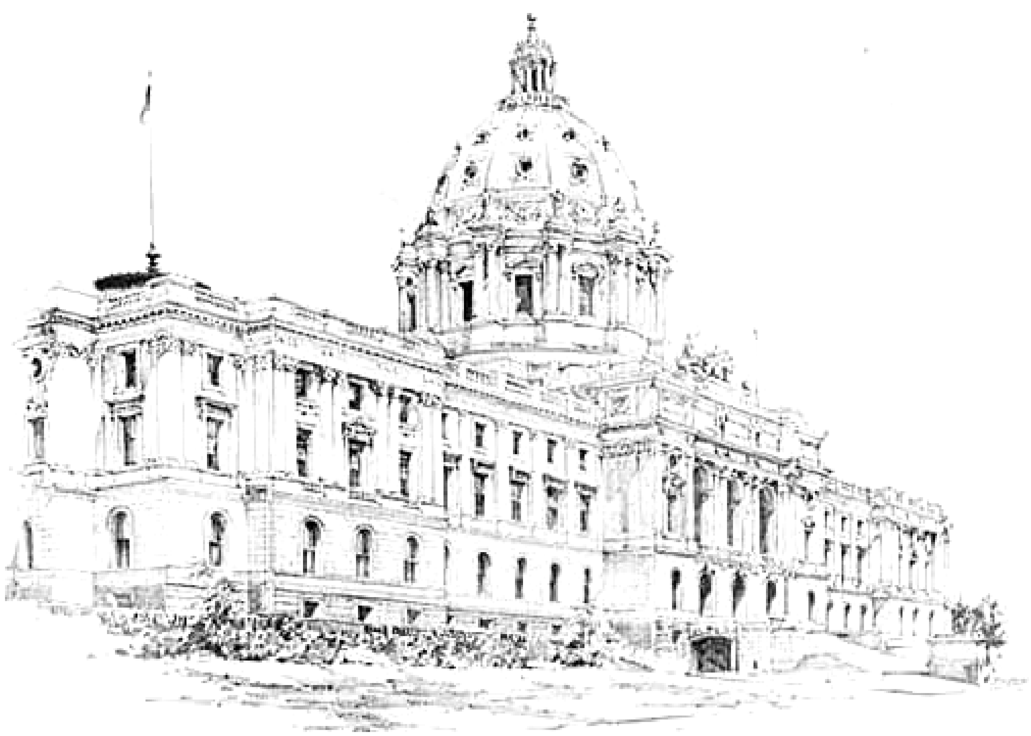
State of Minnesota

Comprehensive Annual Financial Report



For the Year Ended June 30, 2002

L'Etoile du Nord

Minnesota

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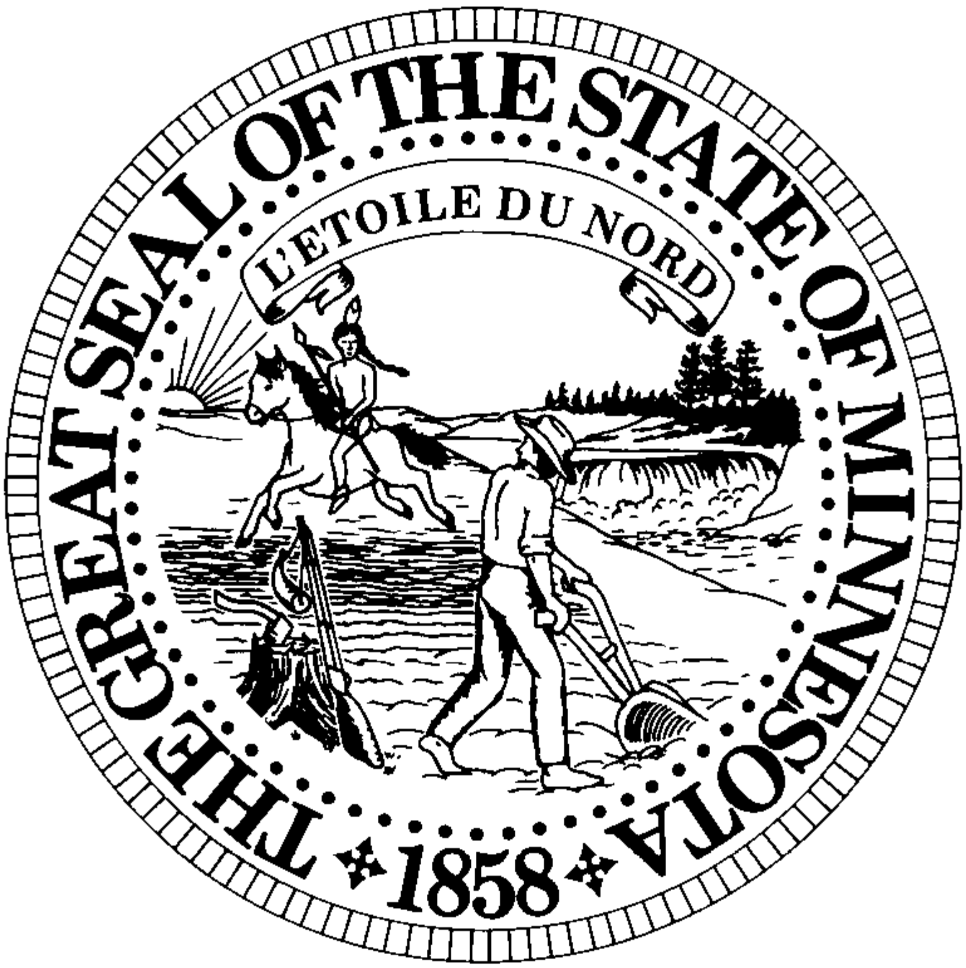

Prepared By the Minnesota Department of Finance
Anne M. Barry, Acting Commissioner
400 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota 55155-1489

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Minnesota Department of Finance
400 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota 55155-1489
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The Minnesota Relay service phone number is 1-800-627-3529.

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Table of Contents

Introduction

Financial Section

Table of Contents (Continued)

Statistical Section

Introduction

L'Etoile du Nord

Minnesota

Transmittal Letter from the Commissioner of Finance

State of Minnesota
Department of Finance

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December 6, 2002

The Honorable Jesse Ventura, Governor

Members of the Legislature

In accordance with Minnesota Statutes, Section 16A.50, the Department of Finance is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the state of Minnesota for the fiscal year ended June 30, 2002. This report includes the financial statements for the state, and the disclosures necessary to accurately present the financial condition and results of operations for the year then ended. The report has been prepared in accordance with generally accepted accounting principles (GAAP) for governmental units, which includes implementing Governmental Accounting Standards Board Statements Nos. 34 and 35.

The report is divided into three sections: Introductory, Financial, and the Statistical. The introductory section includes this letter, the state's organization chart, and the list of principal officials. The Notes to the Financial Statements, in the financial section, are necessary for an understanding of the information included in the statements. The notes include the Summary of Significant Accounting Policies and other necessary disclosure of matters relating to the financial position of the state.

This report consists of management's representations concerning the finances of the state of Minnesota. Consequently, management is responsible for the accuracy, fairness, and completeness of the financial statements, including all disclosures, presented in this report. The information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the state's financial activities. To provide a reasonable basis for making these representations, management of the state has established a comprehensive internal control framework that is designed both to protect the state's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the state's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the state's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The independent Office of the Legislative Auditor audited the state's CAFR with a goal to provide reasonable assurance that the CAFR for the fiscal year ended June 30, 2002 is free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the state's financial statements for the fiscal year ended June 30, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent auditor also issues audit reports or management letters to state agencies.

As a part of the audit of these financial statements, the Office of the Legislative 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 not only on the fair presentation of the financial statements, but also on the state's internal controls and legal requirements involving the administration of federal awards for the year ended June 30, 2002. The supplementary report, "Financial and Compliance Report on Federally Assisted Programs" will be available in March 2003.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The state of Minnesota's MD&A can be found immediately following the report of the independent auditors.

Financial Reporting Entity

The financial reporting entity consists of all the funds of the primary government, as well as its component units. Component units are legally separate organizations for which the state is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either (a) the ability of the state to impose its will, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government.

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

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

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

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

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

Economic Condition and Outlook

Minnesota's economy turned in a mixed performance during the 2002 fiscal year. At the close of the fiscal year, Minnesota's unemployment rate was 4.0 percent, 1.9 percentage points lower than the U.S. average of 5.9 percent, but 0.4 percentage points above the state's unemployment rate at the end of fiscal 2001. During that same period, the U.S. unemployment rate had increased by 1.3 percentage points. Personal income grew at an annual rate of 2.2 percent, barely above the 2.1 percent growth rate observed nationally. Payroll employment in Minnesota fell by 1.1 percent during the fiscal year, well above the U.S. average drop of 0.8 percent. In calendar year 2001, per capita personal income in Minnesota was $33,101, 8.6 percent above the national average. Minnesota ranked 7th among all states in personal income per capita in 2001. In calendar 2000, Minnesota ranked 9th, and was 8.4 percent above the U.S. average.

The unemployment rate in Minnesota has remained low, but there has been weakness in payroll employment dispersed throughout the state's economy. Manufacturing employment fell by 12,000 jobs during the fiscal year, while employment in the transportation communications and utilities sector fell by almost 10,000 jobs. Employment in the retail sector fell by 7,000 jobs, and in the services sector, the fastest growing sector for some years, employment grew by less than 1,000 jobs. Although the decline in manufacturing in Minnesota was slightly less severe than that observed for the rest of the nation, the decline in manufacturing employment over the past two years has brought Minnesota manufacturing employment down to levels last observed in September 1993.

Minnesota's economy is projected to grow more slowly than the U.S. economy during fiscal 2003. Consistent with that forecast, October payroll employment in Minnesota is more than 7,000 jobs below levels observed at the end of fiscal 2002 when viewed on a seasonally adjusted basis. Nationally, there has been a very small gain in employment over that time. Total wage and salary payments in Minnesota are projected to grow by 2.9 percent in fiscal 2003, the same growth rate as is projected for the national wages. Minnesota personal income is expected to grow by 3.7 percent during the current fiscal year, almost keeping pace with projected national growth of 3.8 percent.

Major Program Initiatives

- Medical Assistance and Minnesota Care. During the 2001 legislative session, eligibility was expanded for Medical Assistance and Minnesota Care in order to extend coverage to an estimated 20,000 low-income children by 2005. Beginning July 1, 2002, the income limit for children to receive Medical Assistance was to be increased to 170 percent of the federal poverty line. During fiscal year 2002, the Department of Human Services prepared eligibility systems and county offices for the changes and successfully implemented the change on the first day of state fiscal year 2003.

- K-12 Education. State aid to education increased by $78 million (1.9 percent) in fiscal year 2002. The largest factor in the increase is growth in the general education "formula allowance", a per pupil allocation which comprises the largest proportion of basic operating funds for school districts. Funds are allocated to schools by multiplying the amount of the formula allowance by the average daily membership. Under current law, the allowance increased by $104 between the two years, from $3,964 in fiscal year 2001 to $4,068 in fiscal year 2002. In fiscal year 2002, there were approximately 853,000 students in the public school system in Minnesota.

  A major restructuring of Minnesota's school finance system is set to take place in fiscal year 2003. The 2001 legislature adopted a significant restructuring of the property tax system, first proposed by the Governor, which eliminated the general education property tax levy. When the change takes effect, state aid for schools will increase considerably, as state aid replaces what had previously been paid for through the property tax.

- Short-term Financing. The 2002 legislature also expanded the uses of one-time tobacco settlement funds to allow for short-term borrowing by the state effective July 2003. The legislature created the endowments in response to the1998 tobacco litigation settlement and dedicated proceeds to medical education and tobacco prevention. Up to five percent of the endowment's value is appropriated each year for these health programs. After the recent law changes, appropriations may still be issued for medical education and tobacco prevention, but the state may use endowment balances if necessary to meet short-term cash flow needs.

Financial Information

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

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

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

The state debt management policy has four guidelines. The first requires that the ratio of budgeted biennial debt service expenditures for general obligation bonded debt, paid by transfers from the General Fund, should not exceed 3.0 percent of total projected biennial General Fund non-dedicated revenues, net of refunds, on a budgetary basis. The ratio of transfers to net non-dedicated revenues for the biennium ending June 30, 2003 is estimated to be 2.4 percent.

The second and third guidelines state that general obligation bonded debt should not exceed 2.5 percent of the total personal income for the state, and also that the total debt of state agencies and the University of Minnesota should not exceed 3.5 percent of total personal income. These ratios were 1.8 percent and 2.6 percent, respectively, based on debt outstanding at June 30, 2002, and estimated personal income for the year ended on that date.

The fourth guideline states that the total amount of state general obligation debt, moral obligation debt, state bond guarantees, equipment capital leases and real estate leases should not exceed 5.0 percent of the total personal income for the state. The ratio was 3.2 percent based on information at June 30, 2002.

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

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

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

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

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

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 comprehensive annual financial report for the fiscal year ended June 30, 2001. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

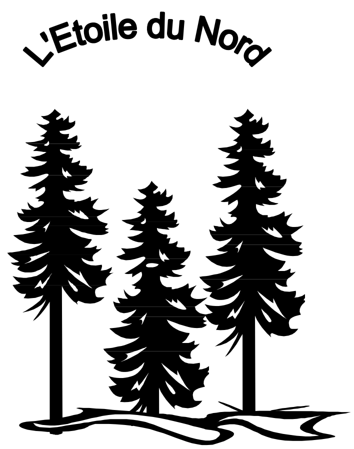
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Although the Department of Finance accepts final responsibility for this report, staff in many other state agencies and component units provided much of the data. Assistance from these organizations ranged from providing necessary data to actual preparation of financial statements for their agencies' funds. I want to express my appreciation for the dedication of the many people in the Department of Finance who helped in the preparation of this report, as well as for the many people in other agencies, without whose efforts this report would not have been possible.

Sincerely,

Anne M. Barry
Acting Commissioner



Minnesota

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

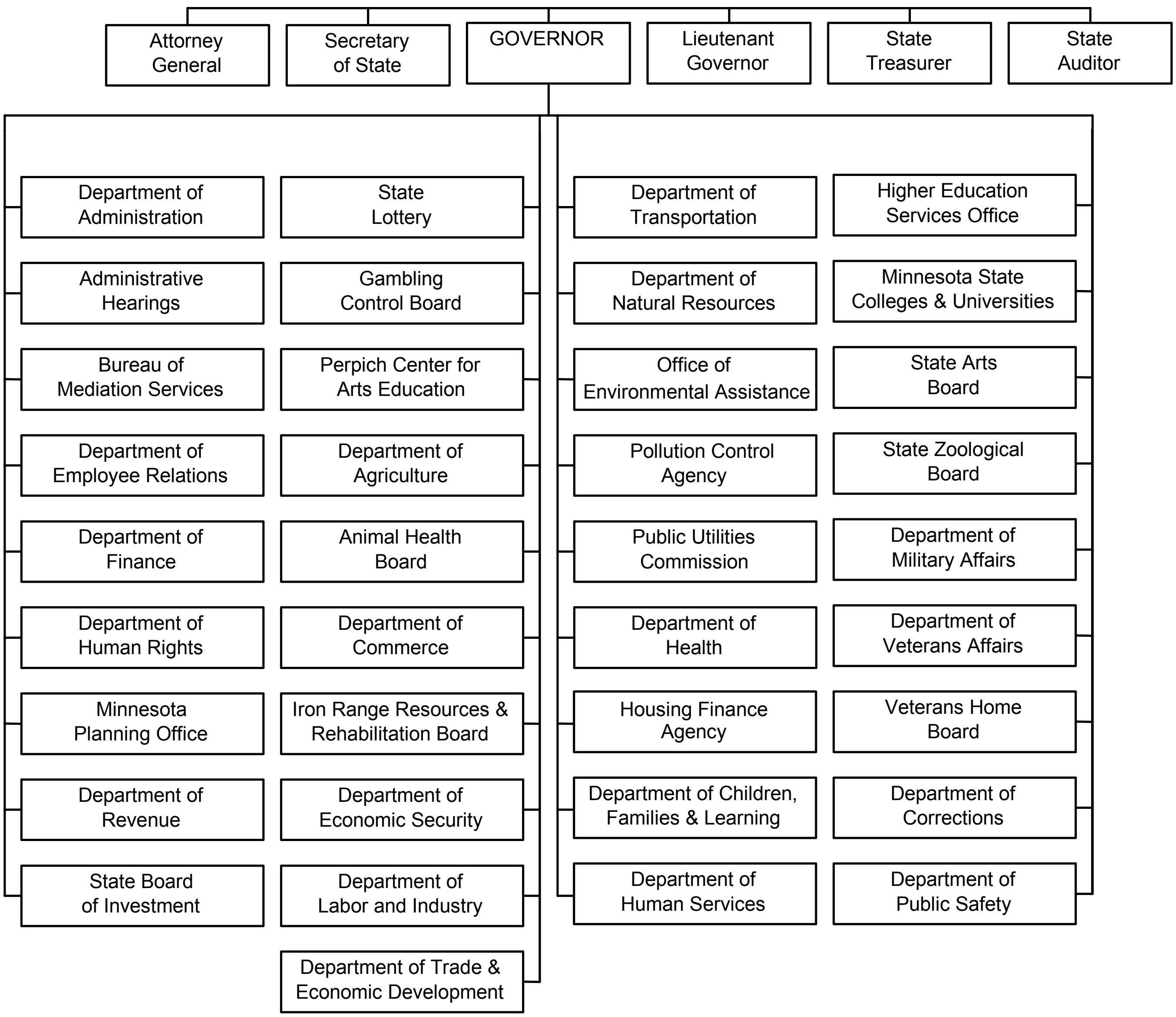
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

State Organization Chart



State Principal Officials

Executive Branch

Governor	Jesse Ventura
Lieutenant Governor	Mae Schunk
Attorney General	Mike Hatch
State Treasurer	Carol C. Johnson
Secretary of State	Mary Kiffmeyer
State Auditor	Judith H. Dutcher

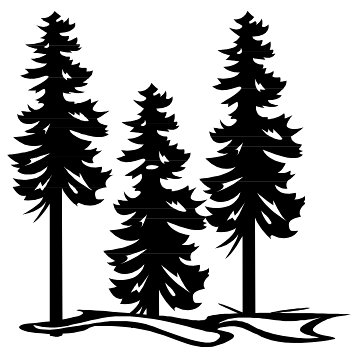
Legislative Branch

Speaker of the House of Representatives	Steve Sviggum
President of the Senate	Don Samuelson

Judicial Branch

Chief Justice of the Supreme Court	Kathleen Blatz

L'Etoile du Nord



Minnesota

Financial Section

OLA **OFFICE OF THE LEGISLATIVE AUDITOR**
STATE OF MINNESOTA • James Nobles, Legislative Auditor

Independent Auditor's Report

Members of the Legislature

The Honorable Jesse Ventura, Governor

Ms. Anne Barry, Acting Commissioner of Finance

We have audited the accompanying basic financial statements of the State of Minnesota as of and for the year ended June 30, 2002, as listed in the Table of Contents. These basic financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Minnesota State Colleges and Universities (MnSCU) , a business-type activity. The MnSCU financial statements represent 73 percent of the assets and 38 percent of the operating revenues of the primary government's total business-type activities. We also did not audit the financial statements of the University of Minnesota, Metropolitan Council, Housing Finance Agency, Public Facilities Authority, Minnesota Workers Compensation Assigned Risk Plan, National Sports Center Foundation, Higher Education Services Office, and Minnesota Partnership for Action Against Tobacco, which cumulatively represent 99 percent of the assets and 99 percent of the revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned MnSCU fund and discretely presented component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Minnesota Workers Compensation Assigned Risk Plan, National Sports Center Foundation, and Minnesota Partnership for Action Against Tobacco, which are discretely presented component units, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the State of Minnesota as of June 30, 2002, and the results of its operations and the cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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E-mail: auditor@state.mn.us • TDD Relay: 651/297-5353 • Website: www.auditor.leg.state.mn.us

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2002, the State of Minnesota adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities;* Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and paragraphs 6 through 11 of Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements establish new financial reporting requirements for state and local governments throughout the United States.

Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the State of Minnesota's basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

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

In accordance with *Government Auditing Standards*, we will also issue a separate report, dated December 6, 2002, on our consideration of the State of Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

James R. Nobles
James R. Nobles
Legislative Auditor

Claudia J. Gudvangen
Claudia J. Gudvangen, CPA
Deputy Legislative Auditor

December 6, 2002

L'Etoile du Nord

Minnesota

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, 2002, and identities changes in the financial position of the state, which occurred during the fiscal year. Please read this overview in conjunction with the letter of transmittal, which can be found preceding this narrative, and with the state's financial statements and notes to the financial statements.

Governmental Accounting Standards Board (GASB) Statement No, 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", and GASB Statement No. 35, "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities, an amendment of GASB Statement No. 34", establish new reporting requirements for state and local governments throughout the United States. The new requirements not only restructure the format of information presented in previous fiscal years, but also create new information which must be presented. The intention of the new reporting model is to make annual reports more comprehensive while being easier to use and understand.

Because the fiscal year ended June 30, 2002 is the first year in which the state implemented the provisions of GASB Statements Nos. 34 and 35, the statements do not require the presentation of comparative data. Comparative data is presented in this discussion when available. Beginning with fiscal year 2003, comparative data will be provided as required by both statements.

Overview of the Financial Statements

Minnesota's financial reporting for fiscal year 2002 uses a substantially revised format compared to previous annual financial reports. Under the new reporting model, the focus is on the state as a whole, and on the individual funds that are considered to be major. The new reporting focus is to present a more comprehensive view of Minnesota's financial activities and financial position, and to make the comparison of Minnesota's government to other governments easier.

This annual financial 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 to the users of the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to 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 assets* and the *statement of activities*, prepared using the economic resources measurement focus and the accrual basis of accounting. All current year revenues and expenses are included in the statements regardless of whether related cash has been received or paid. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes, accounts receivable, and earned but unused vacation leave). This reporting method produces a view of financial activities and position similar to that presented by most private-sector companies. The statements provide both short-term and long-term information about the state's financial position, which assists readers in assessing the state's economic condition at the end of the fiscal year.

The government-wide financial statements can be found immediately following this discussion and analysis.

The *statement of net assets* presents all of the state's financial resources along with capital assets and long-term obligations. The statement includes all assets and liabilities of the state and shows how the state's net assets changed during the most recent fiscal year. *Net assets* is the difference between assets and liabilities and is one method to measure the state's financial condition.

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

The *statement of activities* 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 expenditures.

Both the statement of net assets 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 protection of persons and property. Most of the costs of these activities are financed by taxes, fees, and federal grants.

Business-type Activities

The business-type activities 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 Fund, the State Colleges and Universities, and the Lottery are examples of business-type activities.

Discretely Presented Component Units

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 or incomplete. Financial accountability is defined as the appointment of a voting majority of the component units' 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 twelve component units are reported in two categories: major and nonmajor. This categorization is based on the relative size of an individual component unit's assets, liabilities, revenues, and expenses in relation to the total of all component units and the primary government.

The state's three discretely presented major component units are:

- University of Minnesota
- Metropolitan Council
- Housing Finance Agency

The state's nine nonmajor component units are combined into a single column for reporting in the fund financial statements. These nonmajor component units are:

- Public Facilities Authority
- Workers' Compensation Assigned Risk Plan
- National Sports Center Foundation
- Higher Education Services Office
- Minnesota Technology, Incorporated
- Agricultural and Economic Development Board
- Rural Finance Authority
- Minnesota Partnership for Action Against Tobacco

State Funds and Component Units Financial Statements

A fund is a grouping of related self-balancing accounts that is 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.

Fund financial statements present financial information in a format familiar to experienced users of governmental financial statements and reports. 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. Under the new reporting model, fund financial statements now 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 measures 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 assists 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 twenty-eight individual 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, both of which are reported as major funds. Information from the remaining twenty-six 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 elsewhere in this report.

The state adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund 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) utilize 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 component of proprietary funds, are used to report activities that provide goods and services to outside (non-government) customers, including the general public. Internal service funds are an accounting device used to accumulate and allocate costs internally for goods and/or 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 seventeen individual proprietary funds. 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 assets* and in the proprietary funds *statement of revenues, expenses, and changes in net assets*. Information from the other fifteen funds is combined into a single, aggregated column. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere 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 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 assure that the assets reported in fiduciary funds are used for their intended purposes.

The state's fiduciary funds are the pension trust funds, the Investment Trust Fund (which accounts for the transactions, assets, liabilities, and fund equity of the external investment pool), and the Agency 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 elsewhere in this report.

Component Units

As mentioned above, component units are legally separate organizations for which the state is financially accountable. The government-wide financial statements present information for the component units in a single column on the statement of net assets. Also, some information on the statement of changes in net assets is aggregated for component units. The component units statements of net assets and the component units statement of changes in net assets provide detail for each major component unit and aggregate the detail for nonmajor component units. Individual nonmajor component unit detail can be found in the combining financial statements elsewhere in this report.

Notes to the Financial Statements

The notes provide additional narrative and financial information that is essential to a full understanding of the data provided in the government-wide financial statements and the fund financial statements. The notes to the financial statements are located immediately following component units' 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 funding progress, and public employees insurance program development information.

Other Supplementary Information

Other supplementary information includes combining 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.

Financial Highlights

Government-wide

- The assets of the state exceeded liabilities at June 30, 2002 by $9.5 billion (presented as *net* assets). Of this amount, $2.5 billion was reported as *unrestricted net assets*. Unrestricted net assets represent the amount available to the state to meet ongoing obligations to citizens and creditors. However, many of the resources have internally imposed designations, such as state statutory language, which limit resource use. These assets are not reported as restricted net assets because the limitations are imposed internally by the state, not externally imposed by sources such as creditors.

- The state's total net assets decreased by $558.8 million (5.5%) during fiscal year 2002. Net assets of governmental activities decreased by $397.4 million (4.6%), while net assets of the business-type activities showed a decrease of $161.4 million (10.6%).

Fund Level

- At the end of the current fiscal year, governmental funds reported a combined ending fund balance of $5.7 billion, a decrease of $408.8 million compared to the prior year. Of this total amount, $1.797 billion represents unreserved fund balances mainly in the General Fund and special revenue funds.

- $530.6 million (29.5%) of the unreserved fund balance is available for spending at the government's discretion (undesignated fund balance). Undesignated fund balance represents approximately two and a half percent of the total governmental fund expenditures for the year.

Long-Term Debt

- The state's total long-term debt obligations increased by $397 million (8.3%) during the current fiscal year. The increase is primarily from the issuance of general obligation bonds to finance various state purposes.

Government-wide Financial Analysis

As noted earlier, net assets serve over time as a useful indicator of a government's financial position. The state's combined net assets (governmental and business-type activities) totaled $9.546 billion at the end of 2002, compared to $10.102 billion at the end of the previous year.

