemployment Benefits	91,609	11,072	9,717	92,964	—
Net Pension Liability	161,539	297,030	37,324	421,245	—
Total	$ 942,274	$ 649,079	$ 426,916	$ 1,164,437	$ 100,335

(1) The beginning balance has been restated as a result of the implementation of GASB 96 "Subscription-Based Information Technology Arrangements" in fiscal year 2023.

(2) The increase and decrease columns for leases include remeasurement activity. For fiscal year 2023, increases in remeasurements for governmental and internal service funds totaled $10,737,000 and $22,391,000, respectively and $1,000 for Business-type Activities. For fiscal year 2023, decreases in remeasurements for governmental activities and internal service funds totaled $3,619,000 and $44,000, respectively and $152,000 for Business-type Activities.

Primary Government
Resources for Repayment of Long-Term Liabilities
Year Ended June 30, 2023
(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	$ 4,955,101	$ 2,256,060	$ —	$ 166,577	$ 7,377,738
Revenue Bonds	7,961	15,924	—	188,542	212,427
State Appropriation Bonds	449,028	—	—	—	449,028
Loans	16,312	3,286	42,115	22,855	84,568
Due to Component Units	—	1,936	—	—	1,936
Leases	172,527	116,993	22,785	45,262	357,567
IT Subscription Payables	47,074	14,971	16,381	36,260	114,686
Certificates of Participation	70,345	—	—	—	70,345
Claims	216,675	603,717	101,322	24,217	945,931
Compensated Absences	237,951	165,026	15,922	166,515	585,414
Other Postemployment Benefits	629,663	—	8,915	92,964	731,542
Net Pension Liability	3,351,516	—	46,952	421,245	3,819,713
Total	$ 10,154,153	$ 3,177,913	$ 254,392	$ 1,164,437	$ 14,750,895

The following tables show principal and interest payment schedules for general obligation bonds, revenue bonds, state appropriation bonds, loans, due to component units, leases, IT subscription payables, 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
2024	$ 587,565	$ 249,715	$ 18,440	$ 6,527	$ 606,005	$ 256,242
2025	565,537	224,651	17,223	5,666	582,760	230,317
2026	532,940	200,891	16,605	4,902	549,545	205,793
2027	497,918	178,701	14,762	4,198	512,680	182,899
2028	488,864	157,535	13,311	3,568	502,175	161,103
2029-2033	2,032,087	520,025	45,833	11,112	2,077,920	531,137
2034-2038	1,148,764	190,931	22,191	3,467	1,170,955	194,398
2039-2043	447,514	31,397	5,431	358	452,945	31,755
Total	$ 6,301,189	$ 1,753,846	$ 153,796	$ 39,798	$ 6,454,985	$ 1,793,644
Bond Premium	909,972	—	12,781	—	922,753	—
Total	$ 7,211,161	$ 1,753,846	$ 166,577	$ 39,798	$ 7,377,738	$ 1,793,644

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
2024	$ 1,815	$ 891	$ 13,355	$ 6,793	$ 15,170	$ 7,684
2025	1,870	834	15,590	6,190	17,460	7,024
2026	1,930	773	19,260	5,422	21,190	6,195
2027	1,990	705	19,180	4,565	21,170	5,270
2028	2,060	632	17,395	3,757	19,455	4,389
2029-2033	11,600	1,823	71,070	8,722	82,670	10,545
2034-2038	2,620	56	15,515	832	18,135	888
Total	$ 23,885	$ 5,714	$ 171,365	$ 36,281	$ 195,250	$ 41,995
Bond Premium	—	—	17,177	—	17,177	—
Total	$ 23,885	$ 5,714	$ 188,542	$ 36,281	$ 212,427	$ 41,995

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

Year Ended June 30	Governmental Activities Principal	Governmental Activities Interest
2024	$ 43,465	$ 18,208
2025	45,770	16,207
2026	48,045	14,086
2027	51,490	11,857
2028	54,370	9,461
2029-2033	129,715	16,479
2034-2038	32,655	5,425
2039-2043	21,410	1,209
Total	$ 426,920	$ 92,932
Bond Premium	22,108	—
Total	$ 449,028	$ 92,932

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
2024	$ 19,209	$ 1,481	$ 1,126	$ 509	$ 20,335	$ 1,990
2025	13,793	1,063	1,202	478	14,995	1,541
2026	10,220	741	1,283	447	11,503	1,188
2027	5,560	469	1,288	413	6,848	882
2028	3,159	318	1,287	384	4,446	702
2029-2033	8,941	828	7,244	1,455	16,185	2,283
2034-2038	2,767	148	6,759	640	9,526	788
2039-2043	—	—	2,666	78	2,666	78
Total	$ 63,649	$ 5,048	$ 22,855	$ 4,404	$ 86,504	$ 9,452

Primary Government
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
2024	$ 69,856	$ 6,158	$ 13,220	$ 1,055	$ 83,076	$ 7,213
2025	58,081	4,537	8,909	1,066	66,990	5,603
2026	50,909	3,414	6,941	958	57,850	4,372
2027	37,128	2,648	5,071	993	42,199	3,641
2028	31,089	1,970	2,702	497	33,791	2,467
2029-2033	60,931	3,621	7,625	1,333	68,556	4,954
2034-2038	3,167	45	379	139	3,546	184
2039-2043	1,144	7	148	145	1,292	152
2044-2048	—	—	125	170	125	170
2049-2053	—	—	112	202	112	202
2054-2058	—	—	30	67	30	67
Total	$ 312,305	$ 22,400	$ 45,262	$ 6,625	$ 357,567	$ 29,025

Primary Government
IT Subscription Payables
Principal and Interest Payments
(In Thousands)

Year Ended June 30	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 27,399	$ 2,028	$ 10,727	$ 668	$ 38,126	$ 2,696
2025	20,142	1,319	9,838	795	29,980	2,114
2026	11,915	764	6,923	755	18,838	1,519
2027	9,662	442	4,031	647	13,693	1,089
2028	4,242	234	1,936	369	6,178	603
2029-2033	5,066	141	2,805	584	7,871	725
Total	$ 78,426	$ 4,928	$ 36,260	$ 3,818	$ 114,686	$ 8,746

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

Year Ended June 30	Governmental Activities	
	Principal	Interest
2024	$ 2,650	$ 3,137
2025	2,785	3,004
2026	2,925	2,866
2027	3,070	2,720
2028	3,225	2,566
2029-2033	18,705	10,242
2034-2038	23,870	5,076
2039-2043	5,515	276
Total	$ 62,745	$ 29,887
Premium on Certificates of Participation	7,600	—
Total	$ 70,345	$ 29,887

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 payments 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 2023, 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, 2023
(In Thousands)

Fund Type		Amount
General Fund	$	1,017,465
Special Revenue Funds:		
Trunk Highway Fund	$	247,907
Miscellaneous Special Revenue Fund		1,185
Total Special Revenue Funds	$	249,092
Capital Project Funds:		
Building Fund	$	675
Transportation Fund		384
Total Capital Project Funds	$	1,059
Internal Service Fund – Plant Management Fund	$	5,789
Total Transfers to Debt Service Fund	$	1,273,405

General Obligation Bond Issues

In August 2022, the state issued $587,635,000 general obligation bonds, Series 2022A through Series 2022D:

- Series 2022A for $251,775,000 in state various purpose bonds were issued at a true interest rate of 2.96 percent.
- Series 2022B for $220,000,000 in state trunk highway bonds were issued at a true interest rate of 2.92 percent.
- Series 2022C for $9,200,000 in taxable state various purpose bonds were issued at a true interest rate of 3.51 percent.
- Series 2022D for $106,660,000 in state various purpose refunding bonds were issued at a true interest rate of 2.08 percent. The aggregate debt service payments decreased by $6,186,000 and the economic gain (the present value of the debt service savings) for the state was $7,653,000.

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, 2023
(In Thousands)

Refunding Date	Original Refunding Amount	Refunded Amount	Outstanding Amount	Refunded Bond Call/Maturity Date
March 14, 2018	N/A	$ 480	$ 480	October 1, 2023
November 2, 2022	N/A	10	10	August 1, 2023
November 2, 2022	N/A	10	10	August 1, 2024
Total	$ —	$ 500	$ 500	

The following table is a schedule of general obligation bonds authorized, but unissued, and bonds outstanding as of June 30, 2023. 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, 2023
(In Thousands)

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates for Outstanding
Maximum Effort School Loan	$ —	$ 9,559	5.00%
Rural Finance Authority	65,065	71,232	1.35-5.00%
State Transportation	153,323	346,217	4.00-5.00%
Trunk Highway	1,820,617	1,878,045	1.50-5.00%
Trunk Highway Refunding Bonds	—	378,015	0.40-5.00%
Various Purpose	2,189,536	2,625,847	1.35-5.00%
Various Purpose Refunding Bonds	—	1,146,070	0.47-5.00%
Total	$ 4,228,541	$ 6,454,985	

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

Minnesota Statutes 16A.965 authorized 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). On June 26, 2023, the State called for redemption and prepayment of all outstanding bonds for the professional football stadium project. The total redemption was $376,980,000 in outstanding principal comprising of $320,830,000 in State General Fund Appropriation Bonds Tax-Exempt Series 2014A and $56,150,000 in State General Fund Appropriation Bonds Taxable Series 2014B. 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. The statutes authorizing the Pay-for-Performance program were repealed by Minnesota Laws 2023 Chapter 71.

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

Minnesota Statutes 469.53 authorizes projects eligible for state appropriation support payments, upon approval by the City of Duluth. Eligible projects include: (1) two levels of expansion to an existing medical district parking ramp and a skywalk replacement; (2) a ramp with up to 1,400 new parking stalls to serve the medical entity west; (3) extension of 6th Avenue East; (4) demolition of existing hospital structure; (5) roadway, utility, and site improvements and capacity upgrades to support medical entity west; (6) district energy connections; and (7) a ramp for up to 400 new parking stalls to serve the medical entity east. Minnesota Statutes 469.54 authorizes the City of Duluth, in lieu of directly receiving the appropriation support payments, to have the state issue state General Fund appropriation bonds. Minnesota Statutes 16A.968, as amended by Laws of Minnesota Regular Session 2020, Chapter 83, Article 1, Section 3, authorizes the state to issue state General Fund appropriation bonds not to exceed $97,720,000 for the purpose of financing public infrastructure projects authorized and approved by the City of Duluth. In the event the state issues state General Fund appropriation bonds for these purposes, the amount of appropriation support payments in any year is reduced by an amount equal to the amount needed from the General Fund. Up to $8,100,000 is appropriated from the General Fund each year beginning in fiscal year 2022 through fiscal year 2055 to pay debt service on the bonds, subject to Minnesota Statutes 469.54, subdivision 3 which allows a maximum appropriation support payment of $3.7 million in fiscal year 2022. Debt service on these bonds is paid from a statutory General Fund appropriation that may be repealed, canceled, or unallotted. On November 5, 2020, the state issued $66,300,000 in Duluth Regional Exchange District state General Fund appropriation bonds at a true interest rate of 2.50 percent. In October 2021, the state issued $6,920,000 in Duluth Regional Exchange District state General Fund appropriation bonds at a true interest rate of 2.36 percent.

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

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

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

The following table is a schedule of state appropriation bonds authorized, but unissued, and bonds outstanding as of June 30, 2023.

Primary Government
State Appropriation Bonds Authorized, but Unissued, and Bonds Outstanding
As of June 30, 2023
(In Thousands)

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates
Refund Tobacco Securitization Authority	$ —	$ 300,185	5.00-5.00%
Lewis and Clark Regional Water System	3,500	13,575	2.00-3.30%
Duluth Regional Exchange District Appropriation Bonds	25,820	70,065	1.55-3.00%
Electric Vehicle Infrastructure	—	1,715	2.10-3.00%
Public Television Equipment	—	12,830	2.10-3.00%
Environmental Response PCA Superfund	—	28,550	2.10-3.00%
Total	$ 29,320	$ 426,920	

Loans Payable and Due to Component Unit

Governmental activities loans and due to component units are loans/due to component units for transportation projects, energy efficiency improvements, and equipment purchase loans. The capital assets purchased for energy efficiency improvements and equipment purchases are pledged as collateral on the loans incurred to finance the purchase. On June 30, 2023, the state has an unused line of credit of $37,323,000 to finance additional equipment purchases.

Business-type activities loans include loans to purchase energy efficiency improvements and equipment. The capital assets purchased for energy efficiency improvements and equipment purchases are pledged as collateral on the loans incurred to finance the purchases.

Lease / IT Subscription Payables

The state implemented GASB Statement No. 87 “Leases” in fiscal year 2022, and GASB Statement No. 96 "Subscription-Based Information Technology Arrangements (SBITA)" in fiscal year 2023. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use a leased asset. Similarly, under GASB 96, a subscription liability (identified as IT Subscription Payables below) and an intangible right to use subscription asset are recognized for applicable SBITA contracts.

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

The governmental activities buildings, structures and improvement remaining lease terms are fixed payments ranging from one to 18 years. Two building lease agreements contain bargain purchase options. They are the Elmer L. Andersen and Orville L. Freeman Office buildings (Andersen and Freeman). When the final lease payment has been made in fiscal year 2026 for the Andersen and Freeman buildings, the titles will transfer to the state for minimal amounts.

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

The business-type activities buildings, structures, and improvement lease terms are fixed payments ranging from one to 32 years.

The state has other lease agreements to purchase equipment. Minnesota State Universities Fund (enterprise fund) entered into lease agreements for campus facilities. Minnesota State Colleges and Universities (MnSCU) guaranteed the revenue bonds issued by Clay County and the City of Saint Cloud Housing and Redevelopment Authority. As of June 30, 2023, 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, 2023, there is $1,704,000 in principal outstanding on the guarantee for Clay County. The revenue bonds for the City of Saint Cloud were paid in full in May 2023.

The governmental activities and business-type activities IT subscription payables consists of arrangements with vendors for the right-to-use IT software. The remaining IT subscription payables have fixed payment ranging from one to nine years for governmental activities and one to seven years for business-type activities.

For further information on leases and IT subscription payables, see Note 4 – Loans, Notes, and Leases Receivable and Note 6 – Capital and Right-to-Use Assets.

Certificates of Participation

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

Revenue Bonds Payable

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

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

To repay the bonds, Iron Range Resources and Rehabilitation has pledged future appropriations of the annual distribution of taconite production tax revenues to the Iron Range Resources and Rehabilitation account within the General Fund and the Douglas J. Johnson Economic Protection Trust Fund (special revenue fund). These tax distributions, totaling $2,733,000 for fiscal year 2023, 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 2023, principal and interest paid by Iron Range Resources and Rehabilitation on the bonds was $2,704,000. The total principal and interest remaining to be paid as of June 30, 2023, is $29,599,000 payable through October 2033.

Minnesota State Colleges and Universities (MnSCU) (enterprise fund) is authorized by Minnesota Statutes 136F.98 to issue revenue bonds whose aggregate principal shall not exceed $405,000,000 at any time. The proceeds of these bonds are used to finance the acquisition, construction, and remodeling of buildings for dormitory, residence hall, parking ramps, student union, and food service purposes at state universities. Revenue bonds currently outstanding have interest rates of 2.50 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 24 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $206,949,000. Principal and interest paid for the current year and total customer net revenues were $22,337,000 and $102,930,000, 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 2026. 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 30 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $697,000. Principal and interest paid and total customer net revenues during fiscal year 2023 were $171,000 and $625,000, respectively. These revenue bonds have a variable interest rate of 3.40 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 $390,154,000 for closure and postclosure care claims are payable from the Environmental and Remediation Fund (special revenue fund) and the General Fund. There are currently 112 landfills in the program and two more landfills that are qualified, but not yet enrolled. One of the qualified sites, Freeway Landfill, has a liability of $163,980,000; approximately 42 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, monitoring, and site operation and maintenance. 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. The closed landfill investment account, established under Minnesota Statutes 115B.421, within the Environmental and Remediation Fund was created to address a portion of these required long-term postclosure costs through minimal withdrawals from a fund managed through the State Board of Investment to ensure long-term availability of resources and may be spent after fiscal year 2020. The Metropolitan Landfill Contingency Action Account is an account in the Environmental and Remediation Fund consisting of revenues from 25 percent of the metropolitan solid waste landfill fee, cost recovery of response actions expenses, and interest earned on investment of money in the account. The account appropriated for closure and post-closure care of mixed municipal solid waste disposal facilities in the metropolitan area for a 30-year period after closure if determined that the operator/owner cannot take the necessary actions as directed by the commissioner of the Minnesota Pollution Control Agency. Proceeds from the sale of state general obligation bonds, accounted for in the Building Fund (capital projects fund) and repaid by the General Fund, are now a significant source of funding for design and construction work at the publicly-owned landfills in the program.

The state of Minnesota is financially responsible to remediate certain known pollution present on either state-owned or non-state-owned land. In most cases, the state voluntarily assumes responsibility for site assessment and clean-up activities when the responsible party cannot be found or is financially unable to perform the remediation. Pollution remediation obligation liabilities as of June 30, 2023 were $197,509,000. Of this total, $147,514,000 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 2023, the Petroleum Tank Cleanup Fund has approved $480,400,000 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.

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

The governmental activities’ and business-type activities’ liability for workers' compensation of $81,829,000 and $4,769,000, respectively, are based on claims filed for injuries to state employees occurring prior to June 30, 2023 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 $122,300,000 are for reimbursements of supplementary and second injury benefits for old workers’ compensation injuries. Legislative action ended both the supplementary and second injury programs. The claim amount represents the estimated discounted (5.00 percent) cost of supplementary benefits for injuries prior to October 1, 1995, and second injury program benefits for injuries prior to July 1, 1992. Without alteration by settlements, the liability is expected to extend to approximately 2058 for supplementary benefits and 2046 for second injuries.

The remaining claims represent $15,171,000 in the Risk Management Fund (internal service fund), $86,151,000 in the Employee Insurance Fund (internal service fund), and $19,448,000 in the Public Employees Insurance Fund (enterprise fund).

Compensated Absences

The compensated absences liability for governmental activities and business-type activities of $418,899,000 and $166,515,000 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 2023, 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 Statutes 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 2023, principal and interest paid by the State Employees Retirement Fund (SERF), Teachers Retirement Fund (TRF), and General Employees Retirement Fund (GERF) was $2,105,000. The total principal and interest remaining to be paid as of June 30, 2023 is $2,999,000, 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
2024	$ 1,845	$ 114
2025	1,000	40
Total	$ 2,845	$ 154
Bond Premium	92	—
Total	$ 2,937	$ 154

Lease/IT Subscription Payables – Fiduciary Funds

The State Employees Retirement Fund (SERF) has a lease payable for office equipment that are fixed payments with a term of four years. Additionally, SERF has an IT subscription payable for fraud prevention and authentication software with a term of five years. The lease/IT subscription payable as of June 30, 2023 is $265,000. The detail supporting the lease liability of the fiduciary funds of the state can be found within each organization’s financial statements and notes, as applicable.

Note 12 – Long-Term Liabilities - Component Units

General Obligation and Revenue Bonds

The Metropolitan Council (MC) issued general obligation bonds for parks, wastewater, and transit projects, backed by the full faith and credit and taxing powers of MC. MC had $1,541,094,000 in general obligation bonds and direct borrowings outstanding on December 31, 2022, including unamortized discounts/premiums. During the year, $53,245,000 of general obligation transit bonds and $47,920,000 of general obligation revenue wastewater bonds were issued.

MC's outstanding notes from direct borrowings of $505,666,000 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, 2023, the principal amount of general obligation bonds and revenue bonds outstanding, including unamortized discounts/premiums, was $1,504,347,000 and $245,145,000, respectively. U of M did not issue any new General Obligation bonds during the fiscal year 2023.

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
2023	$ 161,471	$ 40,791	2024	$ 43,360	$ 58,349
2024	146,670	34,372	2025	45,260	56,492
2025	137,762	29,666	2026	47,115	54,533
2026	122,875	25,404	2027	49,265	52,461
2027	112,070	21,551	2028	51,355	50,269
2028-2032	420,580	66,146	2029-2033	245,920	218,018
2033-2037	238,772	21,728	2034-2038	213,300	169,461
2038-2042	54,621	2,535	2039-2043	159,975	127,573
2043-2047	—	—	2044-2048	35,725	102,967
2048-2052	—	—	2049-2053	500,000	80,960
Total	$ 1,394,821	$ 242,193	Total	$ 1,391,275	$ 971,083
Unamortized Discounts / Premiums and Issuance Costs	146,273	—	Unamortized Discounts / Premiums and Issuance Costs	113,072	—
Total	$ 1,541,094	$ 242,193	Total	$ 1,504,347	$ 971,083

[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, 2023 was $3,736,876,000, including unamortized discounts/premiums. The agency uses special redemption provisions to retire certain bonds prior to their maturity from unexpended bond proceeds. Substantially all bonds are subject to optional redemption after various dates at an amount equal to all of the unpaid principal and interest. The amount of bonds approved by June 30, 2023 to exercise the mandatory pass-through and optional redemption was $24,185,000, and is considered part of current Bonds and Notes Payable.

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]
2024	$ 95,694	$ 117,499	$ 13,855	$ 7,437
2025	104,265	120,469	14,425	6,864
2026	54,915	117,930	15,050	6,233
2027	56,195	116,682	15,750	5,541
2028	57,415	115,308	43,785	5,128
2029-2033	350,495	548,376	60,365	14,178
2034-2038	455,195	480,686	47,970	3,279
2039-2043	536,740	394,292	2,140	28
2044-2048	906,812	251,067	—	—
2049-2053	1,074,387	58,704	—	—
2054-2058	9,090	264	—	—
Total	$ 3,701,203	$ 2,321,277	$ 213,340	$ 48,688
Unamortized Discount / Premiums and Issuance Costs	35,673	—	31,805	—
Total	$ 3,736,876	$ 2,321,277	$ 245,145	$ 48,688

(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, 2023, the outstanding principal of revenue bonds was $315,356,000, including unamortized discounts/premiums.

The Public Facilities Authority (PFA) is authorized by Minnesota Statutes 446A.04 to issue revenue bonds to make loans to municipalities for wastewater treatment facilities, and drinking water systems. The amount outstanding on these bonds at any time shall not exceed $2,000,000,000, according to Minnesota Statutes 446A.12. The principal amount of bonds outstanding on June 30, 2023 was $402,310,000, including unamortized discounts/premiums.

Component Units
Revenue Bonds
Nonmajor Component Units
(In Thousands)

	OHE		PFA	
Year Ended June 30	Principal	Interest	Principal	Interest
2024	$ 2,790	$ 11,164	$ 54,375	$ 17,858
2025	4,240	11,024	23,650	15,517
2026	5,540	10,812	34,075	14,518
2027	5,305	10,535	37,515	13,000
2028	8,195	10,217	44,740	11,159
2029-2033	38,785	45,934	126,500	29,287
2034-2038	32,770	38,571	54,070	5,495
2039-2043	94,175	26,237		
2044-2048	122,000	12,511	—	—
2049-2053	—	—	—	—
Total	$ 313,800	$ 177,005	$ 374,925	$ 106,834
Unamortized Discount / Premiums and Issuance Costs	1,556	—	27,385	—
Total	$ 315,356	$ 177,005	$ 402,310	$ 106,834

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, 2023, $485,902,000 in bonds were outstanding.

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

Year Ended June 30	HFA Principal	HFA Interest
2024	$ 16,665	$ 18,620
2025	17,315	17,965
2026	18,050	17,221
2027	18,890	16,401
2028	19,735	15,545
2029-2033	110,320	63,728
2034-2038	122,795	37,627
2039-2043	95,405	13,507
2044-2048	19,635	562
Total	$ 438,810	$ 201,176
Bond Premium	47,092	—
Total	$ 485,902	$ 201,176

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, 2022. The terms of the loan agreements are 30 years, although they may be extended indefinitely if all the terms of the loan agreement are met.

In 2021, the Housing and Redevelopment Authority of Edina issued a loan to MC in the amount of $2,000,000 with $421,000 drawn down that year. During the current year, $1,512,000 of the loan was drawn down and the remaining balance available to draw down is $67,000, for a total of $1,933,000 loans outstanding on December 31, 2022. The agreement terms are 25 years after the last advance, then the loan will be deemed fully forgiven as of the forgiveness date.

Additionally, MC issued $481,375,000 of general obligation grant anticipation notes to provide cash flows for the Southwest Green Line light rail extension project in anticipation of receipt of federal funds that were awarded the project. The notes were issued as three, four, and eight year serial notes that are secured by the Federal Transit Administration grant award together with the full faith and unlimited taxing powers of MC. On December 31, 2022, the total outstanding general obligation grant anticipation notes was $322,365,000.

University of Minnesota

The University of Minnesota (U of M) issued taxable commercial paper notes of $51,620,000 in fiscal years 2015, $34,000,000 in 2022 and $65,600,000 in 2023. U of M also issued tax-exempt commercial paper notes, including $25,900,000 in 2023,which are backed by U of M's self-liquidity. On June 30, 2023, the outstanding taxable commercial paper notes were $130,320,000 and tax-exempt commercial notes were $150,045,000. Commercial paper is short-term in nature and is classified as current liabilities on the financial statements.

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

Housing Finance Agency

On June 30, 2023, HFA had in place a revolving line of credit with the Federal Home Loan Bank of Des Moines with an outstanding balance of $45,000,000. Draws against the line of credit are required to be collateralized with mortgage-backed securities.

National Sports Center Foundation

On December 31, 2022, the National Sports Center Foundation's total outstanding loans and notes payable was $7,807,000.

Lease/Subscription Payables

The following tables are schedules of lease and IT subscription payables. The IT subscription payables table is a result of the implementation of GASB Statement No. 96, "Subscription-Based Information Technology Agreements." The detail supporting the lease/subscription payables of the discretely presented component units of the state can be found within the individual component units' financial statements and notes.

Component Units
Lease Payables
(In Thousands)

	Year Ended December 31		Year Ended June 30	
Component Unit	Current	Noncurrent	Current	Noncurrent
Housing Finance Authority	$ —	$ —	$ 1,334	$ 4,926
Metropolitan Council	827	11,539	—	—
University of Minnesota	—	—	19,492	134,330
Minnesota Comprehensive Health Association	13	6	—	—
Minnesota Sports Facility Authority	—	—	344	6,145
Public Facilities Authority	—	—	62	134
Total Liability	$ 840	$ 11,545	$ 21,232	$ 145,535

Component Units
IT Subscription Payables
(In Thousands)

	Year Ended December 31		Year Ended June 30	
Component Unit	Current	Noncurrent	Current	Noncurrent
Housing Finance Authority	$ —	$ —	$ 778	$ 1,890
Metropolitan Council	1,358	1,423	—	—
University of Minnesota	—	—	8,899	18,201
Minnesota Sports Facility Authority	—	—	45	92
Total Liability	$ 1,358	$ 1,423	$ 9,722	$ 20,183

Variable Rate Debt

Housing Finance Agency

As of June 30, 2023, all of the HFA interest rate swap agreements have been determined to be effective hedges, as defined by GASB Statement No. 53 “Accounting and Financial Reporting for Derivative Instruments.” The fair value was reported as an asset and a liability called “Instrument Rate Swap Agreements.” The inception-to-date change in fair value as of June 30, 2023, was reported in deferred outflows or inflows of resources as "Accumulated Increase/Decrease in Fair Values of Derivative Instruments." Fair values were determined pursuant to GASB Statement No. 72 “Fair Value Measurement and Application,” and the fair value hierarchy of interest rate swap agreements is determined to be Level 2. See Note 2 – Cash, Investments, and Derivative Instruments for more information.

Office of Higher Education

The rates on the tax-exempt Series 2012B-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 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 $75,830,000 with $65,045,000 outstanding as of June 30, 2023. 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, 2023.

Certificates of Participation

Metropolitan Council

On December 1, 2004, the Metropolitan Council (MC) entered into an annual appropriation purchase agreement for land and facilities. The agreement is subject to non-appropriation by MC, in which event the agreement is terminated and there is no obligation of MC for future payments. MC intends to continue the agreement through its entire term. These Certificates of Participation do not meet the criteria of GASB Statement No. 87, "Leases" as the underlying asset will transfer ownership to MC. On December 31, 2022, the outstanding principal was $1,750,000.

Note 13 – Segment Information

Primary Government
Segment Information Financial Data
Year Ended June 30, 2023
(In Thousands)

Description	State Colleges and Universities (MnSCU) Revenue Fund	Itasca Residence Halls
Condensed Statement of Net Position		
Assets:		
Current Assets	$ 108,180	$ 1,093
Noncurrent Assets		
Restricted Assets	43,883	305
Leases Receivable	1,764	—
Capital Assets	327,491	2,003
Total Assets	$ 481,318	$ 3,401
Deferred Outflows of Resources	$ 4,586	$ 23
Liabilities:		
Current Liabilities	$ 28,225	$ 331
Noncurrent Liabilities	189,489	564
Total Liabilities	$ 217,714	$ 895
Deferred Inflows of Resources	$ 5,738	$ 18
Net Position:		
Net Investment in Capital Assets	$ 152,626	$ 1,349
Restricted	109,826	305
Unrestricted	—	857
Total Net Position	$ 262,452	$ 2,511
Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues - Customer Charges	$ 102,930	$ 625
Depreciation Expense	(25,665)	(119)
Other Operating Expenses	(72,229)	(261)
Operating Income (Loss)	$ 5,036	$ 245
Nonoperating Revenues (Expenses):		
Federal Grants	$ 731	$ (80)
Interest Income	4,729	9
Capital Contributions	2,337	—
Interest Expense	(5,094)	(26)
Gain on Disposal of Capital Assets	3	—
Others	28	—
Change in Net Position	$ 7,770	$ 148
Beginning Net Position	$ 254,682	$ 2,363
Ending Net Position	$ 262,452	$ 2,511
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	$ 20,970	$ 493
Noncapital Financing Activities	759	—
Capital and Related Financing Activities	(24,563)	(171)
Investing Activities	4,728	(74)
Net Increase (Decrease)	$ 1,894	$ 248
Beginning Cash and Cash Equivalents	$ 145,099	$ 777
Ending Cash and Cash Equivalents	$ 146,993	$ 1,025

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

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

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

Note 14 – Contingent Liabilities

University of Minnesota

The University of Minnesota (U of M), a component unit, issued state-secured revenue bonds to finance a football stadium on campus. In fiscal year 2006, the Minnesota Legislature appropriated from the General Fund $10,250,000 per year not to exceed 25 years starting in fiscal year 2008 to pay a portion of the bonds. Grants from the General Fund are conditioned upon satisfaction of certain requirements by U of M. As of October 2023, there was $46,685,000 outstanding on these bonds.