Net Assets
Fiscal Year Ended June 30, 2002
(In Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
Current Assets	$ 9,746,874	$ 941,012	$ 10,687,886
Noncurrent Assets:			
Capital Assets	6,673,700	912,145	7,585,845
Other Assets	340,370	84,407	424,777
Total Assets	$ 16,760,944	$ 1,937,564	$ 18,698,508
Current Liabilities	$ 4,088,695	$ 271,551	$ 4,360,246
Noncurrent Liabilities:	4,491,673	300,682	4,792,355
Total Liabilities	$ 8,580,368	$ 572,233	$ 9,152,601
Net Assets:			
Invested in Capital Assets, Net of Related Debt	$ 3,516,294	$ 776,233	$ 4,292,527
Restricted	2,300,180	431,695	2,731,875
Unrestricted	2,364,102	157,403	2,521,505
Total Net Assets	$ 8,180,576	$ 1,365,331	$ 9,545,907

A large portion of the state's net assets (45%) reflects investment in capital assets such as land, buildings, equipment, and infrastructure (pavement, bridges, and other immovable assets), less any related outstanding debt used to acquire those assets. The state uses these capital assets to provide services to citizens; consequently, these assets are not available to fund the day-to-day activities of the state. Capital assets are not considered to be convertible to cash and cannot be used to pay for the debt related to the capital assets. Therefore, the resources needed to repay this debt related to capital assets must be provided from other sources.

Twenty-nine percent of the state's net assets ($2.7 billion) represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation, which restricts how these assets may be used. The remaining balance of unrestricted net assets, $2.5 billion, may be used to meet the state's ongoing obligations to citizens and creditors. Within this balance, many of the resources have internally imposed designations, such as state statutory language, which limit resource use. These assets are not reported as restricted net assets because the limitations are imposed internally by the state, not externally imposed by sources such as creditors.

At the end of the current fiscal year, the state reported positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Changes in Net Assets
Fiscal Year Ended June 30, 2002
(In Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
Revenues:			
Program Revenues:			
Charges for Services	$ 1,398,808	$ 1,396,840	$ 2,795,648
Operating Grants and Contributions	4,697,961	437,777	5,135,738
Capital Grants	21,508	24,333	45,841
General Revenues:			
Individual Income Taxes	5,419,220	-	5,419,220
Corporate Income Taxes	428,614	-	428,614
Sales Taxes	3,777,259	-	3,777,259
Property Taxes	308,337	-	308,337
Motor Vehicle Taxes	616,616	-	616,616
Fuel Taxes	614,285	-	614,285
Other Taxes	1,862,382	-	1,862,382
Tobacco Settlement	380,024	-	380,024
Investment/Interest Income	83,432	35,853	119,285
Other Revenues	71,621	721	72,342
Total Revenues	$ 19,680,067	$ 1,895,524	$ 21,575,591
Expenses:			
Public Safety and Corrections	$ 702,345	$ -	$ 702,345
Transportation	1,619,806	-	1,619,806
Agricultural and Environmental Resources	609,199	-	609,199
Economic and Workforce Development	731,568	-	731,568
General Education	5,461,074	-	5,461,074
Higher Education	865,729	-	865,729
Health and Human Services	2,468,146	-	2,468,146
Health Care	4,838,987	-	4,838,987
General Government	849,938	-	849,938
Intergovernmental Aid	1,287,768	-	1,287,768
Interest	161,129	-	161,129
State Colleges and Universities	-	1,296,697	1,296,697
Unemployment Insurance	-	946,562	946,562
Lottery	-	296,985	296,985
Other	-	132,479	132,479
Total Expenses	$ 19,595,689	$ 2,672,723	$ 22,268,412
Excess (Deficiency) before Transfers and Special Item	$ 84,378	$ (777,199)	$ (692,821)
Transfers	(615,758)	615,758	-
Special Item	134,000	-	134,000
Change in Net Assets	$ (397,380)	$ (161,441)	$ (558,821)
Net Assets, Beginning, as Restated	$ 8,575,515	$ 1,526,772	$ 10,102,287
Change in Inventory	2,441	-	2,441
Net Assets, Ending	$ 8,180,576	$ 1,365,331	$ 9,545,907

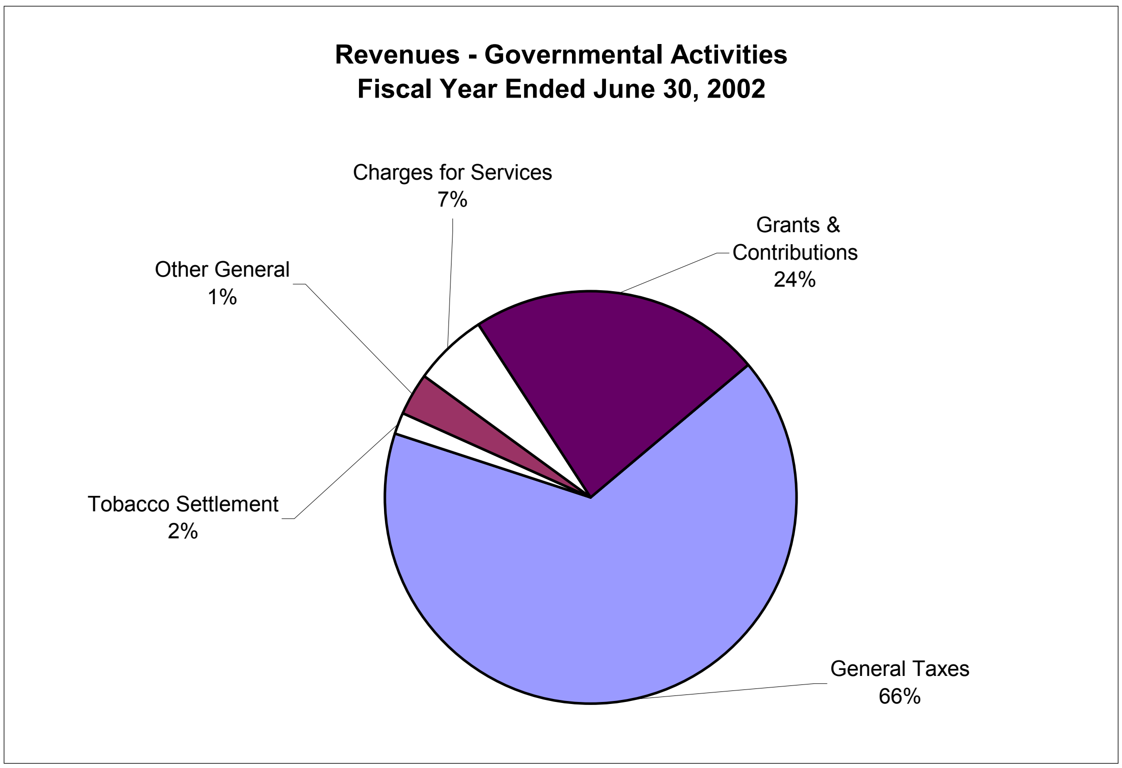
The state's combined net assets for governmental and business-type activities decreased $558.8 million (5.5%) over the course of this fiscal year. This resulted from a $397.4 million (4.6%) decrease in net assets of governmental activities, and a $161.4 million (10.6%) decrease in net assets of business-type activities.

Approximately 60 percent of the state's total revenue (governmental and business-type activities) came from taxes, while 24 percent resulted from grants and contributions, including federal aid. Charges for various goods and services provided 13 percent ($2.8 billion) of the total revenues. The remaining 3 percent came from other general revenues.

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

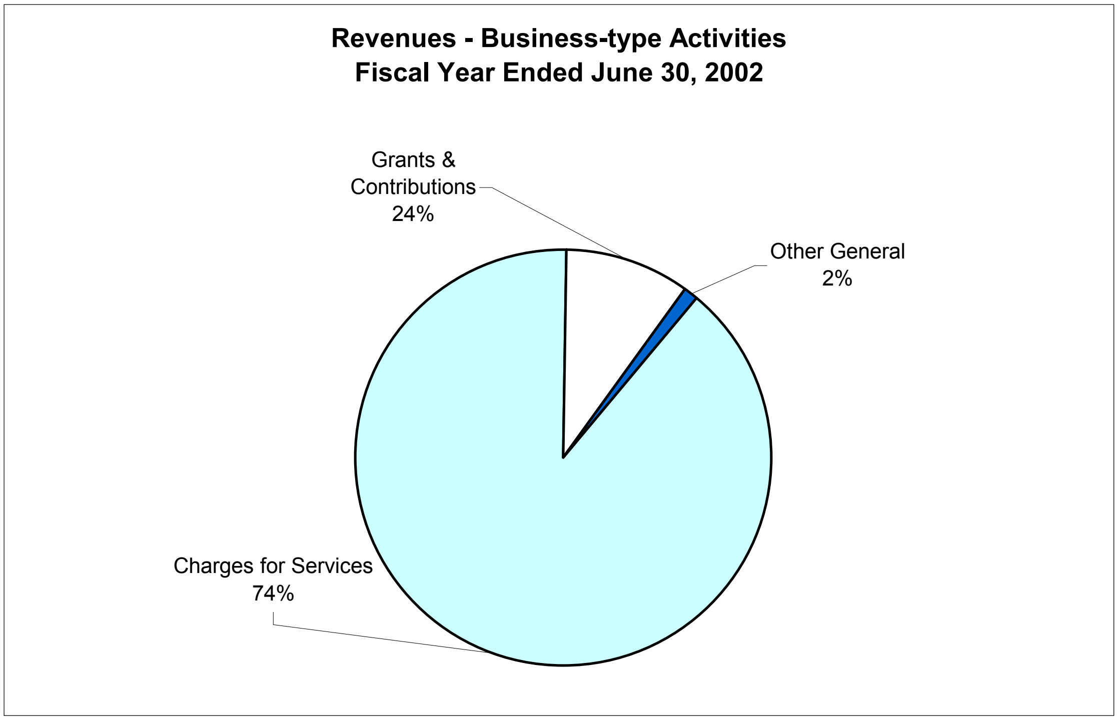
Governmental Activities

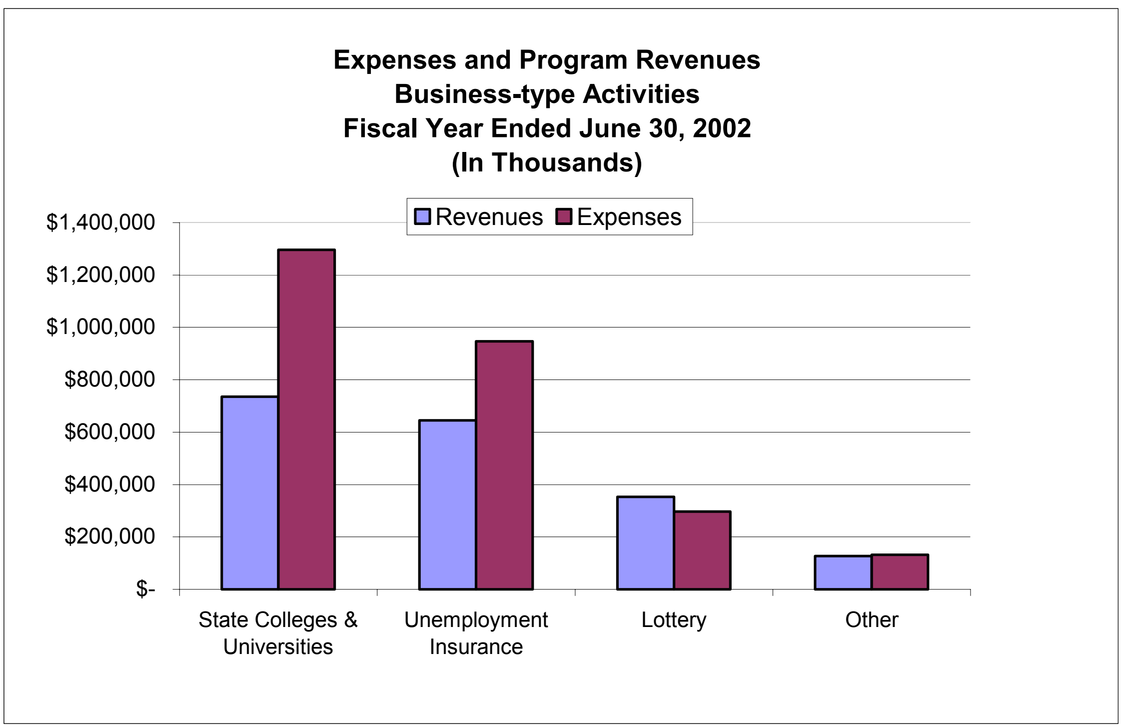
Governmental activities decreased the state's net assets by $397.4 million, which primarily resulted from relatively flat revenues as a result of the economic downturn. The following chart shows the categories of revenue for fiscal year 2002 of $19,680,067.



Business-type Activities

The business-type activities had a decrease in net assets of $161.4 million. This decrease was due primarily to a $279.3 million decrease in net assets in the Unemployment Insurance Fund, which was offset by a $120.1 million increase in net assets of the State Colleges & Universities Fund. The decrease in the Unemployment Insurance Fund net assets resulted from an increase in the unemployment rate corresponding to a downturn in the economy. The increase in the State Colleges & Universities Fund net assets resulted from increases in tuition and fees as well as an increase in a transfer (appropriation) from the General Fund.


Revenues - Business-type Activities
Fiscal Year Ended June 30, 2002
Grants & Contributions 24%
Other General 2%
Charges for Services 74%


Expenses and Program Revenues
Business-type Activities
Fiscal Year Ended June 30, 2002
(In Thousands)
Revenues
Expenses
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$-
State Colleges & Universities
Unemployment Insurance
Lottery
Other

State Funds Financial Analysis

As noted earlier, the state uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 financing requirements. Unreserved fund balance may serve 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 $5.699 billion, a decrease of $408.8 million in comparison with the prior year. Approximately 31 percent ($1.797 billion) of this total amount constitutes unreserved fund balance, which is available for spending in the coming year. However, included in this amount is $1.267 billion that has internally imposed designations, such as state statutory language, which limit resource use. The remaining fund balance of $3.901 billion is reserved to indicate that the money is not available for new spending, but has been dedicated for various commitments.

The General Fund is the chief operating fund of the state. At the end of the current fiscal year, unreserved fund balance of the General Fund was $539.1 million, while the total fund balance reached $685.5 million.

The fund balance of the state's General Fund decreased by $354.2 million during the current fiscal year. This decrease primarily resulted from relatively flat revenues as a result of the economic downturn, instead of the anticipated inflationary increases in income taxes to correspond with increases in grants and subsidies associated with education.

Proprietary Funds

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

The state's net assets decreased by $161.4 million during the current year as a result of operations in the proprietary funds. This primarily resulted from a $279.3 million decrease in net assets in the Unemployment Insurance Fund due to an increase in the unemployment rate in Minnesota associated with the economic downturn.

General Fund Budgetary Highlights

The state reduced its revenue forecast by $957 million based on the February 2002 forecast when it became apparent the softened national economic conditions were going to have a negative impact on the original projections. Individual income tax, corporate income tax, and sales and use taxes were the largest contributors to the shortfall with forecast reductions of $555, $259, and $332 million respectively.

There were no net over-expenditures or line-item over-expenditures by the General Fund departments during the fiscal year

It is anticipated that the General Fund will experience reduced revenues in the next fiscal year. However, both the Minnesota State Constitution (Article XI, section 6) and state statutes (M.S. 16A.152) require that the budget be balanced for the biennium, thus, corresponding reductions in spending and other measures will be made to ensure that the fund balance remains positive.

Capital Asset and Debt Administration

Capital Assets

The state's investment in capital assets for governmental and business-type activities as of June 30, 2002, was $9.3 billion, less accumulated depreciation of $1.7 billion, resulting in a net book value of $7.6 billion. This investment in capital assets includes land, buildings, equipment, infrastructure, and construction in progress. 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 and typically are of value only to the state.

Capital Assets
Fiscal Year Ended June 30, 2002
(In Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
Capital Assets not Depreciated:			
Land	$ 1,216,599	$ 51,833	$ 1,268,432
Buildings, Structures, Improvements	18,569	-	18,569
Construction in Progress	322,822	77,941	400,763
Infrastructure	4,311,441	-	4,311,441
Art and Historical Treasures	100	-	100
Total Capital Assets not Depreciated	$ 5,869,531	$ 129,774	$ 5,999,305
Capital Assets Depreciated			
Buildings, Structures, Improvements	$ 1,205,374	$ 1,388,802	$ 2,594,176
Infrastructure	31,238	-	31,238
Library Collections	-	42,731	42,731
Equipment, Furniture, Fixtures	346,788	278,855	625,643
Total Capital Assets Depreciated	$ 1,583,400	$ 1,710,388	$ 3,293,788
Less: Accumulated Depreciation	779,231	928,017	1,707,248
Capital Assets net of Depreciation	$ 804,169	$ 782,371	$ 1,586,540
Total	$ 6,673,700	$ 912,145	$ 7,585,845

The most significant change in accounting for capital assets during the current fiscal year was the inclusion of infrastructure assets. The state is also in the process of expanding a correctional facility with costs exceeding $85 million as well as renovating a veteran's home for $35 million.

Under GASB Statement No. 34, the state has adopted an alternative process referred to as 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 2,855 bridges that are maintained by the Minnesota Department of Transportation.

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 indicated that the principal arterial pavement's average PQI was 3.39 and all other pavement's PQI was 3.30. The state has consistently improved the condition of pavement over the past five 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 2001, indicated that 96 percent of principal arterial system bridges and 91 percent of all other system bridges were in fair to good condition. The state has consistently improved the condition of bridges over the past several years.

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

Debt Administration

The authority of the state to incur 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 are rated as follows:

- Aaa by Moody's
- AAA by Standard & Poors
- AAA by Finch.

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

Outstanding Bonded Debt
Fiscal Year Ended June 30, 2002
(In Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
General Obligation	$ 2,923,221	$ 108,874	$ 3,032,095
Revenue	-	53,365	53,365
Total	$ 2,923,221	$ 162,239	$ 3,085,460

During fiscal year 2002, the state issued the following bonds:

- $611 million in general obligation state various purpose and state refunding bonds
- $55 million in general obligation state trunk highway bonds
- $36 million in state revenue bonds to finance the construction and remodeling of MnSCU buildings

Additional information on the state's long-term debt obligations is located in note 7 in the notes to the financial statements.

Economic Condition and Outlook

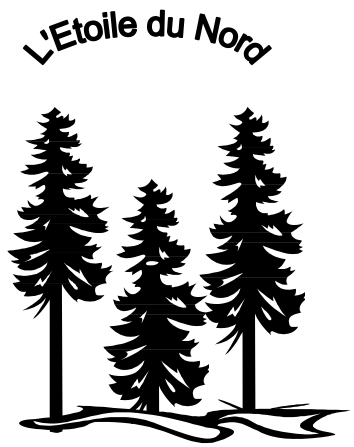
On December 4, 2002, the Department of Finance released its first forecast for the 2004-05 biennium. The forecast projects a deficit of $4.560 billion in the absence of legislative action during the 2003 legislative session. This deficit resulted from a national economic downturn. The forecast includes a projected deficit of $356 million for the current biennium. As noted above, the budget must be balanced for the biennium based on both state statutes and constitution. Borrowing for operating purposes beyond the biennium is not allowed. The fiscal year 2003 budget must be balanced before June 30, 2003.

Requests for Information

This financial report is designed to provide citizens, 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.

The information regarding how to contact the Minnesota Department of Finance regarding questions or further information is shown on the back side of the title page of this report.

Basic Financial Statements



Minnesota

Government-wide Financial Statements

STATEMENT OF NET ASSETS
JUNE 30, 2002
(IN THOUSANDS)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 4,756,568	$ 696,838	$ 5,453,406	$ 1,055,960
Investments	1,849,476	17,627	1,867,103	1,908,629
Accounts Receivable	1,920,205	147,718	2,067,923	410,861
Due from Component Units	12,145	-	12,145	-
Due from Primary Government	-	-	-	126,990
Accrued Investment/Interest Income	38,124	207	38,331	44,954
Federal Aid Receivable	484,257	28,056	512,313	3,570
Inventories	15,619	17,177	32,796	33,792
Deferred Costs	2,578	2,160	4,738	10,162
Loans and Notes Receivable	19,907	58	19,965	92,930
Internal Balances	5,098	(5,098)	-	-
Securities Lending Collateral	642,897	36,269	679,166	103,452
Other Assets	-	-	-	49,718
Total Current Assets	$ 9,746,874	$ 941,012	$ 10,687,886	$ 3,841,018
Noncurrent Assets:				
Cash and Cash Equivalents-Restricted	$ -	$ 32,861	$ 32,861	$ 491,935
Investments-Restricted	-	12,781	12,781	366,023
Accounts Receivable-Restricted	-	-	-	23,782
Due from Component Units	119,642	-	119,642	-
Loans Receivable-Restricted	-	-	-	902,380
Other Assets-Restricted	-	252	252	80,363
Loans and Notes Receivable	220,728	33,880	254,608	2,135,559
Depreciable Capital Assets (Net)	804,169	782,371	1,586,540	2,706,690
Nondepreciable Capital Assets	1,558,090	129,774	1,687,864	583,032
Infrastructure (Not depreciated)	4,311,441	-	4,311,441	-
Other Assets	-	4,633	4,633	44,336
Total Noncurrent Assets	$ 7,014,070	$ 996,552	$ 8,010,622	$ 7,334,100
Total Assets	$ 16,760,944	$ 1,937,564	$ 18,698,508	$ 11,175,118
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 2,479,979	$ 191,225	$ 2,671,204	$ 162,648
Due to Component Units	126,990	-	126,990	-
Due to Primary Government	-	-	-	14,012
Deferred Revenue	386,145	20,234	406,379	71,471
Accrued Bond Interest Payable	33,445	246	33,691	9,428
General Obligation Bonds Payable	237,262	6,568	243,830	325,181
Bond Premium Payable	2,129	-	2,129	-
Loans and Notes Payable	18,054	1,793	19,847	2,460
Revenue Bonds Payable	-	120	120	406,330
Claims Payable	122,339	-	122,339	68,511
Compensated Absences Payable	20,592	11,582	32,174	53,858
Workers' Compensation Liability	12,285	1,270	13,555	-
Capital Leases Payable	6,578	2,244	8,822	-
Securities Lending Collateral	642,897	36,269	679,166	103,452
Total Current Liabilities	$ 4,088,695	$ 271,551	$ 4,360,246	$ 1,217,351
Noncurrent Liabilities:				
Accounts Payable-Restricted	$ -	$ 3,835	$ 3,835	$ 49,825
Deferred Revenue-Restricted	-	-	-	107,658
Accrued Bond Interest Payable-Restricted	-	-	-	67,121
Revenue Bonds Payable-Restricted	-	310	310	35,240
Due to Primary Government	-	-	-	119,642
General Obligation Bonds Payable	2,685,959	102,306	2,788,265	1,055,206
Bond Premium Payable	35,593	-	35,593	-
Loans and Notes Payable	21,564	2,705	24,269	7,437
Revenue Bonds Payable	-	52,935	52,935	2,476,432
Claims Payable	1,422,694	-	1,422,694	320,622
Compensated Absences Payable	211,750	85,787	297,537	16,787
Workers' Compensation Liability	102,664	3,122	105,786	-
Capital Leases Payable	11,449	6,334	17,783	-
Funds Held in Trust	-	9,243	9,243	94,979
Federal Student Loan Financing	-	32,886	32,886	-
Other Liabilities	-	1,219	1,219	255,846
Total Noncurrent Liabilities	$ 4,491,673	$ 300,682	$ 4,792,355	$ 4,606,795
Total Liabilities	$ 8,580,368	$ 572,233	$ 9,152,601	$ 5,824,146

STATEMENT OF NET ASSETS (CONTINUED)
JUNE 30, 2002
(IN THOUSANDS)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET ASSETS				
Invested in Capital Assets,				
Net of Related Debt	$ 3,516,294	$ 776,233	$ 4,292,527	$ 2,097,723
Restricted for:				
Capital Projects	$ 17,857	$ -	$ 17,857	$ -
Debt Service	587,915	-	587,915	-
Transportation	798,186	-	798,186	-
Environmental and Natural Resources	371,687	-	371,687	-
School Aid-Nonexpendable	524,535	-	524,535	-
Unemployment Benefits	-	353,125	353,125	-
State Colleges and Universities	-	78,570	78,570	-
Component Units	-	-	-	1,337,807
Total Restricted	$ 2,300,180	$ 431,695	$ 2,731,875	$ 1,337,807
Unrestricted	$ 2,364,102	$ 157,403	$ 2,521,505	$ 1,915,442
Total Net Assets	$ 8,180,576	$ 1,365,331	$ 9,545,907	$ 5,350,972

The notes are an integral part of the financial statements.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

		PROGRAM REVENUES		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBU-TIONS	CAPITAL GRANTS AND CONTRIBU-TIONS
Primary Government:				
Governmental Activities:				
Public Safety and Corrections	$ 702,345	$ 104,577	$ 109,694	$ 21,508
Transportation	1,619,806	3,976	569,644	-
Agricultural and Environmental Resources	609,199	179,838	63,064	-
Economic and Workforce Development	731,568	117,993	338,492	-
General Education	5,461,074	20,822	436,391	-
Higher Education	865,729	-	5	-
Health and Human Services	2,468,146	513,385	951,615	-
Health Care	4,838,987	207,629	2,278,231	-
General Government	849,938	250,588	(49,175)	-
Intergovernment Aid	1,287,768	-	-	-
Interest	161,129	-	-	-
Total Governmental Activities	$ 19,595,689	$ 1,398,808	$ 4,697,961	$ 21,508
Business-type Activities:				
State Colleges and Universities	$ 1,296,697	$ 539,365	$ 171,166	$ 24,333
Unemployment Insurance	946,562	378,531	266,459	-
Lottery	296,985	352,618	-	-
Other	132,479	126,326	152	-
Total Business-type Activities	$ 2,672,723	$ 1,396,840	$ 437,777	$ 24,333
Total Primary Government	$ 22,268,412	$ 2,795,648	$ 5,135,738	$ 45,841
Component Units:				
University of Minnesota	$ 2,028,970	$ 606,121	$ 641,359	$ 105,342
Metropolitan Council	585,594	275,304	138,760	196,873
Housing Finance	375,884	174,115	177,499	-
Others	303,269	140,419	77,053	-
Total Component Units	$ 3,293,717	$ 1,195,959	$ 1,034,671	$ 302,215

General Revenues:
Taxes:
Individual Income Taxes
Corporate Income Taxes
Sales Taxes
Property Taxes
Motor Vehicle Taxes
Fuel Taxes
Other Taxes
Tobacco Settlement
Unallocated Investment/Interest Income
Other Revenues
State Grants Not Restricted
Special Item
Transfers

Total General Revenues, Transfers and Special Item

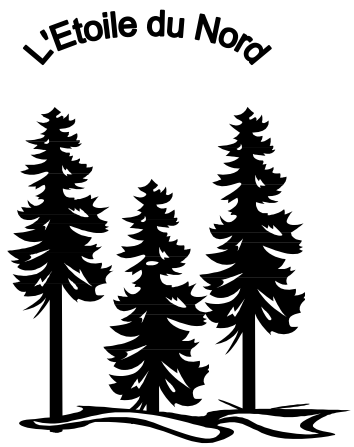
Change in Net Assets

Net Assets, Beginning, as Restated
Change in Inventory

Net Assets, Ending

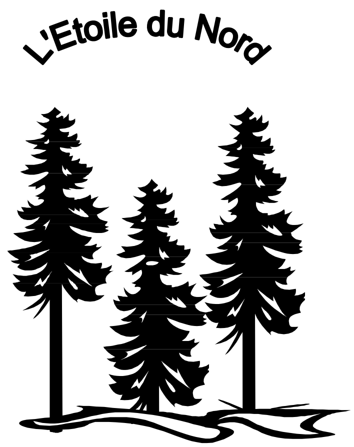
The notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
$ (466,566)		$ (466,566)	
(1,046,186)		(1,046,186)	
(366,297)		(366,297)	
(275,083)		(275,083)	
(5,003,861)		(5,003,861)	
(865,724)		(865,724)	
(1,003,146)		(1,003,146)	
(2,353,127)		(2,353,127)	
(648,525)		(648,525)	
(1,287,768)		(1,287,768)	
(161,129)		(161,129)	
$ (13,477,412)		$ (13,477,412)	
	$ (561,833)	$ (561,833)	
	(301,572)	(301,572)	
	55,633	55,633	
	(6,001)	(6,001)	
	$ (813,773)	$ (813,773)	
$ (13,477,412)	$ (813,773)	$ (14,291,185)	
			$ (676,148)
			25,343
			(24,270)
			(85,797)
			$ (760,872)
$ 5,419,220	$ -	$ 5,419,220	$ -
428,614	-	428,614	-
3,777,259	-	3,777,259	-
308,337	-	308,337	-
616,616	-	616,616	-
614,285	-	614,285	-
1,862,382	-	1,862,382	114,659
380,024	-	380,024	-
83,432	35,853	119,285	(34,930)
71,621	721	72,342	99,410
-	-	-	903,114
134,000	-	134,000	-
(615,758)	615,758	-	-
$ 13,080,032	$ 652,332	$ 13,732,364	$ 1,082,253
$ (397,380)	$ (161,441)	$ (558,821)	$ 321,381
$ 8,575,515	$ 1,526,772	$ 10,102,287	$ 5,029,591
2,441	-	2,441	-
$ 8,180,576	$ 1,365,331	$ 9,545,907	$ 5,350,972



Minnesota

Fund Financial Statements



Minnesota

Major 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.

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2002
(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 1,589,427	$ 309	$ 3,034,726	$ 4,624,462
Investments	29,335	-	1,799,055	1,828,390
Accounts Receivable	1,518,389	192,352	168,117	1,878,858
Interfund Receivables	64,437	5,443	85,414	155,294
Due from Component Units	-	-	131,787	131,787
Accrued Investment/Interest Income	25,949	-	11,779	37,728
Federal Aid Receivable	-	451,963	32,294	484,257
Inventories	-	258	14,091	14,349
Loans and Notes Receivable	3,539	754	236,342	240,635
Advances to Other Funds	4,933	-	-	4,933
Securities Lending Collateral	245,859	1,458	381,685	629,002
Investment in Land	-	-	15,423	15,423
Total Assets	$ 3,481,868	$ 652,537	$ 5,910,713	$ 10,045,118
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 1,533,432	$ 557,348	$ 347,716	$ 2,438,496
Interfund Payables	21,208	13,606	114,467	149,281
Due to Component Units	104,914	-	22,076	126,990
Deferred Revenue	890,996	72,960	38,807	1,002,763
Securities Lending Collateral	245,859	1,458	381,685	629,002
Total Liabilities	$ 2,796,409	$ 645,372	$ 904,751	$ 4,346,532
Fund Balances:				
Reserved Fund Balances:				
Reserved for Encumbrances	$ 137,814	$ -	$ 413,686	$ 551,500
Reserved for Local Governments	-	-	526,386	526,386
Reserved for Trust Principal	-	-	1,732,724	1,732,724
Other Reserved Fund Balances	8,472	7,165	1,075,062	1,090,699
Total Reserved Fund Balances	$ 146,286	$ 7,165	$ 3,747,858	$ 3,901,309
Unreserved Fund Balances:				
Designated for:				
Appropriation Carryover	$ 324,509	$ -	$ 446,317	$ 770,826
General Fund	158,148	-	-	158,148
Special Revenue Funds	-	-	337,659	337,659
Undesignated, reported in:				
General Fund	56,516	-	-	56,516
Capital Project Funds	-	-	1,608	1,608
Special Revenue Funds	-	-	472,520	472,520
Total Unreserved Fund Balance	$ 539,173	$ -	$ 1,258,104	$ 1,797,277
Total Fund Balances	$ 685,459	$ 7,165	$ 5,005,962	$ 5,698,586
Total Liabilities and Fund Balances	$ 3,481,868	$ 652,537	$ 5,910,713	$ 10,045,118

The notes are an integral part of the financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2002
(IN THOUSANDS)

Total Fund Balance for Governmental Funds		$ 5,698,586
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Infrastructure	$ 4,311,441	
Depreciable Capital Assets	1,483,879	
Nondepreciable Capital Assets	1,542,667	
Accumulated Depreciation	(712,428)	
Total Capital Assets		6,625,559
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		656,882
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 assets		114,705
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
General Obligation Bonds Payable	$ (2,923,221)	
Bond Premium Payable	(37,722)	
Accrued Interest Payable on Bonds	(33,445)	
Loans and Notes Payable	(14,669)	
Claims Payable	(1,545,033)	
Workers' Compensation Liability	(114,949)	
Capital Leases Payable	(18,027)	
Compensated Absences Payable	(228,090)	
Total Liabilities		(4,915,156)
Net Assets of Governmental Activities		$ 8,180,576

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	GENERAL	FEDERAL	NONMAJOR FUNDS	TOTAL
Net Revenues:				
Individual Income Taxes	$ 5,439,186	$ -	$ -	$ 5,439,186
Corporate Income Taxes	454,318	-	-	454,318
Sales Taxes	3,772,573	-	23,369	3,795,942
Property Taxes	305,573	-	-	305,573
Motor Vehicle Taxes	424,714	-	687,239	1,111,953
Fuel Taxes	-	-	611,886	611,886
Other Taxes	1,014,345	-	343,250	1,357,595
Tobacco Settlement	155,931	-	224,093	380,024
Federal Revenues	49	4,321,800	328,634	4,650,483
Licenses and Fees	176,032	-	189,496	365,528
Departmental Services	39,645	9,792	143,418	192,855
Investment/Interest Income	82,777	573	(43,271)	40,079
Securities Lending Income	11,266	-	14,779	26,045
Other Revenues	302,076	262,471	194,577	759,124
Net Revenues	$ 12,178,485	$ 4,594,636	$ 2,717,470	$ 19,490,591
Expenditures:				
Current:				
Public Safety and Corrections	$ 461,296	$ 95,205	$ 138,804	$ 695,305
Transportation	104,325	212,248	1,294,096	1,610,669
Agricultural and Environmental Resources	243,996	28,720	364,423	637,139
Economic and Workforce Development	193,011	313,534	269,939	776,484
General Education	4,919,268	458,849	82,505	5,460,622
Higher Education	791,256	-	73,139	864,395
Health and Human Services	943,788	995,872	368,999	2,308,659
Health Care	2,234,990	2,397,342	177,322	4,809,654
General Government	540,196	11,395	160,883	712,474
Intergovernment Aid	1,287,612	-	156	1,287,768
Securities Lending Rebates and Fees	10,848	-	14,560	25,408
Total Current Expenditures	$ 11,730,586	$ 4,513,165	$ 2,944,826	$ 19,188,577
Capital Outlay	60,598	23,856	416,004	500,458
Debt Service	23,404	320	360,698	384,422
Total Expenditures	$ 11,814,588	$ 4,537,341	$ 3,721,528	$ 20,073,457
Excess of Revenues Over (Under) Expenditures	$ 363,897	$ 57,295	$ (1,004,058)	$ (582,866)
Other Financing Sources (Uses):				
General Obligation Bond Issue Proceeds	$ -	$ -	$ 602,613	$ 602,613
Proceeds from Refunding Bonds	-	-	37,405	37,405
Payment of Refunding Bonds	-	-	(37,405)	(37,405)
Bond Issue Premium	-	-	35,476	35,476
Transfers-In	201,602	2,575	1,819,470	2,023,647
Transfers-Out	(1,053,725)	(59,831)	(1,511,410)	(2,624,966)
Capital Leases	-	-	3,326	3,326
Net Other Financing Sources (Uses)	$ (852,123)	$ (57,256)	$ 949,475	$ 40,096
Special Item	$ 134,000	$ -	$ -	$ 134,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (354,226)	$ 39	$ (54,583)	$ (408,770)
Fund Balances, Beginning, as Restated	$ 1,039,685	$ 7,126	$ 5,058,104	$ 6,104,915
Change in Inventory	-	-	2,441	2,441
Fund Balances, Ending	$ 685,459	$ 7,165	$ 5,005,962	$ 5,698,586

The notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

Net change in fund balances for governmental funds	$	(408,770)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital outlay exceeded depreciation in the current period		450,572
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 reported with governmental activities		714
Net changes in revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		(22,082)
Bond proceeds provide current financial resources to governmental funds; however issuing debt is reported as an increase of long-term liabilities in the Statement of Net Assets		(675,494)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is reported as a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability increase		(3,326)
Repayment of long-term liabilities is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		261,006
Change in net assets of governmental activities	$	(397,380)

MAJOR GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL BUDGETARY BASIS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Net Revenues:			
Individual Income Taxes	$ 6,288,588	$ 5,733,200	$ 5,443,342
Corporate Income Taxes	788,440	529,540	529,457
Sales Taxes	4,076,115	3,744,470	3,750,174
Property Taxes	296,000	296,000	305,573
Motor Vehicle Taxes	362,080	419,328	424,839
Tobacco Taxes	165,028	161,076	164,438
Other Taxes	575,290	636,255	632,661
Investment/Interest Income	87,000	75,000	82,836
Other Revenues	789,984	876,715	963,948
Net Revenues	$ 13,428,525	$ 12,471,584	$ 12,297,268
Expenditures:			
Public Safety and Corrections	$ 481,220	$ 447,590	$ 447,589
Transportation	206,478	199,850	199,849
Agricultural and Environmental Resources	257,998	239,040	238,745
Economic and Workforce Development	61,049	134,871	134,855
General Education	4,968,946	4,940,257	4,939,859
Higher Education	803,144	793,416	793,348
Health and Human Services	927,364	973,904	966,574
Health Care	2,189,398	2,181,224	2,181,224
General Government	297,183	548,605	548,559
Intergovernment Aid	1,324,376	1,298,247	1,298,247
Total Expenditures	$ 11,517,156	$ 11,757,004	$ 11,748,849
Excess of Revenues Over (Under) Expenditures	$ 1,911,369	$ 714,580	$ 548,419
Other Financing Sources (Uses):			
Transfers-In	$ 60,696	$ 64,100	$ 96,497
Transfers-Out	(1,103,587)	(1,103,603)	(1,103,603)
Net Other Financing Sources (Uses)	$ (1,042,891)	$ (1,039,503)	$ (1,007,106)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 868,478	$ (324,923)	$ (458,687)
Fund Balances, Beginning, as Reported	$ 1,466,088	$ 1,595,418	$ 1,595,418
Prior Period Adjustments	-	-	150,071
Change in Fund Structure	-	(129,330)	(129,330)
Fund Balances, Beginning, as Restated	$ 1,466,088	$ 1,466,088	$ 1,616,159
Budgetary Fund Balances, Ending	$ 2,334,566	$ 1,141,165	$ 1,157,472
Less: Appropriation Carryover	-	-	324,509
Less: Budgetary Reserve	653,000	158,148	158,148
Undesignated Fund Balances, Ending	$ 1,681,566	$ 983,017	$ 674,815

The notes are an integral part of the financial statements.

State Colleges and Universities Fund

The fund accounts for the activities of Minnesota State Colleges and Universities (MnSCU). MnSCU is a system of public two-year colleges and state universities 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.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2002
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 361,854	$ 270,988	$ 63,996	$ 696,838	$ 132,106
Investments	17,627	-	-	17,627	21,086
Accounts Receivable	27,941	108,440	11,337	147,718	41,347
Interfund Receivables	11,270	-	240	11,510	-
Accrued Investment/Interest Income	117	-	90	207	396
Federal Aid Receivable	11,248	16,808	-	28,056	-
Inventories	7,892	-	9,285	17,177	1,270
Deferred Costs	1,619	-	541	2,160	2,578
Loans and Notes Receivable	58	-	-	58	-
Securities Lending Collateral	30,162	-	6,107	36,269	13,895
Total Current Assets	$ 469,788	$ 396,236	$ 91,596	$ 957,620	$ 212,678
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	$ 26,132	$ -	$ 6,729	$ 32,861	$ -
Investments-Restricted	9,695	-	3,086	12,781	-
Other Assets-Restricted	252	-	-	252	-
Loans and Notes Receivable	33,880	-	-	33,880	-
Depreciable Capital Assets (Net)	755,861	-	26,510	782,371	32,718
Nondepreciable Capital Assets	121,445	-	8,329	129,774	-
Other Assets	1,352	-	3,281	4,633	-
Total Noncurrent Assets	$ 948,617	$ -	$ 47,935	$ 996,552	$ 32,718
Total Assets	$ 1,418,405	$ 396,236	$ 139,531	$ 1,954,172	$ 245,396
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 130,933	$ 36,670	$ 23,622	$ 191,225	$ 78,888
Interfund Payables	-	5,149	11,459	16,608	915
Deferred Revenue	17,763	1,292	1,179	20,234	2,859
Accrued Bond Interest Payable	-	-	246	246	-
General Obligation Bonds Payable	6,370	-	198	6,568	-
Loans and Notes Payable	1,793	-	-	1,793	13,558
Revenue Bonds Payable	120	-	-	120	-
Workers' Compensation Liability	1,270	-	-	1,270	-
Capital Leases	1,844	-	400	2,244	-
Compensated Absences Payable	8,790	-	2,792	11,582	905
Securities Lending Collateral	30,162	-	6,107	36,269	13,895
Total Current Liabilities	$ 199,045	$ 43,111	$ 46,003	$ 288,159	$ 111,020
Noncurrent Liabilities:					
Accounts Payable-Restricted	$ -	$ -	$ 3,835	$ 3,835	$ -
Revenue Bonds Payable-Restricted	-	-	310	310	-
General Obligation Bonds Payable	98,252	-	4,054	102,306	-
Loans and Notes Payable	2,705	-	-	2,705	11,391
Revenue Bonds Payable	37,445	-	15,490	52,935	-
Workers' Compensation Liability	3,122	-	-	3,122	-
Capital Leases	4,837	-	1,497	6,334	-
Compensated Absences Payable	80,105	-	5,682	85,787	3,347
Advances from Other Funds	-	-	-	-	4,933
Funds Held in Trust	9,243	-	-	9,243	-
Federal Student Loan Financing	32,886	-	-	32,886	-
Other Liabilities	959	-	260	1,219	-
Total Noncurrent Liabilities	$ 269,554	$ -	$ 31,128	$ 300,682	$ 19,671
Total Liabilities	$ 468,599	$ 43,111	$ 77,131	$ 588,841	$ 130,691
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ 758,340	$ -	$ 17,893	$ 776,233	$ 5,513
Restricted for:					
Unemployment Benefits	$ -	$ 353,125	$ -	$ 353,125	$ -
Donations	6,244	-	-	6,244	-
Perkins Loans	4,441	-	-	4,441	-
Bond Covenants	13,241	-	-	13,241	-
Debt Service	12,901	-	-	12,901	-
Capital Projects	32,624	-	-	32,624	-
Faculty Contracts	6,755	-	-	6,755	-
Legislatively Mandated Purposes	2,364	-	-	2,364	-
Total Restricted	$ 78,570	$ 353,125	$ -	$ 431,695	$ -
Unrestricted	$ 112,896	$ -	$ 44,507	$ 157,403	$ 109,192
Total Net Assets	$ 949,806	$ 353,125	$ 62,400	$ 1,365,331	$ 114,705

The notes are an integral part of the financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:					
Tuition	$ 313,611	$ -	$ -	$ 313,611	$ -
Room and Board	40,001	-	-	40,001	-
Net Sales	40,328	-	380,635	420,963	15,350
Loan Interest	1,068	-	-	1,068	-
Rental and Service Fees	52,112	-	73,962	126,074	132,576
Insurance Premiums	-	378,531	21,743	400,274	456,832
Federal Revenues	142,866	266,459	-	409,325	-
State Grants	68,547	-	-	68,547	-
Private Grants	28,300	-	-	28,300	-
Other Income	23,698	-	2,604	26,302	5,826
Total Operating Revenues	$ 710,531	$ 644,990	$ 478,944	$ 1,834,465	$ 610,584
Less: Cost of Goods Sold	-	-	268,561	268,561	11,231
Gross Margin	$ 710,531	$ 644,990	$ 210,383	$ 1,565,904	$ 599,353
Operating Expenses:					
Purchased Services	$ 129,775	$ -	$ 47,343	$ 177,118	$ 135,004
Salaries and Fringe Benefits	838,815	-	76,782	915,597	39,697
Student Financial Aid	80,220	-	-	80,220	-
Unemployment Benefits	-	946,562	-	946,562	-
Claims	-	-	18,971	18,971	388,190
Depreciation	66,050	-	3,405	69,455	11,845
Amortization	-	-	50	50	208
Supplies and Materials	63,878	-	4,248	68,126	5,255
Repairs and Maintenance	45,501	-	-	45,501	-
Indirect Costs	-	-	2,460	2,460	2,932
Other Expenses	59,362	-	3,685	63,047	4,588
Total Operating Expenses	$ 1,283,601	$ 946,562	$ 156,944	$ 2,387,107	$ 587,719
Operating Income (Loss)	$ (573,070)	$ (301,572)	$ 53,439	$ (821,203)	$ 11,634
Nonoperating Revenues (Expenses):					
Investment Income	$ 5,624	$ 27,406	$ 2,806	$ 35,836	$ 6,880
Grants and Subsidies	24,333	-	152	24,485	-
Securities Lending Income	435	-	267	702	596
Other Nonoperating Revenues	-	-	726	726	-
Interest and Financing Costs	(4,793)	-	(676)	(5,469)	(1,513)
Grants, Aids and Subsidies	(7,391)	-	-	(7,391)	-
Securities Lending Rebates and Fees	(418)	-	(257)	(675)	(575)
Other Nonoperating Expenses	(912)	-	(3,275)	(4,187)	(1,919)
Gain (Loss) on Disposal of Capital Assets	-	-	(23)	(23)	50
Total Nonoperating Revenues (Expenses)	$ 16,878	$ 27,406	$ (280)	$ 44,004	$ 3,519
Income (Loss) Before Transfers	$ (556,192)	$ (274,166)	$ 53,159	$ (777,199)	$ 15,153
Transfers-In	676,297	-	2,025	678,322	-
Transfers-Out	-	(5,163)	(57,401)	(62,564)	(14,439)
Net Income (Loss)	$ 120,105	$ (279,329)	$ (2,217)	$ (161,441)	$ 714
Net Assets, Beginning, as Restated	$ 829,701	$ 632,454	$ 64,617	$ 1,526,772	$ 113,991
Net Assets, Ending	$ 949,806	$ 353,125	$ 62,400	$ 1,365,331	$ 114,705

The notes are an integral part of the financial statements.

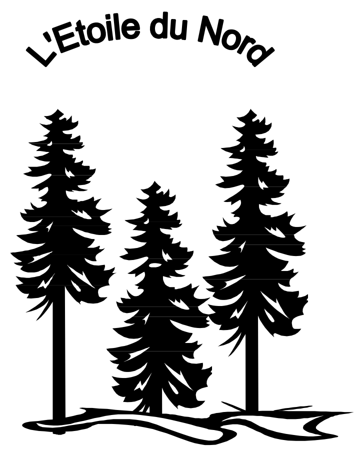
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	ENTERPRISE FUNDS				
	STATE COLLEGES & UNIVERSITIES	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:					
Receipts from Customers	$ 549,182	$ 381,244	$ 502,921	$ 1,433,347	$ 600,951
Receipts from Grants	238,813	249,305	-	488,118	-
Receipts from Other Revenue	24,766	-	7,085	31,851	18,312
Receipts from Repayment of Program Loans	6,222	-	-	6,222	-
Financial Aid Disbursements	(155,571)	-	-	(155,571)	-
Payments to Claimants	-	(938,414)	(43,503)	(981,917)	(401,060)
Payments to Suppliers	(334,414)	-	(97,075)	(431,489)	(142,038)
Payments to Employees	(812,750)	-	(81,270)	(894,020)	(41,020)
Payments to Others	-	-	(221,489)	(221,489)	(10,776)
Payments of Program Loans	(6,136)	-	-	(6,136)	-
Net Cash Flows from Operating Activities	$ (489,888)	$ (307,865)	$ 66,669	$ (731,084)	$ 24,369
Cash Flows from Noncapital Financing Activities:					
Grant Receipts	$ -	$ -	$ 257	$ 257	$ -
Grant Disbursements	(7,391)	-	-	(7,391)	-
Transfers-In	602,183	-	2,025	604,208	-
Transfers-Out	-	(5,163)	(60,301)	(65,464)	(14,439)
Advances from Other Funds	-	-	1,086	1,086	7,640
Repayments of Advances to Other Funds	-	-	287	287	-
Repayments of Advances from Other Funds	-	-	-	-	(7,458)
Other Nonoperating Expense	-	-	(3,089)	(3,089)	(1,169)
Net Cash Flows from Noncapital Financing Activities	$ 594,792	$ (5,163)	$ (59,735)	$ 529,894	$ (15,426)
Cash Flows from Capital and Related Financing Activities:					
Investment in Capital Assets	$ (110,100)	$ -	$ (6,256)	$ (116,356)	$ (7,432)
Transfers-in Restricted to Capital Acquistion	74,114	-	-	74,114	-
Proceeds from Disposal of Capital Assets	-	-	533	533	1,483
Proceeds from Capital Debt	65,529	-	-	65,529	-
Capital Lease Payments	-	-	(299)	(299)	-
Proceeds from Loans	-	-	-	-	8,355
Repayment of Loan Principal	-	-	-	-	(14,130)
Repayment of Bond Principal	(4,194)	-	(395)	(4,589)	-
Prepaid Debt Service	(11,270)	-	-	(11,270)	-
Interest Paid	(585)	-	(1,017)	(1,602)	(1,557)
Net Cash Flows from Capital and Related Financing Activities	$ 13,494	$ -	$ (7,434)	$ 6,060	$ (13,281)
Cash Flows from Investing Activities:					
Proceeds from Sales and Maturities of Investments	$ 6,563	$ -	$ 232	$ 6,795	$ 4,989
Purchase of Investments	(9,866)	-	-	(9,866)	(4,962)
Investment Earnings	6,239	27,406	2,745	36,390	6,444
Net Cash Flows from Investing Activities	$ 2,936	$ 27,406	$ 2,977	$ 33,319	$ 6,471
Net Increase (Decrease) in Cash and Cash Equivalents	$ 121,334	$ (285,622)	$ 2,477	$ (161,811)	$ 2,133
Cash and Cash Equivalents, Beginning, as Restated	$ 266,652	$ 556,610	$ 68,248	$ 891,510	$ 129,973
Cash and Cash Equivalents, Ending	$ 387,986	$ 270,988	$ 70,725	$ 729,699	$ 132,106

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002
(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)	$ (573,070)	$ (301,572)	$ 53,439	$ (821,203)	$ 11,634
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation	$ 66,050	$ -	$ 3,734	$ 69,784	$ 12,178
Amortization	-	-	50	50	208
Loan Principal Repayments	6,222	-	-	6,222	-
Loans Issued	(6,136)	-	-	(6,136)	-
Bad Debt Expense	3,442	-	-	3,442	-
Net Nonoperating Revenues (Expenses)	-	-	241	241	-
Change in Assets and Liabilities:					
Accounts Receivable	(13,989)	(21,323)	10,150	(25,162)	5,735
Inventories	485	-	1,142	1,627	51
Other Assets	(886)	-	(408)	(1,294)	(10,266)
Accounts Payable	30,072	15,955	(2,713)	43,314	(8,766)
Compensated Absences Payable	2,210	-	942	3,152	245
Deferred Revenues	(3,110)	(2,065)	(324)	(5,499)	30
Other Liabilities	(1,178)	1,140	416	378	13,320
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 83,182	$ (6,293)	$ 13,230	$ 90,119	$ 12,735
Net Cash Flows from Operating Activities	$ (489,888)	$ (307,865)	$ 66,669	$ (731,084)	$ 24,369
Noncash Investing, Capital and Financing Activities:					
Donated Assets	$ 24,333	$ -	$ -	$ 24,333	$ -
Note Receivable Acquired Through the Sale of Capital Assets	501	-	-	501	-
Change in Fair Value of Investments	-	-	289	289	-
Capital Assets Acquired Through Leases	4,495	-	-	4,495	2,599
Accrual of Computer Equipment as an Investment in Capital Assets	-	-	-	-	772
Trade-in Allowance for Investment in Capital Assets	-	-	-	-	67

The notes are an integral part of the financial statements.



Minnesota

Fiduciary Funds

Pension Trust Funds

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

Investment Trust Fund

The fund provides an investment vehicle for the assets of various public retirement plans and funds.