U of M issued state-secured revenue bonds to finance Biomedical Science Research facilities. In fiscal year 2008, the Minnesota Legislature appropriated from the General Fund amounts, amended in 2020, ranging from $850,000 to $15,550,000 per year for fiscal year 2010 to 2020, and up to $13,930,000 per year beginning fiscal year 2021 through fiscal year 2039 to pay a portion of the bonds. Grants from the General Fund are conditioned upon satisfaction of certain requirements by U of M. In September 2021, state-secured revenue bonds were issued to refund and/or defease outstanding state supported bonds. As of October 2023, $110,720,000 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 2023, there was $15,910,000 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 Fund beginning in fiscal year 2023 through 2044 an amount sufficient to pay debt service on bonds. Also in fiscal year 2021, with an effective date of January 2022, the Minnesota Legislature appropriated from the General Fund beginning in fiscal year 2024 through 2045 an amount sufficient to pay debt service on bonds. As of October 2023, $432,870,000 was outstanding on these bonds. HFA issued state-secured appropriation bonds of $26,635,000 in September 2023. For more information, see Note 21 – Subsequent Events.

School District Credit Enhancement Program

Minnesota Statutes 126C.55 established a school district credit enhancement program. If a school district is unable to pay its debt service due on school district and intermediate school district certificates of indebtedness, capital notes, certificate of participation, or general obligation bonds enrolled in the program, the Minnesota Legislature appropriates annually from the General Fund the amounts necessary to make the debt service payments. This amount is repaid to the General Fund through a reduction in state aid payable to the school district or intermediate school district, or the levy of an ad valorem tax which may be made with the approval of the commissioner of Education. The total amount of debt enrolled in the program as of September 2023, was $18.1 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 2023, the total general obligation bonds guaranteed by the state through 2052, was $928.1 million.

Note 15 – Equity

Restricted Net Position – Government-wide Statement of Net Position

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

Primary Government
Restricted Net Position Balances
As of June 30, 2023
(In Thousands)

Purpose of Restriction	Restricted by Constitution	Restricted by Enabling Legislation	Restricted by Other	Total
Improve Agricultural, Environmental, and Energy Resources	$ 2,521,271	$ 426,391	$ 664,117	$ 3,611,779
Enhance Arts and Culture	58,161	—	—	58,161
Acquire, Maintain, and Improve Land and Buildings	—	—	448	448
Retire Indebtedness	470,949	—	131,881	602,830
Develop Economy and Workforce	—	234,305	13,418	247,723
Enhance E-12 Education	—	15,439	9,533	24,972
Enhance State Government	—	19,852	18,047	37,899
Enhance Health and Human Services	—	159,278	51,554	210,832
Enhance Higher Education	—	173	24,896	25,069
Enhance 911 Services and Increase Safety	—	9,043	130,193	139,236
School Aid - Expendable	12,403	—	—	12,403
School Aid - Nonexpendable	1,908,952	—	1,000	1,909,952
Construct Highways and Improve Infrastructure	2,011,192	54,136	1,627	2,066,955
Unemployment Benefits	—	—	1,622,933	1,622,933
Other Purposes	—	—	99,399	99,399
Total Restricted Net Position	$ 6,982,928	$ 918,617	$ 2,769,046	$ 10,670,591

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, 2023
(In Thousands)

		Major Special Revenue Fund		
Fund Balances	General Fund	Federal Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventory or Prepaid	$ —	$ —	$ 52,844	$ 52,844
Trust or Permanent Fund Principal	1,634,311	—	1,909,952	3,544,263
Total Nonspendable Fund Balances	$ 1,634,311	$ —	$ 1,962,796	$ 3,597,107
Purpose of Restriction:				
Improve Agricultural, Environmental, and Energy Resources	$ —	$ —	$ 1,963,075	$ 1,963,075
Enhance Arts and Culture	—	—	58,161	58,161
Acquire, Maintain, and Improve Land and Buildings	—	—	180,756	180,756
Retire Indebtedness	—	—	967,437	967,437
Develop Economy and Workforce	86,512	—	221,883	308,395
Enhance E-12 Education	1,750	—	35,123	36,873
Enhance State Government	—	10,416	27,006	37,422
Enhance Health and Human Services	—	125	105,219	105,344
Enhance Higher Education	—	—	179	179
Enhance 911 Services and Increase Safety	—	—	9,352	9,352
Construct Highways and Improve Infrastructure	—	—	2,063,657	2,063,657
Total Restricted Fund Balances	$ 88,262	$ 10,541	$ 5,631,848	$ 5,730,651

Continued

Governmental Funds
Fund Balances (continued)
As of June 30, 2023
(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	$ —	$ —	$ 243,410	$ 243,410
Develop Economy and Workforce	—	—	412,220	412,220
Enhance E-12 Education	—	—	19,411	19,411
Enhance State Government	—	—	77,137	77,137
Enhance Health and Human Services	—	—	39,515	39,515
Enhance Higher Education	—	—	2,421	2,421
Enhance 911 Services and Increase Safety	—	—	162,158	162,158
Construct Highways and Improve Infrastructure	79,867	—	71,283	151,150
Total Committed Fund Balances	$ 79,867	$ —	$ 1,027,555	$ 1,107,422
Purpose of Assignment:				
Improve Agricultural, Environmental, and Energy Resources	$ 773,501	$ —	$ —	$ 773,501
Acquire, Maintain, and Improve Land and Buildings	—	—	53,005	53,005
Develop Economy and Workforce	277,216	—	—	277,216
Enhance E-12 Education	71,409	—	—	71,409
Enhance State Government	128,640	—	—	128,640
Enhance Health and Human Services	1,338,705	—	—	1,338,705
Enhance Higher Education	23,720	—	—	23,720
Enhance 911 Services and Increase Safety	136,229	—	—	136,229
Construct Highways and Improve Infrastructure	5,983	—	—	5,983
Total Assigned Fund Balances	$ 2,755,403	$ —	$ 53,005	$ 2,808,408
Unassigned	$ 15,074,867	$ —	$ (58,966)	$ 15,015,901
Total Fund Balances	$ 19,632,710	$ 10,541	$ 8,616,238	$ 28,259,489

Fund Balance or Net Position Deficits

The following funds have fund balance or net position deficits for the fiscal year ended June 30, 2023:

Fund Balance or Net Position Deficits
As of June 30, 2023
(In Thousands)

Fund Type		Fund Balance or Net Position
Nonmajor Capital Projects Funds:		
Transportation Fund	$	10,112
Nonmajor Enterprise Funds:		
State Lottery	$	3,066

A $10,112,000 deficit total fund balance in the Transportation Fund (nonmajor capital projects fund) is a result of a delayed bond sale. The bond sale occurred after the end of the fiscal year.

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 fund noted in the table above to end fiscal year 2023 in a deficit net position. The actuarially determined amounts are likely to vary significantly from year to year and are managed by the retirement systems and the Minnesota Legislature to ensure the defined benefit plans are adequately funded to pay plan benefits to employees participating as they become due.

Note 16 – Risk Management

Primary Government

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

Risk Management Fund

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

The property coverage offers an agency a range of deductibles from $1,000 through $250,000 per loss. The fund covers the balance of the claim up to $1,000,000 and co-participates with the reinsurance carriers by covering an additional 10 percent of the first $25,000,000 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 10 percent of the first $25,000,000 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 $34,428 greater than coverage during the fiscal year ended June 30, 2023.

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, 2023 was 19,502 members and their dependents. The members of the pool include 96 school districts, 128 cities/townships, 15 counties, and 74 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 6/30/2022	$ 11,489	$ 5,763	$ 2,101	$ 15,151
Fiscal Year Ended 6/30/2023	$ 15,151	$ 5,345	$ 5,325	$ 15,171
Tort Claims:				
Fiscal Year Ended 6/30/2022	$ —	$ 508	$ 508	$ —
Fiscal Year Ended 6/30/2023	$ —	$ 74	$ 74	$ —
Workers' Compensation:				
Fiscal Year Ended 6/30/2022	$ 81,050	$ 27,923	$ 25,738	$ 83,235
Fiscal Year Ended 6/30/2023	$ 83,235	$ 31,578	$ 28,215	$ 86,598
State Employee Group Insurance:				
Fiscal Year Ended 6/30/2022	$ 88,039	$ 997,533	$ 994,371	$ 91,201
Fiscal Year Ended 6/30/2023	$ 91,201	$ 1,022,043	$ 1,027,093	$ 86,151

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

Description	Year Ended June 30 2023	 2022
Unpaid Claims and Claim Adjustment Expenses, Beginning	$ 30,707	$ 31,155
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of Current Year	$ 263,209	$ 318,330
Increases (Decreases) in Provision for Insured Events of Prior Years	(2,090)	9,690
Total Incurred Claims and Claim Adjustment Expenses	$ 261,119	$ 328,020
Payments:		
Claims and Claims Adjustment Expenses Attributable to Insured Events of Current Year	$ 244,684	$ 288,708
Claims and Claims Adjustment Expenses Attributable to Insured Events of Prior Years	27,694	39,760
Total Payments	$ 272,378	$ 328,468
Total Unpaid Claims and Claim Adjustment Expenses, Ending	$ 19,448	$ 30,707

Component Units

Housing Finance Agency

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

Metropolitan Council

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

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

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

MC claims include workers' compensation claims and $10,209,000 internal service fund claims.

University of Minnesota

The University of Minnesota (U of M) is insured for professional, general, non-profit organization, and automobile liability and indemnified for property insurance deductible expenditures through RUMINCO, Ltd., a wholly-owned single parent captive insurance company. Claims are reported to a third-party administrator, which pays expenses and estimates claim liabilities. The total expense of a claim is estimated and booked as a liability when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated in the year in which it is reported. In addition, an actuarial liability is established for incurred but not reported claims using a discount rate of 4.76 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 12/31/2021	$ 29,355	$ 3,718	$ 9,144	$ 23,929
Fiscal Year Ended 12/31/2022	$ 23,929	$ 6,535	$ 9,036	$ 21,428
University of Minnesota - RUMINCO, Ltd:				
Fiscal Year Ended 6/30/2022	$ 8,052	$ 4,415	$ 2,577	$ 9,890
Fiscal Year Ended 6/30/2023	$ 9,890	$ 5,265	$ 3,319	$ 11,836
University of Minnesota - Workers' Compensation:				
Fiscal Year Ended 6/30/2022	$ 11,662	$ 3,245	$ 5,365	$ 9,542
Fiscal Year Ended 6/30/2023	$ 9,542	$ 2,754	$ 3,009	$ 9,287
University of Minnesota - Medical/ Dental:				
Fiscal Year Ended 6/30/2022	$ 33,523	$ 346,061	$ 340,763	$ 38,821
Fiscal Year Ended 6/30/2023	$ 38,821	$ 380,304	$ 380,546	$ 38,579

Note 17 – Budgetary Basis vs. GAAP

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

General Fund
Reconciliation of GAAP Basis Fund Balance
to Budgetary Fund Balance
As of June 30, 2023
(In Thousands)

Description	Amount
GAAP Basis Fund Balance	$ 19,632,710
Less: Encumbrances[1]	423,437
Unassigned Fund Balance	$ 19,209,273
Basis of Accounting Differences:	
Revenue Accruals/Adjustments:	
Taxes Receivable	$ (1,351,366)
Tax Refunds Payable	890,056
Human Services Receivable	(209,374)
Unearned Revenue	123,017
Escheat Asset	(25,760)
Other Receivables	(48,452)
Permanent School Fund Reimbursement	(1,780)
Investments at Market	(57,601)
Expenditure Accruals/Adjustments:	
Medical Care Programs	999,802
Human Services Grants Payable	52,512
Education Aids	1,004,233
Police and Fire Aid	133,648
Other Payables	79,644
Other Financial Sources (Uses):	
Transfers-In	(18,784)
Perspective Differences:	
Account with no Legally Adopted Budget	(3,170,889)
Appropriation Carryover	(219,112)
Long-Term Receivables	(40,242)
Budgetary Reserve	(3,202,098)
Budgetary Basis:	
Unassigned Fund Balance	$ 14,146,727

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

Note 18 – Litigation

Payment of tort claims against the state is made from funds appropriated by the Minnesota Legislature to agencies for their general operations to the extent such funds are available without unduly hindering the operation of the agency, from appropriations of dedicated receipts if practicable, or from funds appropriated for the payment of tort claims. The Tort Claims appropriations for each of the fiscal years ending June 30, 2024 and 2025 are $761,000. The maximum limit of liability for tort claims arising out of a single occurrence in Minnesota on or before January 1, 2000, and before January 1, 2008, is $1,000,000. The maximum limited liability for any one claim is $300,000 for claims arising before August 1, 2007, and $400,000 for claims arising on or after August 1, 2007, and before July 1, 2009, for any one claim and the maximum limits of liability for tort claims arising in Minnesota on or after January 1, 2008, and prior to July 1, 2009, is $1,200,000 for any number of claims arising out of a single occurrence. For tort claims arising in Minnesota on or after July 1, 2009, the maximum limits are $500,000 for any one claim and $1,500,000 for any number of claims arising out of a single occurrence.

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

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

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

- 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 scheduled for December 6-7, 2023.

- 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.

- South Country Health Alliance et al. v. Minnesota Department of Human Services (DHS) et al. (Ramsey County District Court). Plaintiffs are three county-based purchasing health plans that provide managed care to individuals receiving Medical Assistance or MinnesotaCare. Plaintiffs allege that DHS's procurements for Medical Assistance and MinnesotaCare contracts violate Minnesota's county-based purchasing statutes, and Plaintiffs seek to compel DHS to comply with their interpretation of the laws in the present, and future procurements. While Plaintiffs do not seek monetary relief (other than attorneys' fees and costs), the injunctive relief Plaintiffs seek could put at risk the federal government's share of the state's Medical Assistance program. The federal government's share was over $7 billion in fiscal year 2020. The complaint was filed in March 2022. The district court granted DHS's (and the managed care organizations that joined the litigation) motion for summary judgment. The county-based purchasers appealed on November 17, 2022. On August 14, 2023, the Court of Appeals reversed the district court's judgment in part, holding DHS did not comply with Minnesota law when it denied Plaintiffs the Medicaid contracts they sought. DHS and the other co-defendants petitioned the Minnesota Supreme Court for review, which remains under advisement.

- Sporleder v. State, et al., Demars v. St. Louis County, et al. (Ramsey County District Court). These cases are putative class actions arising out of the United States Supreme Court decision in Tyler v. Hennepin County. The putative class has sued the State and Minnesota Counties seeking compensation for alleged "surplus equity" allegedly taken on tax-forfeited properties. Complaints were served in June and July of 2023. Mediation is expected to occur November 28 and 29. Exposure to the State is unknown.

Note 19 – Tax Abatements

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

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

The Border City Enterprise Zones program provides tax abatements to partially mitigate the effects of disparate taxation of businesses in six cities located near neighboring states as incentives to attract and retain businesses in Minnesota. Taxes abated include: sales taxes, income taxes, or property taxes. Border cities establish eligibility criteria of recipient business, provided that business is not prohibited by Minnesota Statutes 469.171, Subdivision 4. Sales taxes are reduced through exemptions on construction materials and equipment. Income taxes are reduced as credits for additional workers employed within the zone, up to $3,000 per employee per year, or for a retained worker in the zone, up to $1,500 per employee per year. Additionally, income taxes are reduced as a credit for a percentage of cost of debt financing for construction. Property taxes are reduced as a credit for a portion of property tax paid by new facilities as determined by the border city based on its eligibility criteria. The total amount of tax abatements is determined through allocations to each border city defined in Minnesota Statutes. Prior to entering a tax abatement agreement with a business, the border city must submit the proposed tax reductions to the Minnesota Department of Employment and Economic Development to evaluate the proposed investment the business will make in the border city, the number and quality of new jobs created, the overall positive economic impact within the border city, and the extent that economic benefits are dependent on the tax abatements to the business. Businesses must maintain operation within the border city. Businesses which receive tax abatements that cease to operate within the border city must repay the tax abatements received during the prior two years; other recapture provisions may exist between the border city and the business. The authority for Border City Enterprise Zone tax abatements are Minnesota Statutes 469.166-469.1735.

The Angel Tax Credit program provides income tax abatements as an incentive for investors to make investments in start-up businesses by helping to raise the equity financing needed to further business growth and the potential to create jobs. Qualified investors are eligible for up to 25 percent of the investment made and must receive an annual certification to make investments in a qualified small business. Qualified investors are required to hold investments in a qualified business for a period of at least three years. If a qualified investor does not meet the three years holding requirement, the investor must repay the income tax credit. A qualified small business must satisfy all the following conditions: be headquartered in Minnesota, have at least 51 percent of its employees and payroll in Minnesota, and be engaged in or committed to engage in innovation in Minnesota. The primary business activity must be in a qualified field of technology, agriculture, tourism, forestry, mining, manufacturing, or transportation. The business must have fewer than 25 employees and must pay employees annual wages of at least 175 percent of federal poverty guidelines for a family of four. The business may not have previously received private equity investments of more than $4 million, be disqualified under Minnesota Statutes 80A.50, or issued securities traded on a public exchange. The business may not have been in operation for more than ten years, or more than twenty years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which Food and Drug Administration approval is required. If it is determined that a qualified business did not maintain at least 51 percent of its employees and payroll in Minnesota during the first five years following its most recent qualified investment, the business must repay the income tax credit provided to its investors based on a fixed percentage scale. The program will sunset at the end of calendar year 2024, except for some reporting requirements. The authority for the tax abatement is Minnesota Statutes 116J.8737.

The Historic Structure Rehabilitation Credit program incentivizes substantial reinvestment in the development of historic buildings listed on the National Register of Historic Places. This program parallels the Federal Rehabilitation Tax Credit and state tax credits are limited by the federal amount. A project is eligible for the program if the property is listed on the National Register of Historic Places or is certified as contributing to a National Register Historic District, or Certified Historic District. The owner must apply for the credit prior to the start of construction, plans must be approved by the National Park Service (NPS), and the work must meet the “substantial rehabilitation test”. The completed work must be approved by the NPS and be allowed the federal tax credit. The qualified historic structure must be used as an income producing property for at least five years after the construction is completed. Investors will be eligible for a tax credit or the option of a grant in lieu of tax in the year the renovated building is placed in service. The program will sunset after fiscal year 2030, except for issuing credit certificates and completing reporting requirements. The authority for the tax abatement is Minnesota Statutes 290.0681.

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

Tax Abatements
Year Ended June 30, 2023
(In Thousands)

Description	Amount
Border City Enterprise Zones:	
Corporate Taxes	$ 228
Income Taxes	109
Total Border City Enterprise Zones	$ 337
Angel Tax Credit: Income Taxes	$ 7,706
Historic Structure Rehabilitation Credit: Income Tax	$ 570
Total Tax Abatements	$ 8,613

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

Primary Government

Change in Accounting Principle

During fiscal year 2023, the state implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements.” This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This resulted in a change in accounting principle for the beginning balances of the right-to-use asset and lease/IT subscription payable liability for governmental activities and business-type activities. For more information, see Note 6 – Capital and Right-to-Use Assets, and Note 11 – Long-Term Liabilities - Primary Government.

Change in Reporting Entity

Minnesota Statutes 353G allows volunteer firefighters to be covered by the Volunteer Firefighter Retirement Fund (pension trust fund). During fiscal year 2023, ten firefighter groups joined the Volunteer Firefighter Retirement Fund managed by the Public Employees Retirement Association. Investment balances of $10,125,000 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 2023, eight volunteer firefighter relief associations became part of the Supplemental Retirement Fund managed by the board of trustees of each relief association. Investment balances of $7,698,000 were reported as a change in reporting entity in the Supplemental Retirement Fund.

Change in Fund Structure

Minnesota Statutes 353G, allows volunteer firefighters to be covered by the Volunteer Firefighter Retirement Fund (pension trust fund). During fiscal year 2023, two firefighter groups moved from the volunteer fire accounts, part of the Supplemental Retirement Fund (investment trust fund), into the Volunteer Firefighter Retirement Fund managed by the Public Employees Retirement Association. The transfer was reported as a change in fund structure of $452,000 in the Supplemental Retirement Fund and the Volunteer Firefighter Retirement Fund.

Component Units

Prior Period Adjustment

During fiscal year 2023, the Housing Finance Agency (HFA) had a prior period adjustment with an decrease in net position of $240,000 because of new accounting guidance by implementing the provision of GASB Statement No. 96, "Subscription-Based Information Technology Arrangements."

Change in Accounting Principle

During fiscal year 2023, the University of Minnesota (U of M) implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" and GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." As a result, the beginning balances were reported as a change in accounting principle in the U of M's Statement of Activities with a increase in net position of $1,402,000.

Note 21 – Subsequent Events

Primary Government

In August 2023, the state issued the following general obligation bonds. These bonds are backed by the full faith and credit and taxing powers of the state.

- $160.7 million of general obligation state various purpose bonds Series 2023A at a true interest rate of 3.43 percent.
- $264.0 million of general obligation state trunk highway bonds Series 2023B at a true interest rate of 3.42 percent.
- $14.9 million of general obligation taxable state various purpose bonds Series 2023C at a true interest rate of 4.62 percent.
- $329.2 million of general obligation state various purpose refunding bonds Series 2023D at a true interest rate of 2.80 percent.
- $255.3 million of general obligation state trunk highway refunding bonds Series 2023E at a true interest rate of 2.75 percent.

In November 2023, the state issued $26.1 million of taxable state General Fund appropriation bonds Series 2023A at a true interest rate of 5.91 percent.

In November 2023, the state issued $454.2 million of certificates of participation Series 2023 at a true interest rate of 4.39 percent.

During the period from July to November 2023, the state drew an additional $26.5 million on the transportation project loan with the federal government.

Component Units

Housing Finance Agency

In September 2023, the Housing Finance Agency (HFA) issued $23.1 million state appropriation bonds (Housing Infrastructure) Series 2023A, and $3.5 million Series 2023B. The proceeds of the bonds will be used to provide money to fund housing infrastructure loans and to pay the costs of issuance of the Series Bonds. For information on the state appropriation for these bonds, see Note 14 – Contingent Liabilities.

In July 2023, HFA issued the following housing finance bonds: $150.0 million Series 2023FG and $100.0 million Series 2023HI. In August 2023, HFA issued $150.0 million Series 2023JK housing finance bonds. In September 2023, HFA issued $100.0 million Series 2023LM housing finance bonds. In October 2023, HFA issued $150.0 million Series 2023NOPQ housing finance bonds.

HFA made, or committed to make, draws from index bank notes subsequent to June 30, 2023 totaling $35.9 million. In July 2023, HFA repaid $19.3 million of a Non-ATM Portion Index Bank Note.

Metropolitan Council

In March 2023, Metropolitan Council (MC) agreed to a $40 million loan Series 2023A from the Public Facilities Authority (component unit) for financing eligible capital expenditures.

In May 2023, MC issued $50.6 million general obligation transit bonds Series 2023B, $89.8 million general obligation wastewater revenue bonds Series 2023C, and $4.6 million general obligation park bonds Series 2023D.

University of Minnesota

In August 2023, the University of Minnesota (U of M) entered into an agreement with UCare Minnesota. Under the terms of the agreement, the U of M relinquishes all rights to ownership, control, or influence in UCare Minnesota. UCare Minnesota agreed to payments of $100 million to the U of M. $25 million was received in September 2023, and three additional payments of $25 million will be received on December 31st, 2023, 2024, and 2025.

MINNESOTA

State of Minnesota

Required Supplementary Information

2023
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	2022	2021	2020
Principal Arterial Average PQI	3.6	3.6	3.6
Non-Principal Arterial Average PQI	3.4	3.5	3.4

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	2022	2021	2020
Principal Arterial: Fair to Good	93.8%	94.0%	94.6%
All Other Systems: Fair to Good	93.1%	93.4%	94.0%

Budgeted and Estimated Costs to Maintain

The following table presents the state's estimate of spending necessary to preserve and maintain the pavement and bridges at, or above, the established condition levels cited above, and the actual amount spent (in thousands):

		Costs to be Capitalized			Maintenance of System			
		Bridges	Pavement	Total Costs	Bridges	Pavement	Total Costs	Total Construction Program
Budget	2023	$ 84,480	$ 450,560	$ 535,040	$ 98,560	$ 774,400	$ 872,960	$ 1,408,000
	2022	62,000	434,000	496,000	124,000	620,000	744,000	1,240,000
	2021	65,300	472,400	537,700	95,600	660,700	756,300	1,294,000
	2020	76,000	364,000	440,000	84,800	712,200	797,000	1,237,000
	2019	97,000	260,000	357,000	126,000	719,000	845,000	1,202,000
Actual	2023	$ 88,421	$ 432,591	$ 521,012	$ 119,070	$ 767,671	$ 886,741	$ 1,407,753
	2022	50,890	410,334	461,224	110,736	652,357	763,093	1,224,317
	2021	50,887	505,490	556,377	85,859	635,307	721,166	1,277,543
	2020	71,650	405,796	477,446	78,244	736,188	814,432	1,291,878
	2019	108,876	294,126	403,002	113,009	717,340	830,349	1,233,351

Defined Benefit Plans – State Participating

The state of Minnesota currently contributes as an employer and/or non-employer contributing entity into five primary government administered multiple-employer cost sharing plans, one non-primary government administered multiple-employer cost sharing plan, and three primary government administered single-employer plans. During the fiscal year 2015 reporting period, the Minneapolis Employees Retirement Fund merged with the General Employees Retirement Fund and the Duluth Teachers' Retirement Fund merged with the Teachers Retirement Fund. See Note 8 – Pension and Investment Trust Funds for more information on each plan.

Most of the reporting data begins with fiscal year 2014, which is the measurement date used for the implementation of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions." This statement requires the presentation of supplementary information for each of the ten most recent years. However, until a full 10-year trend is available, the state will present information for the years which the information is available. Covered-Member Payroll is an estimate in the reporting year and is restated in the following year to reflect actual Covered-Member Payroll. Required supplementary information is provided for the following plans:

- State Employees Retirement Fund (SERF)
- Correctional Employees Retirement Fund (CERF)
- General Employees Retirement Fund (GERF)
- Police and Fire Fund (P&FF)
- Teachers Retirement Fund (TRF)
- Minneapolis Employees Retirement Fund (MERF)
- St. Paul Teachers' Retirement Fund (SPTRF)
- Duluth Teachers' Retirement Fund (DTRF)
- Judges Retirement Fund (JRF)
- Legislators Retirement Fund (LRF)
- State Patrol Retirement Fund (SPRF)

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

State Employees Retirement Fund

	2014	2015 [2]	2016	2017
Statutorily Required Contribution as an Employer[1]	$ 93,957	$ 107,313	$ 110,804	$ 116,552
Covered-Member Payroll	$ 1,923,040	$ 2,006,862	$ 2,066,651	$ 2,179,626
Required Employer Contributions as a Percentage of Covered-Member Payroll	4.9%	5.3%	5.4%	5.3%

(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.

Correctional Employees Retirement Fund

	2014	2015 [2]	2016	2017
Statutorily Required Contribution as an Employer[1]	$ 26,421	$ 29,378	$ 30,624	$ 31,663
Covered-Member Payroll	$ 218,860	$ 231,126	$ 241,020	$ 248,653
Required Employer Contributions as a Percentage of Covered-Member Payroll	12.1%	12.7%	12.7%	12.7%

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

General Employees Retirement Fund

	2014	2015 [2]	2016	2017
Statutorily Required Contribution as an:				
Employer[1]	$ 2,782	$ 2,655	$ 2,540	$ 3,155
Non-Employer Contributing Entity[1]	—	—	6,000	6,000
Total Statutorily Required Contribution	$ 2,782	$ 2,655	$ 8,540	$ 9,155
Covered-Member Payroll	$ 37,715	$ 34,289	$ 41,328	$ 31,105
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.4%	7.7%	6.1%	10.1%

(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.

2018	2019 [3]	2020 [4]	2021	2022	2023
$ 121,322	$ 136,157	$ 152,523	$ 156,738	$ 161,340	$ 172,451
$ 2,256,825	$ 2,374,710	$ 2,480,800	$ 2,545,750	$ 2,622,904	$ 2,761,062
5.4%	5.7%	6.1%	6.2%	6.2%	6.2%

2018	2019 [3]	2020 [4]	2021 [5]	2022 [6]	2023
$ 32,840	$ 38,141	$ 43,594	$ 48,662	$ 54,939	$ 58,356
$ 257,055	$ 267,212	$ 278,340	$ 282,542	$ 294,329	$ 308,651
12.8%	14.3%	15.7%	17.2%	18.7%	18.9%

2018	2019	2020	2021	2022	2023
$ 2,283	$ 2,138	$ 1,949	$ 1,720	$ 1,582	$ 1,439
16,000	16,000	16,000	16,000	16,000	16,000
$ 18,283	$ 18,138	$ 17,949	$ 17,720	$ 17,582	$ 17,439
$ 28,849	$ 26,936	$ 24,638	$ 21,880	$ 20,120	$ 19,418
7.9%	7.9%	7.9%	7.9%	7.9%	7.4%

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

Police and Fire Fund[2]

	2014	2015	2016	2017
Statutorily Required Contribution as an:				
Employer[1]	N/A	N/A	N/A	N/A
Non-Employer Contributing Entity[1]	N/A	N/A	N/A	N/A
Total Statutorily Required Contribution	N/A	N/A	N/A	N/A
Covered-Member Payroll	N/A	N/A	N/A	N/A
Required Employer Contributions as a Percentage of Covered-Member Payroll	N/A	N/A	N/A	N/A

(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.