Agency Fund

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

FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2002
(IN THOUSANDS)

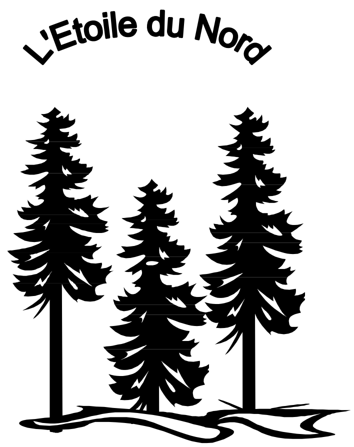
	PENSION TRUST	INVESTMENT TRUST SUPPLEMENTAL RETIREMENT	AGENCY	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 56,094	$ -	$ 35,456	$ 91,550
Investment Pools, at fair value:				
Cash Equivalent Investments	$ 2,183,685	$ 30,630	$ -	$ 2,214,315
Investments:				
Commercial Paper	$ 14,322	$ 59	$ -	$ 14,381
US Treasury Obligations	1,434,514	13,179	-	1,447,693
Mortgage Backed	4,294,052	44,918	-	4,338,970
Corporate Obligations	3,521,527	42,968	-	3,564,495
Foreign and Other Obligations	382,805	3,028	-	385,833
Corporate Stocks	22,574,631	204,776	-	22,779,407
Other Equity	1,836,123	-	-	1,836,123
Total Investments	$ 34,057,974	$ 308,928	$ -	$ 34,366,902
Accrued Interest and Dividends	$ 132,485	$ -	$ -	$ 132,485
Net Receivables (Payables)	(1,301,465)	-	-	(1,301,465)
Total Investment Pool Participation	$ 35,072,679	$ 339,558	$ -	$ 35,412,237
Receivables:				
Employer Contributions	$ 14,593	$ -	$ -	$ 14,593
Member Contributions	3,357	-	-	3,357
Accounts Receivable	-	-	5,846	5,846
Interfund Receivables	3,855	-	-	3,855
Other Receivables	66,746	4,508	-	71,254
Accrued Interest and Dividends	1,759	1,400	-	3,159
Total Receivables	$ 90,310	$ 5,908	$ 5,846	$ 102,064
Securities Lending Collateral	$ 2,896,493	$ 23,484	$ 1,967	$ 2,921,944
Depreciable Capital Assets (Net)	32,306	-	-	32,306
Total Assets	$ 38,147,882	$ 368,950	$ 43,269	$ 38,560,101
LIABILITIES				
Accounts Payable	$ 20,226	$ 14,067	$ 16,996	$ 51,289
Interfund Payables	3,855	-	-	3,855
Deferred Revenue	10	-	-	10
Accrued Expense	515	-	-	515
Revenue Bonds Payable	28,574	-	-	28,574
Bond Interest	55	-	-	55
Compensated Absences Payable	1,586	-	-	1,586
Securities Lending Collateral	2,896,493	23,484	1,967	2,921,944
Funds Held in Trust	-	-	24,306	24,306
Total Liabilities	$ 2,951,314	$ 37,551	$ 43,269	$ 3,032,134
Net Assets Held in Trust for Pension Benefits and Pool Participants	$ 35,196,568	$ 331,399	$ -	$ 35,527,967

The notes are an integral part of the financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST SUPPLEMENTAL RETIREMENT	TOTAL
Additions:			
Contributions:			
Employer	$ 576,788	$ -	$ 576,788
Member	593,034	-	593,034
Contributions From Other Sources	7,620	-	7,620
Participating Plans	-	17,046	17,046
Total Contributions	$ 1,177,442	$ 17,046	$ 1,194,488
Net Investment Income:			
Investment Income	$ (3,095,146)	$ (33,035)	$ (3,128,181)
Less: Investment Expense	(25,775)	(244)	(26,019)
Net Investment Income	$ (3,120,921)	$ (33,279)	$ (3,154,200)
Securities Lending Revenues (Expenses):			
Securities Lending Income	$ 92,910	$ 759	$ 93,669
Borrower Rebates	(62,751)	(530)	(63,281)
Management Fees	(7,622)	(55)	(7,677)
Net Securities Lending Revenue	$ 22,537	$ 174	$ 22,711
Total Investment Income	$ (3,098,384)	$ (33,105)	$ (3,131,489)
Transfers From Other Funds	$ 8,033	$ -	$ 8,033
Other Additions	10,832	-	10,832
Total Additions	$ (1,902,077)	$ (16,059)	$ (1,918,136)
Deductions:			
Benefits	$ 2,166,064	$ -	$ 2,166,064
Refunds/Withdrawals	155,427	64,056	219,483
Administrative Expenses	33,222	-	33,222
Transfers to Other Funds	8,033	-	8,033
Total Deductions	$ 2,362,746	$ 64,056	$ 2,426,802
Net Increase (Decrease)	$ (4,264,823)	$ (80,115)	$ (4,344,938)
Net Assets Held in Trust for Pension Benefits and Pool Participants, Beginning	$ 39,461,391	$ 411,514	$ 39,872,905
Net Assets Held in Trust for Pension Benefits and Pool Participants, Ending	$ 35,196,568	$ 331,399	$ 35,527,967

The notes are an integral part of the financial statements.



Minnesota

Major Component Unit Funds

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. The Metropolitan Sports Facilities Commission, a component unit of the Council, operates the Metropolitan Sports Center and Hubert H. Humphrey Metrodome sports facilities.

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.

University of Minnesota

The multi-campus university provides under-graduate and graduate degrees, advanced research opportunities, and an extension service.

COMPONENT UNIT FUNDS
STATEMENT OF NET ASSETS
DECEMBER 31, 2001 and JUNE 30, 2002
(IN THOUSANDS)

	UNIVERSITY OF MINNESOTA	METROPOLITAN COUNCIL	HOUSING FINANCE AGENCY	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 150,304	$ 74,702	$ 670,460	$ 160,494	$ 1,055,960
Investments	913,162	153,105	273,975	568,387	1,908,629
Accounts Receivable	166,191	20,218	1,995	213,677	402,081
Settlement Receivable	-	-	-	8,780	8,780
Due from Other Governmental Units	-	49,718	-	-	49,718
Due from Primary Government	126,990	-	-	-	126,990
Accrued Investment/Interest Income	4,569	-	18,847	21,538	44,954
Federal Aid Receivable	-	-	-	3,570	3,570
Inventories	17,737	15,050	994	11	33,792
Deferred Costs	6,125	-	-	4,037	10,162
Loans and Notes Receivable	8,344	20,594	-	63,992	92,930
Securities Lending Collateral	30,997	59,781	-	12,674	103,452
Total Current Assets	$ 1,424,419	$ 393,168	$ 966,271	$ 1,057,160	$ 3,841,018
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	$ 89,068	$ 168,190	$ 95,413	$ 139,264	$ 491,935
Investments-Restricted	-	-	139,077	226,946	366,023
Accounts Receivable-Restricted	-	23,782	-	-	23,782
Loans Receivable-Restricted	-	-	-	902,380	902,380
Other Assets-Restricted	-	31,576	-	48,787	80,363
Settlement Receivable	-	-	-	35,120	35,120
Loans and Notes Receivable	59,204	-	1,681,340	395,015	2,135,559
Depreciable Capital Assets (Net)	1,519,965	1,185,271	1,172	282	2,706,690
Nondepreciable Capital Assets	269,730	310,110	-	3,192	583,032
Other Assets	2,452	279	-	6,485	9,216
Total Noncurrent Assets	$ 1,940,419	$ 1,719,208	$ 1,917,002	$ 1,757,471	$ 7,334,100
Total Assets	$ 3,364,838	$ 2,112,376	$ 2,883,273	$ 2,814,631	$ 11,175,118
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 79,635	$ 40,796	$ 12,843	$ 16,432	$ 149,706
Payable to Other Governmental Units	-	536	-	-	536
Due to Primary Government	4,303	-	-	9,709	14,012
Deferred Revenue	37,160	5,613	-	28,698	71,471
Accrued Bond Interest Payable	5,987	3,441	-	-	9,428
General Obligation Bonds Payable	259,626	65,555	-	-	325,181
Loans and Notes Payable	1,588	-	-	872	2,460
Revenue Bonds Payable	750	705	400,335	4,540	406,330
Grants Payable	-	-	-	12,406	12,406
Claims Payable	17,256	11,893	-	39,362	68,511
Compensated Absences Payable	50,918	2,433	73	434	53,858
Securities Lending Collateral	30,997	59,781	-	12,674	103,452
Total Current Liabilities	$ 488,220	$ 190,753	$ 413,251	$ 125,127	$ 1,217,351
Noncurrent Liabilities:					
Accounts Payable-Restricted	$ -	$ 49,825	$ -	$ -	$ 49,825
Deferred Revenue-Restricted	-	107,658	-	-	107,658
Accrued Bond Interest Payable-Restricted	-	7,018	48,347	11,756	67,121
Revenue Bonds Payable-Restricted	-	-	-	35,240	35,240
Due to Primary Government	55,700	-	-	63,942	119,642
General Obligation Bonds Payable	381,672	673,534	-	-	1,055,206
Loans and Notes Payable	5,568	-	-	1,869	7,437
Revenue Bonds Payable	10,066	12,910	1,535,853	917,603	2,476,432
Grants Payable	-	-	-	18,384	18,384
Claims Payable	11,733	7,251	-	301,638	320,622
Compensated Absences Payable	10,761	4,371	1,188	467	16,787
Funds Held in Trust	-	-	94,979	-	94,979
Other Liabilities	229,815	3,658	-	3,989	237,462
Total Noncurrent Liabilities	$ 705,315	$ 866,225	$ 1,680,367	$ 1,354,888	$ 4,606,795
Total Liabilities	$ 1,193,535	$ 1,056,978	$ 2,093,618	$ 1,480,015	$ 5,824,146
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ 1,161,505	$ 935,528	$ -	$ 690	$ 2,097,723
Restricted	-	96,012	609,928	631,867	1,337,807
Unrestricted	1,009,798	23,858	179,727	702,059	1,915,442
Total Net Assets	$ 2,171,303	$ 1,055,398	$ 789,655	$ 1,334,616	$ 5,350,972

The notes are an integral part of the financial statements.

COMPONENT UNIT FUNDS
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2001 AND JUNE 30, 2002
(IN THOUSANDS)

	UNIVERSITY OF MINNESOTA	METROPOLITAN COUNCIL	HOUSING FINANCE AGENCY	NONMAJOR COMPONENT UNITS	TOTAL COMPONENT UNITS
Net Expenses:					
Total Expenses	$ 2,028,970	$ 585,594	$ 375,884	$ 303,269	$ 3,293,717
Program Revenues:					
Charges for Services	$ 606,121	$ 275,304	$ 174,115	$ 140,419	$ 1,195,959
Operating Grants and Contributions	641,359	138,760	177,499	77,053	1,034,671
Capital Grants and Contributions	105,342	196,873	-	-	302,215
Net (Expense) Revenue	$ (676,148)	$ 25,343	$ (24,270)	$ (85,797)	$ (760,872)
General Revenues:					
Taxes	$ -	$ 114,659	$ -	$ -	$ 114,659
Investment Income	(56,719)	15,032	-	6,757	(34,930)
Other Revenues	92,061	1,926	684	4,739	99,410
Total General Revenues	$ 35,342	$ 131,617	$ 684	$ 11,496	$ 179,139
State Grants Not Restricted	$ 643,088	$ 19,635	$ 52,932	$ 187,459	$ 903,114
Change in Net Assets	$ 2,282	$ 176,595	$ 29,346	$ 113,158	$ 321,381
Net Assets, as Restated	$ 2,169,021	$ 878,803	$ 760,309	$ 1,221,458	$ 5,029,591
Net Assets, Ending	$ 2,171,303	$ 1,055,398	$ 789,655	$ 1,334,616	$ 5,350,972

The notes are an integral part of the financial statements.

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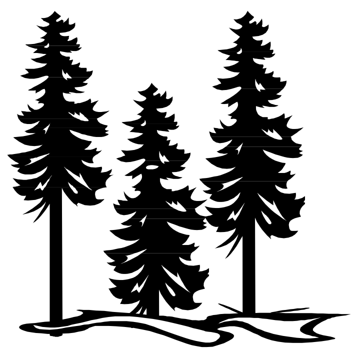


Minnesota

These notes provide disclosures relevant to the combined 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).

During fiscal year 2002, the state implemented several new accounting standards issued by GASB:

- Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments",
- Statement No. 35, "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities",
- Statement No. 37, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus", and
- Statement No. 38, "Certain Financial Statement Note Disclosures", Paragraphs 6 through 11 only.

The requirements of Statements Nos. 34 and 35 establish new financial reporting standards for state and local governments and represent a significant change in the financial reporting model used by state governments and public colleges and universities. The standards include new as well as revised statement formats and changes in fund types and account groups. In addition to fund financial statements, governments are required to issue government-wide financial statements, prepared using the accrual basis of accounting and the economic resources measurement focus. As a result, fund reclassifications and adjustments to the fund equities reported in the prior financial statement balances were required.

GASB Statement No. 38, "Certain Financial Statement Note Disclosures" was issued during June 2001. This statement modified, established, and rescinded certain financial statement disclosure requirements. As allowed under provisions of this statement, the state has implemented the required portions covering summary of significant accounting polices, violations of finance-related legal or contractual provisions, and debt and lease obligations (paragraphs 6 though 11) for the fiscal year ended June 30, 2002. The additional disclosure items for short-term debt, disaggregation of receivables and payables, interfund balances and transfers (paragraphs 12 through 15) will be implemented with fiscal year ending June 30, 2003.

Financial Reporting Entity of the State of Minnesota

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

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

Component units are determined to be major or nonmajor depending on the component unit's significance relative to other component units and the nature and significance of the unit's relationship to the primary government. The Metropolitan Council, Housing Finance Agency, and the University of Minnesota are considered major component units for this report.

Component Units - The fund types of the individual discretely presented component units are available from the financial statements issued separately by the component units. All component units follow the economic resources measurement focus and the accrual basis of accounting.

- 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. The chair is responsible for the council activities. MC includes the Metropolitan Sports Facilities Commission as a component unit. MC's fiscal year ends December 31.

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

- University of Minnesota (U of M) - The U of M was established permanently by the Minnesota constitution. The state appropriates a large percentage of the U of M's operating budget. The legislature elects the twelve-member board of regents, which governs the 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.

- Public Facilities Authority (PFA) - PFA provides assistance to municipalities, primarily for wastewater treatment construction projects. A state agency provides administrative services to PFA. The state provides funding for PFA. The board members determine the funding for local government projects. PFA issues revenue bonds to make loans for wastewater treatment facilities.

- 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. The state commissioner of the Department of Commerce enters into administrative contracts, sets premium rates and makes assessments. The commissioner has the authority to assess all licensed workers' compensation insurance companies doing business in Minnesota an amount sufficient to fully fund the obligations of the plan to the extent that the assets of the plan are inadequate to meet its obligations. WCARP's fiscal year ends December 31.

- National Sports Center Foundation (NSCF) - NSCF is under contract with the Minnesota Amateur Sports Commission to operate the National Sports Center facility primarily for holding youth-oriented athletic and other non-athletic functions and events. NSCF is responsible for certain improvements to the facility and the operating costs of the facility. The commission approves the foundation's spending budget, approves all rates and fees and owns any reserve funds. The facility belongs to the state. The foundation's fiscal year ends December 31.

- Higher Education Services Office (HESO) - HESO makes and guarantees loans to qualified post-secondary students. HESO provides the state grant and loan program services for which the state provides administrative funding. Revenue bonds are issued in HESO's name with limitations set by the legislature.

- Minnesota Technology, Incorporated (MTI) - MTI fosters long-term economic growth and job creation by stimulating innovation and the development of new products, services, and production processes through technology transfer, applied research, and financial assistance. The state's General Fund provides most of the funding for MTI.

- Agricultural and Economic Development Board (AEDB) - AEDB provides services to state government by administering state programs for agricultural and economic development. AEDB may issue revenue bonds for the purpose of financing development projects.

- Rural Finance Authority (RFA) - RFA administers a number of state agriculture programs, including the homestead redemption program, loan restructuring program and agricultural improvement program. RFA is under the administrative control of a commissioner appointed by the governor. The state has issued general obligation bond debt for the programs administered by RFA.

- Minnesota Partnership for Action Against Tobacco (MPAAT) - MPAAT issues grants to health, community and academic organizations throughout Minnesota in support of research and cessation activities that will encourage and help tobacco users quit. MPAAT is funded by a tobacco lawsuit settlement with the state of Minnesota.

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

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

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

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

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

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

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

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

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

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

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

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

State Lottery
2645 Long Lake Road
Roseville, Minnesota 55113

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

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

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

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

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

The financial statements available from the State Board of Investment report on the external investment pool (Supplemental Investment Fund).

Financial Reporting Structure of the State of Minnesota

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements report on the state as a whole while the fund financial statements emphasize fund types. The new reporting model under Statement No. 34 focuses on the state as a whole in the government-wide financial statements and major individual funds in the fund financial statements. Both types of statements categorize primary activities as governmental or business-type.

Government-wide Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Activities) display information about the state as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the state and its discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once by the function to which they were allocated. 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 statements is on financial information of the state as an entity and the change in the overall financial position of the state as a result of the activities of the fiscal year. Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources and obligations of the reporting government, both current and long-term, are reported in the government-wide statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the government-wide Statement of Net Assets, 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 both the gross and net cost per functional category (public safety and corrections, transportation, etc.) that are otherwise supported by general government revenues (sales tax, income taxes, etc.). The Statement of Activities reduces gross expenses, including depreciation, by related program revenues, and operating and capital grants and contributions. Program revenues must be directly associated with, or derived directly from, the function, or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Program revenues include charges for services, and payments made by parties outside of the state's citizenry if that money is restricted to a particular program. Internally dedicated resources are reported as general revenues rather than program revenues. Program revenues are applied against program expenses in the Statement of Activities to report the net cost of each program.

The net costs (program expenses less program revenues) of all activities are normally covered by general revenues. The previous reporting model did not report on net cost by function or activity.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reduction of the related liabilities, rather than as expenditures.

The state's fiduciary funds are presented in the fund financial statements by type (pension and agency). The assets are held for the benefit of others and cannot be used for activities or obligations of the government, therefore the funds are not incorporated into the government-wide statements.

Fund Financial Statements

The fund financial statements are similar to the financial statements presented in the previous financial reporting model. The new emphasis is on the major funds in either the governmental or business-type categories. Nonmajor funds are summarized into single columns.

The major governmental funds in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed most appropriate to demonstrate compliance with legal and covenant requirements; the source and use of financial resources; and how the state's actual experience conforms to the budget. Because the governmental fund statements are presented using a different measurement focus and basis of accounting that the governmental column in the government-wide statements, a reconciliation is presented which explains the adjustments required to restate the fund-based financial statements for the government-wide governmental column.

The fund financial statements are presented after the government-wide financial statements. They display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise 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.

The new reporting model under GASB Statement No. 34 requires that certain funds be reclassified to a different fund type or eliminated to avoid double counting of revenues and expenditures. Some of the significant changes include: 1) eliminating expendable and nonexpendable trust funds, most of which were reclassified as special revenue funds; 2) eliminating internal service fund activity, such as for central services, central motor pool, or plant management, to assure that revenues and expenses are reported only once for the state government as an entity; 3) determining and reporting accounts receivable; 4) reporting long-term liability such as bonds, claims and judgments and; 5) reporting on capital assets and infrastructure. One significant change is that Minnesota State Colleges and Universities (MnSCU) is reported in the government-wide statements as a business-type activity. This reporting method consolidates and restructures MnSCU funds and fund types into one enterprise fund. These and other changes affect the comparability between the 2001 and 2002 financial statements.

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. Included in this classification are:

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

- Special revenue funds which account for revenue sources that are restricted to expenditure for specific purposes (not including major capital projects).

- Capital project funds which account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or special revenue funds.

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

- Permanent Fund which accounts 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 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 receives and disburses federal government grants and reimbursements.

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

- Enterprise funds account for activities for which a fee is charged to external users for goods or services. Enterprise funds activities are financed and operated in a manner similar 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 other agencies on a cost reimbursement or other basis. The activities reported as internal service funds include employee insurance; travel management; risk management; central stores; state print shops; plant management; central services such as administrative hearings, office equipment, and bookstore; and intertechnologies which directs and support the various automated systems of the state.

The state has two major proprietary funds, both of which are enterprise funds. The State Colleges and Universities Fund accounts for the activities of Minnesota State College and Universities (MnSCU). MnSCU is a system of public colleges and universities and 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 Funds Types - These funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Included in this fund category are pension and investment trust and agency fund types.

- Pension trust funds report retirement funds administered by independent boards for which the state has a fiduciary role.

- The Investment Trust Fund provides an investment vehicle for the assets of various public retirement plans and funds.

- The Agency Fund accounts for resources held in a custodial capacity for various governmental units, individuals, or funds.

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

The accounting and financial reporting treatment applied to a fund is determined by each fund's measurement focus. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All governmental funds use the modified accrual basis of accounting. 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 liquidate liabilities existing at fiscal year end. The state of Minnesota considers receivables collected after June 30 but by the close of the books in early September to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified basis of accrual. Federal Fund revenues that are earned by incurring obligations are recognized in the same period as the recognition of the obligation. Expenditures and other uses of financial resources are recognized when the related liability is incurred. Agency funds use the modified accrual basis of accounting, but do not have a measurement focus because agency funds do not recognize revenues and expenditures.

Proprietary, pension, and investment trust funds are accounted for using the 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.

All proprietary funds, except the Workers' Compensation Assigned Risk Plan (WCARP) (component unit), follow applicable GASB guidance or Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with, or contradict, GASB pronouncements. WCARP has elected to follow all applicable FASB statements issued after November 30, 1989 that do not contradict GASB pronouncements.

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 funds principal ongoing operations. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets.

The following provides further detail on specific items regarding the modified accrual basis of accounting.

Revenues - Property, individual income, and sales taxes and federal grants are the major revenue sources susceptible to accrual. 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. Anticipated refunds of such taxes are recorded as reductions in revenue in the period when the claim is received and the state's liability is measurable. Revenues collected on an advance basis, including certain federal grant revenues to which the state does not yet have legal entitlement, are reported as deferred revenue until the related commitment arises, at which time revenue is recognized.

Laws of Minnesota Special Session 2001 established a state general tax (property tax) against commercial-industrial and seasonal recreational property. The tax is distributed among counties by applying a uniform rate to the appropriate tax capacities in each county. The levy for taxes payable in 2002 was $592,000,000. Future levies will be 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 January 25 for any adjustments or changes. Local units of government, as agents for the state, assess the state general tax. Property tax is recognized, net of uncollectible amounts, in the period for which the taxes are levied.

Expenditures and Related Liabilities - Expenditures and related liabilities are recognized when fund obligations are incurred as a result of the receipt of the goods and services, except debt service, compensated absences, and claims and judgments, which are recorded when due. Grant expenditures are discussed separately.

Cash Equivalents and Investments

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

Investments - Investments are reported at fair value. The basis for determining the fair value of investments that is not based on market quotations includes analysis of future cash flows, audited financial statements and independent appraisals. Investments in derivatives are generally made to manage the overall risk of the individual manager's portfolios to a level satisfactory to the investment management firm and in accordance with the firm's contract with the Minnesota State Board of Investment. See Note 3 for additional information regarding cash and investments.

Inventories

Generally, inventories for governmental funds are recorded as expenditures when purchased and are not a resource available for appropriation. For the Trunk Highway Fund (special revenue), inventories are valued using the weighted-average cost. Inventories maintained by the various funds are determined by annual and periodic physical counts. Inventories of the enterprise funds are valued using the first-in, first-out, average cost and specific cost methods. Inventories of the internal service funds are valued using the first-in, first-out method.

Restricted Assets

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

Securities Lending

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

Grant Expenditures and Liabilities Recognition

Grants are defined as nonexchange transactions because the state gives (or receives) value to another party without receiving (or giving) equal value in return. Grants are normally paid either on a reimbursement basis or an entitlement basis. Entitlement type grants may be based on services provided by the grantee. The intent of the grant is to help fund such services, but the grant amount is not based on the cost of providing the service(s). Expenditures and the related liabilities for these types of entitlement grants are recognized as the service is provided if the amount owed can be reasonably estimated soon after the end of the state's fiscal year. Other types of entitlement grants are not based on the services provided or action taken by the grantee. Expenditures and the related liabilities for these types of grants are recognized in the fiscal year in which the resources were appropriated.

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

Compensated Absences

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the state as assets with an initial, individual cost of more than $30,000 for equipment and $300,000 for buildings, and an estimated useful life in excess of one year.

Capital assets are recorded at cost or, for donated assets, at fair 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. Accordingly, estimated historical costs have been used in these situations. Tax forfeited land is not included in land inventory because the state does not take permanent title. When the land is sold, proceeds are distributed to local jurisdictions. In accordance with the requirements of GASB Statement No. 34, depreciation is reported on all assets other than works of art and historical treasures. The capitol building is considered to be an historic treasure.

Capital assets are depreciated using the following useful lives: 40-50 years for buildings, 20-50 years for large improvements, 3-10 years for small improvements, and 3-12 years for equipment.

Depreciation expense reported on the Statement of Cash Flows exceeds depreciation expense reported on the Statement of Revenues, Expenses and Changes in Net Assets for proprietary funds because a portion of depreciation expense is included in the cost of goods sold amount.

GASB Statement No. 34 allows an alternative (modified) approach to the recording of infrastructure assets which reflects a reasonable value of the assets and cost required to maintain the service potential at established minimum standards in lieu of depreciation. Transportation infrastructure capital assets, such as highways, curbs, bridges and lighting systems, are reported on 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 system of highways are included in notes to the Required Supplementary Information.

See note 6 for further information on capital assets.

Current and Noncurrent Assets

Assets are classified as current or noncurrent at fund level for proprietary funds, but are not classified at the fund level for governmental funds. At the government-wide level, assets are classified as current or noncurrent for all funds. Current assets in the governmental funds are those considered available for appropriation and expenditure, and include cash, various receivables, and short-term investments. Current assets in proprietary funds 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.

Noncurrent Liabilities

General long-term liabilities are the noncurrent portions of liabilities resulting from debt issuances, compensated absences, closure and postclosure care for landfills, workers' compensation claims, post retirement benefits and arbitrage rebate requirements (see Note 7).

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. 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 amount of the debt issued is 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 effective interest method.

See Note 7 for further information regarding general long-term obligations.

Deferred Compensation Plan

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

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

Restricted Net Assets

GASB Statement No. 34 states that net assets should be reported as restricted when net asset use is constrained either externally by parties such as creditors or grantors, or legally through constitution provisions or enabling legislation. Restricted net assets were determined at the fund level. For a fund with more than one revenue stream, restricted net assets were determined by the materiality of any restricted revenues coming into the fund. When both restricted and unrestricted net assets are available for use, the state policy is to use restricted resources first.

Net Assets/Fund Balance

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary, and fiduciary fund statements and "Fund Balance" on governmental fund statements.

Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of such assets. Significant unspent related debt proceeds are included in restricted for capital projects, not invested in capital assets, net of related debt.

Budgeting and Budgetary Control

The state of Minnesota operates on a two-year (biennial) budget cycle ending on June 30 of odd-numbered years. Appropriations in the biennial budget are usually for a single year; however, where specified, single year appropriations are available for either year of the biennium. The governor's budget for the biennium is developed by the Department of Finance and presented to the legislature for approval. Specific appropriations are required for all expenditures from the General Fund and all special revenue funds except the Federal, Petroleum Tank Cleanup, Maximum Effort School Loan, Iron Range Resources and Rehabilitation, and Miscellaneous Special Revenue funds. Some appropriations are "open appropriations" for entitlement type and some interfund transfer programs. In these cases, the amount that is needed to fulfill the obligation for the fiscal year is made available. There is no limit on the amount that can be expended for the program. Estimates of the amount needed for such programs are included in the budget forecast.

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

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

Interfund Activity and Balances

As a general rule, the effect of internal service fund activity has been eliminated from the government-wide statements. Internal service fund activity from external customers is reported under governmental activities in the government-wide statements. Interfund receivables and payables have been eliminated from the Statement of Net Assets, except for residual amounts between governmental and business-type activities.

Special Item

GASB Statement No. 34 defines a special item as a significant transaction or event within the control of management but either unusual in nature or infrequent in occurrence. The payment of $134,000,000 by Workers' Compensation Assigned Risk Plan (WCARP) to the General Fund as required by the Laws of Minnesota 2002 is reported as a special item in the government-wide Statement of Activities. See note 20 for further details.

Note 2 - Fund Structure and Accounting Principle Changes and Prior Period Adjustments

As discussed in Note 1, the state implemented several new accounting standards issued by GASB.

The following tables summarize fund reclassification changes to fund equities as previously reported on the Combined Balance Sheet (in thousands).

Governmental Funds and Activities	June 30, 2001 As Reported	Change In Fund Structure	Change in Accounting Principle	Prior Period Adjustments	June 30, 2001 As Restated
Major Funds:					
General Fund	$ 1,179,516	$ (145,693)	$ -	$ 5,862	$ 1,039,685
Previously Reported as a Special Revenue Fund:					
Federal Fund	-	7,126	-	-	7,126
Total Major Funds	$ 1,179,516	$ (138,567)	$ -	$ 5,862	$ 1,046,811
Nonmajor Funds:					
Special Revenue Funds:					
Trunk Highway	$ 448,396	$ -	$ -	$ -	$ 448,396
Highway User Tax Distribution	50	-	-	-	50
State Airports	36,346	-	-	-	36,346
Municipal State-Aid Street	-	158,321	174	(5,026)	153,469
County State-Aid Highway	-	348,126	349	(24,881)	323,594
Federal	7,126	(7,126)	-	-	-
Petroleum Tank Cleanup	18,259	-	-	-	18,259
Solid Waste	89,990	-	-	-	89,990
Health Care Access	317,796	-	-	-	317,796
Minnesota Resources	6,977	-	-	-	6,977
Natural Resources	25,214	-	-	-	25,214
Game and Fish	28,856	-	-	-	28,856
Northeast Minnesota Economic Protection	-	130,330	84	-	130,414
Endowment	-	8,715	96	-	8,811
Maximum Effort School Loan	9,917	-	-	-	9,917
Special Compensation	318,925	-	-	-	318,925
Environment and Natural Resources	-	314,669	136	-	314,805
Environmental	29,283	-	-	-	29,283
Iron Range Resources and Rehabilitation	57,192	(10,578)	275	-	46,889
Medical Education and Research	-	342,921	-	-	342,921
Tobacco Use Prevention	-	542,966	9	-	542,975
Miscellaneous Special Revenue	423,829	(10,077)	-	-	413,752
Total Special Revenue Funds	$ 1,818,156	$ 1,818,267	$ 1,123	$ (29,907)	$ 3,607,639
Debt Service Fund	$ 450,493	$ (10,137)	$ 66,626	$ (8,889)	$ 498,093
Capital Projects Funds:					
General Projects	$ 286,720	$ (6,875)	$ -	$ -	$ 279,845
Transportation	4,615	-	-	-	4,615
Building	82,499	8,632	-	6,326	97,457
Total Capital Projects Funds	$ 373,834	$ 1,757	$ -	$ 6,326	$ 381,917
Permanent Fund:					
Permanent School-Includes Endowment School	$ -	$ 570,455	$ -	$ -	$ 570,455
Total Nonmajor Funds	$ 2,642,483	$ 2,380,342	$ 67,749	$ (32,470)	$ 5,058,104
Total Governmental Funds	$ 3,821,999	$ 2,241,775	$ 67,749	$ (26,608)	$ 6,104,915
Adoption of GASB Statements No. 34 and 35:					
Revenue Recognition	$ -	$ -	$ 716,369	$ -	$ 716,369
Capital Assets	-	-	1,408,590	15,027	1,423,617
Accumulated Depreciation	-	-	(673,106)	(1,839)	(674,945)
Nondepreciable Capital Assets	-	-	1,370,496	-	1,370,496
Infrastructure not Depreciated	-	-	4,055,819	-	4,055,819
Long-Term Bonds and Notes Payable	-	-	(2,533,133)	(16,765)	(2,549,898)
Other Liabilities and Long-Term Obligations	-	-	(1,984,849)	-	(1,984,849)
Internal Service Fund Conversion	-	-	114,066	(75)	113,991
Total	$ -	$ -	$ 2,474,252	$ (3,652)	$ 2,470,600
Total Governmental Funds and Activities	$ 3,821,999	$ 2,241,775	$ 2,542,001	$ (30,260)	$ 8,575,515

	June 30, 2001 As Reported	Change In Fund Structure	Change In Accounting Principle	Prior Period Adjustments	June 30, 2001 As Restated
Proprietary Funds and Business-type Activities					
Major Funds:					
MnSCU	$ -	$ 811,219	$ 18,482	$ -	$ 829,701
Unemployment Insurance	-	607,730	24,724	-	632,454
Total Net Assets	$ -	$ 1,418,949	$ 43,206	$ -	$ 1,462,155
Nonmajor Funds:					
State Colleges and Universities Revenue	$ 90,012	$ (90,012)	$ -	$ -	$ -
State Lottery	-	-	-	-	-
College and University Enterprise Activities	75,941	(75,941)	-	-	-
Minnesota Correctional Industries	17,759	-	-	-	17,759
Behavioral Services	10,386	-	-	-	10,386
Public Employees Insurance	652	-	-	-	652
Enterprise Activities	4,206	-	-	-	4,206
State Operated Community Services	18,908	-	-	-	18,908
Giants Ridge	-	10,578	2,128	-	12,706
Total Net Assets	$ 217,864	$ (155,375)	$ 2,128	$ -	$ 64,617
Internal Service Funds:	$ 114,066	$ -	$ (114,066)	$ -	$ -
Total Proprietary Funds and Business-type Activities	$ 331,930	$ 1,263,574	$ (68,732)	$ -	$ 1,526,772
Fiduciary Funds:					
Pension Trust Funds:					
State Deferred Compensation Fund	$ -	$ 650,223	$ -	$ -	$ 650,223
Other Pension Trust Funds	38,811,168	-	$ -	-	38,811,168
Total Pension Trust Funds	$ 38,811,168	$ 650,223	$ -	$ -	$ 39,461,391
Investment Trust	$ 411,514	$ -	$ -	$ -	$ 411,514
Funds Previously Reported As Expendable Trust Funds:					
Municipal State-Aid Street	$ 158,321	$ (158,321)	$ -	$ -	$ -
County State-Aid Highway	348,126	(348,126)	-	-	-
Endowment School	6,198	(6,198)	-	-	-
Endowment	16,547	(16,547)	-	-	-
Environment and Natural Resources	314,669	(314,669)	-	-	-
Northeast Minnesota Economic Protection	130,330	(130,330)	-	-	-
Unemployment Insurance	607,730	(607,730)	-	-	-
State Deferred Compensation Fund	650,223	(650,223)	-	-	-
Medical Education and Research	342,921	(342,921)	-	-	-
Tobacco Use Prevention	542,966	(542,966)	-	-	-
Total Expendable Trust	$ 3,118,031	$ (3,118,031)	$ -	$ -	$ -
Funds Previously Reported As Non-Expendable Trust Fund:					
Permanent School Fund	$ 564,257	$ (564,257)	$ -	$ -	$ -
Total Fiduciary Funds	$ 42,904,970	$ (3,032,065)	$ -	$ -	$ 39,872,905
Account Groups:					
General Fixed Assets	$ 3,322,006	$ -	$(3,322,006)	$ -	$ -
General Long-Term Obligation Account Group	-	-	-	-	-
Total Account Groups	$ 3,322,006	$ -	$(3,322,006)	$ -	$ -
Total Primary Government	$ 50,380,905	$ 473,284	$ (848,737)	$ (30,260)	$ 49,975,192

Discretely Presented Component Units	June 30, 2001 As Reported	Change In Fund Structure	Change In Accounting Principle	Prior Period Adjustments	June 30, 2001 As Restated
Major Component Units:					
U of M	$ 2,281,059	$ -	$ (112,038)	$ -	$ 2,169,021
Metropolitan Council	1,020,388	(155,001)	13,416	-	878,803
Housing Finance Agency	760,309	-	-	-	760,309
Total Major Component Units	$ 4,061,756	$ (155,001)	$ (98,622)	$ -	$ 3,808,133
Nonmajor Component Units:					
Public Facilities Authority	$ 590,951	$ -	$ (18,050)	$ -	$ 572,901
Minnesota Technology, Inc.	4,316	-	-	-	4,316
Agricultural and Economic Development Board	58,799	-	(35,930)	-	22,869
Rural Finance Authority	66,530	-	(66,626)	-	(96)
Minn. Partnership for Action Against Tobacco	177,729	-	-	-	177,729
Workers' Compensation Assigned Risk Plan	156,598	-	-	-	156,598
National Sports Center Foundation	266	-	-	-	266
Higher Education Services Office	286,875	-	-	-	286,875
Total Nonmajor Component Units	$ 1,342,064	$ -	$ (120,606)	$ -	$ 1,221,458
Total Discretely Presented Component Units	$ 5,403,820	$ (155,001)	$ (219,228)	$ -	$ 5,029,591

Prior Period Adjustments

Primary Government

The General Fund includes a prior period adjustment of $5,862,000 due to the reporting of mutual funds escheat property. This is the first time the General Fund has reported such property.

The government-wide capital assets balance includes a prior period adjustment amount of $13,188,000 due to the acquisition and disposal of capital assets prior to the beginning of the year.

The government-wide general long-term debt balance includes a prior period adjustment of $16,765,000 for loans not previously reported for Department of Natural Resources equipment.

The Building Fund includes a prior period adjustment of $6,326,000 due to a reduction of the fiscal agent cash account by the amount held for bonds defeased in previous years for the Northwest Airlines bonds and corresponding reduction in the note receivable in the Building Fund. The Debt Service Fund also includes a prior period adjustment of $8,889,000 due to a reduction in the fiscal agent cash account by Northwest Airlines income from its rental facilities that will be used to pay the note receivable.

Two nonmajor special revenue funds understated expenditures for the year ended June 30, 2001. Adjustments to the Municipal State-Aid Street Fund and County State-Aid Highway Fund were $5,026,000 and $24,881,000, respectively.

The State Printer Fund, which is an internal service fund, overstated net assets in a prior year by $75,000.

Note 3 - Cash and Investments

Cash and Cash Equivalents

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

The following table summarizes the state's cash and cash equivalents (in thousands), including amounts reported as restricted assets at December 31, 2001 or June 30, 2002, whichever is applicable. Cash with the U.S. Treasury is available for the cash demands of the Unemployment Insurance Fund (enterprise fund). Warrants outstanding is the amount of negotiable warrants issued by the state but not presented for collection as of June 30, 2002.

Carrying Amount	Primary Government	Component Units
Cash in Bank	$ 104,008	$ 3,517
Warrants Outstanding	(202,945)	
Checks Outstanding		(33,494)
Cash on Hand and Imprest Cash	1,546	-
Cash with Fiscal Agent	6,729	-
Cash with U.S. Treasury	270,988	-
Cash Equivalents:		
Cash Management Investment Pools	7,419,334	434,975
Other	192,472	1,142,897
Total Cash and Cash Equivalents(1)	$ 7,792,132	$ 1,547,895

(1)Includes fiduciary funds of $2,305,865.

Deposits

At June 30, 2002, the primary government's bank balance was $114,440,000. For component units at December 31, 2001 or June 30, 2002, whichever is applicable, the bank balances were $17,858,000. These bank balances were adjusted by items in transit to arrive at the state's cash in bank balance. The bank balances were fully covered by federal depository insurance or collateral held by the state's agent in the state's name or held by the component unit in the component unit's name (lowest risk category). Minnesota Statutes, Section 9.031 requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amount and the fair value of the collateral. During the year, certain bank accounts administered by Minnesota State Colleges and Universities (MnSCU) carried balances exceeding the legally secured amount. At June 30, 2002, the collateral shortage was $1,387,000.

Investments

The Minnesota State Board of Investment (SBI) manages the majority of the state's investing. Minnesota Statutes, Section 11A.24 broadly restricts investments of the primary government to obligations and stocks of United States and Canadian governments, their agencies and their registered corporations, other international securities, short-term obligations of specified high quality, restricted participation as a limited partner in venture capital, real estate, or resource equity investments and restricted participation in registered mutual funds. In accordance with Minnesota Statutes, the SBI has the authority to enter into, and has entered into, derivative transactions including investment in derivatives of asset-backed and mortgage-backed securities, put and call options, and futures contracts traded on a market or exchange regulated by a governmental agency or by a financial institution regulated by a governmental agency. Investments in asset-backed and mortgage-backed derivatives are made to improve yield. They receive investment cash flows from interest and principal payments on underlying mortgages, and therefore the prices of mortgage derivatives are sensitive to mortgage prepayments caused by changing market conditions. Put options and index futures were used during the year to reduce risk. Any agreements for put and call options or futures contracts may only be entered into with a fully offsetting amount of cash or securities.

As of June 30, 2002, the fair value of the SBI's derivatives exposure was approximately 3.3 percent of the total assets managed. Due to the offsetting nature of a number of these agreements, the net market risk of the derivates exposure is minimal. The following tables show the primary government's and component units' investments, including cash equivalents, at their carrying and fair values (in thousands).

Primary Government
Investments at June 30, 2002

Investment Type	Fair Value
Repurchase Agreements	$ 553,656
Commercial Paper	3,750,823
Short-Term Corporate Notes	26,045
U.S. Treasury Obligations	1,655,264
Mortgage Backed	5,221,308
Corporate Obligations	4,300,369
Foreign and Other Obligations	413,669
Corporate Stocks	22,623,642
Other Equity	2,880,029
Total Investments in Risk Category 1	$ 41,424,805
Trustee Managed Pools (Not Categorized)	2,433,787
Total Investments(1)	$ 43,858,592

(1)Includes $34,366,902 for fiduciary funds and $7,611,806 of cash equivalents.

Component Units
Investments at December 31, 2001 and June 30, 2002

Investment Type	Fair Value
Repurchase Agreements	$ 79,850
Commercial Paper	368,166
Short-Term Corporate Notes	14,995
U.S. Treasury Obligations	1,027,458
Mortgage Backed	371,160
Corporate Obligations	698,626
Municipal and Other Obligations	107,364
Corporate Stocks	366,592
Other Equity	26,819
Total Investments	$ 3,061,030
Trustee Managed Pools/Mutual Funds	791,494
Total Investments	$ 3,852,524

All primary government and component unit investments are classified as risk category 1. Risk category 1 includes securities which are insured or registered or are held by the government or its agent in the government's name. Risk category 2 investments include uninsured and unregistered securities held by the counter party's trust department or agent in the government's name. Investments in risk category 3 include uninsured and unregistered securities held by the counter party or by its trust department or agent, but not in the government's name.

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

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

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

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

Primary Government
Securities Lending Analysis at June 30, 2002
(In Thousands)

	Wells Fargo	State Street
Fair Value of Securities on Loan	$ 547,123	$ 3,268,957
Collateral Held	$ 553,508	$ 3,357,511
Average Duration	40 days	66 days
Average Weighted Maturity	40 days	423 days

Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2002, Minnesota had no credit risk exposure to borrowers because the amounts the state owed the borrowers exceeded the amounts the borrowers owed the state.

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

The University of Minnesota and the Metropolitan Council (component units) were engaged in separate securities lending programs during the fiscal year and calendar year, respectively. Their separately issued financial statements disclose the facts regarding those programs. Neither had a credit risk at year-end.

Note 4 - Interfund Activity

Primary Government

Primary government interfund receivables and payables at June 30, 2002, including the current portion of interfund advances, are summarized as follows (in thousands):

Primary Government

Fund	Receivables	Payables
General Fund	$ 64,437	$ 21,208
Special Revenue Funds:		
Natural Resources	$ 7,844	$ -
Game and Fish	762	-
Trunk Highway	22,565	49
Highway User Tax	17,107	45,394
Federal	5,443	13,606
Environmental	-	1,163
Health Care Access	-	5,443
Iron Range Resources and Rehab.	1,014	-
Municipal State-Aid Street	9,676	-
County State-Aid Highway	12,471	6,400
Endowment	16	-
Environment and Natural Resources	3,251	-
Medical Education and Research	3,898	-
Miscellaneous Special Revenue	6,810	12,785
Total Special Revenue Funds	$ 90,857	$ 84,840
Capital Projects Funds:		
General Projects	$ -	$ 25,386
Building	-	942
Total Capital Project Funds	$ -	$ 26,328
Debt Service:		
Debt Service	$ -	$ 11,292
Enterprise Funds:		
State Lottery	$ -	$ 9,879
Enterprise Activities	240	-
Behavioral Services	-	1,086
State Colleges and Universities	11,270	-
Unemployment Insurance	-	5,149
Giants Ridge	-	494
Total Enterprise Funds	$ 11,510	$ 16,608

Fund	Receivables	Payables
Internal Service Funds:		
State Printer	$ -	$ 240
Central Motor Pool	-	675
Total Internal Service Funds	$ -	$ 915
Fiduciary Funds:		
Pension Trust Funds:		
Public Employees Retirement	$ 1,537	$ 1,436
Police and Fire	1,369	1,230
State Employees	860	22
State Patrol	-	91
Correctional Employees	-	258
Judicial	-	45
Elective State Officers	-	1
Legislative	-	29
Unclassified Employees	22	235
Public Employees	15	90
Public Employees Correctional	52	217
Post Retirement Health Care	-	201
Total Fiduciary Funds	$ 3,855	$ 3,855
Permanent Fund:		
Permanent School	$ -	$ 5,613
Total Primary Government	$ 170,659	$ 170,659

The noncurrent portion of interfund advances for the primary government at June 30, 2002 is summarized as follows (in thousands):

	Advances to Other Funds	Advances from Other Funds
General Fund	$ 4,933	$ -
Internal Service Fund:		
Central Motor Pool	-	4,933
Total All Funds	$ 4,933	$ 4,933

Component Units

Receivables and payables at June 30, 2002, between the primary government and component units, are summarized as follows:

Primary Government and Component Units
(In Thousands)

	Due From	Due To
Component Units		
Workers' Compensation Assigned Risk Plan	$ -	$ 1,867
University of Minnesota	126,990	60,003
Rural Finance Authority	-	71,784
Total Component Units	$ 126,990	$ 133,654
Primary Government		
Governmental Funds:		
General Fund	$ -	$ 104,914
Trunk Highway Fund	-	3,260
Medical Education and Research Fund	-	13,592
Building Fund	-	5,224
Debt Service Fund	131,787	-
Total Primary Government	$ 131,787	$ 126,990
Total	$ 258,777	$ 260,644

Due to primary government exceeds due from component units by $1,867,000 for the Workers' Compensation Assigned Risk Plan because the plan's fiscal year-end differs from the primary government.

Note 5 - Loans, Notes and Financing Leases Receivable

Loans, notes and financing leases receivable, net of allowances for possible losses, as of June 30, 2002, consisted of the following (in thousands):

	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds
Student Loan Program	$ 133	$ -	$ -	$ 33,880
Economic Development	183	48,255	88,235	-
School Districts	-	16,275	-	-
Energy	-	754	5,633	-
Agricultural	1,818	36,106	3,372	-
Transportation	-	25,869	-	-
Resources	1,405	12,550	47	-
Other	-	-	-	58
Total	$ 3,539	$ 139,809	$ 97,287	$ 33,938

	Component Units	
	Non-Restricted	Restricted
Metropolitan Council	$ 20,594	$ -
Agricultural and Economic Development Board	24,827	-
Rural Finance Authority	54,340	-
Housing Finance Authority	1,681,340	-
Public Facilities Authority	5,779	902,380
Higher Education Services Office	374,061	-
University of Minnesota	67,548	-
Total	$ 2,228,489	$ 902,380

Note 6 - Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2002 was as follows (in thousands):

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Governmental Activities:				
Capital Assets not Depreciated:				
Land	$ 1,092,718	$ 125,729	$ (1,848)	$ 1,216,599
State Capitol	11,892	6,677	-	18,569
Construction in Progress	281,199	89,764	(48,141)	322,822
Infrastructure	4,055,819	258,759	(3,137)	4,311,441
Art and Historical Treasures	100	-	-	100
Total Capital Assets not Depreciated	$ 5,441,728	$ 480,929	$ (53,126)	$ 5,869,531
Capital Assets Depreciated:				
Buildings, Structures, Improvements	$ 1,158,147	$ 48,203	$ (976)	$ 1,205,374
Infrastructure	25,497	5,741	-	31,238
Equipment, Furniture, Fixtures	336,666	25,963	(15,841)	346,788
Total Capital Assets Depreciated	$ 1,520,310	$ 79,907	$ (16,817)	$ 1,583,400
Less Accumulated Depreciation for:				
Buildings, Structures, Improvements	$ (541,816)	$ (25,512)	$ 978	$ (566,350)
Infrastructure	(1,392)	(771)	-	(2,163)
Equipment, Furniture, Fixtures	(191,847)	(32,136)	13,265	(210,718)
Total Accumulated Depreciation	$ (735,055)	$ (58,419)	$ 14,243	$ (779,231)
Total Capital Assets Depreciated, Net	$ 785,255	$ 21,488	$ (2,574)	$ 804,169
Governmental Act., Capital Assets, Net	$ 6,226,983	$ 502,417	$ (55,700)	$ 6,673,700
Business-type Activities:				
Capital Assets not Depreciated:				
Land	$ 51,254	$ 579	$ -	$ 51,833
Construction in Progress	56,117	59,967	(38,143)	77,941
Total Capital Assets not Depreciated	$ 107,371	$ 60,546	$ (38,143)	$ 129,774
Capital Assets Depreciated:				
Buildings	$ 1,298,021	$ 85,741	$ (3,541)	$ 1,380,221
Library Collections	43,331	6,292	(6,892)	42,731
Improvements, Other than Buildings	8,540	41	-	8,581
Equipment, Furniture, Fixtures	271,576	29,873	(22,594)	278,855
Total Capital Assets Depreciated	$ 1,621,468	$ 121,947	$ (33,027)	$ 1,710,388
Less Accumulated Depreciation for:				
Buildings	$ (689,872)	$ (37,531)	$ 2,427	$ (724,976)
Library Collections	(24,193)	(6,104)	6,892	(23,405)
Improvements, Other than Buildings	(1,626)	(217)	-	(1,843)
Equipment, Furniture, Fixtures	(170,455)	(25,603)	18,265	(177,793)
Total Accumulated Depreciation	$ (886,146)	$ (69,455)	$ 27,584	$ (928,017)
Total Capital Assets Depreciated, Net	$ 735,322	$ 52,492	$ (5,443)	$ 782,371
Business-type Act., Capital Assets, Net	$ 842,693	$ 113,038	$ (43,586)	$ 912,145
Fiduciary Funds:				
Capital Assets not Depreciated:				
Land	$ 429	$ -	$ -	$ 429
Total Capital Assets not Depreciated	$ 429	$ -	$ -	$ 429
Capital Assets Depreciated:				
Buildings	$ 28,162	$ 1,724	$ -	$ 29,886
Equipment, Furniture, Fixtures	5,142	1,700	(963)	5,879
Total Capital Assets Depreciated	$ 33,304	$ 3,424	$ (963)	$ 35,765
Less Accumulated Depreciation for:				
Buildings	$ -	$ (794)	$ -	$ (794)
Equipment, Furniture, Fixtures	(3,225)	(689)	820	(3,094)
Total Accumulated Depreciation	$ (3,225)	$ (1,483)	$ 820	$ (3,888)
Total Capital Assets Depreciated, Net	$ 30,079	$ 1,941	$ (143)	$ 31,877
Fiduciary Funds, Capital Assets, Net	$ 30,508	$ 1,941	$ (143)	$ 32,306

Art and historical treasures are reported as capital assets that are not depreciated.

The Net Asset balance of the State Colleges and Universities Fund includes $124,000 of restricted Construction in Progress, which is reported on the Government-wide Statement of Net Assets in Other Restricted Assets. This amount is not included in the previous table of capital asset activity.

Depreciation expense was charged to functions/programs of the primary government as follows (in thousands):

Governmental Activities:		
Public Safety and Corrections	$	9,572
Transportation		15,153
Agricultural and Environmental Resources		5,688
Economic and Workforce Development		1,523
General Education		629
Higher Education		-
Health and Human Services		7,246
Health Care		-
General Government		6,763
Internal Service Funds		11,845
Total Governmental Activities	$	58,419
Business-type Activities:		
State Colleges and Universities	$	66,050
Unemployment Insurance		-
Lottery		1,393
Other		2,012
Total Business-type Activities	$	69,455

Capital outlay expenditures in the governmental funds totaled $500,458,000 for fiscal year 2002. Donations of general capital assets received during fiscal year 2002 are valued at $1,272,000.

General capital assets purchased with resources provided by outstanding capital lease agreements at June 30, 2002 consisted of equipment with a cost of $104,193,000 and buildings with a cost of $1,781,000.

Authorizations and commitments as of June 30, 2002 for the largest construction in progress projects consisted of the following (in thousands):

	Administration Projects	Educational Buildings	Military Affairs	Veterans Affairs	Correctional Facilities	Human Services
Authorization	$ 88,147	$ 8,367	$ 9,083	$ 49,148	$ 108,970	$ 16,804
Expended through June 30, 2002	53,169	8,226	7,643	44,358	103,013	8,593
Total	$ 34,978	$ 141	$ 1,440	$ 4,790	$ 5,957	$ 8,211

Land in the Permanent School Fund totaling 2,512,334 acres was donated by the federal government and valued at the estimated fair value at the time of donation.