Teachers Retirement Fund

	2014	2015 [2]	2016	2017
Statutorily Required Contribution as an:				
Employer[1]	$ 13,206	$ 14,542	$ 14,514	$ 14,885
Non-Employer Contributing Entity[1]	16,501	29,831	31,088	31,087
Total Statutorily Required Contribution	$ 29,707	$ 44,373	$ 45,602	$ 45,972
Covered-Member Payroll	$ 167,667	$ 166,870	$ 168,264	$ 174,018
Required Employer Contributions as a Percentage of Covered-Member Payroll	7.9%	8.7%	8.6%	8.6%

(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.
(6) 2022: The required contribution rate for employers increased to 8.34-12.34 percent.
(7) 2023: The required contribution rate for employers increased to 8.55-12.55 percent.

Minneapolis Employees Retirement Fund[2]

	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.

	2018	2019	2020 [3]	2021	2022	2023
	N/A	$ —	$ 543	$ 586	$ 586	$ 584
	N/A	4,500	4,500	9,000	9,000	9,000
	N/A	$ 4,500	$ 5,043	$ 9,586	$ 9,586	$ 9,584
	N/A	N/A	$ 2,949	$ 3,052	$ 3,088	$ 3,258
	N/A	N/A	18.4%	19.2%	19.0%	17.9%

	2018	2019 [3]	2020 [4]	2021 [5]	2022 [6]	2023 [7]
	$ 14,678	$ 15,447	$ 16,115	$ 16,609	$ 17,139	$ 18,489
	30,886	31,087	31,087	31,087	31,087	31,087
	$ 45,564	$ 46,534	$ 47,202	$ 47,696	$ 48,226	$ 49,576
	$ 170,196	$ 177,753	$ 179,645	$ 183,607	$ 185,816	$ 190,984
	8.6%	8.7%	9.0%	9.0%	9.2%	9.7%

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

St. Paul Teachers' Retirement Fund

	2014	2015 [2]	2016 [3]	2017 [4]
Statutorily Required Contribution as an:				
Employer[1]	$ 109	$ 86	$ 64	$ 66
Non-Employer Contributing Entity[1]	10,665	9,827	10,665	10,665
Total Statutorily Required Contribution	$ 10,774	$ 9,913	$ 10,729	$ 10,731
Covered-Member Payroll	$ 1,749	$ 628	$ 443	$ 465
Required Employer Contributions as a Percentage of Covered-Member Payroll	6.2%	13.7%	14.4%	14.2%

(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.
(9) 2022: The required contribution rate for employers increased to 8.59-12.09 percent.
(10) 2023: The required contribution rate for employers increased to 8.80-12.30 percent.

Duluth Teachers' Retirement Fund[2]

	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.

2018 [5]		2019 [6]		2020 [7]		2021 [8]		2022 [9]		2023 [10]	
$	41	$	47	$	38	$	27	$	19	$	20
	10,665		15,666		15,663		15,664		15,665		15,663
$	10,706	$	15,713	$	15,701	$	15,691	$	15,684	$	15,683
$	274	$	271	$	211	$	148	$	106	$	115
	15.0%		17.3%		18.0%		18.2%		17.9%		17.4%

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

State Employees Retirement Fund

	2015	2016 [1]	2017 [2]
Primary Government's Proportion of the Net Pension Liability as an Employer	73.38%	73.93%	73.88%
Primary Government's Proportionate Share of the Net Pension Liability as an Employer	$ 1,189,902	$ 1,138,125	$ 9,160,172
Primary Government's Covered-Member Payroll – Measurement Period	$ 1,923,040	$ 2,006,862	$ 2,066,651
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.6%	88.3%	47.5%

(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.
(5) 2022: The discount rate changed to 6.5 percent.
(6) 2023: The discount rate changed to 6.75 percent.

Correctional Employees Retirement Fund

	2015	2016 [1]	2017 [2]
Primary Government's Proportion of the Net Pension Liability as an Employer	99.80%	99.86%	99.91%
Primary Government's Proportionate Share of the Net Pension Liability as an Employer	$ 475,387	$ 653,352	$ 1,331,563
Primary Government's Covered-Member Payroll – Measurement Period	$ 218,860	$ 231,126	$ 241,020
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.8%	58.1%	40.3%

(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.
(5) 2022: The discount rate changed to 6.5 percent.
(6) 2023: The discount rate changed to 6.75 percent.

2018 [3]	2019 [4]	2020	2021	2022 [5]	2023 [6]
74.15%	74.45%	74.94%	75.21%	76.55%	76.37%
$ 5,500,428	$ 1,031,909	$ 1,054,276	$ 998,968	$ 62,413	$ 1,255,049
$ 2,179,626	$ 2,256,825	$ 2,374,710	$ 2,480,800	$ 2,545,750	$ 2,622,904
252.4%	45.7%	44.4%	40.3%	2.5%	47.8%
62.7%	90.6%	90.7%	91.3%	99.5%	90.6%

2018 [3]	2019 [4]	2020	2021	2022 [5]	2023 [6]
99.91%	99.89%	99.87%	99.95%	99.96%	99.95%
$ 1,127,087	$ 375,232	$ 394,861	$ 447,093	$ 441,892	$ 599,385
$ 248,653	$ 257,055	$ 267,212	$ 278,340	$ 282,542	$ 294,329
453.3%	146.0%	147.8%	160.6%	156.4%	203.6%
47.6%	74.8%	75.0%	73.2%	78.2%	71.1%

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

General Employees Retirement Fund

	2015	2016 [1]	2017 [2]
Primary Government's Proportion of the Net Pension Liability as an:			
Employer	0.70%	0.62%	0.72%
Non-Employer Contributing Entity	—%	3.56%	1.29%
Total Primary Government's Proportion of the Net Pension Liability	0.70%	4.18%	2.01%
Primary Government's Proportionate Share of the Net Pension Liability as an:			
Employer	$ 33,103	$ 32,022	$ 58,119
Non-Employer Contributing Entity	—	184,478	104,677
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 33,103	$ 216,500	$ 162,796
Primary Government's Covered-Member Payroll – Measurement Period	$ 37,715	$ 34,289	$ 41,328
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.7%	78.2%	68.9%

(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.
(5) 2022: The discount rate changed to 6.5 percent.

	2018 [3]	2019 [4]	2020	2021	2022 [5]	2023
	0.51%	0.46%	0.41%	0.37%	0.32%	0.28%
	1.24%	3.18%	3.02%	2.99%	2.97%	2.85%
	1.75%	3.64%	3.43%	3.36%	3.29%	3.13%
	$ 32,252	$ 25,408	$ 22,829	$ 22,051	$ 13,819	$ 22,628
	79,275	176,191	166,659	179,348	126,546	225,578
	$ 111,527	$ 201,599	$ 189,488	$ 201,399	$ 140,365	$ 248,206
	$ 31,105	$ 28,849	$ 26,936	$ 24,638	$ 21,880	$ 20,120
	103.7%	88.1%	84.8%	89.5%	63.2%	112.5%
	75.9%	79.5%	80.2%	79.1%	87.0%	76.7%

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

Police and Fire Fund[1]

	2015	2016	2017
Primary Government's Proportion of the Net Pension Liability as an:			
Employer	N/A	N/A	N/A
Non-Employer Contributing Entity	N/A	N/A	N/A
Total Primary Government's Proportion of the Net Pension Liability	N/A	N/A	N/A
Primary Government's Proportionate Share of the Net Pension Liability as an:			
Employer	N/A	N/A	N/A
Non-Employer Contributing Entity	N/A	N/A	N/A
Total Primary Government's Proportionate Share of the Net Pension Liability	N/A	N/A	N/A
Primary Government's Covered-Member Payroll – Measurement Period	N/A	N/A	N/A
Primary Government's Employers' Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Member Payroll	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	N/A

(1) Reporting data for P&FF begins with fiscal year 2019, due to a change in the statutorily required contribution.
(2) 2022: The discount rate changed from 7.5 percent to 6.5 percent.
(3) 2023: The discount rate changed to 5.4 percent.

2018	2019	2020	2021	2022 [2]	2023 [3]
N/A	—%	0.25%	0.28%	0.28%	0.27%
N/A	5.27%	5.15%	4.60%	4.30%	4.19%
N/A	5.27%	5.40%	4.88%	4.58%	4.46%
N/A	$ —	$ 2,687	$ 3,635	$ 2,149	$ 11,919
N/A	$ 56,187	54,801	60,676	33,209	182,147
N/A	$ 56,187	$ 57,488	$ 64,311	$ 35,358	$ 194,066
N/A	N/A	$ 2,553	$ 2,949	$ 3,052	$ 3,088
N/A	N/A	105.2%	123.3%	70.4%	386.0%
N/A	88.8%	89.3%	87.2%	93.7%	70.5%

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

Teachers Retirement Fund

	2015	2016 [1]	2017 [2]
Primary Government's Proportion of the Net Pension Liability as an:			
Employer	4.13%	3.88%	3.72%
Non-Employer Contributing Entity	5.17%	9.74%	7.97%
Total Primary Government's Proportion of the Net Pension Liability	9.30%	13.62%	11.69%
Primary Government's Proportionate Share of the Net Pension Liability as an:			
Employer	$ 190,460	$ 239,701	$ 888,788
Non-Employer Contributing Entity	237,958	602,738	1,900,653
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 428,418	$ 842,439	$ 2,789,441
Primary Government's Covered-Member Payroll – Measurement Period	$ 167,667	$ 166,870	$ 168,264
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.5%	76.8%	44.9%

(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.

(5) 2022: The discount rate changed to 7.0 percent.

2018 (3)	2019 (4)	2020	2021	2022 (5)	2023
3.71%	3.52%	3.55%	3.48%	3.45%	3.33%
7.70%	7.50%	7.10%	6.75%	6.39%	6.03%
11.41%	11.02%	10.65%	10.23%	9.84%	9.36%
$ 740,843	$ 221,190	$ 226,558	$ 256,907	$ 150,864	$ 266,953
1,537,059	471,220	452,696	499,032	279,641	482,875
$ 2,277,902	$ 692,410	$ 679,254	$ 755,939	$ 430,505	$ 749,828
$ 174,018	$ 170,196	$ 177,753	$ 179,645	$ 183,607	$ 185,816
425.7%	130.0%	127.5%	143.0%	82.2%	143.7%
51.6%	78.1%	78.2%	75.5%	86.6%	76.2%

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

St. Paul Teachers' Retirement Fund

	2015	2016 [1]	2017 [2]
Primary Government's Proportion of the Net Pension Liability as an:			
Employer	0.31%	0.24%	0.17%
Non-Employer Contributing Entity	30.34%	29.52%	28.79%
Total Primary Government's Proportion of the Net Pension Liability	30.65%	29.76%	28.96%
Primary Government's Proportionate Share of the Net Pension Liability as an:			
Employer	$ 1,666	$ 1,385	$ 1,082
Non-Employer Contributing Entity	162,576	171,776	182,226
Total Primary Government's Proportionate Share of the Net Pension Liability	$ 164,242	$ 173,161	$ 183,308
Primary Government's Covered-Member Payroll – Measurement Period	$ 1,749	$ 628	$ 443
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.1%	63.6%	60.3%

(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.

(5) 2023: The discount rate changed to 7.0 percent.

2018 (3)	2019 (4)	2020	2021	2022	2023 (5)
0.18%	0.10%	0.10%	0.08%	0.05%	0.04%
27.97%	27.48%	33.67%	31.67%	30.90%	28.84%
28.15%	27.58%	33.77%	31.75%	30.95%	28.88%
$ 1,019	$ 630	$ 617	$ 503	$ 230	$ 243
161,970	166,431	205,790	207,016	134,248	200,407
$ 162,989	$ 167,061	$ 206,407	$ 207,519	$ 134,478	$ 200,650
$ 465	$ 274	$ 271	$ 211	$ 148	$ 106
219.1%	229.9%	227.7%	238.4%	155.4%	229.2%
64.1%	63.9%	63.9%	61.4%	74.9%	62.4%

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

	Minneapolis Employee Retirement Fund[1]	Duluth Teachers' Retirement Fund[2]
	2015	2015
Primary Government's Proportion of the Net Pension Liability as an:		
Employer	—%	0.55%
Non-Employer Contributing Entity	43.35%	64.98%
Total Primary Government's Proportion of the Net Pension Liability	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

	2014	2015	2016	2017 [2]
Statutorily Required Contribution[1]	$ 9,426	$ 9,776	$ 10,219	$ 13,758
Covered-Member Payroll	$ 41,893	$ 43,449	$ 45,418	$ 47,813
Contributions as a Percentage of Covered-Member Payroll	22.5%	22.5%	22.5%	28.8%

(1) Statutorily required contributions equal actual required contributions.
(2) 2017: The required employer contribution rate included an additional $3 million over the percentage of covered payroll.
(3) 2018: The required employer contribution rate included an additional $3 million for a total of $6 million over the percentage of covered payroll each year until the earlier of the plan is fully funded for three consecutive years or July 1, 2048.

Legislators Retirement Fund[2]

	2014	2015	2016	2017
Statutorily Required Contribution[1]	$ 3,436	$ 3,216	$ 5,087	$ 8,716
Covered-Member Payroll	$ 1,122	$ 1,700	$ 989	$ 889
Contributions as a Percentage of Covered-Member Payroll	306.2%	189.2%	514.4%	980.4%

(1) Statutorily required contributions equal actual required contributions.
(2) LRF employer contributions are on a pay-as-you-go basis.

State Patrol Retirement Fund

	2014	2015 [2]	2016	2017 [3]
Statutorily Required Contribution[1]	$ 12,894	$ 13,763	$ 13,938	$ 15,783
Covered-Member Payroll	$ 63,952	$ 68,463	$ 69,343	$ 73,056
Contributions as a Percentage of Covered-Member Payroll	20.2%	20.1%	20.1%	21.6%

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

2018 [3]	2019	2020	2021	2022	2023
$ 17,027	$ 17,287	$ 17,766	$ 17,915	$ 18,248	$ 18,245
$ 49,009	$ 50,164	$ 52,298	$ 52,960	$ 54,436	$ 51,320
34.7%	34.5%	34.0%	33.8%	33.5%	35.6%

2018	2019	2020	2021	2022	2023
$ 8,856	$ 8,798	$ 8,764	$ 8,639	$ 8,682	$ 8,699
$ 1,033	$ 1,011	$ 967	$ 856	$ 689	$ 537
857.3%	870.2%	906.3%	1009.2%	1260.1%	1619.9%

2018	2019 [4]	2020 [5]	2021 [6]	2022 [7]	2023
$ 15,952	$ 19,479	$ 21,975	$ 24,809	$ 32,258	$ 31,537
$ 74,007	$ 80,792	$ 84,530	$ 88,351	$ 107,240	$ 106,325
21.6%	24.1%	26.0%	28.1%	30.1%	29.7%

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

Judges Retirement Fund

	2015	2016 [1]	2017 [2]
Total Pension Liability			
Service Cost	$ 12,075	$ 12,251	$ 13,711
Interest on the Total Pension Liability	20,535	21,773	21,349
Benefit Changes	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	5,080	(4,366)	7,135
Changes in Assumptions	(8,416)	21,696	(85,756)
Benefit Payments, Including Refunds of Member Contributions	(20,802)	(21,893)	(22,378)
Net Change in Total Pension Liability	$ 8,472	$ 29,461	$ (65,939)
Total Pension Liability, Beginning	$ 373,039	$ 381,511	$ 410,972
Total Pension Liability, Ending	$ 381,511	$ 410,972	$ 345,033
Fiduciary Net Position			
Contributions – Employer	$ 9,426	$ 9,776	$ 10,219
Contributions – Member	3,578	3,629	3,763
Net Investment Income	28,011	7,572	(186)
Benefit Payments, Including Refunds of Member Contributions	(20,802)	(21,893)	(22,378)
Pension Plan Administrative Expenses	(55)	(60)	(94)
Net Change in Plan Fiduciary Net Position	$ 20,158	$ (976)	$ (8,676)
Plan Fiduciary Net Position, Beginning	$ 155,398	$ 175,556	$ 174,580
Plan Fiduciary Net Position, Ending	$ 175,556	$ 174,580	$ 165,904
Net Pension Liability	$ 205,955	$ 236,392	$ 179,129
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.0%	42.5%	48.1%
Covered-Member Payroll – Measurement Period	$ 41,893	$ 43,449	$ 45,418
Net Pension Liability as a Percentage of Covered-Member Payroll	491.6%	544.1%	394.4%

(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.

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

(8) 2023: The discount rate changed to 6.75 percent.

2018 [3]	2019 [4]	2020 [5]	2021 [6]	2022 [7]	2023 [8]
$ 9,483	$ 9,857	$ 9,881	$ 9,897	$ 10,204	$ 11,707
25,366	26,747	27,769	28,721	29,568	27,360
—	—	—	—	(9,525)	—
(4,958)	1,424	804	(802)	(1,481)	2,040
11,652	—	—	—	24,695	(10,257)
(23,094)	(23,585)	(25,233)	(26,302)	(27,038)	(28,035)
$ 18,449	$ 14,443	$ 13,221	$ 11,514	$ 26,423	$ 2,815
$ 345,033	$ 363,482	$ 377,925	$ 391,146	$ 402,660	$ 429,083
$ 363,482	$ 377,925	$ 391,146	$ 402,660	$ 429,083	$ 431,898
$ 13,758	$ 17,027	$ 17,287	$ 17,766	$ 17,915	$ 18,248
3,932	3,973	4,049	4,168	4,166	4,214
24,729	19,265	14,491	8,955	64,934	(17,022)
(23,094)	(23,585)	(25,233)	(26,302)	(27,038)	(28,035)
(89)	(65)	(87)	(112)	(76)	(72)
$ 19,236	$ 16,615	$ 10,507	$ 4,475	$ 59,901	$ (22,667)
$ 165,904	$ 185,140	$ 201,755	$ 212,262	$ 216,737	$ 276,638
$ 185,140	$ 201,755	$ 212,262	$ 216,737	$ 276,638	$ 253,971
$ 178,342	$ 176,170	$ 178,884	$ 185,923	$ 152,445	$ 177,927
50.9%	53.4%	54.3%	53.8%	64.5%	58.8%
$ 47,813	$ 49,009	$ 50,164	$ 52,298	$ 52,960	$ 54,436
373.0%	359.5%	356.6%	355.5%	287.8%	326.9%

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

Legislators Retirement Fund

	2015	2016 [1]	2017 [2]
Total Pension Liability			
Service Cost	$ 398	$ 428	$ 495
Interest on the Total Pension Liability	6,177	6,113	5,332
Benefit Changes	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(237)	(7,303)	(1,597)
Changes in Assumptions	11,201	7,057	14,653
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)	(8,536)
Net Change in Total Pension Liability	$ 9,053	$ (2,146)	$ 10,347
Total Pension Liability, Beginning	$ 137,446	$ 146,499	$ 144,353
Total Pension Liability, Ending	$ 146,499	$ 144,353	$ 154,700
Fiduciary Net Position			
Contributions – Employer	$ 3,436	$ 3,216	$ 5,087
Contributions – Member	101	153	89
Net Investment Income	1,750	281	(69)
Benefit Payments, Including Refunds of Member Contributions	(8,486)	(8,441)	(8,536)
Pension Plan Administrative Expenses	(36)	(37)	(42)
Other Changes	—	—	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
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
Net Pension Liability as a Percentage of Covered-Member Payroll	12,320.9%	8,289.6%	15,642.1%

(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.
(7) 2022: The discount rate changed to 1.92 percent.
(8) 2023: The discount rate changed to 3.69 percent.

2018 [3]	2019 [4]	2020 [5]	2021 [6]	2022 [7]	2023 [8]
$ 546	$ 437	$ 496	$ 527	$ 657	$ 532
4,293	5,094	4,894	4,258	3,498	2,625
—	(9,839)	—	—	—	—
1,518	6,119	(2,441)	645	(527)	(415)
(5,017)	(856)	6,722	9,986	(942)	(20,826)
(8,716)	(8,912)	(8,853)	(8,812)	(8,679)	(8,705)
$ (7,376)	$ (7,957)	$ 818	$ 6,604	$ (5,993)	$ (26,789)
$ 154,700	$ 147,324	$ 139,367	$ 140,185	$ 146,789	$ 140,796
$ 147,324	$ 139,367	$ 140,185	$ 146,789	$ 140,796	$ 114,007
$ 8,716	$ 8,856	$ 8,798	$ 8,764	$ 8,639	$ 8,682
80	93	91	87	77	62
—	—	—	—	—	—
(8,716)	(8,912)	(8,853)	(8,812)	(8,679)	(8,705)
(39)	(37)	(36)	(39)	(37)	(39)
(41)	—	—	—	—	—
$ —	$ —	$ —	$ —	$ —	$ —
$ —	$ —	$ —	$ —	$ —	$ —
$ —	$ —	$ —	$ —	$ —	$ —
$ 147,324	$ 139,367	$ 140,185	$ 146,789	$ 140,796	$ 114,007
—%	—%	—%	—%	—%	—%
$ 889	$ 1,033	$ 1,011	$ 967	$ 856	$ 689
16,571.9%	13,491.5%	13,866.0%	15,179.8%	16,448.1%	16,546.7%

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

State Patrol Retirement Fund

	2015	2016 [1]	2017 [2]
Total Pension Liability			
Service Cost	$ 14,514	$ 16,144	$ 16,555
Interest on the Total Pension Liability	60,183	63,753	64,592
Benefit Changes	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(5,771)	(12,855)	(22,222)
Changes in Assumptions	30,058	—	283,584
Benefit Payments, Including Refunds of Member Contributions	(53,722)	(55,480)	(57,774)
Net Change in Total Pension Liability	$ 45,262	$ 11,562	$ 284,735
Total Pension Liability, Beginning	$ 781,411	$ 826,673	$ 838,235
Total Pension Liability, Ending	$ 826,673	$ 838,235	$ 1,122,970
Fiduciary Net Position			
Contributions – Employer	$ 12,894	$ 14,763	$ 14,938
Contributions – Member	7,930	9,174	9,292
Net Investment Income	107,187	28,903	(774)
Benefit Payments, Including Refunds of Member Contributions	(53,722)	(55,480)	(57,774)
Pension Plan Administrative Expenses	(150)	(170)	(220)
Other Changes	—	—	—
Net Change in Plan Fiduciary Net Position	$ 74,139	$ (2,810)	$ (34,538)
Plan Fiduciary Net Position, Beginning	$ 593,201	$ 667,340	$ 664,530
Plan Fiduciary Net Position, Ending	$ 667,340	$ 664,530	$ 629,992
Net Pension Liability	$ 159,333	$ 173,705	$ 492,978
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.7%	79.3%	56.1%
Covered-Member Payroll – Measurement Period	$ 63,952	$ 68,463	$ 69,343
Net Pension Liability as a Percentage of Covered-Member Payroll	249.1%	253.7%	710.9%

(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.

(5) 2022: The discount rate changed to 6.5 percent.

(6) 2023: The discount rate changed to 6.75 percent.

2018 [3]	2019 [4]	2020	2021	2022 [5]	2023 [6]
$ 29,758	$ 24,935	$ 19,375	$ 21,122	$ 21,795	$ 26,648
58,865	65,110	68,227	70,465	72,625	71,049
—	(2,604)	—	—	—	—
(2,418)	(8,369)	2,757	(535)	1,596	54,474
(112,694)	(126,888)	—	—	90,144	(35,484)
(58,565)	(59,692)	(60,803)	(61,971)	(63,210)	(64,506)
$ (85,054)	$ (107,508)	$ 29,556	$ 29,081	$ 122,950	$ 52,181
$ 1,122,970	$ 1,037,916	$ 930,408	$ 959,964	$ 989,045	$ 1,111,995
$ 1,037,916	$ 930,408	$ 959,964	$ 989,045	$ 1,111,995	$ 1,164,176
$ 16,783	$ 16,952	$ 20,479	$ 22,975	$ 25,809	$ 33,258
10,520	10,657	12,038	12,595	13,606	16,515
93,077	70,474	51,823	31,073	224,273	(59,360)
(58,565)	(59,692)	(60,803)	(61,971)	(63,210)	(64,506)
(208)	(184)	(191)	(224)	(204)	(190)
—	(7)	(1)	(2)	—	—
$ 61,607	$ 38,200	$ 23,345	$ 4,446	$ 200,274	$ (74,283)
$ 629,992	$ 691,599	$ 729,799	$ 753,144	$ 757,590	$ 957,864
$ 691,599	$ 729,799	$ 753,144	$ 757,590	$ 957,864	$ 883,581
$ 346,317	$ 200,609	$ 206,820	$ 231,455	$ 154,131	$ 280,595
66.6%	78.4%	78.5%	76.6%	86.1%	75.9%
$ 73,056	$ 74,007	$ 80,792	$ 84,530	$ 88,351	$ 107,240
474.0%	271.1%	256.0%	273.8%	174.5%	261.7%

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)	2022 (5)	2023 (6)
Total OPEB Liability(1):						
Service Cost	$ 51,415	$ 48,056	$ 47,473	$ 46,502	$ 48,014	$ 49,853
Interest	18,612	23,378	24,963	23,128	15,947	16,278
Differences Between Expected and Actual Experience	—	(42,541)	(16,846)	(76,320)	—	48,361
Changes in Assumptions or Other Inputs	(32,277)	(596)	(2,444)	101,123	2,571	(63,846)
Benefit Payments	(32,627)	(36,358)	(35,030)	(37,754)	(32,518)	(40,105)
Net Changes in Total OPEB Liability	$ 5,123	$ (8,061)	$ 18,116	$ 56,679	$ 34,014	$ 10,541
Total OPEB Liability, Beginning	617,856	622,979	614,918	633,034	689,713	723,727
Total OPEB Liability, Ending	$ 622,979	$ 614,918	$ 633,034	$ 689,713	$ 723,727	$ 734,268
Covered-Employee Payroll	$ 3,545,697	$ 3,603,462	$ 3,664,566	$ 3,814,738	$ 3,949,086	$ 3,997,574
Total OPEB Liability as a Percentage of Covered-Employee Payroll	17.6%	17.1%	17.3%	18.1%	18.3%	18.4%

(1) Amounts represent the total of the primary government's proportionate share and its discretely presented component units' 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.
(5) 2022: The discount rate changed to 2.16 percent.
(6) 2023: The discount rate changed to 3.54 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).