Component Units

Component Unit capital assets consisted of the following as of December 31, 2001 and June 30, 2002, as applicable (in thousands):

	Metropolitan Council	Minnesota Technology, Incorporated	Higher Education Services Office	Housing Finance Agency	National Sports Center Foundation	University of Minnesota	Combined Totals
Land	$ 43,608	$ -	$ -	$ -	$ 2,500	$ 34,852	$ 80,960
Buildings and Improvements	1,872,937	-	-	-	692	2,138,600	4,012,229
Equipment	386,709	2,545	322	2,227	899	678,935	1,071,637
Infrastructure	-	-	-	-	-	278,158	278,158
Total	$ 2,303,254	$ 2,545	$ 322	$ 2,227	$ 4,091	$3,130,545	$ 5,442,984
Less: Accumulated Depreciation	807,873	2,390	213	1,055	881	1,340,850	2,153,262
Net Total	$ 1,495,381	$ 155	$ 109	$ 1,172	$ 3,210	$1,789,695	$ 3,289,722

Note 7 - General Long-Term Obligations

Primary Government

The following table is a summary of general long-term obligations at June 30, 2002 and the changes during fiscal year 2002 (in thousands):

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Activities					
Liabilities For:					
General Obligation Bonds	$ 2,507,408	$ 637,068	$ 221,255	$ 2,923,221	$ 237,262
Loans	41,327	3,536	5,245	39,618	18,054
Revenue Bonds	100	-	100	-	-
Claims	1,622,197	13,053	90,217	1,545,033	122,339
Compensated Absences	216,407	24,605	8,670	232,342	20,592
Workers' Compensation	123,074	3,364	11,489	114,949	12,285
Capital Leases	23,171	3,326	8,470	18,027	6,578
Arbitrage Liabilities	26	-	26	-	-
Total	$ 4,533,710	$ 684,952	$ 345,472	$ 4,873,190	$ 417,110
Business-type Activities					
Liabilities For:					
General Obligation Bonds	$ 85,187	$ 29,337	$ 5,650	$ 108,874	$ 6,568
Loans	5,053	-	555	4,498	1,793
Revenue Bonds	17,410	36,275	320	53,365	120
Compensated Absences	103,649	-	6,280	97,369	11,582
Workers' Compensation	4,290	102	-	4,392	1,270
Capital Leases	4,176	6,523	2,121	8,578	2,244
Total	$ 219,765	$ 72,237	$ 14,926	$ 277,076	$ 23,577

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

	Governmental Activities			
	General Fund	Special Revenue Funds	Business-type Activities	Total
Liabilities For:				
General Obligation Bonds	$ 2,756,843	$ 166,378	$ 108,874	$ 3,032,095
Revenue Bonds	-	-	53,365	53,365
Loans	4,675	34,943	4,498	44,116
Claims	86,369	1,458,664	-	1,545,033
Compensated Absences	142,487	89,855	97,369	329,711
Workers' Compensation	87,055	27,894	4,392	119,341
Capital Leases	1,061	16,966	8,578	26,605
Total	$ 3,078,490	$ 1,794,700	$ 277,076	$ 5,150,266

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

General Obligation Bonds
Principal and Interest Payments

	Governmental Activities		Business-type Activities		Total	
Fiscal Year(s)	Principal	Interest	Principal	Interest	Principal	Interest
2003	$ 237,262	$ 140,047	$ 6,568	$ 5,340	$ 243,830	$ 145,387
2004	251,696	132,538	7,114	5,262	258,810	137,800
2005	233,940	120,793	7,135	4,892	241,075	125,685
2006	228,284	108,952	7,156	4,512	235,440	113,464
2007	236,320	97,126	7,335	4,127	243,655	101,253
2008-2012	888,653	333,438	34,557	14,837	923,210	348,275
2013-2017	596,265	138,210	25,890	6,583	622,155	144,793
2018-2022	250,801	25,980	13,119	1,385	263,920	27,365
Total	$ 2,923,221	$ 1,097,084	$ 108,874	$ 46,938	$ 3,032,095	$ 1,144,022

Revenue Bonds
Principal and Interest Payments

	Business-type Activities	
Fiscal Year(s)	Principal	Interest
2003	$ 120	$ 3,448
2004	1,515	3,074
2005	1,575	2,992
2006	1,945	2,895
2007	2,190	2,783
2008-2012	11,155	12,027
2013-2017	12,185	8,758
2018-2022	15,155	4,811
2023-2027	7,525	758
Total	$ 53,365	$ 41,546

Loans
Principal and Interest Payments

Fiscal Year(s)	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2003	$ 18,054	$ 1,615	$ 1,793	$ -	$ 19,847	$ 1,615
2004	10,331	935	1,244	-	11,575	935
2005	7,574	419	698	-	8,272	419
2006	3,000	115	364	-	3,364	115
2007	659	18	197	-	856	18
2008-2012	-	-	202	-	202	-
Total	$ 39,618	$ 3,102	$ 4,498	$ -	$ 44,116	$ 3,102

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

Capital Leases
Principal and Interest Payments

Fiscal Year(s)	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2003	$ 6,578	$ 802	$ 2,244	$ 525	$ 8,822	$ 1,327
2004	4,573	503	1,712	428	6,285	931
2005	3,524	286	1,505	346	5,029	632
2006	2,660	112	919	281	3,579	393
2007	692	18	641	751	1,333	769
2008-2012	-	-	1,557	672	1,557	672
Total	$ 18,027	$ 1,721	$ 8,578	$ 3,003	$ 26,605	$ 4,724

Debt Service Fund

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

During fiscal year 2002, the Department of Finance made the necessary transfers to the Debt Service Fund as follows (in thousands):

Transfers to Debt Service Fund

General Fund	$ 282,576
Special Revenue Funds:	
Trunk Highway Fund	$ 7,449
Natural Resources Funds	28
Maximum Effort School Loan Fund	1,037
Miscellaneous Special Revenue Fund	3,152
Total Special Revenue Funds	$ 11,666
Capital Projects Funds:	
Building Fund	$ 18,919
Total Capital Projects Funds	$ 18,919
Total Operating Transfers to Debt Service Fund	$ 313,161

General Obligation Bond Issues

On October 1, 2001, $330,000,000 in general obligation state various purpose bonds and $25,000,000 in general obligation state trunk highway bonds were issued at a true interest cost of 4.30 percent. On June 1, 2002, $240,000,000 in general obligation state various purpose bonds, $37,405,000 in general obligation state refunding bonds and $30,000,000 in general obligation state trunk highway bonds were issued at a true interest cost of 4.03 percent. On October 1, 2001, $4,000,000 in general obligation state taxable bonds were issued at a true interest rate of 5.41 percent. During fiscal year 2002, $226,905,000 in general obligation bond principal was repaid.

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

The June 2002 bond sale included $37,405,000 of refunding bonds for a current refunding of $38,450,000 in previously issued bonds of the state. The proceeds for these refunding bonds were held in the state's Debt Service Fund until August 1, 2002 when the refunded bonds were called for redemption and prepayment. Because $38,450,000 was still outstanding on June 30, 2002 and the money available for the refunding was in the state's Debt Service Fund, the total amount is still included in the general obligation bond balance for the current fiscal year, but will be removed as of the redemption date of August 1, 2002.

The balance outstanding for all extinguished debt at June 30, 2002 was $159,825,000 which is shown below (in thousands). The state remains contingently liable to pay the refunded general obligation bonds.

Outstanding Defeased Debt

Refunding Date	Refunding Amount	Refunded Amount	Outstanding Amount	Refunded Bond Call Date
November 1, 1993	$ 91,720	$ 81,650	$ 81,650	August 1, 2002
November 1, 1998	99,700	96,100	78,175	October 1, 2004
Total	$ 191,420	$ 177,750	$ 159,825	

In addition, $2,040,000 of state guaranteed bonds are being held in escrow because the bond proceeds exceeded the cost of the project. The refunded bond call date is August 1, 2005.

The following table is a schedule of general obligation bonds authorized, but unissued, and bonds outstanding at June 30, 2002 (in thousands). This schedule includes general obligation bonds that were sold for the State Operated Community Services and State Colleges and Universities Funds (enterprise funds).

General Obligation Bonds Authorized, but Unissued and Bonds Outstanding

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates Range - %
State Building	$ 92,521	$ 1,481,758	3.75 - 7.56
State Operated Community Services	-	4,252	3.75 - 7.56
State Transportation	4,694	99,110	4.69 - 7.56
Waste Management	375	6,035	5.00 - 7.56
Water Pollution Control	1,501	114,565	4.58 - 7.56
Maximum Effort School Loan	-	85,770	5.00 - 7.56
Reinvest in Minnesota	629	10,205	5.00 - 6.90
Rural Finance Administration	-	66,725	5.00 - 6.98
Refunding Bonds	-	521,917	3.97 - 6.95
Municipal Energy Building	133	5,930	5.00 - 7.56
Game and Fish Building	-	103	5.33 - 6.95
Trunk Highway	15,100	93,505	3.75 - 6.95
Airport Facilities	-	40,235	4.40 - 7.95
Landfill	-	28,175	4.54 - 5.76
Various Purpose	1,216,070	473,810	
Total	$ 1,331,023	$ 3,032,095	

Loans Payable

Governmental loans payable consist of loans taken out by the Department of Natural Resources to pay for fleet, aircraft and computer equipment. Business-type loans are primarily loans for the Department of Administration to purchase equipment.

Revenue Bonds Payable

The State Colleges and Universities is authorized by Minnesota Statutes, Section 136F.98, to issue revenue bonds whose aggregate principal shall not exceed $100,000,000 at any time. The proceeds of these bonds are used to finance the acquisition, construction and remodeling of buildings for dormitory, residence hall, student union and food service purposes at six of the state universities. On February 19, 2002, revenue bonds were issued totaling $36,275,000.

On November 1, 2000, $16,000,000 in state revenue bonds were issued for financing the Giants Ridge recreational area at a true interest rate of 7.48 percent. In addition, $3,710,000 of these bonds were refunded. The entire refunding bonds proceeds of $3,674,000 from the Iron Range Resources and Rehabilitation fund (special revenue) have been placed in a special escrow account. This amount has been certified as sufficient to pay all principal and interest on the bonds when due. Accordingly, the original refunded bonds have been eliminated, and the new advance refunding bonds have been added to the Giants Ridge Fund. Beginning with fiscal year 2002, all Giants Ridge financial activity, including revenue bonds, is reported in a separate enterprise fund.

Outstanding Defeased Debt
(In Thousands)

Refunding Date	Refunding Amount	Refunded Amount	Outstanding Amount	Refunded Bond Call Date
November 1, 2000	$ 3,710	$ 3,710	$ 3,510	October 1, 2012

Claims

Municipal solid waste landfills liability of $236,976,000 for closure and postclosure care is reported for the landfill cleanup program payable from the Solid Waste Fund (special revenue fund) and the General Fund.

Claims of $61,287,000 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 $29,070,000 are for certain employees who qualify for post-retirement benefits upon retirement at age 55 under terms of their employment contract. See Note 16 for the amount paid in fiscal year 2002.

The remaining claim amount of $1,217,700,000 is for reimbursements of supplementary and second injury benefits for old workers' compensation injuries. Legislative action ended both the supplementary and second injury programs. The claim amount represents the estimated undiscounted cost of supplementary benefits for injuries prior to October 1, 1995, and second injury program benefits for injuries prior to July 1, 1992. Without alteration by settlements, the liability is expected to extend to approximately the year 2045 for supplementary benefits and 2033 for second injuries.

Compensated Absences

The compensated absences liability for governmental funds of $232,342,000 is primarily for vacation leave and vested sick leave, which are payable as severance pay under specific conditions. Both amounts are paid only when an employee terminates state employment. This obligation will be liquidated using future resources at unspecified times.

Workers' Compensation

The governmental funds liability for workers' compensation of $114,949,000 is based on claims filed for injuries to state employees occurring prior to June 30, 2002 and is an undiscounted estimate of future payments. The liability 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 2002, the state did not have excess earnings on tax-exempt bond proceeds and debt service.

Revenue Bonds Payable - Fiduciary Funds

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

Long-Term Debt Repayment Schedule
Fiduciary Funds - June 30, 2002

Revenue Bonds - SERF, TRF and PERF

Fiscal Year(s)	Principal	Interest
2003	$ 450	$ 1,644
2004	475	1,620
2005	500	1,594
2006	525	1,567
2007	550	1,539
2008-2012	3,175	7,223
2013-2017	4,150	6,252
2018-2022	5,550	4,925
2023-2027	7,475	3,084
2028-2032	5,724	702
Total	$ 28,574	$ 30,150

Note 8 - Operating Lease Agreements

Operating Leases

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

Lease expenditures for the year ended June 30, 2002 totaled approximately $63,745,000 and $18,369,000 for the primary government and component units respectively. Lease expenditures for the year ended December 31, 2001 totaled approximately $2,687,000 for component units.

Future Minimum Lease Payments
(In Thousands)

Primary Government		Component Units			
Year Ending June 30	Amount	Year Ending June 30	Amount	Year Ending December 31	Amount
2003	$ 65,399	2003	$ 11,639	2002	$ 2,261
2004	52,745	2004	9,513	2003	2,111
2005	33,345	2005	7,845	2004	1,893
2006	27,283	2006	7,387	2005	1,684
2007	22,156	2007	6,378	2006	1,108
2008-2012	24,226	2008-2012	22,786	2007-2011	1,636
2013-2017	-	2013-2017	7,195	2012-2016	122
Total	$ 225,154	Total	$ 72,743	Total	$ 10,815

Note 9 - Long-Term Obligations - Component Units

Revenue and General Obligation Bonds

Component Units

The Housing Finance Agency (HFA) is authorized by Minnesota Statutes, Sections 462A.06 to issue bonds and notes for the purpose of providing funds for rehabilitation, construction and mortgage loans, or for refunding bonds to sponsors of residential housing for families of low and moderate income. The amount outstanding on these bonds at any time shall not exceed $2,400,000,000, according to Minnesota Statutes, Section 462A.22.

The Public Facilities Authority (PFA) is authorized by Minnesota Statutes, Section 446A.072 to issue revenue bonds for the purpose of making loans to municipalities for wastewater treatment facilities. The amount outstanding on these bonds at any time shall not exceed $1,000,000,000, according to Minnesota Statutes, Section 446A.12.

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

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

The Metropolitan Council (MC) issues general obligation bonds for parks, solid waste, sewers and transportation, backed by MC's full faith and credit and taxing powers. MC had $739,089,000 in general obligation bonds outstanding, net of unamortized premium, on December 31, 2001.

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

General Obligation Bonds
(In Thousands)

Fiscal Years	U of M Principal	U of M Interest	MC* Principal	MC* Interest
2003	$ 259,626	$ 22,326	$ 65,555	$ 32,325
2004	170,014	9,354	65,643	29,402
2005	46,027	3,385	64,899	26,339
2006	6,039	1,962	59,287	23,424
2007	6,039	1,888	55,800	20,688
2008-2012	29,197	8,406	222,141	68,331
2013-2017	44,197	6,183	138,279	27,398
2018-2022	80,159	2,911	67,515	6,080
2023-2027	-	-	-	-
2028-2032	-	-	-	-
	$ 641,298	$ 56,415	$ 739,119	$ 233,987
Unamortized Discounts/Premiums and Issuance Costs	-	-	(30)	-
Total	$ 641,298	$ 56,415	$ 739,089	$ 233,987

*MC fiscal year ends December 31.

Long-Term Debt Repayment Schedule
Revenue Bonds
Major Component Units
(In Thousands)

Fiscal Years	U of M Principal	U of M Interest	HFA Principal[1]	HFA Interest	MC[2] Principal	MC[2] Interest
2003	$ 750	$ 648	$ 301,105	$ 98,263	$ 705	$ 674
2004	805	602	130,415	91,459	735	643
2005	855	554	43,170	86,948	770	609
2006	905	502	45,425	84,691	810	573
2007	955	447	41,750	82,402	845	535
2008-2012	5,125	1,304	239,795	375,422	4,935	1,994
2013-2017	1,421	125	306,975	296,642	4,980	563
2018-2022	-	-	320,640	202,633	-	-
2023-2027	-	-	330,570	106,702	-	-
2028-2032	-	-	180,700	26,113	-	-
2033-2037	-	-	12,975	667	-	-
	$ 10,816	$ 4,182	$ 1,953,520	$ 1,451,942	$ 13,780	$ 5,591
Unamortized Discounts/Premiums and Insurance Costs	-	-	(17,332)	-	(165)	-
Total	$ 10,816	$ 4,182	$ 1,936,188	$ 1,451,942	$ 13,615	$ 5,591

[1]See Note 20 for bond redemption information.
[2]MC fiscal year ends December 31.

Long-Term Debt Repayment Schedule
Revenue Bonds
Nonmajor Component Units
(In Thousands)

	HESO		PFA		AEDB	
Fiscal Years	Principal	Interest	Principal	Interest	Principal	Interest
2003	$ -	$ 3,883	$ 41,025	$ 35,199	$ 4,540	$ 2,207
2004	-	3,883	36,365	33,094	2,275	2,002
2005	-	3,883	34,745	31,303	2,395	1,866
2006	-	3,883	42,415	29,580	2,540	1,717
2007	1,429	3,883	42,185	27,472	2,545	1,560
2008-2012	20,843	18,808	220,510	105,441	10,915	5,462
2013-2017	23,310	17,284	214,545	50,023	7,360	2,538
2018-2022	32,692	15,492	73,115	6,071	3,360	508
2023-2027	54,632	11,677	-	-	-	-
2028-2032	52,167	6,696	-	-	-	-
2033-2037	39,927	2,004	-	-	-	-
	$ 225,000	$ 91,376	$ 704,905	$ 318,183	$ 35,930	$ 17,860
Unamortized Discounts/Premiums and Insurance Costs	-	-	(8,452)	-	-	-
Total	$ 225,000	$ 91,376	$ 696,453	$ 318,183	$ 35,930	$ 17,860

Variable Rate Debt

Higher Education Services Office

Interest rates on the tax-exempt 1992, 1993 and 1994B series of bonds vary weekly based on the determination by the remarketing agent of the lowest rate that would permit the sale of bonds at par plus accrued interest on the date of determination. The variable rate cannot exceed 15 percent per annum. The interest rate for the Series 1992, 1993, and 1994B bonds as of June 30, 2002 was 1.35 percent.

The interest rate on the taxable Series 1999A bonds, taxable Series 2002A bonds, and tax-exempt Series 2002B bonds reset every 28, 28, and 35 days, respectively, based on a determination by the auction agent through auction proceedings. The rate cannot exceed the lesser of the applicable LIBOR rate plus 1 percent or 17 percent. The interest rate as of June 30, 2002 for the Series 1999A bonds was 1.95 percent. The interest rate as of June 30, 2002 for the Series 2002A and 2002B bonds was 2.02 percent and 1.43 percent, respectively.

University of Minnesota

In connection with the issuance of the 2001A, 2001B, 2001C and 1999A variable-rate bonds, the U of M entered into floating-to-fixed interest-rate swap agreements for notional amounts tied to the outstanding balance of the bonds. The U of M makes monthly payments at fixed rates between 3.08 percent and 4.4 percent and receives the weighted average rate that was paid to the bondholders during the previous month. The final maturity dates of the swaps are tied to the final maturity dates of the underlying bonds. With the exception of the Series 2001B taxable bonds, the U of M treats these swaps as qualified hedges with respect to such bonds.

In connection with the issuance of the Series 1996A bonds, the U of M has entered into a fixed-to-floating interest-rate swap agreement on a notional amount of $190,000,000. The U of M makes floating-rate interest payments monthly based upon the weekly Bond Market Association Municipal Swap Index. The interest obligation for future years is calculated on the basis of the interest rate in effect at June 30, 2002 of 1.23 percent. The actual rates to be paid to bondholders over the life of the bonds will be at rates determined on the basis of prevailing market conditions. The U of M receives fixed-rate interest payments ranging from 4.45 to 5.43 percent semiannually. The final maturity date of the swap is in 2021, although there are specified notional reductions annually that began in 2001. The U of M treats this swap as a qualified hedge with respect to such bonds.

At June 30, 2002, the U of M had $557,298,000 in outstanding variable rate bonds.

Bond Defeasances

Public Facilities Authority had $51,995,000 various refunding series bonds that were defeased and not reflected in the financial statements as of June 30, 2002.

In prior years, the U of M defeased various bonds by placing the proceeds from new bond issuances into an irrevocable trust to provide for all future debt payments on the old bonds. The amounts defeased for general obligation bonds was $126,831,000 with $39,225,000 outstanding at June 30, 2002. Neither the outstanding indebtedness nor the related trust account assets for these bonds are included in the U of M financial statements.

During MC's fiscal year ended December 31, 2001, MC issued $31,525,000 in general obligation bonds which refunded the remaining 2002-2009 maturities of the Series 1992A general obligation bonds. The transactions resulted in an economic gain of $2,432,075 and a reduction of $2,921,672 in future debt service payments.

Note 10 - Long-Term Commitments

Long-term commitments consist of grant agreements, construction and other contracts. These commitments will be partially funded by current reserves for long-term commitments with the remaining resources provided by future bond proceeds, gas tax and motor vehicle registration revenues and federal grants. Long-term commitments as of June 30, 2002 were as follows (in thousands):

Primary Government	
Special Revenue Fund:	
Trunk Highway Fund	$ 582,763
Capital Projects Funds:	
General Projects Fund	46,746
Transportation Fund	33,424
Building Fund	275,006
Enterprise Funds:	
State Colleges and Universities	124,500
Total Primary Government	$ 1,062,434

Petroleum Tank Environmental Cleanup

The Petroleum Tank Release Cleanup Act, Minnesota Statutes, Chapter 115C, requires the state to reimburse owners for most of their costs to clean up contamination from petroleum tank leaks and spills. The payments will come from the Petroleum Tank Cleanup Fund (Petrofund) (special revenue fund). A significant number of unreported tank contamination sites and cleanup costs presently exist which will require Petrofund expenditures. As of June 30, 2002, the Petrofund has reimbursed eligible applicants approximately $317 million since program inception in 1987. The estimated total payments from the program, which terminates on June 30, 2005, are between $370-$400 million for investigative and cleanup costs.

Solid Waste Fund

Minnesota Statutes, Section 115B.39 established the Closed Landfill Program to provide environmental response to qualified, state-permitted, closed landfills. Currently, 105 closed sites are in the program. Five additional sites may enter the program in the near future. The state becomes responsible for the long-term care of these closed municipal solid waste facilities only after certain eligibility requirements are met. The state is responsible, in perpetuity, for performing cleanup and final closure work as well as all maintenance and monitoring functions at these qualifying sites. Funding for the state's perpetual obligation at these landfills comes from the Solid Waste Fund (special revenue fund), which includes revenues from the Solid Waste Management Tax authorized by Minnesota Statutes, Chapter 297H, insurance recovery proceeds, and financial assurance from previous owners and operators. Additional revenue from the sale of state general obligation bonds is used for design and construction work at the publicly-owned landfills in the program. As of June 30, 2002, $146.2 million has been expended by the Solid Waste and bond funds. Estimates indicate that the total of all program payments may reach $539 million, of which $27.2 million is estimated to be expended during the year ending June 30, 2003. These estimates include costs for planned response actions, amounts representing future unknown additional remedies which have some probability of occurring, future replacement of some remedial systems, and reimbursements. Actual costs may be higher than estimated because of inflation, changes in technology, inclusion of additional qualifying sites, changes in regulations or future unanticipated response actions.

Component Units

The U of M has construction projects in progress with an estimated cost of $451,575,000 to complete. These costs will be funded from plant fund assets and state appropriations.

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

The minimum fixed amount of the steam plant required payments at June 30, 2002 was as follows (in thousands):

Fiscal Year Ending June 30	Total
2003	$ 6,062
2004	6,062
2005	6,062
2006	6,062
2007	6,062
2008-2012	30,311
2013-2017	30,311
Total	$ 90,932

The Metropolitan Council enters into contracts for various purposes, including transit services and construction projects, among others. As of December 31, 2001, unpaid commitments for transit services were approximately $52.7 million. Future commitments for Metropolitan Transit Light Rail were approximately $132 million. Future commitments for regional transit services were approximately $78.6 million. Finally, future commitments for Environmental Services were approximately $126.1 million.

Note 11 - Contingent Liabilities - Litigation

1) Payment of tort claims against the state is made from funds appropriated by the Minnesota Legislature to agencies for their general operations to the extent such funds are available without unduly hindering the operation of the agency, from appropriations of dedicated receipts if practicable or from funds appropriated for the payment of tort claims. The tort claims appropriations for the fiscal year ended June 30, 2002 were $875,000 and $671,000 for the fiscal each year ending June 30, 2003. The maximum limits of liability for tort claims are $300,000 for any one claim and $1,000,000 for any number of claims arising out of a single occurrence.

2) Lawsuits based on non-tort theories furnish another basis for potential liability. The following cases, or categories of cases, in which the state, its officers or employees, are defendants have been noted because an adverse decision in each case or category of case could result in an expenditure of state moneys of over $10,000,000 in excess of current levels.

   a. At any one time, there are hundreds of Department of Transportation eminent domain actions being litigated in district courts throughout the state. There is a continuous flow of such cases, with the actual number depending on many factors such as the number of parcels of land that can be acquired by direct purchase, the construction needs of the department and revenues available for highway projects. In the aggregate, the potential cost to the state for property which has been or will be acquired exceeds $10 million. Liability arising out of decisions unfavorable to the state may impact the state's trunk highway fund.

   b. *Amoco, et al. v. Commissioner of Revenue.* Minnesota Supreme Court. This case involves cross-appeals from a final order of the Minnesota Tax Court ruling: (1) that Minnesota's gasoline excise tax is not "in lieu" of its corporate franchise tax; and (2) that Amoco's exploration and production segment was not unitary with its refining, marketing, transportation, and chemical segments during the tax periods in question. Amoco has appealed the first ruling; the Commissioner of Revenue has cross-appealed the second. The amount in controversy is approximately $30 million. Rulings adverse to the state, however, could result in substantial additional liabilities as to these and other taxpayers. A decision by the Minnesota Supreme Court can be expected during the first half of 2003.

   c. *AT&T Corp. v. Commissioner of Revenue.* Minnesota Tax Court. The taxpayer appeals, as a representative of Qwest Corp., from the denial of sales and use tax refund claims for the periods January 1990 to January 1996 on two theories. The first claim, in the approximate amount of $10 million, alleges that Qwest purchased equipment which qualifies both under the capital equipment exemption in effect for claims filed prior to May 5, 1993 and under the exemption in effect for later periods. The taxpayer also asserts that the application to Qwest of the subsequent law, on the basis of the date a claim for refund was filed, violates due process. The second claim, in the approximate amount of $2 million, alleges that certain equipment sold by the taxpayer to Qwest was not sold within Minnesota and was not stored or used in Minnesota. The total of the two claims is approximately $12 million. Trial is scheduled for late Spring of 2003.

   d. *Automatic Merchandising Council, et al. v. Commissioner of Revenue, et al., Ramsey County District Court.* Plaintiffs, a membership organization comprised of suppliers and operators of vending machines and an operator of vending machines, seek a declaratory judgment that, beginning with certain amendments to Minnesota's sales tax law effective January 1, 2002, imposition of the tax on sales of food through vending machines is unconstitutional under the Federal Equal Protection Clause and the Uniformity Clause of the Minnesota Constitution. A determination in the Plaintiffs' favor would result in a potential tax refund liability well in excess of $10 million when applied as precedent to Plaintiffs' subsequent tax periods, as well as to the potential refund claims of other vending companies. Plaintiffs' Motion for Summary Judgment, heard on August 26, 2002, was granted at the end of November 2002. The time for appeal has not yet run.

e. *Sprint Spectrum LP, Sprint Communications Company, LP, and United Telephone Company of Minnesota v. Comm'r of Revenue*, Minn. Tax Court Nos. 7299, 7308, 7309; and *XO Communications, Inc. v. Comm'r of Revenue*, Minn. Tax Court Nos. 7430 & 7442. Minnesota Tax Court. Plaintiffs, regional telecommunication public utilities, claim that they are entitled to capital equipment refunds of sales taxes paid. The claims are based on the theory that the Plaintiffs use the telecommunications equipment they purchase or install in Minnesota for the tax-exempt purpose of "manufacturing, fabricating or refining" of "tangible property." A determination in the Plaintiffs' favor would result in a combined potential tax refund liability in excess of $10 million. The claims will be heard by the Tax Court in early 2003.

Note 12 - Contingent Liabilities - Other

Primary Government

Pension Trust Funds

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

Minneapolis Employee Retirement Fund	June 30, 2002	$ 127,650
Minneapolis Teachers Retirement Fund	June 30, 2002	$ 631,629
St. Paul Teachers Retirement Fund	June 30, 2002	$ 241,728
Local Police and Fire Fund	December 31, 2001	$ 116,784

The unfunded liability of the Local Police and Fire Fund for 2001 consists of three local plans.

All of the unfunded liabilities shown above were computed using the entry age normal actuarial cost (level normal cost) method. Assumptions for interest rates and annual salary growth rates using the single rate future salary increase assumption are as follows: Minneapolis Employee Retirement Fund - preretirement interest, 6 percent - postretirement interest, 5 percent - salary growth, initial increase of 1.0198 percent and 4 percent annually thereafter; Minneapolis Teachers and St. Paul Teachers Retirement Funds - interest, 8.5 percent - salary growth, 5 percent; Minneapolis Police Relief Association - interest, 6 percent - salary growth, 4 percent; Virginia Fire Department and Fairmont Police Relief Associations - interest, 5 percent - salary growth, 3.5 percent. Additional annual contributions are provided by the state to reduce the current unfunded liabilities.

Component Units

Since January 18, 2000 the Metropolitan Council has been contingently liable for Carver County Housing and Redevelopment Authority Revenue Bonds. The bond issue was for $2,695,691, payable primarily from the revenues of the Housing Authority, but is also secured by the pledge of the full faith and credit of the City of Chaska, and the Metropolitan Council. The city must reimburse the Council for any money paid by the Council for debt service on the bonds. These bonds have a final maturity on January 1, 2030.