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Required Contribution and Investment Revenue:										
Earned	$ 90,110	$ 96,008	$109,484	$120,780	$169,172	$208,391	$268,602	$331,570	$333,233	$293,294
Ceded	(8,372)	(4,607)	—	—	—	—	—	—	—	—
Net Earned	$ 81,738	$ 91,401	$109,484	$120,780	$169,172	$208,391	$268,602	$331,570	$333,233	$293,294
2. Unallocated Expenses:										
	$ 6,390	$ 7,435	$ 7,846	$ 8,518	$ 10,891	$ 13,213	$ 15,822	$ 19,737	$ 18,830	$ 16,223
3. Estimated Claims and Expenses End of Policy Year:										
Incurred	$ 73,795	$ 86,276	$ 97,089	$ 99,399	$148,773	$196,311	$247,273	$314,643	$318,330	$263,209
Ceded	(5,767)	(7,571)	—	—	—	—	—	—	—	—
Net Incurred	$ 68,028	$ 78,705	$ 97,089	$ 99,399	$148,773	$196,311	$247,273	$314,643	$318,330	$263,209
4. Net Paid (Cumulative) as of:										
End of Policy Year	$ 60,813	$ 70,741	$ 87,378	$ 90,091	$135,199	$180,716	$223,215	$284,132	$288,708	$244,684
One Year Later	68,176	79,461	96,681	98,880	147,318	195,547	246,968	322,890	315,565	
Two Years Later	68,256	79,762	96,506	98,873	148,026	195,573	247,971	323,832		
Three Years Later	68,391	79,906	96,506	99,131	147,987	195,572	247,866			
Four Years Later	68,617	79,906	96,602	99,131	147,987	195,572				
Five Years Later	68,617	79,906	96,602	99,131	147,987					
Six Years Later	68,617	79,906	96,602	99,131						
Seven Years Later	68,617	79,906	96,602							
Eight Years Later	68,617	79,906								
Nine Years Later	68,617									
5. Reestimated Ceded Claims and Expenses:										
	$ 5,542	$ 7,374	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
6. Reestimated Net Incurred Claims and Expenses:										
End of Policy Year	$ 68,028	$ 78,705	$ 97,089	$ 99,399	$148,773	$196,311	$247,273	$314,643	$318,330	$263,209
One Year Later	68,588	80,027	97,415	99,323	148,678	196,227	247,611	323,974	316,487	
Two Years Later	68,408	79,981	96,506	99,443	148,167	195,573	247,971	323,832		
Three Years Later	68,391	79,906	96,601	99,131	147,987	195,572	247,866			
Four Years Later	68,617	79,906	96,602	99,131	147,987	195,572				
Five Years Later	68,617	79,906	96,602	99,131	147,987					
Six Years Later	68,617	79,906	96,602	99,131						
Seven Years Later	68,617	79,906	96,602							
Eight Years Later	68,617	79,906								
Nine Years Later	68,617									
7. Increase (Decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year:										
	$ 589	$ 1201	$ (487)	$ (268)	$ (786)	$ (739)	$ 593	$ 9189	$ (1,843)	$ —

The rows of the table are defined as follows:

1. This section shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the fund including overhead and claims expense not allocable to individual claims.
3. This section shows the fund's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, re-evaluation of existing information on known claims, and emergence of new claims not previously known.)
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (section 3) and shows whether this latest estimate of net claims cost is greater or less than originally estimated. As data for individual policy years mature, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

State of Minnesota

Combining and Individual Fund Statements – Nonmajor Funds

2023
Annual
Comprehensive
Financial Report

State of Minnesota

2023
Annual
Comprehensive
Financial Report

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, 2023
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
ASSETS					
Cash and Cash Equivalents	$ 5,163,031	$ 778,901	$ 92,470	$ 367,545	$ 6,401,947
Investments	394,201	115,136	1,810,813	—	2,320,150
Accounts Receivable	393,159	—	5,638	—	398,797
Interfund Receivables	178,486	—	—	7,129	185,615
Due from Component Units	—	95,295	—	—	95,295
Accrued Investment/Interest Earnings	3,656	582	6,300	—	10,538
Federal Aid Receivable	119,634	—	—	—	119,634
Inventories	52,081	—	—	—	52,081
Loans and Notes Receivable	142,975	—	—	—	142,975
Leases Receivable	5,572	—	—	—	5,572
Prepaid Expense	763	—	—	—	763
Investment in Land	—	—	15,953	—	15,953
Total Assets	$ 6,453,558	$ 989,914	$ 1,931,174	$ 374,674	$ 9,749,320
LIABILITIES					
Accounts Payable	$ 633,320	$ 2	$ 39	$ 129,131	$ 762,492
Interfund Payables	79,554	22,475	9,780	58,987	170,796
Due to Component Units	7,311	—	—	11,761	19,072
Unearned Revenue	15,970	—	—	—	15,970
Total Liabilities	$ 736,155	$ 22,477	$ 9,819	$ 199,879	$ 968,330
DEFERRED INFLOWS OF RESOURCES					
Deferred Leases	$ 5,572	$ —	$ —	$ —	$ 5,572
Deferred Revenue	159,005	—	175	—	159,180
Total Deferred Inflows of Resources	$ 164,577	$ —	$ 175	$ —	$ 164,752
FUND BALANCES					
Nonspendable	$ 53,844	$ —	$ 1,908,952	$ —	$ 1,962,796
Restricted	4,471,427	967,437	12,228	180,756	5,631,848
Committed	1,027,555	—	—	—	1,027,555
Assigned	—	—	—	53,005	53,005
Unassigned	—	—	—	(58,966)	(58,966)
Total Fund Balances	$ 5,552,826	$ 967,437	$ 1,921,180	$ 174,795	$ 8,616,238
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,453,558	$ 989,914	$ 1,931,174	$ 374,674	$ 9,749,320

STATE OF MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
Net Revenues:					
Sales Taxes	$ 678,204	$ —	$ —	$ 7,364	$ 685,568
Motor Vehicle Taxes	1,475,759	—	—	—	1,475,759
Fuel Taxes	887,011	—	—	—	887,011
Other Taxes	259,149	—	—	—	259,149
Tobacco Settlement	17,750	—	—	—	17,750
Federal Revenues	692,331	—	—	—	692,331
Licenses and Fees	444,537	—	156	—	444,693
Departmental Services	181,564	—	31,595	—	213,159
Investment/Interest Earnings	183,267	38,181	163,766	—	385,214
Other Revenues	311,206	1,035	229	—	312,470
Net Revenues	$ 5,130,778	$ 39,216	$ 195,746	$ 7,364	$ 5,373,104
Expenditures:					
Agricultural, Environmental and Energy Resources	$ 768,464	$ —	$ 10,004	$ 33,249	$ 811,717
Economic and Workforce Development	167,495	—	—	209,592	377,087
General Education	36,604	—	40,878	5,918	83,400
General Government	100,861	10	—	13,947	114,818
Health and Human Services	183,732	—	—	32,212	215,944
Higher Education	25,888	—	—	22,333	48,221
Intergovernmental Aid	215	—	—	—	215
Public Safety and Corrections	281,948	—	—	17,433	299,381
Transportation	2,487,238	—	—	200,458	2,687,696
Total Current Expenditures	$ 4,052,445	$ 10	$ 50,882	$ 535,142	$ 4,638,479
Capital Outlay	536,611	—	—	272,228	808,839
Debt Service	31,471	1,377,856	—	—	1,409,327
Total Expenditures	$ 4,620,527	$ 1,377,866	$ 50,882	$ 807,370	$ 6,856,645
Excess of Revenues over (under) Expenditures	$ 510,251	$ (1,338,650)	$ 144,864	$ (800,006)	$ (1,483,541)
Other Financing Sources (Uses):					
Bond Issuance	$ —	$ 9,156	$ —	$ 469,262	$ 478,418
Right-to-Use Issuance	4,229	—	—	—	4,229
Issuance of Refunding Bonds	—	444,960	—	—	444,960
Payment to Refunded Bonds Escrow Agent	—	(444,960)	—	—	(444,960)
Bond Issuance Premium	—	63,253	—	42,673	105,926
Transfers-In	123,274	1,273,405	2,243	17,284	1,416,206
Transfers-Out	(303,763)	(240)	—	(19,084)	(323,087)
Net Other Financing Sources (Uses)	$ (176,260)	$ 1,345,574	$ 2,243	$ 510,135	$ 1,681,692
Net Change in Fund Balances	$ 333,991	$ 6,924	$ 147,107	$ (289,871)	$ 198,151
Fund Balances, Beginning, as Reported	$ 5,218,835	$ 960,513	$ 1,774,073	$ 464,666	$ 8,418,087
Fund Balances, Ending	$ 5,552,826	$ 967,437	$ 1,921,180	$ 174,795	$ 8,616,238

MINNESOTA

State of Minnesota

2023
Annual
Comprehensive
Financial Report

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, 2023
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
ASSETS			
Cash and Cash Equivalents	$ 952,389	$ 46,577	$ 41,725
Investments	—	—	—
Accounts Receivable	52,598	25,382	1,327
Interfund Receivables	94,765	—	—
Accrued Investment/Interest Earnings	—	—	—
Federal Aid Receivable	111,203	—	—
Inventories	52,075	—	—
Loans and Notes Receivable	—	—	2,568
Leases Receivable	392	—	—
Prepaid Expenses	763	—	—
Total Assets	$ 1,264,185	$ 71,959	$ 45,620
LIABILITIES			
Accounts Payable	$ 180,696	$ 1,333	$ 10,592
Interfund Payables	1,240	70,626	—
Due to Component Units	858	—	—
Unearned Revenue	15,970	—	—
Total Liabilities	$ 198,764	$ 71,959	$ 10,592
DEFERRED INFLOWS OF RESOURCES			
Deferred Leases	$ 392	$ —	$ —
Deferred Revenue	5,348	—	9
Total Deferred Inflows of Resources	$ 5,740	$ —	$ 9
FUND BALANCES			
Nonspendable	$ 52,838	$ —	$ —
Restricted	1,006,843	—	35,019
Committed	—	—	—
Total Fund Balances	$ 1,059,681	$ —	$ 35,019
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,264,185	$ 71,959	$ 45,620

MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION
$ 277,488	$ 913,944	$ 19,389	$ 122,877	$ 90,789	$ 789,616
—	—	—	—	45,695	144,277
6,271	23,891	14,106	3,020	11,181	13,942
5,204	19,812	—	20,176	1,528	1,835
—	—	—	—	103	2,976
20	46	—	292	8,070	—
—	—	—	—	—	—
—	—	—	—	—	715
—	—	—	—	—	—
—	—	—	—	—	—
$ 288,983	$ 957,693	$ 33,495	$ 146,365	$ 157,366	$ 953,361
$ 48,067	$ 195,065	$ 1,454	$ 12,750	$ 8,508	$ 18,518
—	—	1,835	—	175	—
37	121	4	—	51	278
—	—	—	—	—	—
$ 48,104	$ 195,186	$ 3,293	$ 12,750	$ 8,734	$ 18,796
$ —	$ —	$ —	$ —	$ —	$ —
76	291	61	855	6,663	4,577
$ 76	$ 291	$ 61	$ 855	$ 6,663	$ 4,577
$ —	$ —	$ —	$ —	$ —	$ —
240,803	762,216	30,141	—	141,969	929,988
—	—	—	132,760	—	—
$ 240,803	$ 762,216	$ 30,141	$ 132,760	$ 141,969	$ 929,988
$ 288,983	$ 957,693	$ 33,495	$ 146,365	$ 157,366	$ 953,361

CONTINUED

STATE OF MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING BALANCE SHEET
JUNE 30, 2023
(IN THOUSANDS)

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
ASSETS			
Cash and Cash Equivalents	$ 68,130	$ 779,693	$ 80,902
Investments	200,719	—	1,758
Accounts Receivable	2,912	39,936	84
Interfund Receivables	—	—	146
Accrued Investment/Interest Earnings	565	—	5
Federal Aid Receivable	—	—	—
Inventories	—	—	—
Loans and Notes Receivable	38,723	—	—
Leases Receivable	1,284	—	—
Prepaid Expenses	—	—	—
Total Assets	$ 312,333	$ 819,629	$ 82,895
LIABILITIES			
Accounts Payable	$ 185	$ 74,613	$ 2,250
Interfund Payables	—	—	—
Due to Component Units	—	3,178	32
Unearned Revenue	—	—	—
Total Liabilities	$ 185	$ 77,791	$ 2,282
DEFERRED INFLOWS OF RESOURCES			
Deferred Leases	$ 1,284	$ —	$ —
Deferred Revenue	2,781	—	4
Total Deferred Inflows of Resources	$ 4,065	$ —	$ 4
FUND BALANCES			
Nonspendable	$ —	$ —	$ 1,000
Restricted	—	741,838	79,609
Committed	308,083	—	—
Total Fund Balances	$ 308,083	$ 741,838	$ 80,609
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 312,333	$ 819,629	$ 82,895

SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
$ 71,309	$ 105,457	$ 802,746	$ 5,163,031
—	—	1,752	394,201
56,491	26,058	115,960	393,159
1,054	349	33,617	178,486
—	—	7	3,656
—	—	3	119,634
—	—	6	52,081
—	—	100,969	142,975
—	—	3,896	5,572
—	—	—	763
$ 128,854	$ 131,864	$ 1,058,956	$ 6,453,558
$ 8,046	$ 6,566	$ 64,677	$ 633,320
—	—	5,678	79,554
401	—	2,351	7,311
—	—	—	15,970
$ 8,447	$ 6,566	$ 72,706	$ 736,155
$ —	$ —	$ 3,896	$ 5,572
58,196	4,607	75,537	159,005
$ 58,196	$ 4,607	$ 79,433	$ 164,577
$ —	$ —	$ 6	$ 53,844
62,211	120,691	320,099	4,471,427
—	—	586,712	1,027,555
$ 62,211	$ 120,691	$ 906,817	$ 5,552,826
$ 128,854	$ 131,864	$ 1,058,956	$ 6,453,558

STATE OF MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS
Net Revenues:			
Sales Taxes	$ 120,250	$ —	$ 8,420
Motor Vehicle Taxes	869,060	278	—
Fuel Taxes	505,750	1,649	5,116
Other Taxes	—	86	12,012
Tobacco Settlement	—	—	—
Federal Revenues	639,893	—	—
Licenses and Fees	10,342	17	1,007
Departmental Services	7,970	1,576	—
Investment/Interest Earnings	28,297	—	1,112
Other Revenues	27,073	—	—
Net Revenues	$ 2,208,635	$ 3,606	$ 27,667
Expenditures:			
Agricultural, Environmental and Energy Resources	$ —	$ —	$ —
Economic and Workforce Development	—	—	—
General Education	—	—	—
General Government	—	2,289	—
Health and Human Services	—	—	—
Higher Education	—	—	—
Intergovernmental Aid	—	—	—
Public Safety and Corrections	146,213	1,189	—
Transportation	1,408,775	55	34,344
Total Current Expenditures	$ 1,554,988	$ 3,533	$ 34,344
Capital Outlay	472,803	—	152
Debt Service	4,295	73	127
Total Expenditures	$ 2,032,086	$ 3,606	$ 34,623
Excess of Revenues over (under) Expenditures	$ 176,549	$ —	$ (6,956)
Other Financing Sources (Uses):			
Right-to-Use Issuance	$ 1,434	$ —	$ —
Transfers-In	4,909	—	—
Transfers-Out	(251,994)	—	(300)
Net Other Financing Sources (Uses)	$ (245,651)	$ —	$ (300)
Net Change in Fund Balances	$ (69,102)	$ —	$ (7,256)
Fund Balances, Beginning, as Reported	$ 1,128,783	$ —	$ 42,275
Fund Balances, Ending	$ 1,059,681	$ —	$ 35,019

MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	PETROLEUM TANK CLEANUP	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION
$ 17,455	$ 87,981	$ —	$ —	$ —	$ —
126,153	480,268	—	—	—	—
73,415	279,492	—	20,578	—	—
—	—	—	—	—	83,264
—	—	—	—	—	—
345	780	—	3,058	43,896	—
427	1,625	20,495	32,776	69,275	40,832
—	1	—	39,498	1,275	3,853
8,011	26,150	697	815	7,930	44,814
—	—	27	3,378	262	7,355
$ 225,806	$ 876,297	$ 21,219	$ 100,103	$ 122,638	$ 180,118
$ —	$ —	$ 5,315	$ 104,440	$ 126,015	$ 174,214
—	—	4,128	—	—	318
—	—	—	190	—	—
—	—	—	—	—	377
—	—	—	—	—	1,358
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	2	—	75
200,346	777,643	—	7,450	—	—
$ 200,346	$ 777,643	$ 9,443	$ 112,082	$ 126,015	$ 176,342
—	502	—	1,443	883	1,260
—	—	42	560	48	—
$ 200,346	$ 778,145	$ 9,485	$ 114,085	$ 126,946	$ 177,602
$ 25,460	$ 98,152	$ 11,734	$ (13,982)	$ (4,308)	$ 2,516
$ —	$ —	$ —	$ —	$ —	$ —
—	—	396	23,461	20,756	13,898
(21)	(68)	(13,792)	(6,347)	(1,542)	(413)
$ (21)	$ (68)	$ (13,396)	$ 17,114	$ 19,214	$ 13,485
$ 25,439	$ 98,084	$ (1,662)	$ 3,132	$ 14,906	$ 16,001
$ 215,364	$ 664,132	$ 31,803	$ 129,628	$ 127,063	$ 913,987
$ 240,803	$ 762,216	$ 30,141	$ 132,760	$ 141,969	$ 929,988

CONTINUED

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	D J JOHNSON ECONOMIC PROTECTION TRUST	HERITAGE	ENDOWMENT
Net Revenues:			
Sales Taxes	$ —	$ 443,955	$ —
Motor Vehicle Taxes	—	—	—
Fuel Taxes	—	—	—
Other Taxes	4,611	—	—
Tobacco Settlement	—	—	—
Federal Revenues	—	—	—
Licenses and Fees	—	—	74
Departmental Services	93	—	7,299
Investment/Interest Earnings	22,724	21,281	2,628
Other Revenues	4	538	17,988
Net Revenues	$ 27,432	$ 465,774	$ 27,989
Expenditures:			
Agricultural, Environmental and Energy Resources	$ —	$ 207,703	$ 10,615
Economic and Workforce Development	7,215	4,636	318
General Education	—	23,271	1,341
General Government	—	57,132	1,054
Health and Human Services	—	5,644	822
Higher Education	—	1,295	—
Intergovernmental Aid	—	—	—
Public Safety and Corrections	—	—	361
Transportation	—	23,693	—
Total Current Expenditures	$ 7,215	$ 323,374	$ 14,511
Capital Outlay	—	21,619	14,426
Debt Service	901	370	—
Total Expenditures	$ 8,116	$ 345,363	$ 28,937
Excess of Revenues over (under) Expenditures	$ 19,316	$ 120,411	$ (948)
Other Financing Sources (Uses):			
Right-to-Use Issuance	$ —	$ —	$ —
Transfers-In	3,613	—	1,145
Transfers-Out	(9,668)	(83)	—
Net Other Financing Sources (Uses)	$ (6,055)	$ (83)	$ 1,145
Net Change in Fund Balances	$ 13,261	$ 120,328	$ 197
Fund Balances, Beginning, as Reported	$ 294,822	$ 621,510	$ 80,412
Fund Balances, Ending	$ 308,083	$ 741,838	$ 80,609

SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE	TOTAL
$ —	$ —	$ 143	$ 678,204
—	—	—	1,475,759
—	—	1,011	887,011
58,215	76,727	24,234	259,149
—	—	17,750	17,750
—	—	4,359	692,331
2,004	—	265,663	444,537
3,256	—	116,743	181,564
2,711	3,024	13,073	183,267
—	—	254,581	311,206
$ 66,186	$ 79,751	$ 697,557	$ 5,130,778
$ 590	$ —	$ 139,572	$ 768,464
50,542	62,511	37,827	167,495
—	—	11,802	36,604
7,636	—	32,373	100,861
—	—	175,908	183,732
—	—	24,593	25,888
—	—	215	215
—	—	134,108	281,948
—	—	34,932	2,487,238
$ 58,768	$ 62,511	$ 591,330	$ 4,052,445
—	—	23,523	536,611
536	71	24,448	31,471
$ 59,304	$ 62,582	$ 639,301	$ 4,620,527
$ 6,882	$ 17,169	$ 58,256	$ 510,251
$ —	$ —	$ 2,795	$ 4,229
—	281	54,815	123,274
(134)	(1,508)	(17,893)	(303,763)
$ (134)	$ (1,227)	$ 39,717	$ (176,260)
$ 6,748	$ 15,942	$ 97,973	$ 333,991
$ 55,463	$ 104,749	$ 808,844	$ 5,218,835
$ 62,211	$ 120,691	$ 906,817	$ 5,552,826

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, 2023
(IN THOUSANDS)

	TRUNK HIGHWAY		HIGHWAY USER TAX DISTRIBUTION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	$ —	$ —	$ 202,115	$ 204,431
Motor Vehicle Taxes	—	—	1,472,849	1,472,849
Fuel Taxes	—	—	898,144	881,971
Other Taxes	—	—	—	—
Federal Revenues	949,007	855,140	—	—
Licenses and Fees	7,725	7,409	1,564	5,009
Departmental Services	12,673	13,795	1,232	1,952
Investment/Interest Earnings	26,181	24,645	5,469	6,201
Other Revenues	36,609	32,389	—	—
Net Revenues	$ 1,032,195	$ 933,378	$ 2,581,373	$ 2,572,413
Expenditures:				
Agricultural, Environmental and Energy Resources	$ —	$ —	$ —	$ —
Economic and Workforce Development	—	—	—	—
General Education	—	—	—	—
General Government	—	—	2,287	2,287
Health and Human Services	—	—	—	—
Higher Education	—	—	—	—
Intergovernmental Aid	—	—	72	72
Public Safety and Corrections	165,174	153,084	1,192	1,192
Transportation	2,249,158	2,230,040	55	55
Total Expenditures	$ 2,414,332	$ 2,383,124	$ 3,606	$ 3,606
Excess of Revenues over (under) Expenditures	$ (1,382,137)	$ (1,449,746)	$ 2,577,767	$ 2,568,807
Other Financing Sources (Uses):				
Transfers-In	$ 1,483,072	$ 1,510,131	$ —	$ —
Transfers-Out	(251,994)	(251,994)	(2,577,076)	(2,577,076)
Net Other Financing Sources (Uses)	$ 1,231,078	$ 1,258,137	$ (2,577,076)	$ (2,577,076)
Net Change in Fund Balances	$ (151,059)	$ (191,609)	$ 691	$ (8,269)
Fund Balances, Beginning, as Reported	$ 327,487	$ 327,487	$ 15,898	$ 15,898
Prior Period Adjustments	—	105,882	—	(50)
Fund Balances, Beginning, as Restated	$ 327,487	$ 433,369	$ 15,898	$ 15,848
Budgetary Fund Balances, Ending	$ 176,428	$ 241,760	$ 16,589	$ 7,579
Less: Appropriation Carryover	—	219,968	—	101
Less: Reserved for Long-Term Receivables	—	—	—	—
Less: Budgetary Reserve	—	—	—	—
Unassigned Fund Balance, Ending	$ 176,428	$ 21,792	$ 16,589	$ 7,478

STATE AIRPORTS		PETROLEUM TANK CLEANUP		NATURAL RESOURCES	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
$ 10,000	$ 8,420	$ —	$ —	$ 17,629	$ 18,484
—	—	—	—	—	—
5,000	5,196	—	—	—	—
11,000	12,011	—	—	—	—
—	—	—	—	2,150	3,110
1,122	1,007	25,003	13,444	31,743	32,688
2	—	—	—	35,409	41,387
1,140	1,112	75	697	458	815
30	30	65	27	5,333	3,378
$ 28,294	$ 27,776	$ 25,143	$ 14,168	$ 92,722	$ 99,862
$ —	$ —	$ 6,233	$ 5,495	$ 139,224	$ 122,237
—	—	3,859	3,859	—	—
—	—	—	—	190	190
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	2	2
27,521	27,424	—	—	7,450	7,450
$ 27,521	$ 27,424	$ 10,092	$ 9,354	$ 146,866	$ 129,879
$ 773	$ 352	$ 15,051	$ 4,814	$ (54,144)	$ (30,017)
$ —	$ —	$ 396	$ 396	$ 33,505	$ 32,897
(300)	(300)	(13,792)	(13,792)	(6,348)	(6,348)
$ (300)	$ (300)	$ (13,396)	$ (13,396)	$ 27,157	$ 26,549
$ 473	$ 52	$ 1,655	$ (8,582)	$ (26,987)	$ (3,468)
$ 18,927	$ 18,927	$ 26,056	$ 26,056	$ 95,895	$ 95,895
—	4,226	—	30	—	2,239
$ 18,927	$ 23,153	$ 26,056	$ 26,086	$ 95,895	$ 98,134
$ 19,400	$ 23,205	$ 27,711	$ 17,504	$ 68,908	$ 94,666
—	9,693	—	14,854	—	21,834
—	2,568	—	—	—	—
—	—	—	—	—	—
$ 19,400	$ 10,944	$ 27,711	$ 2,650	$ 68,908	$ 72,832

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, 2023
(IN THOUSANDS)

	GAME AND FISH		ENVIRONMENTAL & REMEDIATION	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	$ 17,630	$ 18,484	$ —	$ —
Motor Vehicle Taxes	—	—	—	—
Fuel Taxes	—	—	—	—
Other Taxes	—	—	81,520	83,134
Federal Revenues	41,199	39,764	—	—
Licenses and Fees	66,135	69,039	39,101	40,832
Departmental Services	1,281	1,273	3,170	3,854
Investment/Interest Earnings	1,138	2,302	7,295	8,792
Other Revenues	173	171	8,966	5,976
Net Revenues	$ 127,556	$ 131,033	$ 140,052	$ 142,588
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 136,819	$ 131,572	$ 177,508	$ 177,084
Economic and Workforce Development	—	—	1,914	1,914
General Education	—	—	—	—
General Government	—	—	665	376
Health and Human Services	—	—	1,568	1,428
Higher Education	—	—	—	—
Intergovernmental Aid	—	—	—	—
Public Safety and Corrections	—	—	75	75
Transportation	—	—	—	—
Total Expenditures	$ 136,819	$ 131,572	$ 181,730	$ 180,877
Excess of Revenues over (under) Expenditures	$ (9,263)	$ (539)	$ (41,678)	$ (38,289)
Other Financing Sources (Uses):				
Transfers-In	$ 1,056	$ 1,056	$ 13,172	$ 13,895
Transfers-Out	(1,640)	(1,640)	(414)	(414)
Net Other Financing Sources (Uses)	$ (584)	$ (584)	$ 12,758	$ 13,481
Net Change in Fund Balances	$ (9,847)	$ (1,123)	$ (28,920)	$ (24,808)
Fund Balances, Beginning, as Reported	$ 91,537	$ 91,537	$ 776,650	$ 776,650
Prior Period Adjustments	—	1,088	—	3,340
Fund Balances, Beginning, as Restated	$ 91,537	$ 92,625	$ 776,650	$ 779,990
Budgetary Fund Balances, Ending	$ 81,690	$ 91,502	$ 747,730	$ 755,182
Less: Appropriation Carryover	—	15,768	—	5,494
Less: Reserved for Long-Term Receivables	—	—	—	715
Less: Budgetary Reserve	—	—	—	676,527
Unassigned Fund Balance, Ending	$ 81,690	$ 75,734	$ 747,730	$ 72,446

HERITAGE		SPECIAL COMPENSATION		WORKFORCE DEVELOPMENT	
FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
$ 434,630	$ 440,288	$ —	$ —	$ —	$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	55,000	55,283	66,356	74,172
—	—	—	—	—	—
—	—	1,672	1,759	—	—
—	—	2,183	2,976	—	—
4,307	21,281	530	2,512	1,600	3,024
24	536	700	785	—	—
$ 438,961	$ 462,105	$ 60,085	$ 63,315	$ 67,956	$ 77,196
$ 303,381	$ 298,216	$ 819	$ 611	$ —	$ —
5,646	5,646	62,193	62,088	65,959	64,292
24,601	23,597	—	—	—	—
56,777	56,135	7,862	7,796	—	—
7,783	7,550	—	—	—	—
1,295	1,295	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
23,693	23,693	—	—	—	—
$ 423,176	$ 416,132	$ 70,874	$ 70,495	$ 65,959	$ 64,292
$ 15,785	$ 45,973	$ (10,789)	$ (7,180)	$ 1,997	$ 12,904
$ —	$ —	$ —	$ —	$ —	$ 281
(111)	(111)	(134)	(134)	—	—
$ (111)	$ (111)	$ (134)	$ (134)	$ —	$ 281
$ 15,674	$ 45,862	$ (10,923)	$ (7,314)	$ 1,997	$ 13,185
$ 297,922	$ 297,922	$ 65,652	$ 65,652	$ 55,210	$ 55,210
—	30,693	—	1,062	—	5,344
$ 297,922	$ 328,615	$ 65,652	$ 66,714	$ 55,210	$ 60,554
$ 313,596	$ 374,477	$ 54,729	$ 59,400	$ 57,207	$ 73,739
—	240,940	—	7,386	—	739
—	—	—	—	—	—
—	—	—	—	—	—
$ 313,596	$ 133,537	$ 54,729	$ 52,014	$ 57,207	$ 73,000

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, 2023
(IN THOUSANDS)

	MISCELLANEOUS SPECIAL REVENUE RENEWABLE DEVELOPMENT ACCOUNT		COMBINED TOTALS	
	FINAL BUDGET	ACTUAL	FINAL BUDGET	ACTUAL
Net Revenues:				
Sales Taxes	$ —	$ —	$ 682,004	$ 690,107
Motor Vehicle Taxes	—	—	1,472,849	1,472,849
Fuel Taxes	—	—	903,144	887,167
Other Taxes	—	—	213,876	224,600
Federal Revenues	—	—	992,356	898,014
Licenses and Fees	—	—	174,065	171,187
Departmental Services	—	—	55,950	65,237
Investment/Interest Earnings	693	4,927	48,886	76,308
Other Revenues	26,211	28,490	78,111	71,782
Net Revenues	$ 26,904	$ 33,417	$ 4,621,241	$ 4,557,251
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 47,058	$ 46,927	$ 811,042	$ 782,142
Economic and Workforce Development	—	—	139,571	137,799
General Education	—	—	24,791	23,787
General Government	392	128	67,983	66,722
Health and Human Services	—	—	9,351	8,978
Higher Education	—	—	1,295	1,295
Intergovernmental Aid	—	—	72	72
Public Safety and Corrections	24	24	166,467	154,377
Transportation	—	—	2,307,877	2,288,662
Total Expenditures	$ 47,474	$ 47,079	$ 3,528,449	$ 3,463,834
Excess of Revenues over (under) Expenditures	$ (20,570)	$ (13,662)	$ 1,092,792	$ 1,093,417
Other Financing Sources (Uses):				
Transfers-In	$ —	$ —	$ 1,531,201	$ 1,558,656
Transfers-Out	(1,242)	(1,242)	(2,853,051)	(2,853,051)
Net Other Financing Sources (Uses)	$ (1,242)	$ (1,242)	$ (1,321,850)	$ (1,294,395)
Net Change in Fund Balances	$ (21,812)	$ (14,904)	$ (229,058)	$ (200,978)
Fund Balances, Beginning, as Reported	$ 76,485	$ 76,485	$ 1,847,719	$ 1,847,719
Prior Period Adjustments	—	(2,284)	—	151,570
Fund Balances, Beginning, as Restated	$ 76,485	$ 74,201	$ 1,847,719	$ 1,999,289
Budgetary Fund Balances, Ending	$ 54,673	$ 59,297	$ 1,618,661	$ 1,798,311
Less: Appropriation Carryover	—	4,995	—	541,772
Less: Reserved for Long-Term Receivables	—	—	—	3,283
Less: Budgetary Reserve	—	—	—	676,527
Unassigned Fund Balance, Ending	$ 54,673	$ 54,302	$ 1,618,661	$ 576,729

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, 2023
(IN THOUSANDS)

Budgetary Basis vs GAAP
Nonmajor Appropriated Special Revenue Funds

Actual revenues, transfers-in, expenditures, encumbrances, and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Appropriated Special Revenue Fund - Budget and Actual. This inequality results primarily from the differences in the recognition of accruals, reimbursements, deferred revenue, and intrafund transactions, and from the budgetary basis of accounting for encumbrances. On the budgetary basis, encumbrances are recognized as expenditures in the year encumbered. The modified accrual basis of accounting recognizes expenditures when the goods or services are received, regardless of the year funds are encumbered. The GAAP fund balances also include several funds that are not included in the budgetary fund balances. A reconciliation of the fund balances under the two bases of accounting for the Nonmajor Appropriated Special Revenue Funds is provided in the following table.