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

WCARP, through Employers Life Insurance Company of Wausau, has purchased annuities to settle certain claims with the claimant as payee, but for which WCARP remains contingently liable. WCARP eliminated its loss reserves for these claims at the time the annuities were purchased. A contingent liability exists to the extent that the issuer of the annuity contracts becomes unable to fulfill its contractual obligations. The present value of annuity contracts in force at December 31, 2001 was approximately $4.6 million.

Note 13 - Northwest Airlines Maintenance Facilities

Laws of Minnesota 1991, Chapter 350 authorized the state to issue revenue bonds secured by the state's full faith and credit to finance the construction of an aircraft facility. In May 1995, the state issued $47,670,000 of revenue bonds to finance the construction and equipment of an aircraft maintenance facility in Duluth, with Northwest Airlines, Inc. (NWA) as the lessee. The bonds are structured so that the initial bonds, together with expected later refunding bond issuances, will provide financing for the facility over a 30-year period.

As of June 30, 2002, $40,235,000 of the revenue bonds remained outstanding. Of this amount, $23,140,000 is payable primarily from lease payments of NWA, and $17,095,000 is payable primarily from tax increment revenues derived from the Duluth facility and other revenues of the city of Duluth. In the event these revenues are insufficient to make the debt service payments on the revenue bonds, the state may apply certain state-aid payments otherwise payable to the city of Duluth.

On July 1, 1999, $3,435,000 of the revenue bonds was defeased, thereby reducing the outstanding bonds. The invested funds, which are held in escrow, will be sufficient to pay the principal and interest on the bonds to their earliest call date.

Note 14 - Equity

Fund Balances - Primary Government

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

	Governmental Fund Types					Fiduciary Fund Types
	General	Special Revenue	Debt Service	Permanent	Capital Projects	Trust and Agency
Fund Balances:						
Reserved for Encumbrances	$ 137,814	$ 413,686	$ -	$ -	$ -	$ -
Reserved for Inventory	-	14,091	-	-	-	-
Reserved for Long-Term Receivables	-	139,055	131,787	-	97,287	-
Reserved for Long-Term Commitments	-	128,397	-	-	154,185	-
Reserved for Local Governments	-	521,011	-	5,375	-	-
Reserved for Trust Principal	-	1,213,564	-	519,160	-	-
Reserved for Debt Requirements	-	-	410,260	-	-	-
Reserved for Other	8,472	7,165	-	-	-	-
Total Reserved Fund Balances	$ 146,286	$ 2,436,969	$ 542,047	$ 524,535	$ 251,472	$ -
Unreserved Fund Balances:						
Designated for Appropriation Carryover	$ 324,509	$ 446,317	$ -	$ -	$ -	$ -
Designated for Tax Relief	158,148	-	-	-	-	-
Designated for Fund Purposes	-	337,659	-	-	-	35,527,967
Total Designated Fund Balance	$ 482,657	$ 783,976	$ -	$ -	$ -	$35,527,967
Undesignated	56,516	472,520	-	-	1,608	-
Total Unreserved Fund Balance	$ 539,173	$ 1,256,496	$ -	-	$ 1,608	$35,527,967
Total Fund Balance	$ 685,459	$ 3,693,465	$ 542,047	$ 524,535	$ 253,080	$35,527,967

Reserved Fund Balance

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

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

Reserved for Other of $7,165,000 in the special revenue fund (Federal Fund) consists primarily of petroleum overcharge fines allocated by the federal courts to be used for energy conservation programs.

Unreserved Fund Balance

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

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

	Special Revenue Funds
Public Safety and Corrections	$ 23,459
Transportation	24,883
Environmental Resources	52,663
Economic and Workforce Development	106,791
General Education	9,967
Higher Education	4,759
Health and Human Services	68,654
General Government	45,483
Intergovernmental Aids	1,000
Total	$ 337,659

Net Assets - Proprietary Funds and Component Units

The following table summarizes the net assets of the primary government proprietary fund types and component units (in thousands):

	Proprietary Fund Types		
	Enterprise	Internal Service	Component Units
Invested in Capital Assets, Net of Related Debt	$ 776,233	$ 5,513	$ 2,097,723
Restricted	431,695	-	1,337,807
Unrestricted	157,403	109,192	1,915,442
Total Net Assets	$ 1,365,331	$ 114,705	$ 5,350,972

Note 15 - Pension and Investment Trust Funds

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

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

Plan Administrator	Plans Covered
Public Employees Retirement Association (PERA)	Public Employees Retirement Fund Police and Fire Fund Public Employees Correctional Fund Public Employees Defined Contribution Retirement Fund
Teachers Retirement Association (TRA)	Teachers Retirement Fund
Minnesota State Retirement System (MSRS)	State Employees Fund State Patrol Fund Correctional Employees Fund Judicial Fund Elective State Officers Fund Legislative Fund Unclassified Employees Retirement Fund Postretirement Health Care Benefits Fund

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

Defined Benefit Pension Funds

Plan Descriptions and Contribution Information

- Multiple employer, cost-sharing plans:

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

The Teachers Retirement Fund (TRF) covers teachers and other related professionals employed by school districts or by the state. Four hundred sixty-seven employers participate in this plan. Normal retirement is age 65. The annuity formula for each type of membership is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for basic members are 2.2 and 2.7 percent, and for coordinated members, 1.2 and 1.7 percent. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund. Currently, TRF does not have an unfunded actuarial accrued liability. Effective July 1, 2002, charter school teachers previously covered by a First Class City Teachers Retirement Fund are covered by this fund.

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

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

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

- Single employer (state of Minnesota) plans:

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

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

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

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

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

Funding Policy Information

	Single Employer					Multiple Employer	
	CERF	SPRF	JRF	ESOF	LRF	SERF	TRF
Statutory Authority, Minnesota Chapter	352	352B	490	352C	3A	352	354
Required Contribution Rate of Active Members (%)	5.69	8.40	8.15	N/A	9.00	4.00	5.00
Required Contribution Rate of Employer (%)	7.98	12.60	20.50	N/A	N/A	4.00	5.00

Cost Sharing Plan Required Contributions (In Thousands)

		SERF	TRF
Required Contributions:			
Employee*	2002	$ 79,487	$ 152,331
	2001	$ 74,364	$ 145,075
	2000	$ 70,378	$ 138,696
Employer*	2002	$ 76,614	$ 142,222
	2001	$ 73,362	$ 139,799
	2000	$ 69,322	$ 134,419

*Contributions were 100 percent of required contributions.

Single Employer Plan Disclosures for Current Year (In Thousands)

	SPRF	CERF	JRF	LRF
Annual Required Contributions (ARC)*	$ 6,899	$ 17,176	$ 8,304	$ 3,061
Interest on Net Pension Obligation (NPO)*	(1,196)	(813)	(1,125)	(368)
Amort Adj to ARC*	-	-	-	-
Annual Pension Cost	$ 5,703	$ 16,363	$ 7,179	$ 2,693
Contributions	10,424	17,132	10,714	4,593
Increase (Decrease) in NPO	$ (4,721)	$ (769)	$ (3,535)	$ (1,900)
NPO, Beginning (Asset)	(14,073)	(9,568)	(13,238)	(4,334)
NPO, Ending (Asset)	$ (18,794)	$ (10,337)	$ (16,773)	$ (6,234)

*Components of Annual Pension Cost

		SPRF	CERF	JRF	LRF
Single Employer Plan Disclosures (In Thousands)					
Annual Pension Cost (APC)	2002	$ 5,703	$ 16,363	$ 7,179	$ 2,693
	2001	$ 6,687	$ 15,849	$ 7,447	$ 3,239
	2000	$ 6,363	$ 14,985	$ 7,029	$ 3,062
Percentage of ARC Contributed	2002	151%	100%	129%	150%
	2001	136%	100%	104%	170%
	2000	159%	104%	107%	121%
NPO (End of Year)	2002	$ (18,794)	$ (10,337)	$ (16,773)	$ (6,234)
	2001	$ (14,073)	$ (9,568)	$ (13,238)	$ (4,334)
	2000	$ (10,449)	$ (8,769)	$ (12,733)	$ (2,007)

Actuarial Assumptions for Single Employers

- The actuarial cost method used by all plans is the Entry Age Normal method.
- The calculation of the actuarial valuation of assets is a market value based formula based on the Unrecognized Asset Return (UAR is actual net return on market value minus net return based on actuarial assumption). The actuarial value of assets is the Market Value of Assets at June 30, 2002 less: 80 percent UAR for fiscal year 2002; 60 percent UAR for fiscal year 2001; 40 percent UAR for fiscal year 2000; and 10 percent UAR for fiscal year 1999.
- Minnesota statutes or valuation standards do not require an inflation rate assumption to cost the plans.
- Expected investment returns for pre-retirement and post-retirement are 8.5 for all plans.
- Projected salary increases are graded from 7.75 percent to 5.25 percent for SPRF and CERF. For LRF and JRF, projected salary increases are a level 5.0 percent.
- The payment of earnings on retired reserves in excess of 6.0 percent is accounted for by 6.0 percent post-retirement assumptions for all plans. Under the LRF plan, for those persons not yet in pay status, a 5 percent post-retirement discount rate is used to account for the one-time adjustment applicable at retirement.
- The level percentage of projected payroll is the amortization method used, except for the ESOF plan which uses the level dollar amortization method.
- The amortization period is through July 1, 2020.
- The amortization period is closed.

Defined Contribution Funds

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

Plan Descriptions and Contribution Information

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

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

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

The Postretirement Health Care Benefits Fund (PHCBF), authorized by Minnesota Statutes, Section 352.98 creates a postretirement health care savings plan or plans, by which public employers and employees may save to cover postretirement health care costs. 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 retirement from public service. MSRS administers the plan. The plan is based on employee contributions without any matching provision by the state. An employee may request reimbursement until funds accumulated in the employee’s account are exhausted.

Defined Contribution Plans
Contributions Made for Fiscal Year 2002
(In Thousands)

	PEDCRF	UERF	CURF	PHCBF
Employee Contributions	$ 958	$ 4,951	$ 18,385	$ 3,298
Employer Contributions	$ 1,078	$ 6,311	$ 21,582	N/A

Investment Trust Fund

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

Component Units

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

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

Note 16 - Post-Retirement Benefits

For certain employees, post-retirement benefits are available upon retirement at age 55 under terms of their employment contract. Through fiscal year 2002, the employees involved were primarily conservation officers, correctional counselors at state correctional facilities, highway patrol officers and State Colleges and Universities faculty entitled to early retirement incentives. If these employees elect retirement at age 55, the state pays the employer's share of health insurance benefits until the employees reach age 65.

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

The cost of these benefits, which is recognized when paid, was $9,574,519 during fiscal year 2002. Approximately 1,450 former employees currently receive this benefit.

Note 17 - Segment Information

Segment information financial data for the year ended June 30, 2002 follows (in thousands).

		MnSCU	
	Giants Ridge	Revenue Fund	Mesabi Range/ Vermillion
Condensed Statement of Net Assets			
Assets:			
Current Assets	$ 897	$ 28,690	$ 84
Restricted Assets	6,729	36,079	588
Capital Assets	20,878	72,644	2,467
Other Assets	1,777	-	-
Total Assets	$ 30,281	$ 137,413	$ 3,139
Liabilities:			
Current Liabilities	$ 2,171	$ 8,271	$ 185
Noncurrent Liabilities	15,993	37,636	1,160
Total Liabilities	$ 18,164	$ 45,907	$ 1,345
Net Assets:			
Invested in Capital Assets, Net of Related Debt	$ 12,181	$ 70,768	$ 1,177
Restricted	-	20,737	588
Unrestricted	(64)	-	29
Total Net Assets	$ 12,117	$ 91,505	$ 1,794
Condensed Statement of Revenues, Expenses and Changes in Fund Net Assets			
Operating Revenues - Customer Charges	$ 3,430	$ 54,871	$ 532
Depreciation Expense	(793)	(5,571)	(110)
Other Operating Expenses	(4,120)	(48,249)	(308)
Operating Income (Loss)	$ (1,483)	$ 1,051	$ 114
Nonoperating Revenues (Expenses):			
Interest Income	25	1,214	12
Interest Expense	(151)	(804)	(101)
Other	(167)	277	-
Transfers-In	1,187	-	-
Change in Net Assets	$ (589)	$ 1,738	$ 25
Beginning Net Assets	12,706	89,767	1,768
Ending Net Assets	$ 12,117	$ 91,505	$ 1,793
Condensed Statement of Cash Flows			
Net Cash Provided (Used) By:			
Operating Activities	$ (636)	$ 7,134	$ (1)
Noncapital Financing Activities	1,292	-	-
Capital and Related Financing Activities	(5,235)	31,362	(120)
Investing Activities	246	(2,706)	(11)
Net Increase (Decrease)	$ (4,333)	$ 35,790	$ (132)
Beginning Cash and Cash Equivalents	$ 11,241	$ 13, 476	$ 132
Ending Cash and Cash Equivalents	$ 6,908	$ 49,266	$ -

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

- Giants Ridge is a four-season recreation facility with golfing, as well as downhill and nordic skiing.
- The MnSCU Revenue Fund constructs, maintains and operates college buildings for residence hall, student union, or food service purposes.
- The MnSCU Mesabi Range/Vermillion segment accounts for the construction and operation of the student dormitory at Vermillion Community College.

Note 18 - Risk Management

Primary Government

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

Risk Management Fund

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

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

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

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

Tort Claims

Tort claims against the state are limited by statute to $300,000 per person for property damage or bodily injury and $1,000,000 per occurrence. These risks are not covered through insurance. Each state agency is responsible to pay for the cost of claims from its operating budget of various funds. The legislature also makes an annual Tort Claim Appropriation to cover claims that would unduly impair agency operations. Agencies not able to cover claims through these two avenues must seek additional appropriations from the legislature.

Workers' Compensation

The state, as a self-insured employer, assumes all risks for workers' compensation related claims and is required by state law to be a member of the Workers' Compensation Reinsurance Association (WCRA). The WCRA reimburses the state for catastrophic workers' compensation claims that exceed the current retention amount of $1,400,000. The recovery of claim costs that are less than the WCRA retention amount is the responsibility of each state agency. These costs are paid from each agency's operating budget. During fiscal year 2002, a change in claim liability occurred as a result of several events that contributed to an estimated $8 million reduction in outstanding liabilities. These events included full or partial settlement of claims, the deaths of former employees thus reducing future liabilities and the recalculation of new claim-based revised financial data.

State Employee Group Insurance Program

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

SEGIP provides benefits coverage to employees by contracting with carriers through a network of providers throughout the state. SEGIP has not had any settlements in excess of coverage for the past three years.

In January 2000, the Fund became fully self-insured for medical coverage and assumes 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. The risk pool was created by the Minnesota State Legislature to provide public employees and other eligible persons with life insurance and hospital, medical and dental benefit coverage to result in a greater utilization of government resources and advance the health and welfare of the citizens of the state. The enabling legislation for PEIP is Laws of Minnesota, 1987 codified as Minnesota Statutes, Section 43A.316. The PEIP became a self-funded program again in 1998 after a brief period as a fully funded entity.

PEIP's membership as of June 30, 2002 was 3,926 members and their dependents. The members of the pool include 20 school districts, 84 cities/townships, 3 counties and 30 other public employers. PEIP provides medical benefits coverage to public employees through a self-insured statewide program administered through several private-sector claims administrators/managed care organizations, as well as fully insured life and dental coverage. The pool will be self-sustaining through member premiums and will reinsure for claims through its administrators/managed care organizations for Stop-Loss coverage for claims in excess of $50,000.

A significant increase in medical claims has contributed to operating losses for the risk pool during the past three fiscal years. The accumulated operating losses have resulted in a negative equity balance of $835,000 as of June 30, 2002 because liabilities exceed assets. While there is no current need for additional outside funding, PEIP would be responsible for the pool's excess liabilities. To reduce the amount of the excess liabilities, the pool needs to be self-sustaining through member premiums. Based on projections prepared by independent advisors, employer premiums for fiscal years 2003 and 2004 should be sufficient to return the pool to a self-sustaining program.

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

The following table presents changes in the balances of self-insured claims liabilities during the fiscal years ended June 30, 2002 and 2001 (in thousands):

	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
Risk Management Fund				
Fiscal Year Ended 6/30/01	$ 5,582	$ 4,572	$ 3,771	$ 6,383
Fiscal Year Ended 6/30/02	$ 6,383	$ 17,513	$ 4,185	$ 19,711
Tort Claims (*)				
Fiscal Year Ended 6/30/01	$ -	$ 1,812	$ 1,812	$ -
Fiscal Year Ended 6/30/02	$ -	$ 880	$ 880	$ -
Workers' Compensation				
Fiscal Year Ended 6/30/01	$ 136,660	$ 3,258	$ 12,729	$ 127,189
Fiscal Year Ended 6/30/02	$ 127,189	$ 4,923	$ 12,771	$ 119,341
State Employee Insurance Plans				
Fiscal Year Ended 6/30/01	$ 39,606	$ 384,872	$ 379,923	$ 44,555
Fiscal Year Ended 6/30/02	$ 44,555	$ 384,005	$ 387,879	$ 40,681
Public Employee Insurance Program				
Fiscal Year Ended 6/30/01	$ 1,076	$ 16,849	$ 15,300	$ 2,625
Fiscal Year Ended 6/30/02	$ 2,625	$ 18,971	$ 18,851	$ 2,745

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

Component Units

Metropolitan Council

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

Liability

MC purchases general liability insurance to protect all divisions of MC and recognizes a current liability for incurred, reported claims, and a long-term liability for claims incurred, but not reported. Claims liabilities are calculated considering recent claim settlement trends including frequency and amount of payouts. Minnesota Statutes, Section 466.04 generally limits the MC's 2000 tort exposure to $300,000 per claim and $1,000,000 per occurrence for a claim arising on or after January 1, 2000. For claims arising earlier, the limits are $200,000 per claim and $750,000 per occurrence. In addition, an amount equal to twice these limits applies if the claim arises out of the release or threatened release of a hazardous substance.

Workers' Compensation

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

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

University of Minnesota

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

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

The following table presents changes in the balances of claims liabilities during the fiscal years ended December 31, 2001 and 2000 or June 30, 2002 and 2001, as applicable (in thousands):

	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
Metropolitan Council				
Fiscal Year Ended 12/31/00	$ 17,706	$ 7,132	$ 7,781	$ 17,057
Fiscal Year Ended 12/31/01	$ 17,057	$ 10,163	$ 8,372	$ 18,848
University of Minnesota – RUMINCO, Ltd.				
Fiscal Year Ended 6/30/01	$ 9,475	$ 1,596	$ 2,918	$ 8,153
Fiscal Year Ended 6/30/02	$ 8,153	$ 815	$ 2,476	$ 6,492
University of Minnesota – Workers' Compensation				
Fiscal Year Ended 6/30/01	$ 14,000	$ (1,629)	$ 1,571	$ 10,800
Fiscal Year Ended 6/30/02	$ 10,800	$ (495)	$ 1,305	$ 9,000

Note 19 - Budgetary Basis Vs GAAP

Actual revenues, transfers-in, expenditures, encumbrances and transfers-out on the budgetary basis do not equal those on the GAAP basis in the 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, and from the budgetary basis of accounting for encumbrances. On the budgetary basis, encumbrances are recognized as expenditures in the year encumbered. The modified accrual basis of accounting recognizes expenditures when the goods or services are received, regardless of the year encumbered. A reconciliation of the fund balances under the two bases for the General Fund is provided in the following table (in thousands).

Reconciliation of GAAP Basis Fund Balance to Budgetary Fund Balance

	General Fund
GAAP Basis Fund Balance	$ 685,459
Less: Reserved Fund Balance	146,286
Less: Designated Fund Balance	482,657
Undesignated Fund Balance	$ 56,516
Basis of Accounting Differences	
Revenue Accruals/Adjustments:	
Taxes Receivable	$ (542,448)
Human Services Receivable	(19,535)
Motor Vehicle Excise Tax	(7,873)
Tax Refunds Payable	354,760
Deferred Revenue	16,685
Other Receivables	867
Expenditure Accruals/Adjustments:	
Medical Assistance	282,671
Education Aids	476,828
Police and Fire Aid	67,296
Other Payables	11,044
Other Financial Sources (Uses):	
Transfers-In	
Permanent School Fund	(5,613)
Advance to Internal Services Fund	(1,980)
Fund Structure Differences:	
Terminally Funded Pension Plans	8,580
Investments at Market	(21,619)
Behavioral Services Fund	(1,364)
Budgetary Basis:	
Undesignated Fund Balance	$ 674,815

Change in Budgetary Fund Structure

Some financial components, formerly part of the General Fund budget, have been removed and placed into a new non-budgeted fund, the State Colleges and Universities enterprise fund. Certain revenue sources, primarily tuition and fees, which are legally dedicated for State Colleges and Universities operations and fund balances derived from these resources were removed. Appropriations for these operations from general resources are made to the General Fund and transferred to State Colleges and Universities enterprise fund.

Note 20 - Subsequent Events

Primary Government

On October 22, 2002, $267,000,000 of general obligation state various purpose bonds and $13,000,000 of general obligation state trunk highway bonds were sold at a true interest rate of 4.36 percent. The bonds were issued to finance the cost of capital improvements. These bonds are backed by the full faith and credit and taxing powers of the state of Minnesota.

As required by the constitution and statutes, transfers from primary government and component unit funds presented below were made on November 27, 2002 to the separately invested Debt Service Fund to cover the principal and interest maturing through July 1, 2004 (in thousands):

General Fund	$ 295,441
Natural Resources Fund	14
Trunk Highway Fund	8,823
Maximum Effort School Loan Fund	19,405
University of Minnesota	8,329
Total Transfers to Debt Service	$ 332,012

On November 1, 2002, the Port Authority of Saint Paul and the state entered into two separate Lease and Option to Purchase Agreements. Under the Lease and Option to Purchase Agreements, the Port Authority has agreed, under certain conditions, to issue bonds to finance the designing, constructing, equipping, and furnishing of two office buildings and related parking facilities, and to lease the buildings and related parking facilities to the state. The buildings are approximately 400,000 square feet and 342,000 square feet in size. The amount of bonds to be sold to finance both of the facilities is approximately $200,000,000.

Component Units

During February 2002, the Metropolitan Council sold $32,425,000 of general obligation sewer refunding bonds, which will refund the Council's general obligation sewer refunding bonds, series 1993A. During June 2002, the Metropolitan Council sold $19,735,000 of general obligation sewer refunding bonds, which will partially refund the Council's general obligation sewer refunding bonds, series 1995A and 1996E. The Metropolitan Council has a December 31 year-end.

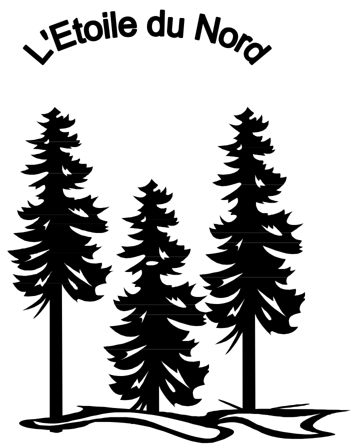
In July 2002, the Minnesota Housing Finance Agency (HFA) issued $102,470,000 of revenue bonds for the purpose of providing funds for certain HFA homeownership programs. In September 2002, HFA issued $20,000,000 of revenue bonds for the purpose of providing funds for HFA home improvement programs.

As of June 30, 2002 the agency called for early redemption of the following bonds:

Program Funds	Retirement Date	Original Par Value
Single Family	July 1, 2002	$ 40,550,000
Residential Housing Finance	July 29, 2002	10,965,000
Rental Housing	August 26, 2002	6,030,000
Single Family	August 30, 2002	41,050,000
Rental Housing	September 16, 2002	635,000
Total		$ 99,230,000

In 2002, the Workers Compensation Assigned Risk Plan (WCARP) transferred $134,000,000 of WCARP assets to the General Fund, per Laws 2002, Chapter 374, Article 8, Section 5, Subdivision 1. The assets were transferred after December 31, 2001 but prior to June 30, 2002. WCARP has a December 31 year-end.

As of October 15, 2002 the Minnesota Public Facilities Authority is preparing to issue additional Clean Water Bond Fund and Drinking Water Bond Fund revenue bonds. The issues are expected to close in mid-December 2002. The estimated par amounts of the bonds to be issued are $100,000,000 and $50,000,000, respectively, subject to change.



Minnesota

Modified Approach for Infrastructure

As allowed by GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”, the state has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified 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 2,855 bridges and tunnels that the state maintains.

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 uses three pavement condition indices to determine the condition of the trunk highway system, the Present Serviceability Rating (PSR), the Surface Rating (SR) and the 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 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 will be 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.

	Principal Arterial Average PQI	Non-Principal Arterial Average PQI
1999	3.45	3.33
2000	3.47	3.35
2001	3.47	3.35
2002	3.39	3.30

Bridges and Tunnels

Measurement Scale

The Minnesota Department of Transportation (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 will be used to determine if the bridge system is being maintained at a serviceable level for the condition of the 2,855 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 through 9 where 9 is excellent and 0 is failed.

Rating	Description
9	Excellent (no specific definition).
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:

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 be maintained at fair to good.

Assessed Conditions

Principal Arterial	1997	1998	1999	2000	2001
Fair to Good	95.5%	95.4%	96.3%	96.1%	95.9%

All Other Systems	1997	1998	1999	2000	2001
Fair to Good	88.0%	88.4%	90.1%	89.6%	90.8%

Budgeted and Estimated Costs to Maintain

The following table presents the state's estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the "Established Condition Levels" cited above, and the actual amount spent during the year ended June 30, 2002 (in thousands):

	Budget	Actual
Costs to be Capitalized	$ 296,500	$ 258,803
Maintenance of System	417,400	357,823
Total Construction Program	$ 713,900	$ 616,626

MnDOT projects may span several years, project costs are budgeted in the first year but spent throughout the life of the project. This process does not allow an accurate comparison of the amounts budgeted and spent within a fiscal year due to funding carryover between two or more fiscal years. Therefore, this timing difference does not allow a true comparison of amounts budgeted and spent within a given year. The table demonstrates that over the past year, the state spending has been in line with the budgeted amounts and other tables contained within this narrative demonstrate that the state has met its desired condition levels.

Actuarial Measures of Pension Funding Progress

The state of Minnesota is the employer for five defined benefit single employer plans that are administered by Minnesota State Retirement System (MSRS). MSRS prepares and publishes its own stand-alone comprehensive annual financial report (see Summary of Significant Accounting Policies for the address).

The Elective State Officers Retirement (ESORF), is excluded from the single employer plan disclosures since this plan is closed to new entrants and any remaining active employees have either retired, terminated, or elected coverage under another plan.