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	PETROLEUM TANK CLEANUP
GAAP Basis Fund Balance:	$ 1,059,681	$ —	$ 35,019	$ 30,141
Less: Nonspendable Inventory	52,075	—	—	—
Less: Encumbrances	1,380,882	5	11,119	5,577
Unassigned Fund Balance	$ (373,276)	$ (5)	$ 23,900	$ 24,564
Basis of Accounting Differences:				
Revenue Accruals/Adjustments:				
Taxes Receivable	$ (42,754)	$ —	$ (695)	$ (7,060)
Unearned Revenue	15,970	—	—	—
Prepaid Expense	763	—	—	—
Other Receivables	(613)	(5,531)		—
Investments at Market	—	—	—	—
Expenditure Accruals/Adjustments:				
Other Payables	609	13,115	—	—
Other Financing Sources (Uses):				
Transfers-In	—	—	—	—
Transfers-Out	—	—	—	—
Perspective Differences:				
Accounts with no Legally Adopted Budget	—	—	—	—
Appropriation Carryover	(219,968)	(101)	(9,693)	(14,854)
Long-Term Receivables	—	—	(2,568)	—
Long-Term Commitments	641,061	—	—	—
Budgetary Reserve	—	—	—	—
Budgetary Basis:				
Unassigned Fund Balance	$ 21,792	$ 7,478	$ 10,944	$ 2,650

NATURAL RESOURCES	GAME AND FISH	ENVIRONMENTAL AND REMEDIATION	HERITAGE	SPECIAL COMPENSATION	WORKFORCE DEVELOPMENT	MISCELLANEOUS SPECIAL REVENUE
$ 132,760	$ 141,969	$ 929,988	$ 741,838	$ 62,211	$ 120,691	$ 906,817
—	—	—	—	—	—	—
18,362	9,438	11,026	327,428	2,330	25,267	1,587
$ 114,398	$ 132,531	$ 918,962	$ 414,410	$ 59,881	$ 95,424	$ 905,230
$ —	$ —	$ (9,256)	$ (40,129)	$ (2,932)	$ (21,483)	$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(9,965)	(9,172)	(959)	—	(269)	(202)	—
—	(30,455)	(25,585)	—	—	—	—
—	—	2,276	196	2,720	—	160
(9,767)	(1,528)	—	—	—	—	—
—	126	—	—	—	—	—
—	—	(130,256)	—	—	—	(846,093)
(21,834)	(15,768)	(5,494)	(240,940)	(7,386)	(739)	(4,995)
—	—	(715)	—	—	—	—
—	—	—	—	—	—	—
—	—	(676,527)	—	—	—	—
$ 72,832	$ 75,734	$ 72,446	$ 133,537	$ 52,014	$ 73,000	$ 54,302

MINNESOTA

State of Minnesota

2023
Annual
Comprehensive
Financial Report

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, 2023
(IN THOUSANDS)

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 200,535	$ 59,722	$ 107,288	$ 367,545
Interfund Receivables	7,129	—	—	7,129
Total Assets	$ 207,664	$ 59,722	$ 107,288	$ 374,674
LIABILITIES				
Accounts Payable	$ 64,001	$ 6,644	$ 58,486	$ 129,131
Interfund Payables	—	73	58,914	58,987
Due to Component Units	11,761	—	—	11,761
Total Liabilities	$ 75,762	$ 6,717	$ 117,400	$ 199,879
FUND BALANCES				
Restricted	$ 131,902	$ —	$ 48,854	$ 180,756
Assigned	—	53,005	—	53,005
Unassigned	—	—	(58,966)	(58,966)
Total Fund Balances	$ 131,902	$ 53,005	$ (10,112)	$ 174,795
Total Liabilities and Fund Balances	$ 207,664	$ 59,722	$ 107,288	$ 374,674

STATE OF MINNESOTA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	BUILDING	GENERAL PROJECTS	TRANSPORTATION	TOTAL
Net Revenues:				
Sales Taxes	$ —	$ —	$ 7,364	$ 7,364
Net Revenues	$ —	$ —	$ 7,364	$ 7,364
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 31,078	$ 2,171	$ —	$ 33,249
Economic and Workforce Development	198,428	11,164	—	209,592
General Education	2,968	2,950	—	5,918
General Government	12,806	968	173	13,947
Health and Human Services	25,482	6,730	—	32,212
Higher Education	22,333	—	—	22,333
Public Safety and Corrections	17,433	—	—	17,433
Transportation	40,586	281	159,591	200,458
Total Current Expenditures	$ 351,114	$ 24,264	$ 159,764	$ 535,142
Capital Outlay	76,357	13,965	181,906	272,228
Total Expenditures	$ 427,471	$ 38,229	$ 341,670	$ 807,370
Excess of Revenues over (under) Expenditures	$ (427,471)	$ (38,229)	$ (334,306)	$ (800,006)
Other Financing Sources (Uses):				
Bond Issuance	$ 233,495	$ —	$ 235,767	$ 469,262
Bond Issuance Premium	39,940	—	2,733	42,673
Transfers-In	240	17,044	—	17,284
Transfers-Out	(18,700)	—	(384)	(19,084)
Net Other Financing Sources (Uses)	$ 254,975	$ 17,044	$ 238,116	$ 510,135
Net Change in Fund Balances	$ (172,496)	$ (21,185)	$ (96,190)	$ (289,871)
Fund Balances, Beginning, as Reported	$ 304,398	$ 74,190	$ 86,078	$ 464,666
Fund Balances, Ending	$ 131,902	$ 53,005	$ (10,112)	$ 174,795

MINNESOTA

State of Minnesota

Nonmajor Enterprise Funds

2023
Annual
Comprehensive
Financial Report

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, 2023
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 3,258	$ 64,409	$ 13,938	$ 13,702
Accounts Receivable	1,305	7,060	35	4,621
Interfund Receivables	—	—	—	—
Inventories	—	204	303	4,411
Leases Receivable	—	—	—	—
Prepaid Expenses	—	—	—	—
Total Current Assets	$ 4,563	$ 71,673	$ 14,276	$ 22,734
Noncurrent Assets:				
Accounts Receivable	$ 813	$ 3	$ —	$ —
Right-to-Use Assets (Net)	6,469	—	—	182
Depreciable Capital Assets (Net)	58	202	23,081	3,285
Nondepreciable Capital Assets	—	3	2,436	—
Total Noncurrent Assets	$ 7,340	$ 208	$ 25,517	$ 3,467
Total Assets	$ 11,903	$ 71,881	$ 39,793	$ 26,201
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	$ 2,570	$ 3,125	$ 60	$ 5,938
Deferred Other Postemployment Benefits Outflows	214	135	15	1,072
Total Deferred Outflows of Resources	$ 2,784	$ 3,260	$ 75	$ 7,010
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 535	$ 31,233	$ 1,649	$ 3,590
Interfund Payables	126	—	—	—
Unearned Revenue	—	15	—	—
Lease/Subscription Payable	978	—	—	62
Claims Payable	—	—	—	—
Compensated Absences Payable	185	100	1	159
Total Current Liabilities	$ 1,824	$ 31,348	$ 1,650	$ 3,811
Noncurrent Liabilities:				
Lease/Subscription Payable	$ 5,521	$ —	$ —	$ 125
Compensated Absences Payable	689	965	16	865
Other Postemployment Benefits	1,121	710	46	5,446
Net Pension Liability	2,818	3,426	66	12,610
Total Noncurrent Liabilities	$ 10,149	$ 5,101	$ 128	$ 19,046
Total Liabilities	$ 11,973	$ 36,449	$ 1,778	$ 22,857
DEFERRED INFLOWS OF RESOURCES				
Deferred Leases	$ —	$ —	$ —	$ —
Deferred Pension Inflows	1,049	1,275	24	1,507
Deferred Other Postemployment Benefits Inflows	184	116	8	894
Total Deferred Inflows of Resources	$ 1,233	$ 1,391	$ 32	$ 2,401
NET POSITION				
Net Investment in Capital Assets	$ 28	$ 205	$ 25,517	$ 3,280
Restricted for:				
Develop Economy and Workforce	$ —	$ —	$ 12,541	$ —
Enhance Health and Human Services	1,453	—	—	—
Enhance 911 Services and Increase Safety	—	—	—	4,673
Other Purposes	—	37,096	—	—
Total Restricted	$ 1,453	$ 37,096	$ 12,541	$ 4,673
Unrestricted	$ —	$ —	$ —	$ —
Total Net Position	$ 1,481	$ 37,301	$ 38,058	$ 7,953

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
$ 21,253	$ 133,389	$ 85,342	$ 37,796	$ 51,767	$ 424,854
1,988	110	10,719	8,439	2,538	36,815
5,456	—	—	—	126	5,582
—	—	—	1,967	—	6,885
—	—	—	22	—	22
—	—	—	648	—	648
$ 28,697	$ 133,499	$ 96,061	$ 48,872	$ 54,431	$ 474,806
$ —	$ —	$ —	$ —	$ 916	$ 1,732
1,726	5,627	—	3,106	2,389	19,499
19,607	69,989	—	917	4,647	121,786
424	10,042	—	—	1,418	14,323
$ 21,757	$ 85,658	$ —	$ 4,023	$ 9,370	$ 157,340
$ 50,454	$ 219,157	$ 96,061	$ 52,895	$ 63,801	$ 632,146
$ 4,463	$ 1,690	$ 76	$ 4,363	$ 14,571	$ 36,856
213	93	3	210	1,971	3,926
$ 4,676	$ 1,783	$ 79	$ 4,573	$ 16,542	$ 40,782
$ 1,348	$ 4,435	$ 4,998	$ 22,038	$ 4,619	$ 74,445
3,078	1,988	—	24,900	—	30,092
—	—	9,179	795	—	9,989
578	2,021	—	1,429	505	5,573
—	—	19,448	—	—	19,448
129	154	15	234	1,738	2,715
$ 5,133	$ 8,598	$ 33,640	$ 49,396	$ 6,862	$ 142,262
$ 1,196	$ 3,452	$ —	$ 1,677	$ 1,900	$ 13,871
886	597	69	1,598	6,018	11,703
1,118	490	12	1,098	10,353	20,394
4,893	1,853	83	4,784	15,972	46,505
$ 8,093	$ 6,392	$ 164	$ 9,157	$ 34,243	$ 92,473
$ 13,226	$ 14,990	$ 33,804	$ 58,553	$ 41,105	$ 234,735
$ —	$ —	$ —	$ 22	$ —	$ 22
1,819	690	31	1,779	5,941	14,115
183	80	2	180	1,699	3,346
$ 2,002	$ 770	$ 33	$ 1,981	$ 7,640	$ 17,483
$ 19,983	$ 80,185	$ —	$ 917	$ 6,049	$ 136,164
$ —	$ —	$ —	$ —	$ —	$ 12,541
19,919	—	—	—	25,549	46,921
—	124,995	—	—	—	129,668
—	—	62,303	—	—	99,399
$ 19,919	$ 124,995	$ 62,303	$ —	$ 25,549	$ 288,529
$ —	$ —	$ —	$ (3,983)	$ —	$ (3,983)
$ 39,902	$ 205,180	$ 62,303	$ (3,066)	$ 31,598	$ 420,710

STATE OF MINNESOTA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
Operating Revenues:				
Net Sales	$ 9,583	$ 37,950	$ 8,465	$ 40,015
Insurance Premiums	—	—	—	—
Other Income	—	230	—	2,292
Total Operating Revenues	$ 9,583	$ 38,180	$ 8,465	$ 42,307
Less: Cost of Goods Sold	—	—	1,089	24,925
Gross Margin	$ 9,583	$ 38,180	$ 7,376	$ 17,382
Operating Expenses:				
Purchased Services	$ 2,065	$ 6,356	$ 11,025	$ 4,663
Salaries and Fringe Benefits	13,405	9,606	213	8,360
Claims	—	—	—	—
Depreciation and Amortization	1,015	25	1,878	1,032
Supplies and Materials	972	515	37	387
Repairs and Maintenance	70	23	6	228
Indirect Costs	34	1,096	—	3,206
Other Expenses	7	89	205	58
Total Operating Expenses	$ 17,568	$ 17,710	$ 13,364	$ 17,934
Operating Income (Loss)	$ (7,985)	$ 20,470	$ (5,988)	$ (552)
Nonoperating Revenues (Expenses):				
Investment/Interest Earnings	$ 93	$ 97	$ —	$ 352
Federal Grants	—	—	—	—
Other Nonoperating Revenues	—	—	—	—
Interest and Financing Costs	(21)	—	—	(1)
Grants, Aids and Subsidies	(3)	—	—	—
Other Nonoperating Expenses	—	(17,158)	—	—
Gain (Loss) on Disposal of Capital Assets	—	—	—	3
Total Nonoperating Revenues (Expenses)	$ 69	$ (17,061)	$ —	$ 354
Income (Loss) Before Transfers and Contributions	$ (7,916)	$ 3,409	$ (5,988)	$ (198)
Transfers-In	12,032	1,454	14,144	—
Transfers-Out	(126)	—	—	—
Change in Net Position	$ 3,990	$ 4,863	$ 8,156	$ (198)
Net Position, Beginning, as Reported	$ (2,509)	$ 32,438	$ 29,902	$ 8,151
Net Position, Ending	$ 1,481	$ 37,301	$ 38,058	$ 7,953

	MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
	$ —	$ 68,252	$ —	$ 787,239	$ 149,940	$ 1,101,444
	—	—	289,844	—	—	289,844
	33,888	—	1,656	—	668	38,734
	$ 33,888	$ 68,252	$ 291,500	$ 787,239	$ 150,608	$ 1,430,022
	—	—	—	561,230	—	587,244
	$ 33,888	$ 68,252	$ 291,500	$ 226,009	$ 150,608	$ 842,778
	$ 13,620	$ 23,705	$ 16,418	$ 10,549	$ 6,871	$ 95,272
	14,187	5,266	189	11,783	115,824	178,833
	—	—	261,119	—	—	261,119
	7,009	6,960	—	4,899	516	23,334
	8	468	—	1,360	1,856	5,603
	3	123	—	—	1,416	1,869
	56	107	12	—	5,637	10,148
	24	12	129	292	97	913
	$ 34,907	$ 36,641	$ 277,867	$ 28,883	$ 132,217	$ 577,091
	$ (1,019)	$ 31,611	$ 13,633	$ 197,126	$ 18,391	$ 265,687
	$ 571	$ 80	$ 2,318	$ 1,851	$ 1,491	$ 6,853
	194	—	—	—	—	194
	2	—	—	—	—	2
	(62)	(211)	—	—	(28)	(323)
	—	(27,597)	—	—	(407)	(28,007)
	—	—	—	—	(3)	(17,161)
	—	(10)	—	63	41	97
	$ 705	$ (27,738)	$ 2,318	$ 1,914	$ 1,094	$ (38,345)
	$ (314)	$ 3,873	$ 15,951	$ 199,040	$ 19,485	$ 227,342
	13,269	—	—	—	8,629	49,528
	—	(1,988)	—	(196,088)	(3,001)	(201,203)
	$ 12,955	$ 1,885	$ 15,951	$ 2,952	$ 25,113	$ 75,667
	$ 26,947	$ 203,295	$ 46,352	$ (6,018)	$ 6,485	$ 345,043
	$ 39,902	$ 205,180	$ 62,303	$ (3,066)	$ 31,598	$ 420,710

STATE OF MINNESOTA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	BEHAVIORAL SERVICES	ENTERPRISE ACTIVITIES	GIANTS RIDGE	MINNESOTA CORRECTIONAL INDUSTRIES
Cash Flows from Operating Activities:				
Receipts from Customers	$ 10,058	$ 38,180	$ 8,586	$ 43,063
Receipts from Other Revenues	—	230	—	2,292
Payments to Claimants	—	—	—	—
Payments to Suppliers	(3,711)	(8,063)	(11,870)	(33,155)
Payments to Employees	(15,180)	(11,563)	(210)	(12,173)
Payments to Others	—	(4,718)	—	—
Net Cash Flows from Operating Activities	$ (8,833)	$ 14,066	$ (3,494)	$ 27
Cash Flows from Noncapital Financing Activities:				
Grant Receipts	$ —	$ —	$ —	$ —
Grant Disbursements	(3)	—	—	—
Transfers-In	12,032	1,454	14,144	—
Transfers-Out	(126)	—	—	—
Net Cash Flows from Noncapital Financing Activities	$ 11,903	$ 1,454	$ 14,144	$ —
Cash Flows from Capital and Related Financing Activities:				
Investment in Capital Assets	$ —	$ (77)	$ (2,069)	$ (339)
Proceeds from Disposal of Capital Assets	—	—	—	3
Lease/Subscription Payments	(959)	—	—	(59)
Interest Paid	(21)	—	—	(1)
Net Cash Flows from Capital and Related Financing Activities	$ (980)	$ (77)	$ (2,069)	$ (396)
Cash Flows from Investing Activities:				
Investment/Interest Earnings	$ 93	$ 97	$ —	$ 352
Net Cash Flows from Investing Activities	$ 93	$ 97	$ —	$ 352
Net Increase (Decrease) in Cash and Cash Equivalents	$ 2,183	$ 15,540	$ 8,581	$ (17)
Cash and Cash Equivalents, Beginning, as Reported	$ 1,075	$ 48,869	$ 5,357	$ 13,719
Cash and Cash Equivalents, Ending	$ 3,258	$ 64,409	$ 13,938	$ 13,702
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Operating Income (Loss)	$ (7,985)	$ 20,470	$ (5,988)	$ (552)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation and Amortization	$ 1,015	$ 25	$ 1,878	$ 1,032
Miscellaneous Nonoperating Revenues	—	—	—	—
Miscellaneous Nonoperating Expenses	—	(17,158)	—	—
Change in Assets, Liabilities, Deferred Outflows and Inflows of Resources:				
Accounts Receivable	475	231	121	3,048
Inventories	—	104	(24)	2,656
Other Assets	—	—	—	—
Deferred Outflows of Resources	910	757	6	934
Accounts Payable	(563)	12,352	516	(2,344)
Claims Payable	—	—	—	—
Compensated Absences Payable	80	24	—	12
Unearned Revenue	—	(1)	—	—
Other Postemployment Benefits	57	(3)	30	(822)
Net Pension Liability	2,659	3,250	63	3,584
Deferred Inflows of Resources	(5,481)	(5,985)	(96)	(7,521)
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ (848)	$ (6,404)	$ 2,494	$ 579
Net Cash Flows from Operating Activities	$ (8,833)	$ 14,066	$ (3,494)	$ 27
Noncash Investing, Capital and Financing Activities:				
Right-to-Use Assets Acquired through Lease/Subscription	$ —	$ —	$ —	$ —
Right-to-Use Assets Remeasurement Additions	—	—	—	—
Right-to-Use Assets Remeasurement Deletions	—	—	—	—

MNSURE	911 SERVICES	PUBLIC EMPLOYEES INSURANCE	STATE LOTTERY	STATE OPERATED COMMUNITY SERVICES	TOTAL
$ —	$ 68,668	$ 285,481	$ 783,156	$ 149,853	$ 1,387,045
33,539	—	1,656	77	668	38,462
—	—	(272,378)	(489,642)	—	(762,020)
(15,044)	(21,561)	(12,486)	(33,802)	(19,964)	(159,656)
(16,815)	(6,389)	(225)	(15,164)	(122,135)	(199,854)
—	—	—	(51,901)	(3)	(56,622)
$ 1,680	$ 40,718	$ 2,048	$ 192,724	$ 8,419	$ 247,355
$ 194	$ —	$ —	$ —	$ —	$ 194
—	(27,597)	—	—	(407)	(28,007)
13,269	—	—	—	8,629	49,528
—	(1,988)	—	(194,268)	(3,001)	(199,383)
$ 13,463	$ (29,585)	$ —	$ (194,268)	$ 5,221	$ (177,668)
$ (424)	$ (82)	$ —	$ (594)	$ (3,914)	$ (7,499)
—	—	—	71	41	115
(548)	(1,942)	—	(4,652)	(470)	(8,630)
(62)	(211)	—	—	(28)	(323)
$ (1,034)	$ (2,235)	$ —	$ (5,175)	$ (4,371)	$ (16,337)
$ 571	$ 80	$ 2,318	$ 1,851	$ 1,491	$ 6,853
$ 571	$ 80	$ 2,318	$ 1,851	$ 1,491	$ 6,853
$ 14,680	$ 8,978	$ 4,366	$ (4,868)	$ 10,760	$ 60,203
$ 6,573	$ 124,411	$ 80,976	$ 42,664	$ 41,007	$ 364,651
$ 21,253	$ 133,389	$ 85,342	$ 37,796	$ 51,767	$ 424,854
$ (1,019)	$ 31,611	$ 13,633	$ 197,126	$ 18,391	$ 265,687
$ 7,009	$ 6,960	$ —	$ 4,899	$ 516	$ 23,334
2	—	—	—	—	2
—	—	—	—	(3)	(17,161)
(351)	416	(507)	(4,104)	(87)	(758)
—	—	—	(395)	—	2,341
—	—	—	(76)	—	(76)
1,010	511	12	1,307	1,289	6,736
(1,333)	2,854	4,073	(1,955)	(4,087)	9,513
—	—	(11,259)	—	—	(11,259)
53	7	7	83	441	707
—	—	(3,856)	98	—	(3,759)
100	44	—	48	768	222
4,645	1,753	79	4,527	15,237	35,797
(8,436)	(3,438)	(134)	(8,834)	(24,046)	(63,971)
$ 2,699	$ 9,107	$ (11,585)	$ (4,402)	$ (9,972)	$ (18,332)
$ 1,680	$ 40,718	$ 2,048	$ 192,724	$ 8,419	$ 247,355
$ —	$ —	$ —	$ 4,660	$ 942	$ 5,602
—	1	—	—	—	1
(152)	—	—	—	—	(152)

MINNESOTA

State of Minnesota

Internal Service Funds

2023
Annual
Comprehensive
Financial Report

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, 2023
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 2,495	$ 1,852	$ 500,177
Accounts Receivable	1,796	5,701	48,946
Interfund Receivables	—	5	—
Inventories	—	4	—
Leases Receivable	1,207	—	—
Prepaid Expenses	—	194	—
Total Current Assets	$ 5,498	$ 7,756	$ 549,123
Noncurrent Assets:			
Leases Receivable	$ 1,315	$ —	$ —
Right-to-Use Assets (Net)	—	176	—
Depreciable Capital Assets (Net)	35,061	172	—
Nondepreciable Capital Assets	—	—	—
Prepaid Expenses	—	—	—
Total Noncurrent Assets	$ 36,376	$ 348	$ —
Total Assets	$ 41,874	$ 8,104	$ 549,123
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	$ 293	$ 2,096	$ 1,540
Deferred Other Postemployment Benefits Outflows	10	94	68
Total Deferred Outflows of Resources	$ 303	$ 2,190	$ 1,608
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 2,283	$ 1,980	$ 26,257
Interfund Payables	—	509	—
Unearned Revenue	—	—	5,145
Accrued Interest Payable	42	—	—
Bonds and Notes Payable	7,974	—	—
Lease/Subscription Payable	—	101	—
Claims Payable	—	—	86,151
Compensated Absences Payable	12	77	74
Total Current Liabilities	$ 10,311	$ 2,667	$ 117,627
Noncurrent Liabilities:			
Bonds and Notes Payable	$ 11,176	$ —	$ —
Lease/Subscription Payable	—	61	—
Compensated Absences Payable	96	747	587
Other Postemployment Benefits	55	497	354
Net Pension Liability	321	2,296	1,689
Total Noncurrent Liabilities	$ 11,648	$ 3,601	$ 2,630
Total Liabilities	$ 21,959	$ 6,268	$ 120,257
DEFERRED INFLOWS OF RESOURCES			
Deferred Leases	$ 2,522	$ —	$ —
Deferred Pension Inflows	120	853	628
Deferred Other Postemployment Benefits Inflows	9	82	58
Total Deferred Inflows of Resources	$ 2,651	$ 935	$ 686
NET POSITION			
Net Investment in Capital Assets	$ 15,911	$ 186	$ —
Unrestricted	$ 1,656	$ 2,905	$ 429,788
Total Net Position	$ 17,567	$ 3,091	$ 429,788

	MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
	$ 46,275	$ 22,909	$ 22,377	$ 596,085
	44,983	2,997	4,936	109,359
	—	73	—	78
	—	237	—	241
	—	—	—	1,207
	5,512	—	389	6,095
	$ 96,770	$ 26,216	$ 27,702	$ 713,065
	$ —	$ —	$ —	$ 1,315
	38,637	—	—	38,813
	25,579	6,690	37	67,539
	—	261	—	261
	995	—	—	995
	$ 65,211	$ 6,951	$ 37	$ 108,923
	$ 161,981	$ 33,167	$ 27,739	$ 821,988
	$ 33,288	$ 5,242	$ 372	$ 42,831
	1,218	295	13	1,698
	$ 34,506	$ 5,537	$ 385	$ 44,529
	$ 10,190	$ 3,853	$ 311	$ 44,874
	50,000	7	1	50,517
	1,356	—	420	6,921
	—	53	—	95
	8,323	210	—	16,507
	10,706	—	—	10,807
	—	—	15,171	101,322
	1,403	239	16	1,821
	$ 81,978	$ 4,362	$ 15,919	$ 232,864
	$ 11,802	$ 2,630	$ —	$ 25,608
	28,298	—	—	28,359
	11,341	1,205	125	14,101
	6,395	1,550	64	8,915
	36,491	5,746	409	46,952
	$ 94,327	$ 11,131	$ 598	$ 123,935
	$ 176,305	$ 15,493	$ 16,517	$ 356,799
	$ —	$ —	$ —	$ 2,522
	13,571	2,137	153	17,462
	1,050	255	11	1,465
	$ 14,621	$ 2,392	$ 164	$ 21,449
	$ 5,087	$ 4,111	$ 37	$ 25,332
	$ 474	$ 16,708	$ 11,406	$ 462,937
	$ 5,561	$ 20,819	$ 11,443	$ 488,269

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
Operating Revenues:			
Net Sales	$ 13,877	$ 25,966	$ —
Insurance Premiums	—	—	1,149,325
Other Income	276	2,467	8,892
Total Operating Revenues	$ 14,153	$ 28,433	$ 1,158,217
Operating Expenses:			
Purchased Services	$ 1,438	$ 18,918	$ 94,421
Salaries and Fringe Benefits	558	7,223	4,837
Claims	—	—	1,022,043
Depreciation and Amortization	6,183	147	—
Supplies and Materials	3,724	283	20
Repairs and Maintenance	1,505	122	3
Indirect Costs	169	369	318
Other Expenses	379	—	426
Total Operating Expenses	$ 13,956	$ 27,062	$ 1,122,068
Operating Income (Loss)	$ 197	$ 1,371	$ 36,149
Nonoperating Revenues (Expenses):			
Investment/Interest Earnings	$ 541	$ —	$ 14,845
Other Nonoperating Revenues	34	—	—
Interest and Financing Costs	(348)	(8)	—
Other Nonoperating Expenses	—	(1)	—
Gain (Loss) on Disposal of Capital Assets	2,010	—	—
Total Nonoperating Revenues (Expenses)	$ 2,237	$ (9)	$ 14,845
Income (Loss) Before Transfers and Contributions	$ 2,434	$ 1,362	$ 50,994
Transfers-Out	—	—	(62)
Change in Net Position	$ 2,434	$ 1,362	$ 50,932
Net Position, Beginning, as Reported	$ 15,133	$ 1,729	$ 378,856
Net Position, Ending	$ 17,567	$ 3,091	$ 429,788

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
$ 218,742	$ 79,701	$ 8	$ 338,294
—	—	18,150	1,167,475
—	1,032	—	12,667
$ 218,742	$ 80,733	$ 18,158	$ 1,518,436
$ 75,556	$ 14,407	$ 10,931	$ 215,671
85,422	13,310	816	112,166
—	—	5,345	1,027,388
21,580	984	37	28,931
5,438	2,290	5	11,760
10,749	6,176	—	18,555
1,209	2,316	176	4,557
34	155	8	1,002
$ 199,988	$ 39,638	$ 17,318	$ 1,420,030
$ 18,754	$ 41,095	$ 840	$ 98,406
$ 538	$ 4	$ 761	$ 16,689
—	—	—	34
(2,430)	(101)	—	(2,887)
—	—	(330)	(331)
—	(301)	—	1,709
$ (1,892)	$ (398)	$ 431	$ 15,214
$ 16,862	$ 40,697	$ 1,271	$ 113,620
(190)	(32,389)	—	(32,641)
$ 16,672	$ 8,308	$ 1,271	$ 80,979
$ (11,111)	$ 12,511	$ 10,172	$ 407,290
$ 5,561	$ 20,819	$ 11,443	$ 488,269

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	CENTRAL MOTOR POOL	CENTRAL SERVICES	EMPLOYEE INSURANCE
Cash Flows from Operating Activities:			
Receipts from Customers	$ 14,276	$ 25,417	$ 1,137,889
Receipts from Other Revenues	310	2,467	8,892
Payments to Claimants	—	—	(1,027,093)
Payments to Suppliers	(7,075)	(19,745)	(85,126)
Payments to Employees	(751)	(8,119)	(5,621)
Payments to Others	—	(1)	—
Net Cash Flows from Operating Activities	$ 6,760	$ 19	$ 28,941
Cash Flows from Noncapital Financing Activities:			
Transfers-Out	$ —	$ —	$ (62)
Net Cash Flows from Noncapital Financing Activities	$ —	$ —	$ (62)
Cash Flows from Capital and Related Financing Activities:			
Investment in Capital Assets	$ (11,019)	$ —	$ —
Proceeds from Disposal of Capital Assets	4,212	—	—
Proceeds from Loans	10,089	—	—
Lease/Subscription Payments	—	(94)	—
Repayment of Loan Principal	(9,403)	—	—
Interest Paid	(330)	(8)	—
Net Cash Flows from Capital and Related Financing Activities	$ (6,451)	$ (102)	$ —
Cash Flows from Investing Activities:			
Investment/Interest Earnings	$ 541	$ —	$ 14,845
Net Cash Flows from Investing Activities	$ 541	$ —	$ 14,845
Net Increase (Decrease) in Cash and Cash Equivalents	$ 850	$ (83)	$ 43,724
Cash and Cash Equivalents, Beginning, as Reported	$ 1,645	$ 1,935	$ 456,453
Cash and Cash Equivalents, Ending	$ 2,495	$ 1,852	$ 500,177
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	$ 197	$ 1,371	$ 36,149
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Depreciation and Amortization	$ 6,183	$ 147	$ —
Miscellaneous Nonoperating Revenues	34	—	—
Miscellaneous Nonoperating Expenses	—	(1)	—
Change in Assets, Liabilities, Deferred Outflows and Inflows of Resources:			
Accounts Receivable	399	(549)	(11,023)
Inventories	—	(3)	—
Other Assets	—	143	—
Deferred Outflows of Resources	57	138	213
Accounts Payable	140	(193)	10,062
Claims Payable	—	—	(5,050)
Compensated Absences Payable	(15)	30	7
Unearned Revenue	—	—	(413)
Other Postemployment Benefits	(9)	80	47
Net Pension Liability	305	2,194	1,609
Deferred Inflows of Resources	(531)	(3,338)	(2,660)
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 6,563	$ (1,352)	$ (7,208)
Net Cash Flows from Operating Activities	$ 6,760	$ 19	$ 28,941
Noncash Investing, Capital and Financing Activities:			
Leases Receivable Additions	$ 1,174	$ —	$ —
Right-to-Use Assets Acquired through Lease/Subscription	—	—	—
Right-to-Use Assets Remeasurement Additions	—	—	—
Right-to-Use Assets Remeasurement Deletions	—	(44)	—

MN.IT SERVICES	PLANT MANAGEMENT	RISK MANAGEMENT	TOTAL
$ 207,386	$ 77,098	$ 15,861	$ 1,477,927
—	1,032	—	12,701
—	—	(5,325)	(1,032,418)
(96,325)	(27,039)	(11,527)	(246,837)
(104,478)	(16,652)	(1,079)	(136,700)
—	—	(330)	(331)
$ 6,583	$ 34,439	$ (2,400)	$ 74,342
$ (190)	$ (32,389)	$ —	$ (32,641)
$ (190)	$ (32,389)	$ —	$ (32,641)
$ (15,649)	$ (3,012)	$ —	$ (29,680)
—	—	—	4,212
11,368	—	—	21,457
(10,091)	—	—	(10,185)
(9,229)	(142)	—	(18,774)
(2,430)	(52)	—	(2,820)
$ (26,031)	$ (3,206)	$ —	$ (35,790)
$ 538	$ 4	$ 761	$ 16,689
$ 538	$ 4	$ 761	$ 16,689
$ (19,100)	$ (1,152)	$ (1,639)	$ 22,600
$ 65,375	$ 24,061	$ 24,016	$ 573,485
$ 46,275	$ 22,909	$ 22,377	$ 596,085
$ 18,754	$ 41,095	$ 840	$ 98,406
$ 21,580	$ 984	$ 37	$ 28,931
—	—	—	34
—	—	(330)	(331)
(10,096)	(2,603)	(2,306)	(26,178)
—	119	—	116
2,132	—	(16)	2,259
7,161	1,199	77	8,845
(5,471)	(1,814)	(391)	2,333
—	—	20	(5,030)
563	(60)	(30)	495
(1,260)	—	9	(1,664)
733	(19)	(13)	819
34,659	5,454	389	44,610
(62,172)	(9,916)	(686)	(79,303)
$ (12,171)	$ (6,656)	$ (3,240)	$ (24,064)
$ 6,583	$ 34,439	$ (2,400)	$ 74,342
$ —	$ —	$ —	$ 1,174
9,473	—	—	9,473
22,391	—	—	22,391
—	—	—	(44)

MINNESOTA

State of Minnesota

2023
Annual
Comprehensive
Financial Report

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, 2023
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
ASSETS			
Cash and Cash Equivalent Investments	$ 18,695	$ 3,631	$ 706
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 830,317	$ 82,632	$ 14,084
Investments	15,818,000	1,513,522	254,636
Accrued Interest and Dividends	28,012	2,643	453
Securities Trade Receivable (Payable)	(81,419)	(7,401)	(1,301)
Total Investment Pool Participation	$ 16,594,910	$ 1,591,396	$ 267,872
Receivables:			
Interfund Receivables	$ 12,789	$ 6	$ —
Other Receivables	16,151	2,770	549
Total Receivables	$ 28,940	$ 2,776	$ 549
Securities Lending Collateral	$ 863,228	$ 82,398	$ 13,891
Depreciable Capital Assets (Net)	10,807	—	—
Nondepreciable Capital Assets	211	—	—
Right-to-Use Assets (Net)	258	—	—
Total Assets	$ 17,517,049	$ 1,680,201	$ 283,018
LIABILITIES			
Accounts Payable	$ 5,011	$ 385	$ 66
Interfund Payables	—	959	73
Unearned Revenue	—	—	—
Accrued Expense	—	—	—
Revenue Bonds Payable	808	—	—
Bond Interest	—	—	—
Lease/Subscription Payable	265	—	—
Compensated Absences Payable	1,559	—	—
Securities Lending Liabilities	863,228	82,398	13,891
Other Liabilities	1,170	829	—
Total Liabilities	$ 872,041	$ 84,571	$ 14,030
NET POSITION			
Net Position Restricted for Pensions	$ 16,645,008	$ 1,595,630	$ 268,988

MINNESOTA STATE RETIREMENT SYSTEM					
LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION
$ 227	$ 2,040	$ 45	$ 1,433	$ 56	$ 10,047
$ —	$ 48,978	$ 13,673	$ 544,393	$ 3,614	$ 115,759
—	893,844	150,159	1,250,142	355,394	9,115,998
—	1,577	60	2,377	16	505
—	(4,490)	—	—	—	—
$ —	$ 939,909	$ 163,892	$ 1,796,912	$ 359,024	$ 9,232,262
$ —	$ —	$ —	$ —	$ —	$ —
2	1,602	6	4,418	421	10,093
$ 2	$ 1,602	$ 6	$ 4,418	$ 421	$ 10,093
$ —	$ 48,723	$ —	$ —	$ —	$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
$ 229	$ 992,274	$ 163,943	$ 1,802,763	$ 359,501	$ 9,252,402
$ 5	$ 221	$ 14	$ 599	$ 33	$ 919
219	230	27	5,448	1,280	4,747
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	48,723	—	—	—	—
5	1	—	153	—	941
$ 229	$ 49,175	$ 41	$ 6,200	$ 1,313	$ 6,607
$ —	$ 943,099	$ 163,902	$ 1,796,563	$ 358,188	$ 9,245,795

CONTINUED

STATE OF MINNESOTA

PENSION TRUST FUNDS (CONTINUED)
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
ASSETS			
Cash and Cash Equivalent Investments	$ 10,068	$ 3,582	$ 416
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 1,390,445	$ 556,055	$ 53,514
Investments	26,157,916	10,500,689	1,016,158
Accrued Interest and Dividends	46,271	18,525	1,752
Securities Trade Receivable (Payable)	(133,697)	(53,353)	(4,860)
Total Investment Pool Participation	$ 27,460,935	$ 11,021,916	$ 1,066,564
Receivables:			
Interfund Receivables	$ 1,492	$ 20	$ 2
Other Receivables	32,818	19,767	882
Total Receivables	$ 34,310	$ 19,787	$ 884
Securities Lending Collateral	$ 1,427,021	$ 572,693	$ 55,265
Depreciable Capital Assets (Net)	4,972	—	—
Nondepreciable Capital Assets	170	—	—
Right-to-Use Assets (Net)	—	—	—
Total Assets	$ 28,937,476	$ 11,617,978	$ 1,123,129
LIABILITIES			
Accounts Payable	$ 7,306	$ 5,252	$ 280
Interfund Payables	22	1,106	386
Unearned Revenue	—	—	—
Accrued Expense	—	—	—
Revenue Bonds Payable	1,073	—	—
Bond Interest	—	—	—
Lease/Subscription Payable	—	—	—
Compensated Absences Payable	1,275	—	—
Securities Lending Liabilities	1,427,021	572,693	55,265
Other Liabilities	—	—	—
Total Liabilities	$ 1,436,697	$ 579,051	$ 55,931
NET POSITION			
Net Position Restricted for Pensions	$ 27,500,779	$ 11,038,927	$ 1,067,198

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
$ —	$ 1,304	$ 19,317	$ —	$ 71,567
$ 8,753	$ 5,630	$ 1,437,998	$ —	$ 5,105,845
144,389	83,029	25,358,049	2,675,557	95,287,482
614	202	45,852	—	148,859
(2,036)	(551)	(132,006)	—	(421,114)
$ 151,720	$ 88,310	$ 26,709,893	$ 2,675,557	$ 100,121,072
$ —	$ —	$ —	$ —	$ 14,309
368	116	28,353	—	118,316
$ 368	$ 116	$ 28,353	$ —	$ 132,625
$ —	$ —	$ 1,384,758	$ —	$ 4,447,977
—	—	9,211	—	24,990
—	—	171	—	552
—	—	—	—	258
$ 152,088	$ 89,730	$ 28,151,703	$ 2,675,557	$ 104,799,041
$ 32	$ 17	$ 9,087	$ —	$ 29,227
—	—	—	—	14,497
—	—	1,210	—	1,210
—	—	5	—	5
—	—	1,056	—	2,937
—	—	2	—	2
—	—	—	—	265
—	—	1,082	—	3,916
—	—	1,384,758	—	4,447,977
—	—	—	—	3,099
$ 32	$ 17	$ 1,397,200	$ —	$ 4,503,135
$ 152,056	$ 89,713	$ 26,754,503	$ 2,675,557	$ 100,295,906

STATE OF MINNESOTA

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		
	STATE EMPLOYEES RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDGES RETIREMENT
Additions:			
Contributions:			
Employer	$ 227,175	$ 58,521	$ 12,245
Member	218,890	29,843	4,121
Contributions From Other Sources	—	—	—
Total Contributions	$ 446,065	$ 88,364	$ 16,366
Net Investment Income (Loss):			
Investment Income (Loss)	$ 1,386,928	$ 131,744	$ 22,225
Less: Investment Expenses	(16,961)	(1,594)	(274)
Net Investment Income (Loss)	$ 1,369,967	$ 130,150	$ 21,951
Securities Lending Revenues (Expenses):			
Securities Lending Income	$ 32,616	$ 3,115	$ 525
Securities Lending Rebates and Fees	(28,802)	(2,751)	(463)
Net Securities Lending Revenue	$ 3,814	$ 364	$ 62
Total Investment Income (Loss)	$ 1,373,781	$ 130,514	$ 22,013
Other Additions	$ 109	$ 10	$ —
Transfers-In	26,010	—	6,000
Total Additions	$ 1,845,965	$ 218,888	$ 44,379
Deductions:			
Benefits	$ 1,001,955	$ 92,863	$ 29,287
Refunds and Withdrawals	17,209	3,345	—
Administrative Expenses	10,683	971	75
Transfers-Out	960	—	—
Total Deductions	$ 1,030,807	$ 97,179	$ 29,362
Net Increase (Decrease)	$ 815,158	$ 121,709	$ 15,017
Net Position Restricted for Pensions, Beginning, as Reported	$ 15,829,850	$ 1,473,921	$ 253,971
Change in Reporting Entity	—	—	—
Change in Fund Structure	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated	$ 15,829,850	$ 1,473,921	$ 253,971
Net Position Restricted for Pensions, Ending	$ 16,645,008	$ 1,595,630	$ 268,988

MINNESOTA STATE RETIREMENT SYSTEM					
LEGISLATORS RETIREMENT	STATE PATROL RETIREMENT	HENNEPIN COUNTY SUPPLEMENTAL RETIREMENT	HEALTH CARE SAVINGS	UNCLASSIFIED EMPLOYEES RETIREMENT	MINNESOTA DEFERRED COMPENSATION
$ —	$ 31,537	$ 40	$ —	$ 8,884	$ 8,472
49	16,434	40	185,389	8,612	365,682
—	—	—	—	—	—
$ 49	$ 47,971	$ 80	$ 185,389	$ 17,496	$ 374,154
$ —	$ 78,099	$ 18,789	$ 149,681	$ 39,648	$ 885,669
—	(950)	(51)	(556)	(111)	(2,855)
$ —	$ 77,149	$ 18,738	$ 149,125	$ 39,537	$ 882,814
$ —	$ 1,841	$ —	$ —	$ —	$ —
—	(1,626)	—	—	—	—
$ —	$ 215	$ —	$ —	$ —	$ —
$ —	$ 77,364	$ 18,738	$ 149,125	$ 39,537	$ 882,814
$ —	$ 1,000	$ 94	$ 7,338	$ 221	$ 4,977
8,699	—	—	—	960	—
$ 8,748	$ 126,335	$ 18,912	$ 341,852	$ 58,214	$ 1,261,945
$ 8,712	$ 66,343	$ 5,361	$ 109,158	$ —	$ 83,810
—	237	5,690	—	7,287	413,286
36	237	178	14,410	683	11,550
—	—	—	—	26,010	—
$ 8,748	$ 66,817	$ 11,229	$ 123,568	$ 33,980	$ 508,646
$ —	$ 59,518	$ 7,683	$ 218,284	$ 24,234	$ 753,299
$ —	$ 883,581	$ 156,219	$ 1,578,279	$ 333,954	$ 8,492,496
—	—	—	—	—	—
—	—	—	—	—	—
$ —	$ 883,581	$ 156,219	$ 1,578,279	$ 333,954	$ 8,492,496
$ —	$ 943,099	$ 163,902	$ 1,796,563	$ 358,188	$ 9,245,795

CONTINUED

STATE OF MINNESOTA

PENSION TRUST FUNDS (CONTINUED)
COMBINING STATEMENT OF CHANGES
IN NET POSITION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT		
	GENERAL EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL
Additions:			
Contributions:			
Employer	$ 581,044	$ 223,305	$ 20,518
Member	487,107	144,470	13,894
Contributions From Other Sources	—	—	—
Total Contributions	$ 1,068,151	$ 367,775	$ 34,412
Net Investment Income (Loss):			
Investment Income (Loss)	$ 2,275,648	$ 913,755	$ 87,509
Less: Investment Expenses	(9,390)	(3,766)	(360)
Net Investment Income (Loss)	$ 2,266,258	$ 909,989	$ 87,149
Securities Lending Revenues (Expenses):			
Securities Lending Income	$ 53,922	$ 21,641	$ 2,090
Securities Lending Rebates and Fees	(47,617)	(19,111)	(1,846)
Net Securities Lending Revenue	$ 6,305	$ 2,530	$ 244
Total Investment Income (Loss)	$ 2,272,563	$ 912,519	$ 87,393
Other Additions	$ 204	$ —	$ —
Transfers-In	16,000	18,000	—
Total Additions	$ 3,356,918	$ 1,298,294	$ 121,805
Deductions:			
Benefits	$ 1,808,287	$ 669,804	$ 27,117
Refunds and Withdrawals	67,580	3,747	2,369
Administrative Expenses	14,457	1,309	436
Transfers-Out	—	—	—
Total Deductions	$ 1,890,324	$ 674,860	$ 29,922
Net Increase (Decrease)	$ 1,466,594	$ 623,434	$ 91,883
Net Position Restricted for Pensions, Beginning, as Reported	$ 26,034,185	$ 10,415,493	$ 975,315
Change in Reporting Entity	—	—	—
Change in Fund Structure	—	—	—
Net Position Restricted for Pensions, Beginning, as Restated	$ 26,034,185	$ 10,415,493	$ 975,315
Net Position Restricted for Pensions, Ending	$ 27,500,779	$ 11,038,927	$ 1,067,198

PUBLIC EMPLOYEES RETIREMENT				
VOLUNTEER FIREFIGHTER RETIREMENT	DEFINED CONTRIBUTION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT	TOTAL
$ 1,644	$ 2,365	$ 508,764	$ 47,846	$ 1,732,360
—	2,268	442,448	53,855	1,973,102
—	—	4,907	4,323	9,230
$ 1,644	$ 4,633	$ 956,119	$ 106,024	$ 3,714,692
$ 12,731	$ 10,646	$ 2,235,116	$ 260,951	$ 8,509,139
(45)	(24)	(27,338)	—	(64,275)
$ 12,686	$ 10,622	$ 2,207,778	$ 260,951	$ 8,444,864
$ —	$ —	$ 52,314	$ —	$ 168,064
—	—	(46,195)	—	(148,411)
$ —	$ —	$ 6,119	$ —	$ 19,653
$ 12,686	$ 10,622	$ 2,213,897	$ 260,951	$ 8,464,517
$ 13	$ —	$ 1,559	$ —	$ 15,525
5,999	—	31,087	—	112,755
$ 20,342	$ 15,255	$ 3,202,662	$ 366,975	$ 12,307,489
$ 10,956	$ —	$ 2,010,031	$ 135,374	$ 6,059,058
18	7,697	17,938	—	546,403
203	331	16,534	1,065	73,158
—	—	—	—	26,970
$ 11,177	$ 8,028	$ 2,044,503	$ 136,439	$ 6,705,589
$ 9,165	$ 7,227	$ 1,158,159	$ 230,536	$ 5,601,900
$ 132,314	$ 82,486	$ 25,596,344	$ 2,445,021	$ 94,683,429
10,125	—	—	—	10,125
452	—	—	—	452
$ 142,891	$ 82,486	$ 25,596,344	$ 2,445,021	$ 94,694,006
$ 152,056	$ 89,713	$ 26,754,503	$ 2,675,557	$ 100,295,906

MINNESOTA

State of Minnesota

Investment Trust Funds

2023
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, 2023
(IN THOUSANDS)

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
ASSETS			
Investment Pools, at fair value:			
Cash Equivalent Investments	$ 17,582	$ 29,571	$ 47,153
Investments	756,776	567,070	1,323,846
Accrued Interest and Dividends	1,589	1,010	2,599
Securities Trade Receivable (Payable)	(3,270)	1,537	(1,733)
Total Assets	$ 772,677	$ 599,188	$ 1,371,865
NET POSITION			
Net Position Restricted for Pooled Investments	$ 772,677	$ 599,188	$ 1,371,865

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES
IN PLAN NET POSITION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	SUPPLEMENTAL RETIREMENT	INVESTMENT TRUST	TOTAL
Additions:			
Contributions:			
Participating Plans	$ 3,181	$ 7,450	$ 10,631
Total Contributions	$ 3,181	$ 7,450	$ 10,631
Net Investment Income (Loss):			
Investment Income (Loss)	$ 101,288	$ 79,009	$ 180,297
Less: Investment Expenses	(603)	(107)	(710)
Net Investment Income (Loss)	$ 100,685	$ 78,902	$ 179,587
Total Additions	$ 103,866	$ 86,352	$ 190,218
Deductions:			
Refunds and Withdrawals	$ 37,018	$ 9,906	$ 46,924
Administrative Expenses	60	58	118
Total Deductions	$ 37,078	$ 9,964	$ 47,042
Net Increase (Decrease)	$ 66,788	$ 76,388	$ 143,176
Net Position Restricted for Pooled Investments, Beginning, as Reported	$ 698,643	$ 522,800	$ 1,221,443
Change in Reporting Entity	7,698	—	7,698
Change in Fund Structure	(452)	—	(452)
Net Position Restricted for Pooled Investments, Beginning, as Restated	$ 705,889	$ 522,800	$ 1,228,689
Net Position Restricted for Pooled Investments, Ending	$ 772,677	$ 599,188	$ 1,371,865

MINNESOTA

State of Minnesota

Custodial Fund

2023
Annual
Comprehensive
Financial Report

Custodial Fund

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

STATE OF MINNESOTA

CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	CUSTODIAL FUND
ASSETS	
Cash and Cash Equivalent Investments	$ 135,898
Receivables:	
Accounts Receivable	$ 9,458
Taxes Receivable	68,482
Total Receivables	$ 77,940
Total Assets	$ 213,838
LIABILITIES	
Accounts Payable	$ 168,451
Total Liabilities	$ 168,451
NET POSITION	
Net Position Restricted for Individuals, Organizations, and Other Governments	$ 45,387

STATE OF MINNESOTA

CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	CUSTODIAL FUND
Additions:	
Tax Collections for Other Governments	$ 862,990
Beneficiary Deposits - Child Support	512,536
Beneficiary Deposits - Corrections	27,857
Beneficiary Deposits - Regional Treatment Centers	5,251
Beneficiary Deposits - Veterans Homes	1,469
Employee Insurance Trust	38,718
Courts Interest Held for Other Governments and Individuals	12,820
Legal Settlements for External Parties	671
Miscellaneous	6,469
Total Additions	$ 1,468,781
Deductions:	
Administrative Expenses	$ 765
Tax Payments to Other Governments	862,918
Beneficiary Payments - Child Support	512,536
Beneficiary Payments - Corrections	27,932
Beneficiary Payments - Regional Treatment Centers	4,934
Beneficiary Payments - Veterans Homes	1,404
Employee Insurance Trust	40,309
Court Payments to Other Governments and Individuals	9,095
Legal Settlements Paid to External Parties	681
Miscellaneous	382
Total Deductions	$ 1,460,956
Net Increase (Decrease)	$ 7,825
Net Position Restricted for Individuals, Organizations, and Other Governments, Beginning, as Reported	$ 37,562
Net Position Restricted for Individuals, Organizations, and Other Governments, Ending	$ 45,387

MINNESOTA

State of Minnesota

2023
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, 2022 and JUNE 30, 2023
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY	NATIONAL SPORTS CENTER FOUNDATION
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 930	$ 132	$ 42,727	$ 2,696
Investments	—	—	—	—
Accounts Receivable	—	—	7,256	1,358
Due from Primary Government	—	146,898	—	158
Accrued Investment/Interest Earnings	109	—	—	—
Federal Aid Receivable	—	—	—	893
Inventories	—	—	—	47
Loans and Notes Receivable	—	—	—	77
Leases Receivable	—	—	6,955	—
Other Assets	—	21	1,006	235
Total Current Assets	$ 1,039	$ 147,051	$ 57,944	$ 5,464
Noncurrent Assets:				
Cash and Cash Equivalents-Restricted	$ —	$ —	$ 15,514	$ 501
Investments-Restricted	22,801	—	29,387	—
Accounts Receivable-Restricted	—	—	1,205	—
Due from Primary Government	—	—	—	—
Accounts Receivable	—	—	—	—
Loans and Notes Receivable	—	—	—	419
Leases Receivable	—	—	317,876	—
Right-to-Use Assets (Net)	—	18	6,630	—
Depreciable Capital Assets (Net)	—	—	776,850	5,989
Nondepreciable Capital Assets	—	—	34,669	8,527
Other Assets	—	—	1,279	—
Total Noncurrent Assets	$ 22,801	$ 18	$ 1,183,410	$ 15,436
Total Assets	$ 23,840	$ 147,069	$ 1,241,354	$ 20,900
DEFERRED OUTFLOWS OF RESOURCES				
Bond Refunding	$ —	$ —	$ —	$ —
Deferred Pension Outflows	—	—	189	—
Deferred Other Postemployment Benefits Outflows	—	—	—	—
Total Deferred Outflows of Resources	$ —	$ —	$ 189	$ —

	OFFICE OF HIGHER EDUCATION		PUBLIC FACILITIES AUTHORITY		RURAL FINANCE AUTHORITY		WORKERS' COMPENSATION ASSIGNED RISK PLAN		TOTAL
$	313,929	$	223,690	$	17,497	$	10,132	$	611,733
	—		—		—		250,997		250,997
	1,692		—		—		50,379		60,685
	—		303		—		—		147,359
	4,340		9,864		—		931		15,244
	—		1,929		—		—		2,822
	—		—		—		—		47
	56,770		187,699		10,361		—		254,907
	—		—		—		—		6,955
	—		—		—		2,983		4,245
$	376,731	$	423,485	$	27,858	$	315,422	$	1,354,994
$	205,927	$	—	$	—	$	—	$	221,942
	—		—		—		—		52,188
	—		—		—		—		1,205
	—		1,633		—		—		1,633
	—		—		—		318,336		318,336
	359,229		1,657,344		97,506		—		2,114,498
	—		—		—		—		317,876
	—		192		—		—		6,840
	803		—		—		—		783,642
	—		—		—		—		43,196
	—		—		—		—		1,279
$	565,959	$	1,659,169	$	97,506	$	318,336	$	3,862,635
$	942,690	$	2,082,654	$	125,364	$	633,758	$	5,217,629
$	—	$	2,132	$	—	$	—	$	2,132
	2,182		1,050		—		—		3,421
	108		—		—		—		108
$	2,290	$	3,182	$	—	$	—	$	5,661

CONTINUED

STATE OF MINNESOTA

NONMAJOR COMPONENT UNIT FUNDS (CONTINUED)
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2022 and JUNE 30, 2023
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY	NATIONAL SPORTS CENTER FOUNDATION
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 2	$ 52	$ 10,974	$ 1,857
Due to Primary Government	—	—	—	—
Unearned Revenue	—	100	18,334	602
Accrued Interest Payable	—	—	—	—
Bonds and Notes Payable	—	—	—	640
Lease/Subscription Payable	—	13	389	—
Claims Payable	—	146,898	—	—
Compensated Absences Payable	—	—	107	—
Other Liabilities	—	—	—	—
Total Current Liabilities	$ 2	$ 147,063	$ 29,804	$ 3,099
Noncurrent Liabilities:				
Due to Primary Government	$ —	$ —	$ —	$ —
Unearned Revenue	—	—	2,622	—
Bonds and Notes Payable	—	—	—	7,167
Lease/Subscription Payable	—	6	6,237	—
Claims Payable	—	—	—	—
Compensated Absences Payable	4	—	6	—
Other Postemployment Benefits	—	—	—	—
Net Pension Liability	—	—	181	—
Funds Held in Trust	—	—	846	—
Other Liabilities	—	—	—	250
Total Noncurrent Liabilities	$ 4	$ 6	$ 9,892	$ 7,417
Total Liabilities	$ 6	$ 147,069	$ 39,696	$ 10,516
DEFERRED INFLOWS OF RESOURCES				
Deferred Leases	$ —	$ —	$ 311,897	$ —
Deferred Revenue	—	—	—	—
Deferred Pension Inflows	—	—	149	—
Deferred Other Postemployment Benefits Inflows	—	—	—	—
Total Deferred Inflows of Resources	$ —	$ —	$ 312,046	$ —
NET POSITION				
Net Investment in Capital Assets	$ —	$ —	$ 811,523	$ 7,093
Restricted-Expendable	—	—	46,364	—
Unrestricted	23,834	—	31,914	3,291
Total Net Position	$ 23,834	$ —	$ 889,801	$ 10,384

OFFICE OF HIGHER EDUCATION	PUBLIC FACILITIES AUTHORITY	RURAL FINANCE AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	TOTAL
$ 4,964	$ 17,163	$ —	$ 4,251	$ 39,263
10,792	—	2,098	2,576	15,466
5	—	—	14,249	33,290
1,466	5,953	—	—	7,419
2,790	54,375	—	—	57,805
—	62	—	—	464
—	—	—	57,450	204,348
74	66	—	—	247
77	—	—	—	77
$ 20,168	$ 77,619	$ 2,098	$ 78,526	$ 358,379
$ —	$ —	$ 92,630	$ —	$ 92,630
—	—	—	—	2,622
312,566	347,935	—	—	667,668
—	134	—	—	6,377
—	—	—	516,385	516,385
767	451	—	—	1,228
569	—	—	—	569
2,391	1,151	—	—	3,723
—	—	—	—	846
—	—	—	—	250
$ 316,293	$ 349,671	$ 92,630	$ 516,385	$ 1,292,298
$ 336,461	$ 427,290	$ 94,728	$ 594,911	$ 1,650,677
$ —	$ —	$ —	$ —	$ 311,897
27,532	—	—	—	27,532
890	428	—	—	1,467
93	—	—	—	93
$ 28,515	$ 428	$ —	$ —	$ 340,989
$ 803	$ —	$ —	$ —	$ 819,419
579,995	1,653,997	—	4,908	2,285,264
(794)	4,121	30,636	33,939	126,941
$ 580,004	$ 1,658,118	$ 30,636	$ 38,847	$ 3,231,624

STATE OF MINNESOTA

NONMAJOR COMPONENT UNIT FUNDS
COMBINING STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 and JUNE 30, 2023
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION	MINNESOTA SPORTS FACILITIES AUTHORITY	NATIONAL SPORTS CENTER FOUNDATION
Net Expenses:				
Total Expenses	$ 81	$ 147,454	$ 99,090	$ 14,509
Program Revenues:				
Charges for Services	$ —	$ —	$ 56,267	$ 12,385
Operating Grants and Contributions	—	147,454	573	—
Capital Grants and Contributions	—	—	19,840	—
Net (Expense) Revenue	$ (81)	$ —	$ (22,410)	$ (2,124)
General Revenues:				
Investment/Interest Earnings	$ 272	$ —	$ 6,782	$ —
Other Revenues	—	—	4,244	5,229
Total General Revenues before Grants	$ 272	$ —	$ 11,026	$ 5,229
State Grants Not Restricted	—	—	—	—
Total General Revenues	$ 272	$ —	$ 11,026	$ 5,229
Change in Net Position	$ 191	$ —	$ (11,384)	$ 3,105
Net Position, Beginning, as Reported	$ 23,643	$ —	$ 901,185	$ 7,279
Net Position, Ending	$ 23,834	$ —	$ 889,801	$ 10,384

OFFICE OF HIGHER EDUCATION	PUBLIC FACILITIES AUTHORITY	RURAL FINANCE AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	TOTAL
$ 330,353	$ 146,145	$ 1,418	$ 41,469	$ 780,519
$ 24,031	$ 27,220	$ 3,774	$ 36,064	$ 159,741
5,454	32,922	—	—	186,403
—	—	—	—	19,840
$ (300,868)	$ (86,003)	$ 2,356	$ (5,405)	$ (414,535)
$ 15,853	$ 10,242	$ —	$ (25,707)	$ 7,442
—	—	—	19,959	29,432
$ 15,853	$ 10,242	$ —	$ (5,748)	$ 36,874
308,484	117,768	—	—	426,252
$ 324,337	$ 128,010	$ —	$ (5,748)	$ 463,126
$ 23,469	$ 42,007	$ 2,356	$ (11,153)	$ 48,591
$ 556,535	$ 1,616,111	$ 28,280	$ 50,000	$ 3,183,033
$ 580,004	$ 1,658,118	$ 30,636	$ 38,847	$ 3,231,624

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, 2023
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Operating Revenues:			
Loan Interest Income	$ —	$ 3,772	$ 3,772
Rental and Service Fees	—	2	2
Total Operating Revenues	$ —	$ 3,774	$ 3,774
Operating Expenses:			
Economic and Manpower Development	$ 81	$ 1,418	$ 1,499
Total Operating Expenses	$ 81	$ 1,418	$ 1,499
Operating Income (Loss)	$ (81)	$ 2,356	$ 2,275
Nonoperating Revenues (Expenses):			
Investment/Interest Earnings	$ 272	$ —	$ 272
Total Nonoperating Revenues (Expenses)	$ 272	$ —	$ 272
Change in Net Position	$ 191	$ 2,356	$ 2,547
Net Position, Beginning, as Reported	$ 23,643	$ 28,280	$ 51,923
Net Position, Ending	$ 23,834	$ 30,636	$ 54,470

STATE OF MINNESOTA

NONMAJOR COMPONENT UNITS
NOT ISSUING SEPARATELY AUDITED FINANCIAL STATEMENTS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	TOTAL
Cash Flows from Operating Activities:			
Receipts from Customers	$ —	$ 12,191	$ 12,191
Receipts from Other Revenues	—	10,386	10,386
Payments to Customers	—	(20,183)	(20,183)
Payments to Suppliers	(43)	—	(43)
Payments to Employees	(33)	—	(33)
Payments to Others	—	(12,681)	(12,681)
Net Cash Flows from Operating Activities	$ (76)	$ (10,287)	$ (10,363)
Cash Flows from Investing Activities:			
Proceeds from Sales and Maturities of Investments	$ 7,433	$ —	$ 7,433
Purchase of Investments	(7,654)	—	(7,654)
Investment/Interest Earnings	295	—	295
Net Cash Flows from Investing Activities	$ 74	$ —	$ 74
Net Increase (Decrease) in Cash and Cash Equivalents	$ (2)	$ (10,287)	$ (10,289)
Cash and Cash Equivalents, Beginning, as Reported	$ 932	$ 27,784	$ 28,716
Cash and Cash Equivalents, Ending	$ 930	$ 17,497	$ 18,427
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	$ (81)	$ 2,356	$ 2,275
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Loans Receivable	$ —	$ (11,071)	$ (11,071)
Accounts Payable	5	—	5
Due to Primary Government	—	(1,572)	(1,572)
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 5	$ (12,643)	$ (12,638)
Net Cash Flows from Operating Activities	$ (76)	$ (10,287)	$ (10,363)

MINNESOTA

State of Minnesota

General Obligation Debt Schedule

2023
Annual
Comprehensive
Financial Report

GENERAL OBLIGATION BONDS AUTHORIZED, ISSUED AND UNISSUED
June 30, 2023
(In Thousands)

Purpose of Issue	Law Authorizing	Total Authorization	Previously Issued as Par Bonds	Previously Issued as Premium[(1)]	Remaining Authorization
Various Purpose [10, 23, 26]	X2002, Ch. 1	$ 15,055	$ 14,755	$ —	$ 300
Various Purpose [5, 8, 10, 11, 12, 14, 16, 19, 21, 22, 25]	2005, Ch. 20	913,665	913,241	418	6
Trunk Highway [4, 7, 8, 11, 12, 16, 22]	2008, Ch. 152	1,779,573	1,779,562	—	11
Various Purpose [4, 5, 7, 8, 11, 12, 14, 16, 19, 22, 24]	2008, Ch. 179	788,150	785,467	2,480	203
Various Purpose [2, 4, 5, 7, 8, 11, 12, 14, 17, 22]	2009, Ch. 93	255,152	250,516	3,493	1,143
Various Purpose [4, 5, 7, 8, 11, 12, 14, 20]	2010, Ch. 189	707,408	694,527	12,523	358
Various Purpose [4, 5, 8, 11, 12, 14, 18]	X2010, Ch. 1	30,608	27,597	2,256	755
Various Purpose [2, 4, 5, 7, 8, 9, 11]	X2011, Ch. 12	547,744	524,741	22,920	83
Trunk Highway [4, 7, 8, 15]	2012, Ch. 287	17,507	17,485	—	22
Various Purpose [2, 4, 5, 7, 8, 11]	2012, Ch. 293	562,279	512,150	47,332	2,797
Various Purpose [2, 5, 7, 8, 11]	X2012, Ch. 1	52,279	45,636	6,570	73
Various Purpose [2, 5, 8]	2013, Ch. 136	171,584	150,998	20,427	159
Various Purpose [2, 4, 5, 7, 8, 9, 10, 13]	2014, Ch. 294	883,343	736,337	145,093	1,913
Various Purpose [2, 4, 5, 7]	X2015, Ch. 5	188,427	154,471	33,419	537
Trunk Highway [2, 4]	X2017, Ch. 3	940,853	708,729	—	232,124
Various Purpose [2, 4]	X2017, Ch. 8	1,033,806	823,901	179,586	30,319
Various Purpose [2, 6]	2018, Ch. 214	881,287	661,254	152,995	67,038
Trunk Highway [2]	2018, Ch. 214	414,907	36,360	—	378,547
Various Purpose	2019, Ch. 2	102,402	74,269	19,231	8,902
Various Purpose	2020, Ch. 67	50,050	32,935	2,100	15,015
Various Purpose [3]	X2020, Ch. 3	1,392,145	558,804	122,517	710,824
Trunk Highway	X2020, Ch. 3	300,300	68,000	—	232,300
Trunk Highway	X2021, Ch. 5	413,413	35,000	—	378,413
Various Purpose	2023, Ch. 32	50,050	—	—	50,050
Trunk Highway	2023, Ch. 68	599,200	—	—	599,200
Various Purpose	2023, Ch. 72	1,517,449	—	—	1,517,449
Totals		$ 14,608,636	$ 9,606,735	$ 773,360	$ 4,228,541

(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, 2023, 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 no later than July 1, 2023. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2009, Chapter 93 by $35,291; Special Session Laws 2011, Chapter 12 by $305,500; Laws 2012, Chapter 293 by $3,100; Special Session Laws 2012, Chapter 1 by $183,379; Laws 2013, Chapter 136 by $383,773; Laws 2014, Chapter 294 by $4,916,366; Special Session Laws 2015, Chapter 5 by $1,039,825; Special Session Laws 2017, Chapter 8 by $1,276,485; and Laws 2018, Chapter 214 by $7,411,756. The Cancellation Report also reduced Trunk Highway Bond authorizations as follows: Special Session Laws 2017, Chapter 3 by $60,249; and Laws 2018, Chapter 214 by $1,701,190.

(3) Laws 2023, Chapter 72, Article 1, Section 28 reduced Various Purpose Bonds authorized in 5th Special Session Laws 2020, Chapter 3 by $170,000. The legislation also cancelled the bond authorizations listed in the Cancellation Report of January 2023, as noted in footnote 2 above, on June 2, 2023, rather than the statutory cancellation date of July 1, 2023.

(4) Minnesota Statutes 16A.642, required that on January 1, 2022, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2022. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2008, Chapter 179 by $21,117; Laws 2009, Chapter 93 by $39,206; Laws 2010, Chapter 189 by

$55,966; 2nd Special Session Laws 2010, Chapter 1 by $80,439; Special Session Laws 2011, Chapter 12 by $329,856; Laws 2012, Chapter 293 by $193,206; Laws 2014, Chapter 294 by $588,216; Special Session Laws 2015, Chapter 5 by $276,242; and Special Session Laws 2017, Chapter 8 by $3,427,211. The Cancellation Report also reduced Trunk Highway Bond authorizations as follows: Laws 2008, Chapter 152 by $1,127,365; Laws 2012, Chapter 287 by $3,060; and Special Session Laws 2017, Chapter 3 by $26,461.

(5) 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 cancelled 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 Laws 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.

(6) 5th Special Session Laws 2020, Chapter 3, Article 1, Section 27 reduced Various Purpose Bonds authorized in Laws 2018, Chapter 214 by $5,000,000.

(7) 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 cancelled 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; Laws 2012, Chapter 287 by $685.

(8) 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.

(9) 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.

(10) Special Session Laws 2017, Chapter 8, Article 1 reduced Various Purpose Bonds authorized in Special Session Laws 2002, Chapter 1 by $217,959; Laws 2005, Chapter 20 by $3,366,628; Laws 2014, Chapter 294 by $1,200,000. The legislation also cancelled the bond authorizations listed in the Cancellation Report of January 2017, as noted in footnote 11 below, on May 31, 2017, rather than the statutory cancellation date of July 1, 2017.

(11) 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.

(12) 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.

(13) Special Session Laws 2015, Chapter 5, Article 1 reduced Various Purpose Bonds authorized in Laws 2014, Chapter 294 by $50,000.

(14) 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.

(15) Laws 2014, Chapter 312, Article 9 increased Trunk Highway Bonds authorized in Laws 2012, Chapter 287 by $1,493,000.

(16) 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; 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.

(17) Laws 2013, Chapter 136 reduced Various Purpose Bonds authorized in Laws 2009, Chapter 93 by $2,000,000.

(18) Special Session Laws 2012, Chapter 1 reduced Various Purpose Bonds authorized in Special Session Laws 2010, Chapter 1 by $2,133,000.

(19) 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.

(20) 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.

(21) Minnesota Statutes 16A.642, required that on January 1, 2011, the commissioner of Management and Budget report unencumbered bond proceeds balances to the Legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2011. The cancellation report reduced Various Purpose Bonds authorizations as follows: Laws 2005, Chapter 20 by $2,697,899.

(22) 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.

(23) 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.

(24) Laws 2008, Chapter 365 reduced the Various Purpose Bond authorization in Laws 2008, Chapter 179 by $223,588,000.

(25) Laws 2008, Chapter 179 reduced Various Purpose Bonds authorizations in Laws 2005, Chapter 20 by $2,000,000.

(26) 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

2023
Annual
Comprehensive
Financial Report

Statistical Section

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state's overall financial health.

Financial Trends

These schedules contain trend information to help understand and assess how the state's financial position has changed over time.

Revenue Capacity

These schedules contain information to assess the state's most significant revenue source, individual income taxes. Minnesota's data privacy laws prevent disclosing the names of principal taxpayers.

Debt Capacity

These schedules present information to help assess the affordability of the state's current level of outstanding debt and the state's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help understand the environment within which the state's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help understand how the information in the state's financial report relates to the services the state provides and the activities it performs.

MINNESOTA

2023 Annual Comprehensive Financial Report

Index of Statistical Section

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

	2014	2015	2016	2017
Governmental Activities:				
Net Investment in Capital Assets	$ 11,125,938	$ 11,768,063	$ 12,421,870	$ 12,659,739
Restricted	5,508,417	5,392,483	5,633,354	5,523,662
Unrestricted	(2,448,395)	(5,452,119)	(4,891,314)	(4,947,153)
Total Governmental Activities Net Position	$ 14,185,960	$ 11,708,427	$ 13,163,910	$ 13,236,248
Business-type Activities:				
Net Investment in Capital Assets	$ 1,489,631	$ 1,510,882	$ 1,620,835	$ 1,650,940
Restricted	2,279,417	1,992,311	2,120,972	1,896,802
Unrestricted	(8,450)	(120,013)	(65,830)	(252,631)
Total Business-type Activities Net Position	$ 3,760,598	$ 3,383,180	$ 3,675,977	$ 3,295,111
Primary Government:				
Net Investment in Capital Assets	$ 12,615,569	$ 13,278,945	$ 14,042,705	$ 14,310,679
Restricted	7,787,834	7,384,794	7,754,326	7,420,464
Unrestricted	(2,456,845)	(5,572,132)	(4,957,144)	(5,199,784)
Total Primary Government Net Position	$ 17,946,558	$ 15,091,607	$ 16,839,887	$ 16,531,359

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.

2018	2019	2020	2021	2022	2023
$ 13,318,601	$ 14,068,082	$ 14,765,807	$ 15,712,819	$ 16,298,410	$ 17,129,931
6,566,430	6,895,583	7,187,903	8,015,585	8,007,582	8,601,936
(5,535,152)	(3,363,575)	(3,002,510)	(305,244)	7,212,796	13,691,892
$ 14,349,879	$ 17,600,090	$ 18,951,200	$ 23,423,160	$ 31,518,788	$ 39,423,759
$ 1,634,807	$ 1,659,114	$ 1,694,373	$ 1,671,095	$ 1,637,005	$ 1,609,955
1,973,820	2,078,645	761,014	329,437	1,902,788	2,068,655
(398,341)	(108,526)	(104,030)	(844,885)	257,372	358,635
$ 3,210,286	$ 3,629,233	$ 2,351,357	$ 1,155,647	$ 3,797,165	$ 4,037,245
$ 14,953,408	$ 15,727,196	$ 16,460,180	$ 17,383,914	$ 17,935,415	$ 18,739,886
8,540,250	8,974,228	7,948,917	8,345,022	9,910,370	10,670,591
(5,933,493)	(3,472,101)	(3,106,540)	(1,150,129)	7,470,168	14,050,527
$ 17,560,165	$ 21,229,323	$ 21,302,557	$ 24,578,807	$ 35,315,953	$ 43,461,004

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

	2014	2015	2016	2017
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Agricultural, Environmental and Energy Resources	$ 350,950	$ 401,687	$ 355,269	$ 430,333
Economic and Workforce Development	60,754	57,819	58,939	58,317
General Education	22,042	22,136	22,646	23,477
General Government	279,835	305,057	327,487	340,021
Health and Human Services	380,644	397,520	389,068	410,726
Higher Education	337	315	20	—
Public Safety and Corrections	158,690	161,205	159,549	155,843
Transportation	28,386	23,811	114,667	73,111
Operating Grants and Contributions:				
Health and Human Services	7,371,378	8,350,067	8,716,931	9,048,622
All Others	2,407,201	2,205,884	2,215,444	2,309,582
Capital Grants and Contributions	250,709	170,102	194,056	142,942
Total Governmental Activities Program Revenues	$ 11,310,926	$ 12,095,603	$ 12,554,076	$ 12,992,974
Business-type Activities:				
Charges for Services:				
State Colleges and Universities	$ 824,190	$ 815,508	$ 835,447	$ 833,494
Unemployment Insurance	1,188,214	937,851	820,322	585,523
Lottery	531,550	546,812	592,806	563,507
All Others	333,425	351,662	389,807	425,937
Operating Grants and Contributions	551,820	525,297	481,563	456,997
Capital Grants and Contributions	—	—	—	—
Total Business-type Activities Program Revenues	$ 3,429,199	$ 3,177,130	$ 3,119,945	$ 2,865,458
Total Primary Government Program Revenues	$ 14,740,125	$ 15,272,733	$ 15,674,021	$ 15,858,432
Expenses:				
Governmental Activities:				
Agricultural, Environmental and Energy Resources	$ 955,339	$ 932,235	$ 1,013,148	$ 1,254,115
Economic and Workforce Development	641,424	677,044	658,893	806,872
General Education	9,048,212	9,087,613	9,434,928	9,836,193
General Government	1,013,415	1,153,921	1,151,991	1,589,095
Health and Human Services	13,608,672	14,977,278	15,551,493	16,357,755
Higher Education	912,083	912,909	976,351	987,375
Intergovernmental Aid	1,291,075	1,583,636	1,626,833	1,644,215
Public Safety and Corrections	998,054	985,399	1,005,349	1,360,363
Transportation	2,685,688	2,898,216	2,814,456	2,998,902
Interest	177,244	291,983	305,017	291,679
Total Governmental Activities Expenses	$ 31,331,206	$ 33,500,234	$ 34,538,459	$ 37,126,564
Business-type Activities:				
State Colleges and Universities	$ 1,936,061	$ 1,905,845	$ 1,910,435	$ 2,204,067
Unemployment Insurance	888,665	726,529	801,670	785,137
Lottery	404,705	410,237	446,860	429,843
Others	350,729	408,408	383,012	476,331
Total Business-type Activities Expenses	$ 3,580,160	$ 3,451,019	$ 3,541,977	$ 3,895,378
Total Primary Government Expenses	$ 34,911,366	$ 36,951,253	$ 38,080,436	$ 41,021,942

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

2018	2019	2020	2021	2022	2023
$ 1,314,147	$ 470,015	$ 476,082	$ 501,373	$ 518,960	$ 522,344
55,573	56,817	68,912	69,751	58,914	59,689
21,845	19,141	14,146	12,564	18,942	21,565
347,661	337,288	374,497	350,360	372,355	389,408
472,831	510,739	435,071	493,839	497,522	598,046
5	—	73	—	—	—
152,465	151,911	186,460	205,024	204,072	204,783
104,674	82,142	87,393	54,396	46,407	48,940
9,606,414	9,980,653	10,308,028	13,141,618	15,360,459	15,816,981
2,283,111	2,598,278	2,955,439	4,898,245	3,902,608	4,248,310
115,974	235,522	238,623	222,208	197,138	184,717
$ 14,474,700	$ 14,442,506	$ 15,144,724	$ 19,949,378	$ 21,177,377	$ 22,094,783
$ 829,982	$ 820,489	$ 794,020	$ 751,197	$ 751,587	$ 773,577
775,863	767,805	975,380	661,954	733,796	797,761
596,453	636,806	668,547	803,641	740,162	787,239
492,551	524,301	567,379	655,813	661,563	642,783
445,338	437,587	4,436,859	6,518,820	3,749,566	712,709
—	28	14	—	1,320	126
$ 3,140,187	$ 3,187,016	$ 7,442,199	$ 9,391,425	$ 6,637,994	$ 3,714,195
$ 17,614,887	$ 17,629,522	$ 22,586,923	$ 29,340,803	$ 27,815,371	$ 25,808,978
$ 1,369,950	$ 1,153,557	$ 1,254,084	$ 1,363,384	$ 1,374,916	$ 1,571,112
769,021	619,817	787,975	942,801	801,833	1,035,709
10,172,185	10,516,190	10,900,070	11,785,920	12,289,924	12,103,431
1,438,678	756,146	1,443,784	1,461,124	824,252	1,070,452
17,351,698	17,514,760	18,485,278	21,194,790	23,208,505	25,060,350
1,032,885	1,087,101	1,009,104	1,038,674	1,125,695	1,064,318
1,699,020	1,867,341	1,780,630	2,860,441	2,011,220	2,505,003
1,296,548	974,208	1,191,908	1,359,127	1,072,825	1,258,749
3,287,843	3,283,888	3,441,636	3,462,174	3,324,527	3,702,086
224,558	246,462	239,792	41,328	255,709	93,539
$ 38,642,386	$ 38,019,470	$ 40,534,261	$ 45,509,763	$ 46,289,406	$ 49,464,749
$ 2,174,240	$ 1,795,697	$ 2,088,956	$ 2,076,496	$ 2,036,082	$ 2,004,811
754,269	731,132	6,298,163	7,884,357	1,865,743	954,102
455,374	477,974	513,558	615,118	560,581	590,113
495,581	467,022	569,862	640,261	627,955	619,713
$ 3,879,464	$ 3,471,825	$ 9,470,539	$ 11,216,232	$ 5,090,361	$ 4,168,739
$ 42,521,850	$ 41,491,295	$ 50,004,800	$ 56,725,995	$ 51,379,767	$ 53,633,488

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

	2014	2015	2016	2017
Net (Expense)/Revenue:				
Governmental Activities	$ (20,020,280)	$ (21,404,631)	$ (21,984,383)	$ (24,133,590)
Business-type Activities	(150,961)	(273,889)	(422,032)	(1,029,920)
Total Primary Government Net Expense	$ (20,171,241)	$ (21,678,520)	$ (22,406,415)	$ (25,163,510)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual Income Taxes	$ 9,915,021	$ 10,607,930	$ 10,969,019	$ 11,307,961
Corporate Income Taxes	1,308,578	1,507,608	1,361,681	1,270,423
Sales Taxes	5,283,785	5,469,773	5,534,870	5,779,685
Property Taxes	823,949	839,939	846,216	850,240
Motor Vehicle Taxes	1,312,982	1,395,872	1,428,134	1,518,531
Fuel Taxes	883,619	908,278	904,424	917,834
Other Taxes	2,489,475	2,651,969	2,801,323	2,833,543
Tobacco Settlement	175,386	170,424	170,179	165,244
Unallocated Investment/Interest Earnings	26,728	25,378	35,289	66,639
Other Revenues	27,339	63,101	50,574	87,096
Transfers	(520,134)	(554,346)	(661,843)	(591,268)
Total Governmental Activities	$ 21,726,728	$ 23,085,926	$ 23,439,866	$ 24,205,928
Business-type Activities:				
Unallocated Investment/Interest Earnings	$ 33,688	$ 40,583	$ 44,919	$ 45,796
Other Revenues	9,107	7,028	8,067	11,990
Transfers	520,134	554,346	661,843	591,268
Total Business-type Activities	$ 562,929	$ 601,957	$ 714,829	$ 649,054
Total Primary Government General Revenues	$ 22,289,657	$ 23,687,883	$ 24,154,695	$ 24,854,982
Changes in Net Position:				
Governmental Activities	$ 1,706,448	$ 1,681,295	$ 1,455,483	$ 72,338
Change in Accounting Principle	11,959	(4,158,828)	—	—
Change in Fund Structure	(698)	—	—	—
Business-type Activities	411,968	328,068	292,797	(380,866)
Changes in Accounting Principle	—	(705,486)	—	—
Change in Fund Structure	698	—	—	—
Total Primary Government Change in Net Position	$ 2,130,375	$ (2,854,951)	$ 1,748,280	$ (308,528)

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

2018	2019	2020	2021	2022	2023
$ (24,167,686)	$ (23,576,964)	$ (25,389,537)	$ (25,560,385)	$ (25,112,029)	$ (27,369,966)
(739,277)	(284,809)	(2,028,340)	(1,824,807)	1,547,633	(454,544)
$ (24,906,963)	$ (23,861,773)	$ (27,417,877)	$ (27,385,192)	$ (23,564,396)	$ (27,824,510)
$ 12,125,496	$ 12,693,113	$ 12,754,820	$ 14,326,962	$ 16,861,833	$ 16,362,107
1,343,290	1,606,928	1,638,366	2,275,049	2,866,222	2,939,375
5,995,103	6,275,369	6,408,680	6,736,757	7,428,258	8,207,443
823,551	820,829	781,471	788,623	743,116	769,711
1,566,759	1,626,285	1,622,413	1,836,728	1,810,109	1,899,939
936,618	931,329	882,917	855,981	899,424	886,377
2,964,339	3,056,301	3,019,463	3,315,179	3,550,530	3,586,205
165,089	166,137	150,729	259,124	195,055	197,678
94,641	156,000	127,253	97,485	(189,612)	881,305
75,201	137,949	51,292	155,267	121,981	179,136
(626,435)	(643,065)	(696,757)	(620,256)	(1,087,341)	(634,339)
$ 25,463,652	$ 26,827,175	$ 26,740,647	$ 30,026,899	$ 33,199,575	$ 35,274,937
$ 50,457	$ 59,959	$ 53,677	$ 7,923	$ 6,184	$ 55,938
4,249	732	30	918	360	4,347
626,435	643,065	696,757	620,256	1,087,341	634,339
$ 681,141	$ 703,756	$ 750,464	$ 629,097	$ 1,093,885	$ 694,624
$ 26,144,793	$ 27,530,931	$ 27,491,111	$ 30,655,996	$ 34,293,460	$ 35,969,561
$ 1,295,966	$ 3,250,211	$ 1,351,110	$ 4,466,514	$ 8,087,546	$ 7,904,971
(175,330)	—	—	5,446	8,082	—
(7,005)	—	—	—	—	—
(58,136)	418,947	(1,277,876)	(1,195,710)	2,641,518	240,080
(33,694)	—	—	—	—	—
7,005	—	—	—	—	—
$ 1,028,806	$ 3,669,158	$ 73,234	$ 3,276,250	$ 10,737,146	$ 8,145,051

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

	2014	2015	2016	2017
General Fund:				
Nonspendable	$ 912,814	$ 931,595	$ 929,967	$ 1,034,219
Restricted	128,025	119,108	180,272	86,942
Committed	—	—	—	—
Assigned	231,559	322,780	365,054	757,056
Unassigned	576,549	840,405	1,641,798	1,610,516
Total General Fund	$ 1,848,947	$ 2,213,888	$ 3,117,091	$ 3,488,733
All Other Governmental Funds:				
Nonspendable	$ 1,154,936	$ 1,224,853	$ 1,275,357	$ 1,369,443
Restricted	4,011,252	3,708,694	3,482,136	3,629,229
Committed	642,573	861,685	709,828	952,613
Assigned	199,900	682,373	598,110	548,454
Unassigned	—	—	—	—
Total All Other Governmental Funds	$ 6,008,661	$ 6,477,605	$ 6,065,431	$ 6,499,739
Total Governmental Funds	$ 7,857,608	$ 8,691,493	$ 9,182,522	$ 9,988,472

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

	2018	2019	2020	2021	2022	2023
	$ 1,121,875	$ 1,229,393	$ 1,306,394	$ 1,656,575	$ 1,462,110	$ 1,634,311
	83,409	93,570	98,995	91,030	107,180	88,262
	82,000	62,221	55,698	69,968	80,357	79,867
	1,830,239	2,124,922	2,121,691	1,885,096	2,003,951	2,755,403
	1,759,000	2,175,460	2,059,642	5,205,205	10,871,796	15,074,867
	$ 4,876,523	$ 5,685,566	$ 5,642,420	$ 8,907,874	$ 14,525,394	$ 19,632,710
	$ 1,442,020	$ 1,568,078	$ 1,677,904	$ 2,004,883	$ 1,814,783	$ 1,962,796
	4,618,092	4,719,005	4,743,594	4,938,195	5,613,471	5,642,389
	688,673	663,729	804,708	879,424	924,000	1,027,555
	24,072	53,513	38,483	49,853	74,190	53,005
	—	—	(3,485)	4,783	—	(58,966)
	$ 6,772,857	$ 7,004,325	$ 7,261,204	$ 7,877,138	$ 8,426,444	$ 8,626,779
	$ 11,649,380	$ 12,689,891	$ 12,903,624	$ 16,785,012	$ 22,951,838	$ 28,259,489

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

	2014	2015	2016	2017
Revenues:				
Individual Income Taxes	$ 9,859,403	$ 10,640,365	$ 11,013,385	$ 11,263,573
Corporate Income Taxes	1,302,563	1,503,461	1,414,531	1,272,913
Sales Taxes	5,281,384	5,455,081	5,558,870	5,792,017
Property Taxes	830,759	836,257	855,032	848,463
Motor Vehicle Taxes	1,312,837	1,395,959	1,428,000	1,518,624
Fuel Taxes	882,649	908,740	904,475	917,956
Federal Revenues	9,465,563	10,303,369	10,724,013	11,043,070
Other Taxes and Revenues	4,654,510	4,660,862	4,792,065	5,092,983
Total Revenues	$ 33,589,668	$ 35,704,094	$ 36,690,371	$ 37,749,599
Expenditures:				
Agricultural, Environmental and Energy Resources	$ 951,403	$ 951,901	$ 1,008,712	$ 1,035,953
Economic and Workforce Development	647,590	694,016	720,340	756,386
General Education	9,042,621	9,088,463	9,438,526	9,801,245
General Government	900,517	1,066,108	1,022,298	978,292
Health and Human Services	13,587,375	15,018,706	15,556,280	16,039,287
Higher Education	911,986	912,947	976,387	987,714
Intergovernmental Aid	1,291,075	1,583,636	1,626,833	1,644,215
Public Safety and Corrections	939,855	965,508	974,864	1,046,709
Transportation	2,630,645	2,883,144	2,840,880	2,772,542
Capital Outlay	939,987	1,090,210	1,183,985	870,595
Debt Service:				
Principal	410,450	598,590	650,190	647,020
Interest	251,606	365,231	390,603	392,195
Total Expenditures	$ 32,505,110	$ 35,218,460	$ 36,389,898	$ 36,972,153
Excess of Revenues over (under) Expenditures	$ 1,084,558	$ 485,634	$ 300,473	$ 777,446
Other Financing Sources (Uses):				
Bond Issuance	$ 1,348,259	$ 720,300	$ 670,905	$ 491,129
Certificate of Participation Issuance	—	80,100	—	—
Loan Issuance	—	—	—	769
Right-to-Use Issuance	—	—	—	—
Issuance of Refunding Bonds	373,940	153,905	391,555	310,565
Payment to Refunded Bonds Escrow Agent	(373,940)	(153,905)	(391,555)	(310,565)
Bond Issuance Premium	180,783	123,666	163,418	155,376
Net Transfers-In (Out)	(546,096)	(575,815)	(643,767)	(618,770)
Net Other Financing Sources (Uses)	$ 982,946	$ 348,251	$ 190,556	$ 28,504
Change in Accounting Principle	—	—	—	—
Change in Fund Structure	—	—	—	—
Net Changes in Fund Balances	$ 2,067,504	$ 833,885	$ 491,029	$ 805,950
Debt Service as a Percentage of noncapital Expenditures	2.1 %	2.8 %	3.0 %	2.9 %

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

2018	2019	2020	2021	2022	2023
$ 12,082,631	$ 12,674,858	$ 12,329,724	$ 14,496,290	$ 16,836,132	$ 16,304,325
1,327,533	1,613,373	1,620,684	2,276,986	2,848,019	2,911,082
5,993,944	6,264,666	6,387,889	6,755,167	7,402,838	8,223,637
819,654	811,117	772,876	789,888	765,534	770,142
1,566,752	1,626,429	1,622,106	1,836,267	1,810,227	1,899,879
936,543	930,988	884,788	854,215	900,818	887,011
11,529,973	12,183,673	12,997,791	17,330,357	19,583,046	19,477,676
6,172,623	5,635,967	5,401,771	6,350,613	5,173,024	7,238,899
$ 40,429,653	$ 41,741,071	$ 42,017,629	$ 50,689,783	$ 55,319,638	$ 57,712,651
$ 1,173,902	$ 1,224,420	$ 1,303,941	$ 1,322,622	$ 1,531,576	$ 1,563,234
721,636	762,380	821,081	936,239	893,569	1,053,046
10,142,699	10,545,012	10,896,959	11,779,019	12,312,904	12,113,230
967,045	978,388	1,009,413	1,181,182	1,062,955	1,175,222
17,087,873	17,881,072	18,537,691	21,113,015	23,610,490	25,186,493
1,032,901	1,087,158	1,009,076	1,038,657	1,125,382	1,063,998
1,699,020	1,867,341	1,780,630	2,860,441	2,011,220	2,505,003
1,067,492	1,168,970	1,188,951	1,314,226	1,289,196	1,418,343
3,093,871	3,385,926	3,411,652	3,409,599	3,486,447	3,745,889
669,165	840,378	881,527	929,456	876,303	1,024,933
655,751	614,384	649,388	619,204	624,662	1,161,906
380,418	339,397	321,316	346,937	333,527	344,307
$ 38,691,773	$ 40,694,826	$ 41,811,625	$ 46,850,597	$ 49,158,231	$ 52,355,604
$ 1,737,880	$ 1,046,245	$ 206,004	$ 3,839,186	$ 6,161,407	$ 5,357,047
$ 449,188	$ 603,407	$ 621,347	$ 563,000	$ 919,649	$ 478,418
—	—	—	—	—	—
2,887	—	—	—	3,500	16,312
—	—	—	—	42,901	37,431
404,880	—	27,570	695,655	—	444,960
(404,880)	—	(27,570)	(695,655)	—	(444,960)
137,078	79,169	130,449	146,688	179,033	105,926
(666,622)	(688,310)	(744,067)	(672,932)	(1,139,664)	(687,483)
$ (77,469)	$ (5,734)	$ 7,729	$ 36,756	$ 5,419	$ (49,396)
—	—	—	5,446	—	—
497	—	—	—	—	—
$ 1,660,908	$ 1,040,511	$ 213,733	$ 3,881,388	$ 6,166,826	$ 5,307,651
2.7 %	2.4 %	2.4 %	2.1 %	2.0 %	2.9 %

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

	2013	2014	2015	2016
Farm Earnings	$ 6,055,896	$ 3,957,930	$ 3,436,873	$ 2,134,638
Nonfarm Earnings:				
Private Earnings:				
Forestry, Fishing, Related Activities	$ 375,183	$ 372,518	$ 405,253	$ 424,616
Mining	940,241	836,803	711,097	567,153
Utilities	1,753,610	1,819,167	1,813,182	1,872,657
Construction	10,307,393	11,256,047	12,199,335	12,845,658
Manufacturing:				
Durable Goods Manufacturing	15,769,874	16,463,894	17,276,885	17,438,243
Nondurable Goods Manufacturing	7,976,017	8,866,827	9,169,634	9,357,227
Wholesale trade	12,457,480	12,670,150	13,096,562	12,945,024
Retail Trade	10,568,505	10,934,279	11,384,942	11,789,700
Transportation and Warehousing	6,131,364	6,468,497	6,743,929	7,336,944
Information	4,506,448	4,720,952	4,851,528	4,689,082
Finance and Insurance	15,853,822	15,939,115	16,821,074	16,837,111
Real Estate and Rental and Leasing	4,020,944	4,248,409	4,464,110	3,983,710
Professional and Technical Services	15,577,864	16,890,612	17,816,158	19,890,779
Management of Companies and Enterprises	10,194,587	10,605,646	10,841,476	10,879,965
Administrative and Waste Services	5,871,881	6,229,435	6,499,176	6,924,327
Educational Services	2,766,270	2,865,504	2,918,287	3,085,382
Health Care and Social Assistance	24,004,913	24,990,069	26,435,203	28,175,658
Arts, Entertainment, and Recreation	1,576,030	1,884,804	2,004,934	2,212,728
Accommodation and Food Services	4,480,084	4,746,770	5,159,435	5,517,804
Other Services, Except Public Administration	6,401,623	6,886,532	7,151,982	7,369,166
Total Private Earnings	$ 161,534,133	$ 169,696,030	$ 177,764,182	$ 184,142,934
Government and Government Enterprises:				
Federal, Civilian	$ 2,978,551	$ 3,039,703	$ 3,169,588	$ 3,254,830
Military	709,513	665,703	623,320	657,201
State and Local	21,944,845	22,804,710	23,628,074	24,423,598
Total Government and Government Enterprises	$ 25,632,909	$ 26,510,116	$ 27,420,982	$ 28,335,629
Total Nonfarm Earnings	$ 187,167,042	$ 196,206,146	$ 205,185,164	$ 212,478,563
Total Earnings by Industry	$ 193,222,938	$ 200,164,076	$ 208,622,037	$ 214,613,201
Derivation of Personal Income:				
Earnings by Place of Work	$ 193,222,938	$ 200,164,076	$ 208,622,037	$ 214,613,201
Other Personal Income[1]	62,816,834	68,365,869	71,784,447	72,636,608
Personal Income	$ 256,039,772	$ 268,529,945	$ 280,406,484	$ 287,249,809

[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.bea.gov/itable/). The data is updated quarterly. The Annual Comprehensive Financial Report utilizes the most current data estimates available. Data from the website and prior years are not adjusted or updated. The website reflects that data used in this report was updated September 30, 2023 for calendar year 2022.

2017	2018	2019	2020	2021	2022
$ 492,804	$ 1,852,217	$ 2,846,797	$ 4,067,578	$ 4,076,816	$ 5,745,694
$ 434,528	$ 481,398	$ 477,302	$ 451,016	$ 432,059	$ 429,738
598,939	759,190	838,794	738,578	931,793	1,060,371
1,831,635	1,908,942	1,964,871	2,118,672	2,169,474	2,247,316
13,656,541	13,978,979	14,825,124	15,329,099	16,473,592	16,900,031
17,929,229	18,601,711	19,143,064	18,895,291	20,085,714	21,469,726
9,404,043	9,604,543	10,220,779	10,387,716	10,385,451	12,071,516
14,803,153	14,349,985	14,830,395	15,728,992	16,164,131	17,616,755
11,927,427	12,326,763	12,583,008	12,653,316	13,555,803	14,490,973
8,010,476	8,380,010	8,958,186	8,532,098	8,786,991	9,875,901
4,911,711	4,899,737	5,103,172	5,533,813	6,414,140	6,442,971
18,327,349	19,603,029	20,294,860	21,534,399	22,605,143	23,327,186
3,996,742	3,629,490	3,773,705	3,598,990	3,988,050	5,165,609
20,579,819	21,484,286	22,009,990	22,302,458	23,827,274	26,232,320
11,677,068	12,000,032	13,531,826	13,308,455	14,304,927	14,345,763
7,654,637	7,593,887	7,823,540	7,770,546	8,592,050	9,401,857
3,157,217	3,251,508	3,417,599	3,403,828	3,553,841	3,816,515
29,831,013	31,256,560	32,320,602	33,280,658	35,282,364	37,014,201
2,274,522	2,631,950	2,567,039	1,829,275	2,332,775	3,417,245
5,810,628	6,015,044	6,210,891	4,726,572	6,607,954	7,369,669
7,766,344	7,956,699	8,338,454	7,940,437	8,382,031	9,136,142
$ 194,583,021	$ 200,713,743	$ 209,233,201	$ 210,064,209	$ 224,875,557	$ 241,831,805
$ 3,341,625	$ 3,501,023	$ 3,551,617	$ 3,695,225	$ 3,797,075	$ 4,013,682
653,478	706,250	758,605	760,090	783,614	785,415
25,166,437	26,343,997	26,752,970	26,959,982	28,037,680	28,764,068
$ 29,161,540	$ 30,551,270	$ 31,063,192	$ 31,415,297	$ 32,618,369	$ 33,563,165
$ 223,744,561	$ 231,265,013	$ 240,296,393	$ 241,479,506	$ 257,493,926	$ 275,394,970
$ 224,237,365	$ 233,117,230	$ 243,143,190	$ 245,547,084	$ 261,570,742	$ 281,140,664
$ 224,237,365	$ 233,117,230	$ 243,143,190	$ 245,547,084	$ 261,570,742	$ 281,140,664
78,903,906	89,610,344	88,658,735	105,237,607	116,713,914	112,428,356
$ 303,141,271	$ 322,727,574	$ 331,801,925	$ 350,784,691	$ 378,284,656	$ 393,569,020

Schedule 6 - Revenue Rates
Tax Rates and Taxable Income Brackets for Calendar Years 2014 through 2023

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

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

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 2014 through 2023 (continued)

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	7.05%			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	7.05%			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	138,100
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

Tax Year 2022

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

Tax Year 2023

	5.35% Up To	6.80%			7.85%			9.85% Over
Married Joint	$ 43,950	$ 43,951	— $	174,610	$ 174,611	— $	304,970	$ 304,970
Married Separate	21,975	21,976	—	87,305	87,306	—	152,485	152,485
Single	30,070	30,071	—	98,760	98,761	—	183,340	183,340
Head of Household	37,010	37,011	—	148,730	148,731	—	243,720	243,720

Schedule 7 - Principal Tax Payers
Personal Income Tax Filers and Liability by Income Level
Calendar Years 2012 and 2021

Calendar Year 2012

Federal Adjusted Gross Income			Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability[1]	Percent of Total
$ —	–	$ 4,999	217,806	8.28 %	$ 5,165,249	0.06 %
5,000	–	9,999	189,593	7.19 %	6,132,206	0.07 %
10,000	–	19,999	344,618	13.07 %	62,821,202	0.73 %
20,000	–	29,999	288,999	10.96 %	155,193,703	1.81 %
30,000	–	39,999	256,614	9.73 %	254,250,681	2.97 %
40,000	–	49,999	206,775	7.84 %	317,986,162	3.71 %
50,000	–	99,999	662,341	25.13 %	1,909,834,374	22.29 %
100,000	–	249,999	386,835	14.67 %	2,714,226,235	31.68 %
250,000	–	499,999	52,277	1.98 %	1,012,227,377	11.81 %
500,000	&	Over	30,214	1.15 %	2,129,724,020	24.87 %
		Total	2,636,072	100.00 %	$ 8,567,561,209	100.00 %

Calendar Year 2021

Federal Adjusted Gross Income			Total Number of Returns Filed	Percent of Total	Personal Income Tax Liability[1]	Percent of Total
$ —	–	$ 4,999	175,699	6.00 %	$ 14,798,048	0.10 %
5,000	–	9,999	141,133	4.83 %	2,276,593	0.02 %
10,000	–	19,999	269,582	9.22 %	27,964,881	0.18 %
20,000	–	29,999	263,951	9.03 %	116,961,511	0.77 %
30,000	–	39,999	260,535	8.91 %	224,772,628	1.49 %
40,000	–	49,999	253,395	8.67 %	350,782,575	2.32 %
50,000	–	99,999	761,755	26.05 %	2,085,321,996	13.79 %
100,000	–	249,999	627,791	21.47 %	4,466,207,769	29.54 %
250,000	–	499,999	110,742	3.79 %	2,284,817,718	15.11 %
500,000	&	Over	59,425	2.03 %	5,543,493,446	36.68 %
		Total	2,924,008	100.00 %	$ 15,117,397,165	100.00 %

[1] Minnesota Income Tax Liability before refundable tax credits.

Source: Minnesota Department of Revenue, Individual Income Tax Sample. Calendar year 2021 is the most recent year available.

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

	2014	2015	2016	2017
Governmental Activities:				
General Obligation Bonds[1]	$ 6,649,907	$ 6,885,776	$ 7,043,943	$ 6,999,510
Revenue Bonds[1]	47,255	44,757	42,103	39,365
State Appropriation Bonds[1]	1,230,408	1,175,677	1,128,706	1,090,895
Loans	28,610	24,966	23,337	23,252
Capital Leases[2]	106,821	98,512	89,854	80,881
Lease/Subscription[2]	—	—	—	—
Certificates of Participation[1]	41,981	125,875	115,870	104,875
Total Governmental Activities	$ 8,104,982	$ 8,355,563	$ 8,443,813	$ 8,338,778
Business-type Activities:				
General Obligation Bonds[1]	$ 256,886	$ 260,431	$ 253,671	$ 238,637
Revenue Bonds[1]	444,231	460,484	431,289	392,070
Loans	3,635	3,794	4,842	2,552
Capital Leases[2]	30,519	25,968	21,635	26,996
Lease/Subscription[2]	—	—	—	—
Total Business-type Activities	$ 735,271	$ 750,677	$ 711,437	$ 660,255
Total Debt to the Primary Government	$ 8,840,253	$ 9,106,240	$ 9,155,250	$ 8,999,033
Less: Set Aside to Repay General Debt	$ (604,165)	$ (605,850)	$ (613,385)	$ (625,870)
Net Debt to the Primary Government	$ 8,236,088	$ 8,500,390	$ 8,541,865	$ 8,373,163
Total Personal Income	$256,039,772	$268,529,945	$280,406,484	$287,249,809
Ratio of Total Debt to Personal Income	3.45 %	3.39 %	3.26 %	3.13 %
Per Capita Total Outstanding Debt (Actual Dollars)	$ 1,631	$ 1,670	$ 1,670	$ 1,630
Ratio of Net General Obligation Debt to Personal Income	2.46 %	2.44 %	2.38 %	2.30 %
Per Capita Net General Obligation Debt (Actual Dollars)	$ 1,163	$ 1,199	$ 1,219	$ 1,198

(1) Includes applicable premium or discount.

(2) In fiscal year 2022 and 2023, the state implemented GASB Statement No. 87 "Leases" and GASB Statement No. 96 "Subscription-Based Information Technology Arrangements," respectively, which changed the accounting and reporting requirements for lease and subscription-based information technology arrangement activities.

Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA), table SAINC5N: Personal Income by Major Component and Earnings by NAICS Industry (www.bea.gov/itable/). The data is updated quarterly. The Annual Comprehensive Financial Report utilizes the most current data estimates available. Data from the website and prior years are not adjusted or updated. The website reflects that data used in this report was updated September 30, 2023 for calendar year 2022.

2018	2019	2020	2021	2022	2023
$ 6,867,284	$ 6,924,502	$ 7,025,411	$ 6,915,311	$ 7,376,400	$ 7,211,161
36,795	34,150	31,410	28,580	25,645	23,885
1,048,439	997,488	944,767	956,012	954,340	449,028
41,770	51,182	55,395	51,608	45,828	63,649
71,576	61,864	51,702	41,047	—	—
—	—	—	—	333,823	390,731
93,425	81,709	79,038	76,257	73,361	70,345
$ 8,159,289	$ 8,150,895	$ 8,187,723	$ 8,068,815	$ 8,809,397	$ 8,208,799
$ 227,901	$ 223,190	$ 214,906	$ 199,199	$ 186,863	$ 166,577
351,871	309,803	266,519	232,993	205,979	188,542
11,030	10,358	13,398	1,150,619	23,576	22,855
13,741	9,494	5,351	4,364	—	—
—	—	—	—	32,058	81,522
$ 604,543	$ 552,845	$ 500,174	$ 1,587,175	$ 448,476	$ 459,496
$ 8,763,832	$ 8,703,740	$ 8,687,897	$ 9,655,990	$ 9,257,873	$ 8,668,295
$ (611,595)	$ (619,740)	$ (615,705)	$ (574,475)	$ (591,806)	$ (602,830)
$ 8,152,237	$ 8,084,000	$ 8,072,192	$ 9,081,515	$ 8,666,067	$ 8,065,465
$303,141,271	$322,727,574	$331,801,925	$350,784,691	$378,284,656	$393,569,020
2.89 %	2.70 %	2.62 %	2.75 %	2.45 %	2.20 %
$ 1,571	$ 1,551	$ 1,540	$ 1,707	$ 1,622	$ 1,516
2.14 %	2.02 %	2.00 %	1.86 %	1.84 %	1.72 %
$ 1,163	$ 1,163	$ 1,175	$ 1,156	$ 1,222	$ 1,185

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

	2014	2015	2016	2017
State University Board Revenue				
Segment of College and University Enterprise Fund				
Gross Revenues[1]	$ 109,857	$ 112,662	$ 119,182	$ 120,261
Less: Operating Expenses[2]	(81,624)	(78,856)	(80,031)	(85,050)
Net Available Revenue	$ 28,233	$ 33,806	$ 39,151	$ 35,211
Debt Service:				
Principal	$ 12,425	$ 14,060	$ 14,385	$ 16,315
Interest	12,452	11,847	12,342	10,503
Total Debt Service	$ 24,877	$ 25,907	$ 26,727	$ 26,818
Coverage	1.13	1.30	1.46	1.31
Itasca Community College Student Housing [3]				
Segments of College and University Enterprise Fund				
Gross Revenues[1]	$ 473	$ 478	$ 495	$ 493
Less: Operating Expenses[2]	(230)	(203)	(209)	(245)
Net Available Revenue	$ 243	$ 275	$ 286	$ 248
Debt Service:				
Principal	$ 130	$ 120	$ 120	$ 130
Interest	49	48	46	44
Total Debt Service	$ 179	$ 168	$ 166	$ 174
Coverage	1.36	1.64	1.72	1.43
911 Services Fund[4]				
911 Services Fees	$ 63,684	$ 57,381	$ 68,500	$ 76,324
Less: Operating Expenses[2]	(26,191)	(24,741)	(24,695)	(25,244)
Net Available Revenue	$ 37,493	$ 32,640	$ 43,805	$ 51,080
Debt Service:				
Principal	$ 11,820	$ 12,310	$ 12,810	$ 20,320
Interest	6,443	5,924	5,403	2,675
Total Debt Service	$ 18,263	$ 18,234	$ 18,213	$ 22,995
Coverage	2.05	1.79	2.41	2.22

(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.

2018	2019	2020	2021	2022	2023
$ 116,988	$ 118,060	$ 98,172	$ 82,216	$ 96,380	$ 102,930
(84,176)	(76,509)	(76,121)	(68,991)	(68,897)	(72,229)
$ 32,812	$ 41,551	$ 22,051	$ 13,225	$ 27,483	$ 30,701
$ 17,755	$ 18,665	$ 17,560	$ 20,145	$ 20,910	$ 14,995
11,378	10,529	10,017	9,256	8,568	7,342
$ 29,133	$ 29,194	$ 27,577	$ 29,401	$ 29,478	$ 22,337
1.13	1.42	0.80	0.45	0.93	1.37
$ 481	$ 487	$ 380	$ 362	$ 494	$ 625
(260)	(207)	(233)	(301)	(269)	(261)
$ 221	$ 280	$ 147	$ 61	$ 225	$ 364
$ 130	$ 130	$ 135	$ 135	$ 140	$ 145
42	40	37	34	30	26
$ 172	$ 170	$ 172	$ 169	$ 170	$ 171
1.28	1.65	0.85	0.36	1.32	2.13
$ 79,130	$ 81,354	$ 75,032	$ 79,441	$ 71,286	$ 68,252
(22,430)	(19,561)	(23,542)	(24,900)	(23,119)	(29,681)
$ 56,700	$ 61,793	$ 51,490	$ 54,541	$ 48,167	$ 38,571
$ 19,430	$ 20,400	$ 21,420	$ 10,145	$ —	$ —
3,570	2,598	1,578	507	—	—
$ 23,000	$ 22,998	$ 22,998	$ 10,652	$ —	$ —
2.47	2.69	2.24	5.12	—	—

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

	2014	2015	2016	2017
D.J. Johnson Economic Protection Trust Fund[5]				
Taconite Production Tax	$ 2,074	$ 1,542	$ 1,540	$ 1,540
Net Available Revenue	$ 2,074	$ 1,542	$ 1,540	$ 1,540
Debt Service:				
Principle[4]	$ 477	$ 973	$ 974	$ 1,007
Interest	417	853	547	518
Total Debt Service	$ 894	$ 1,826	$ 1,521	$ 1,525
Coverage	2.32	0.84	1.01	1.01
Iron Range Resources and Rehabilitation Agency (IRRR)[5]				
Taconite Production Tax	$ 2,074	$ 2,452	$ 2,450	$ 2,452
Net Available Revenue	$ 2,074	$ 2,452	$ 2,450	$ 2,452
Debt Service:				
Principle	$ 478	$ 1,452	$ 1,431	$ 1,483
Interest	615	1,343	992	944
Total Debt Service	$ 1,093	$ 2,795	$ 2,423	$ 2,427
Coverage	1.90	0.88	1.01	1.01

(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.

	2018	2019	2020	2021	2022	2023
	$ 1,539	$ 1,539	$ 1,257	$ 1,262	$ —	$ —
	$ 1,539	$ 1,539	$ 1,257	$ 1,262	$ —	$ —
	$ 1,037	$ 1,063	$ 1,105	$ 1,141	$ 1,183	$ 587
	487	458	417	379	341	314
	$ 1,524	$ 1,521	$ 1,522	$ 1,520	$ 1,524	$ 901
	1.01	1.01	0.83	0.83	—	—
	$ 2,451	$ 2,451	$ 2,733	$ 2,732	$ 2,731	$ 2,733
	$ 2,451	$ 2,451	$ 2,733	$ 2,732	$ 2,731	$ 2,733
	$ 1,533	$ 1,582	$ 1,635	$ 1,689	$ 1,752	$ 1,173
	896	840	789	731	674	630
	$ 2,429	$ 2,422	$ 2,424	$ 2,420	$ 2,426	$ 1,803
	1.01	1.01	1.13	1.13	1.13	1.52

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]
2013	5,418,521	$ 256,039,772	$ 47,253	37.7	5.0%
2014	5,453,109	$ 268,529,945	$ 49,243	37.7	4.2%
2015	5,482,435	$ 280,406,484	$ 51,146	37.8	3.7%
2016	5,519,952	$ 287,249,809	$ 52,038	37.9	3.8%
2017	5,576,606	$ 303,141,271	$ 54,359	38.0	3.1%
2018	5,611,179	$ 322,727,574	$ 57,515	38.1	2.9%
2019	5,639,632	$ 331,801,925	$ 58,834	38.3	3.2%
2020	5,657,342	$ 350,784,691	$ 62,005	38.4	6.2%
2021	5,707,390	$ 378,284,656	$ 66,280	38.8	3.4%
2022	5,717,184	$ 393,569,020	$ 68,840	39.0	2.7%

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.bea.gov/itable/). The data is updated quarterly. The Annual Comprehensive Financial Report utilizes the most current data estimates available data from the website and prior years are not adjusted or updated. The website reflects that data used in this report was updated September 30, 2023 for calendar year 2022.

(2) U.S. Census Bureau

(3) Minnesota Department of Employment and Economic Development

Schedule 11 - Principal Employers
Calendar Year 2022 and Nine Years Ago

	2013			2022		
Employer	Employees[1]	Rank	Percent of Total State Employment	Employees [2]	Rank	Percent of Total State Employment
State of Minnesota	52,490	1	1.87%	36,002	3	1.22%
Mayo Clinic	40,638	2	1.45%	48,200	1	1.63%
United States Government	31,236	3	1.11%	31,936	4	1.08%
Target Corp.	31,035	4	1.11%	—	—	0.00%
Allina Health System	27,150	5	0.97%	40,663	2	1.38%
University of Minnesota	25,680	6	0.92%	26,331	6	0.89%
Health Partners Inc.	22,340	7	0.80%	25,000	7	0.85%
Wal-Mart Stores Inc.	21,877	8	0.78%	24,771	8	0.84%
Fairview Health Services	21,000	9	0.75%	31,758	5	1.08%
Wells Fargo Bank Minnesota	20,000	10	0.71%	16,000	10	0.54%
United Health Group Inc.	—	—	0.00%	18,000	9	0.61%
Total	293,446			298,661		
Total State Employment [3]	2,805,844			2,953,232		

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

Source:
[1] 2013 State of Minnesota Annual Comprehensive Financial Report
[2] Minneapolis/St. Paul Business Journal Book of Lists published May 1, 2022
[3] State of Minnesota Full-Time Employee data 2022 provided by the Minnesota Department of Employment and Economic Development.

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

	2014	2015	2016	2017
Primary Government:				
Agricultural, Environmental and Energy Resources	4,532	4,622	4,576	4,459
Economic and Workforce Development	2,378	2,373	2,332	2,242
General Education	915	900	846	859
General Government	7,552	7,606	8,666	9,347
Health and Human Services	9,613	9,909	9,062	9,452
Higher Education	15,481	15,090	14,810	14,576
Public Safety and Corrections	6,519	6,598	6,761	6,728
Transportation	4,970	4,815	4,654	4,793
Total	51,960	51,913	51,707	52,456

Sources: Minnesota Management & Budget
Minnesota State Colleges and Universities

2018	2019	2020	2021	2022	2023
4,454	4,471	4,453	4,312	4,313	4,618
2,184	2,176	2,188	2,266	2,273	2,391
849	861	860	805	838	932
9,511	9,813	10,204	10,160	10,196	10,866
9,837	10,119	10,288	10,232	10,020	10,820
14,385	14,376	14,341	19,331	19,013	19,010
6,817	6,915	6,936	6,832	6,661	7,046
4,979	5,145	5,210	5,189	5,105	5,319
53,016	53,876	54,480	59,127	58,419	61,002

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

	2014	2015	2016	2017
Agricultural, Environmental and Energy Resources:				
Recreational Fishing Licenses Issued/License Year	1,364,293	1,363,641	1,375,334	1,398,604
Watercraft Licenses Issued/Calendar Year	958,111	960,418	976,329	989,301
Acres of State Land Managed by Forestry/Fiscal Year	4,014,742	4,014,641	4,030,652	4,200,338
Farms/Calendar Year	74,000	73,600	73,300	72,845
Acres of Farmland/Calendar Year (1,000 Acres)	25,900	25,900	25,900	25,775
Agricultural Production-Crops/Calendar Year (Dollars in thousands)	$ 8,981,160	$ 9,359,125	$ 8,720,433	$ 8,290,126
Agricultural Production-Livestock/Calendar Year (Dollars in thousands)	$ 9,614,139	$ 7,858,145	$ 7,560,945	$ 7,520,072
Economic and Workforce Development:				
Unemployment Claims Filed [2]	268,800	242,214	240,570	225,711
Workplace Injuries Reported	34,963	33,786	33,915	33,006
General Education:[1]				
Pre-kindergarten (handicapped only) through Grade 12 Students	837,616	845,527	852,399	861,191
School Districts	332	332	332	332
Charter Schools	150	157	165	165
Special Education Age 0-21 Child Count	129,669	130,886	133,742	137,601
General Government:				
Individual Income Tax Payers/Calendar Year	2,854,888	2,894,528	2,942,829	2,936,859
Corporate Income Tax Returns/Calendar Year	35,857	35,534	35,613	33,872
Sales Tax Permit Holders/Calendar Year	155,000	155,000	160,000	160,000
Health and Human Services:				
Average Monthly Cash Recipients	176,300	166,428	163,859	168,518
Average Monthly Health Care Enrollees	929,455	1,139,325	1,191,630	1,169,864
Health Care Providers	4,931	4,724	4,533	4,582
Higher Education:				
Full Year Student Equivalents	144,524	138,657	135,192	131,640
Number of Students Graduated	39,148	38,220	37,427	36,846
Square Footage of Buildings	27,998,859	28,042,641	28,473,676	28,675,891
Public Safety and Corrections:				
Incarcerated Inmates	9,768	9,947	10,105	9,869
Offenders on Supervision	19,343	20,418	20,011	20,168
Correctional Facilities	10	10	10	10
Reassignment of Minnesota Certificates of Title	1,420,951	1,177,543	1,343,989	1,399,009
Crashes Investigated by State Patrol	25,670	23,278	25,113	28,200
Transportation:				
Miles of Paved Highways	29,288	29,288	29,288	29,290
Number of Trunk Highway Bridges	3,032	3,036	3,022	3,017
Acres of Right-of-Way	255,453	256,265	256,483	256,958

(1) Current year amounts are estimated.
(2) Increase in 2020 due to the Covid-19 pandemic.

Notes: Of the $22.6 billion in capital assets owned by the state as of June 30, 2023, $15.3 billion (68.0 percent) of the assets represent infrastructure and right of way under the Transportation function. The remaining $7.3 billion in capital assets are allocated to other functions.
N/A indicates the information for the current year is not available.

2018	2019	2020	2021	2022	2023
1,345,199	1,316,656	1,483,113	984,538	1,306,425	N/A
977,780	981,926	984,538	1,008,222	996,873	N/A
4,202,557	4,205,684	4,204,167	4,205,320	4,227,726	4,229,588
72,745	67,812	67,294	66,779	66,690	66,280
25,770	25,367	25,379	25,284	25,298	25,304
$ 8,627,695	$ 8,963,847	$ 9,721,016	$ 10,654,872	$ 12,185,480	$ 13,862.413
$ 7,796,953	$ 7,548,137	$ 6,910,187	$ 7,480,650	$ 9,358,959	$ 10,488.939
208,174	202,300	923,535	654,798	293,098	252,255
33,252	32,949	32,461	48,477	52,031	42,331
870,737	876,334	877,523	878,524	874,991	858,241
330	331	331	330	329	329
164	164	162	173	180	184
142,270	147,605	152,016	149,382	151,532	158,047
2,985,941	3,029,630	3,066,503	3,119,096	3,101,460	39,030
32,879	34,469	35,057	35,340	35,743	3,155,882
160,000	315,000	315,000	315,000	345,000	113,740
164,703	156,672	155,874	169,895	148,382	137,713
1,189,240	1,170,116	1,158,037	1,291,455	1,403,022	1,502,910
4,805	5,101	5,787	5,468	5,652	5,648
128,830	126,094	122,483	115,766	108,034	105,497
36,128	35,969	33,893	33,540	33,648	30,918
28,587,383	28,550,290	28,552,287	28,548,068	28,567,003	28,455,871
9,963	9,479	9,381	7,593	7,511	8,152
20,291	20,533	20,444	18,701	18,887	19,288
10	10	10	10	10	10
1,341,378	1,721,593	1,347,515	1,010,522	1,516,223	1,498,322
29,845	29,198	22,976	20,757	24,545	26,275
29,263	29,233	29,169	29,169	29,203	29,203
3,033	3,036	3,034	3,034	3,046	3,046
256,715	256,679	256,679	257,223	258,698	258,968