Required supplementary information of funding progress is provided for the following plans:

- State Patrol Retirement Fund (SPRF)
- Correctional Employees Retirement Fund (CERF)
- Legislative Retirement Fund (LRF)
- Judicial Retirement Fund (JRF)

Required Supplementary Information
Schedule of Funding Progress
(In Thousands)

		SPRF	CERF	JRF	LRF
Actuarial Valuation Date	2002	7/1/2002	7/1/2002	7/1/2002	7/1/2002
	2001	7/1/2001	7/1/2001	7/1/2001	7/1/2001
	2000	7/1/2000	7/1/2000	7/1/2000	7/1/2000
Actuarial Value of Plan Assets	2002	$ 591,383	$ 457,416	$ 131,379	$ 45,501
	2001	$ 572,815	$ 431,134	$ 123,589	$ 42,608
	2000	$ 528,573	$ 386,964	$ 111,113	$ 37,265
Actuarial Accrued Liability	2002	$ 510,344	$ 446,426	$ 171,921	$ 78,070
	2001	$ 489,483	$ 398,633	$ 165,244	$ 75,072
	2000	$ 458,384	$ 359,885	$ 153,660	$ 69,364
Total Unfunded Actuarial Liability (Asset)	2002	$ (81,039)	$ (10,990)	$ 40,542	$ 32,569
	2001	$ (83,332)	$ (32,501)	$ 41,655	$ 32,464
	2000	$ (70,189)	$ (27,079)	$ 42,547	$ 32,099
Funded Ratio*	2002	116%	102%	76%	58%
	2001	117%	108%	75%	57%
	2000	115%	108%	72%	54%
Annual Covered Payroll	2002	$ 49,278	$ 124,373	$ 31,078	$ 5,089
	2001	$ 48,935	$ 120,947	$ 28,246	$ 5,858
	2000	$ 48,167	$ 112,587	$ 26,315	$ 5,808
Ratio of Unfunded Actuarial Liability to Annual Covered Payroll	2002	(164%)	(9%)	130%	640%
	2001	(170%)	(27%)	147%	554%
	2000	(146%)	(24%)	162%	553%

*Actuarial value of assets as a percent of actuarial accrued liability.

Public Employees Insurance Program Development Information

The following table presents changes in the balances of self-insured claims liabilities for the Public Employees Insurance program during fiscal years 1998-2002 (in thousands).

Public Employees Insurance Program
Self-Insured Claims Liabilities

	Beginning Claims Liability	Net Additions and Changes in Claims	Payment of Claims	Ending Claims Liability
Fiscal Year Ended 6/30/98	$ -	$ 1,968	$ 1,433	$ 535
Fiscal Year Ended 6/30/99	$ 535	$ 5,796	$ 5,495	$ 836
Fiscal Year Ended 6/30/00	$ 836	$ 9,643	$ 9,403	$ 1,076
Fiscal Year Ended 6/30/01	$ 1,076	$ 16,849	$ 15,300	$ 2,625
Fiscal Year Ended 6/30/02	$ 2,625	$ 18,971	$ 18,851	$ 2,745

The following table presents revenues for the Public Employees Insurance program during fiscal year 1998-2002 (in thousands).

Public Employees Insurance Program
Revenues

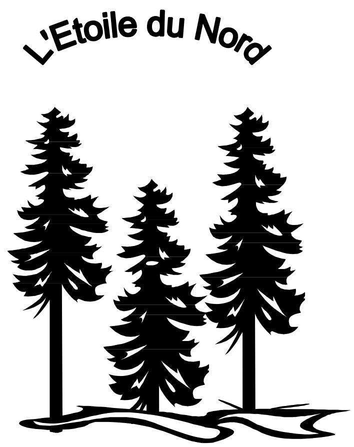
	Insurance Premiums	Investment Income	Reinsurance	Total
Fiscal Year Ended 6/30/98	$ 8,115	$ 316	$ 728	$ 9,159
Fiscal Year Ended 6/30/99	$ 7,483	$ 267	$ 347	$ 8,097
Fiscal Year Ended 6/30/00	$ 10,327	$ 295	$ 621	$ 11,243
Fiscal Year Ended 6/30/01	$ 17,628	$ 267	$ 395	$ 18,290
Fiscal Year Ended 6/30/02	$ 21,743	$ 65	$ 634	$ 22,442

The following table presents expenses, excluding claims, for the Public Employees Insurance program (in thousands).

Public Employees Insurance Program
Expenses, Excluding Claims

	Total Expenses
Fiscal Year Ended 6/30/98	$ 1,357
Fiscal Year Ended 6/30/99	$ 2,101
Fiscal Year Ended 6/30/00	$ 3,014
Fiscal Year Ended 6/30/01	$ 4,506
Fiscal Year Ended 6/30/02	$ 4,958

Combining and Individual Fund Statements – Nonmajor Funds



Minnesota

Debt Service

Debt Service Fund

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

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.

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
COMBINING BALANCE SHEET
JUNE 30, 2002
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
ASSETS					
Cash and Cash Equivalents	$ 2,429,403	$ 326,526	$ 54,322	$ 224,475	$ 3,034,726
Investments	1,210,682	134,578	453,795	-	1,799,055
Accounts Receivable	164,413	-	3,704	-	168,117
Interfund Receivables	85,414	-	-	-	85,414
Due from Component Units	-	131,787	-	-	131,787
Accrued Investment/Interest Income	7,363	1,493	2,923	-	11,779
Federal Aid Receivable	32,294	-	-	-	32,294
Inventories	14,091	-	-	-	14,091
Loans and Notes Receivable	139,055	-	-	97,287	236,342
Securities Lending Collateral	308,979	33,124	39,582	-	381,685
Investment in Land	-	-	15,423	-	15,423
Total Assets	$ 4,391,694	$ 627,508	$ 569,749	$ 321,762	$ 5,910,713
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 272,797	$ 37,787	$ 2	$ 37,130	$ 347,716
Interfund Payables	71,234	11,292	5,613	26,328	114,467
Due to Component Units	16,852	-	-	5,224	22,076
Deferred Revenue	35,532	3,258	17	-	38,807
Securities Lending Collateral	308,979	33,124	39,582	-	381,685
Total Liabilities	$ 705,394	$ 85,461	$ 45,214	$ 68,682	$ 904,751
Fund Balances:					
Reserved Fund Balances:					
Reserved for Encumbrances	$ 413,686	$ -	$ -	$ -	$ 413,686
Budgetary Reserve	-	-	-	-	-
Reserved for Local Governments	521,011	-	5,375	-	526,386
Reserved for Trust Principal	1,213,564	-	519,160	-	1,732,724
Other Reserved Fund Balances	281,543	542,047	-	251,472	1,075,062
Total Reserved Fund Balances	$ 2,429,804	$ 542,047	$ 524,535	$ 251,472	$ 3,747,858
Unreserved Fund Balances:					
Designated for Appropriation Carryover	$ 446,317	$ -	$ -	$ -	$ 446,317
Designated for Special Revenue Funds	337,659	-	-	-	337,659
Undesignated, reported in:					
Capital Project Funds	-	-	-	1,608	1,608
Special Revenue Funds	472,520	-	-	-	472,520
Total Unreserved Fund Balances	$ 1,256,496	$ -	$ -	$ 1,608	$ 1,258,104
Total Fund Balances	$ 3,686,300	$ 542,047	$ 524,535	$ 253,080	$ 5,005,962
Total Liabilities and Fund Balances	$ 4,391,694	$ 627,508	$ 569,749	$ 321,762	$ 5,910,713

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	PERMANENT PERMANENT SCHOOL	CAPITAL PROJECTS	TOTAL
Net Revenues:					
Sales Taxes	$ 21,326	$ 2,043	$ -	$ -	$ 23,369
Motor Vehicle Taxes	687,239	-	-	-	687,239
Fuel Taxes	611,886	-	-	-	611,886
Other Taxes	340,852	2,398	-	-	343,250
Tobacco Settlement	224,093	-	-	-	224,093
Federal Revenues	328,634	-	-	-	328,634
Licenses and Fees	189,496	-	-	-	189,496
Departmental Services	130,898	-	12,520	-	143,418
Investment/Interest Income	(30,886)	19,167	(31,932)	380	(43,271)
Penalties and Fines	12,480	-	-	-	12,480
Securities Lending Income	12,990	1,789	-	-	14,779
Other Revenues	169,946	11,628	521	2	182,097
Net Revenues	$ 2,698,954	$ 37,025	$ (18,891)	$ 382	$ 2,717,470
Expenditures:					
Current:					
Public Safety and Corrections	$ 138,670	$ -	$ -	$ 134	$ 138,804
Transportation	1,239,072	-	-	55,024	1,294,096
Agricultural and Environmental Resources	276,817	-	-	87,606	364,423
Economic and Workforce Development	235,569	-	-	34,370	269,939
General Education	39,657	-	26,080	16,768	82,505
Higher Education	3,659	-	-	69,480	73,139
Health and Human Services	362,059	-	-	6,940	368,999
Health Care	177,322	-	-	-	177,322
General Government	52,034	47	-	108,802	160,883
Intergovernment Aid	156	-	-	-	156
Securities Lending Rebates and Fees	11,888	1,723	949	-	14,560
Total Current Expenditures	$ 2,536,903	$ 1,770	$ 27,029	$ 379,124	$ 2,944,826
Capital Outlay	361,626	-	-	54,378	416,004
Debt Service	7,760	352,938	-	-	360,698
Total Expenditures	$ 2,906,289	$ 354,708	$ 27,029	$ 433,502	$ 3,721,528
Excess of Revenues Over (Under) Expenditures	$ (207,335)	$ (317,683)	$ (45,920)	$ (433,120)	$ (1,004,058)
Other Financing Sources (Uses):					
General Obligation Bond Issue Proceeds	$ 96,000	$ 13,000	$ -	$ 493,613	$ 602,613
Proceeds from Refunding Bonds	-	37,405	-	-	37,405
Payment of Refunding Bonds	-	(37,405)	-	-	(37,405)
Bond Issue Premium	-	35,476	-	-	35,476
Transfers-In	1,506,309	313,161	-	-	1,819,470
Transfers-Out	(1,322,080)	-	-	(189,330)	(1,511,410)
Capital Leases	3,326	-	-	-	3,326
Net Other Financing Sources (Uses)	$ 283,555	$ 361,637	$ -	$ 304,283	$ 949,475
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 76,220	$ 43,954	$ (45,920)	$ (128,837)	$ (54,583)
Fund Balances, Beginning, as Restated	$ 3,607,639	$ 498,093	$ 570,455	$ 381,917	$ 5,058,104
Change in Inventory	2,441	-	-	-	2,441
Fund Balances, Ending	$ 3,686,300	$ 542,047	$ 524,535	$ 253,080	$ 5,005,962

Trunk Highway Fund

The fund is supported by revenues from the Highway User Tax Distribution Fund and federal grants to plan, design, construct and maintain the state trunk highway system.

Highway User Tax Distribution Fund

The fund receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

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 8.95 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

County State-Aid Highway Fund

The fund receives 30.75 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

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.

Solid Waste Fund

The fund receives funding from a fee imposed on solid waste haulers to clean up closed municipal landfills.

Health Care Access Fund

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

Minnesota Resources Fund

The fund receives a portion of the cigarette and tobacco taxes which is appropriated for various natural resource development purposes.

Natural Resources Fund

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

Game and Fish Fund

The fund receives revenues from license fees and fines related to hunting and fishing which are spent for related purposes.

Environmental and Natural Resources Trust Fund

The fund receives the investment earnings and a portion of the net lottery proceeds in accordance with a plan approved by the Minnesota Future Resource Commission.

Environmental Fund

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

Iron Range Resources and Rehabilitation Fund

The fund receives revenues from taconite taxes which are used to promote economic development in northeastern Minnesota.

Northeast Minnesota Economic Protection 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.

Endowment Fund

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

Maximum Effort School Loan Fund

The fund receives bond proceeds and reimbursements from school districts to help finance school district construction projects.

Special Compensation Fund

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

Medical Education and Research Fund

The fund receives revenues from state and federal government health care assistance programs. These funds are used for medical education activities in the state of Minnesota.

Tobacco Use Prevention Fund

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

Miscellaneous Special Revenue Fund

The fund includes numerous smaller accounts whose revenues are dedicated to a variety of specific purposes.

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY
ASSETS					
Cash and Cash Equivalents	$ 440,932	$ 4,475	$ 35,281	$ 154,107	$ 375,766
Investments	-	-	-	-	-
Accounts Receivable	11,898	56,928	533	641	2,074
Interfund Receivables	22,565	17,107	-	9,676	12,471
Accrued Investment/Interest Income	-	-	-	-	-
Federal Aid Receivable	31,726	-	-	-	-
Inventories	14,091	-	-	-	-
Loans and Notes Receivable	-	-	2,984	-	-
Securities Lending Collateral	41,478	444	3,582	15,650	38,162
Total Assets	$ 562,690	$ 78,954	$ 42,380	$ 180,074	$ 428,473
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 99,506	$ 912	$ 2,793	$ 7,132	$ 17,733
Interfund Payables	49	45,394	-	-	6,400
Due to Component Units	3,260	-	-	-	-
Deferred Revenue	5,179	2,708	-	-	3
Securities Lending Collateral	41,478	444	3,582	15,650	38,162
Total Liabilities	$ 149,472	$ 49,458	$ 6,375	$ 22,782	$ 62,298
Fund Balances:					
Reserved Fund Balances:					
Reserved for Encumbrances	$ 282,299	$ 25	$ 7,875	$ 679	$ 1,777
Reserved for Inventory	14,091	-	-	-	-
Reserved for Long-Term Receivables	-	-	2,984	-	-
Reserved for Long-Term Commitments	116,828	-	-	-	-
Reserved for Local Governments	-	-	-	156,613	364,398
Reserved for Trust Principal	-	-	-	-	-
Total Reserved Fund Balances	$ 413,218	$ 25	$ 10,859	$ 157,292	$ 366,175
Unreserved Fund Balances:					
Designated for Appropriation Carryover	$ -	$ 2,393	$ 6,050	$ -	$ -
Designated for Fund Purposes	-	17,569	-	-	-
Undesignated	-	9,509	19,096	-	-
Total Unreserved Fund Balances	$ -	$ 29,471	$ 25,146	$ -	$ -
Total Fund Balances	$ 413,218	$ 29,496	$ 36,005	$ 157,292	$ 366,175
Total Liabilities and Fund Balances	$ 562,690	$ 78,954	$ 42,380	$ 180,074	$ 428,473

PETROLEUM TANK CLEANUP	SOLID WASTE	HEALTH CARE ACCESS	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENT AND NATURAL RESOURCES	ENVIRONMENTAL
$ 31,622	$ 78,974	$ 264,177	$ 6,915	$ 28,060	$ 32,316	$ 37,264	$ 37,309
-	-	-	-	-	931	252,256	11,027
164	4,977	41,818	1,174	769	887	-	3,442
-	-	-	-	7,844	762	3,251	-
-	-	-	-	-	4	1,129	13
-	-	-	-	-	568	-	-
-	-	-	-	-	-	-	-
310	-	189	-	-	-	-	653
3,204	7,982	26,827	695	908	3,324	16,615	3,120
$ 35,300	$ 91,933	$ 333,011	$ 8,784	$ 37,581	$ 38,792	$ 310,515	$ 55,564
$ 18,283	$ 2,840	$ 24,592	$ 656	$ 4,472	$ 5,131	$ 1,889	$ 4,943
-	-	5,443	-	-	-	-	1,163
-	-	-	-	-	-	-	-
147	-	4,975	-	-	-	-	2,723
3,204	7,982	26,827	695	908	3,324	16,615	3,120
$ 21,634	$ 10,822	$ 61,837	$ 1,351	$ 5,380	$ 8,455	$ 18,504	$ 11,949
$ 5,515	$ 5,345	$ 5,210	$ 6,388	$ 4,379	$ 2,253	$ 8,063	$ 2,934
-	-	-	-	-	-	-	-
310	-	189	-	-	-	-	653
-	-	-	-	-	-	-	11,569
-	-	-	-	-	-	-	-
-	-	-	-	-	-	262,512	-
$ 5,825	$ 5,345	$ 5,399	$ 6,388	$ 4,379	$ 2,253	$ 270,575	$ 15,156
$ -	$ 1,110	$ 9,495	$ 1,045	$ 6,910	$ 10,606	$ 4,635	$ 17,783
7,841	-	-	-	-	-	16,801	-
-	74,656	256,280	-	20,912	17,478	-	10,676
$ 7,841	$ 75,766	$ 265,775	$ 1,045	$ 27,822	$ 28,084	$ 21,436	$ 28,459
$ 13,666	$ 81,111	$ 271,174	$ 7,433	$ 32,201	$ 30,337	$ 292,011	$ 43,615
$ 35,300	$ 91,933	$ 333,011	$ 8,784	$ 37,581	$ 38,792	$ 310,515	$ 55,564

CONTINUED

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING BALANCE SHEET
JUNE 30, 2002
(IN THOUSANDS)

	IRON RANGE RESOURCES & REHABILITATION	NORTHEAST MINNESOTA ECONOMIC PROTECTION	ENDOWMENT	MAXIMUM EFFORT SCHOOL LOAN
ASSETS				
Cash and Cash Equivalents	$ 41,901	$ 56,933	$ 10,684	$ 11,142
Investments	-	38,040	508	-
Accounts Receivable	2,638	208	49	-
Interfund Receivables	1,014	-	16	-
Accrued Investment/Interest Income	-	251	3	-
Federal Aid Receivable	-	-	-	-
Inventories	-	-	-	-
Loans and Notes Receivable	597	31,119	-	16,275
Securities Lending Collateral	4,338	8,972	1,174	-
Total Assets	$ 50,488	$ 135,523	$ 12,434	$ 27,417
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 927	$ 781	$ 495	$ 2,140
Interfund Payables	-	-	-	-
Due to Component Units	-	-	-	-
Deferred Revenue	-	7	-	6,172
Securities Lending Collateral	4,338	8,972	1,174	-
Total Liabilities	$ 5,265	$ 9,760	$ 1,669	$ 8,312
Fund Balances:				
Reserved Fund Balances:				
Reserved for Encumbrances	$ 18,445	$ 6,836	$ 579	$ -
Reserved for Inventory	-	-	-	-
Reserved for Long-Term Receivables	597	31,119	-	16,275
Reserved for Long-Term Commitments	-	-	-	-
Reserved for Local Governments	-	-	-	-
Reserved for Trust Principal	-	-	-	-
Total Reserved Fund Balances	$ 19,042	$ 37,955	$ 579	$ 16,275
Unreserved Fund Balances:				
Designated for Appropriation Carryover	$ 22,937	$ 87,808	$ -	$ -
Designated for Fund Purposes	3,244	-	10,074	-
Undesignated	-	-	112	2,830
Total Unreserved Fund Balances	$ 26,181	$ 87,808	$ 10,186	$ 2,830
Total Fund Balances	$ 45,223	$ 125,763	$ 10,765	$ 19,105
Total Liabilities and Fund Balances	$ 50,488	$ 135,523	$ 12,434	$ 27,417

SPECIAL COMPENSATION	MEDICAL EDUCATION AND RESEARCH	TOBACCO USE PREVENTION	MISCELLANEOUS SPECIAL REVENUE	TOTAL
$ 283,005	$ 79,482	$ 47,849	$ 371,209	$ 2,429,403
-	463,640	444,280	-	1,210,682
6,877	-	-	29,336	164,413
-	3,898	-	6,810	85,414
-	3,068	2,895	-	7,363
-	-	-	-	32,294
-	-	-	-	14,091
-	-	-	86,928	139,055
28,733	45,829	40,295	17,647	308,979
$ 318,615	$ 595,917	$ 535,319	$ 511,930	$ 4,391,694
$ 7,257	$ 12,630	$ 2,152	$ 55,533	$ 272,797
-	-	-	12,785	71,234
-	13,592	-	-	16,852
6,651	1,047	-	5,920	35,532
28,733	45,829	40,295	17,647	308,979
$ 42,641	$ 73,098	$ 42,447	$ 91,885	$ 705,394
$ 429	$ -	$ 3,668	$ 50,987	$ 413,686
-	-	-	-	14,091
-	-	-	86,928	139,055
-	-	-	-	128,397
-	-	-	-	521,011
-	488,617	462,435	-	1,213,564
$ 429	$ 488,617	$ 466,103	$ 137,915	$ 2,429,804
$ 275,545	$ -	$ -	$ -	$ 446,317
-	-	-	282,130	337,659
-	34,202	26,769	-	472,520
$ 275,545	$ 34,202	$ 26,769	$ 282,130	$ 1,256,496
$ 275,974	$ 522,819	$ 492,872	$ 420,045	$ 3,686,300
$ 318,615	$ 595,917	$ 535,319	$ 511,930	$ 4,391,694

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY
Net Revenues:					
Sales Taxes	$ -	$ -	$ -	$ -	$ -
Motor Vehicle Taxes	-	672,186	15,053	-	-
Fuel Taxes	-	607,964	3,922	-	-
Other Taxes	-	-	-	-	-
Tobacco Settlement	-	-	-	-	-
Federal Revenues	299,569	-	-	-	-
Licenses and Fees	26,650	8,282	662	-	-
Departmental Services	1,397	343	-	-	-
Investment/Interest Income	11,698	1,740	1,193	5,105	11,334
Penalties and Fines	3,571	918	-	-	-
Securities Lending Income	1,580	224	161	689	1,530
Other Revenues	25,368	118	-	-	-
Net Revenues	$ 369,833	$ 1,291,775	$ 20,991	$ 5,794	$ 12,864
Expenditures:					
Current:					
Protection of Persons and Property	$ 86,173	$ 14,973	$ -	$ -	$ -
Transportation	740,183	412	21,170	112,386	360,817
Agricultural and Environmental Resources	-	-	-	-	-
Economic and Manpower Development	-	-	-	-	-
General Education	-	-	-	-	-
Higher Education	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Health Care	-	-	-	-	-
General Government	-	2,008	-	-	-
Intergovernment Aid	-	-	-	-	-
Securities Lending Rebates and Fees	1,522	216	155	664	1,474
Total Current Expenditures	$ 827,878	$ 17,609	$ 21,325	$ 113,050	$ 362,291
Capital Outlay	352,288	69	68	1	3
Debt Service	2,564	151	-	-	-
Total Expenditures	$ 1,182,730	$ 17,829	$ 21,393	$ 113,051	$ 362,294
Excess of Revenues Over (Under) Expenditures	$ (812,897)	$ 1,273,946	$ (402)	$ (107,257)	$ (349,430)
Other Financing Sources (Uses):					
General Obligation Bond Issue Proceeds	$ 55,000	$ -	$ -	$ -	$ -
Transfers-In	727,787	-	61	111,080	398,411
Transfers-Out	(7,509)	(1,244,500)	-	-	(6,400)
Capital Leases	-	-	-	-	-
Net Other Financing Sources (Uses)	$ 775,278	$ (1,244,500)	$ 61	$ 111,080	$ 392,011
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (37,619)	$ 29,446	$ (341)	$ 3,823	$ 42,581
Fund Balances, Beginning, as Restated	$ 448,396	$ 50	$ 36,346	$ 153,469	$ 323,594
Change in Inventory	2,441	-	-	-	-
Fund Balances, Ending	$ 413,218	$ 29,496	$ 36,005	$ 157,292	$ 366,175

PETROLEUM TANK CLEANUP	SOLID WASTE	HEALTH CARE ACCESS	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	ENVIRONMENT AND NATURAL RESOURCES TRUST	ENVIRONMENTAL
$ -	$ -	$ -	$ -	$ 10,663	$ 10,663	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	27,739	183,514	6,707	-	-	-	4,899
-	-	-	-	-	-	-	-
-	-	-	1,363	-	16,777	-	-
24,936	-	-	-	11,189	50,901	-	15,380
-	-	28,761	-	7,598	1,760	-	75
805	2,723	9,864	210	315	985	(33,453)	(1,483)
50	-	-	-	73	271	-	2,036
109	368	1,332	28	39	141	539	147
23	7,833	3,718	5	1,400	219	7	6,022
$ 25,923	$ 38,663	$ 227,189	$ 8,313	$ 31,277	$ 81,717	$ (32,907)	$ 27,076
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 43
-	-	-	-	-	-	1,024	-
30,199	24,864	-	6,808	40,602	79,143	7,601	29,090
-	-	-	-	-	-	162	1,188
-	-	-	90	-	-	-	-
-	-	2,537	425	-	-	692	-
-	153	252,455	15	-	-	-	-
-	-	-	-	-	-	-	-
127	350	2,156	125	-	-	570	255
-	-	-	-	-	-	-	-
105	354	1,283	27	37	132	437	141
$ 30,431	$ 25,721	$ 258,431	$ 7,490	$ 40,639	$ 79,275	$ 10,486	$ 30,717
85	926	62	398	1,652	1,448	1,250	31
-	-	-	-	341	257	-	-
$ 30,516	$ 26,647	$ 258,493	$ 7,888	$ 42,632	$ 80,980	$ 11,736	$ 30,748
$ (4,593)	$ 12,016	$ (31,304)	$ 425	$ (11,355)	$ 737	$ (44,643)	$ (3,672)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	31	18,355	759	21,849	19,167
-	(20,895)	(15,318)	-	(13)	(15)	-	(1,163)
-	-	-	-	-	-	-	-
$ -	$ (20,895)	$ (15,318)	$ 31	$ 18,342	$ 744	$ 21,849	$ 18,004
$ (4,593)	$ (8,879)	$ (46,622)	$ 456	$ 6,987	$ 1,481	$ (22,794)	$ 14,332
$ 18,259	$ 89,990	$ 317,796	$ 6,977	$ 25,214	$ 28,856	$ 314,805	$ 29,283
-	-	-	-	-	-	-	-
$ 13,666	$ 81,111	$ 271,174	$ 7,433	$ 32,201	$ 30,337	$ 292,011	$ 43,615

CONTINUED

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	IRON RANGE RESOURCES & REHABILITATION	NORTHEAST MINNESOTA ECONOMIC PROTECTION	ENDOWMENT	MAXIMUM EFFORT SCHOOL LOAN
Net Revenues:				
Sales Taxes	$ -	$ -	$ -	$ -
Motor Vehicle Taxes	-	-	-	-
Fuel Taxes	-	-	-	-
Other Taxes	12,033	1,918	-	-
Tobacco Settlement	-	-	-	-
Federal Revenues	-	-	-	-
Licenses and Fees	-	-	-	-
Departmental Services	655	-	-	-
Investment/Interest Income	(1,096)	75	338	910
Penalties and Fines	-	-	6	-
Securities Lending Income	189	386	50	-
Other Revenues	690	85	10,064	30
Net Revenues	$ 12,471	$ 2,464	$ 10,458	$ 940
Expenditures:				
Current:				
Protection of Persons and Property	$ -	$ -	$ 139	$ -
Transportation	-	-	-	-
Agricultural and Environmental Resources	80	-	2,956	-
Economic and Manpower Development	24,903	8,028	1,930	-
General Education	-	-	1,712	28,715
Higher Education	-	-	5	-
Health and Human Services	-	-	660	-
Health Care	-	-	-	-
General Government	-	-	372	-
Intergovernment Aid	-	-	-	-
Securities Lending Rebates and Fees	182	359	48	-
Total Current Expenditures	$ 25,165	$ 8,387	$ 7,822	$ 28,715
Capital Outlay	-	-	669	-
Debt Service	-	-	-	-
Total Expenditures	$ 25,165	$ 8,387	$ 8,491	$ 28,715
Excess of Revenues Over (Under) Expenditures	$ (12,694)	$ (5,923)	$ 1,967	$ (27,775)
Other Financing Sources (Uses):				
General Obligation Bond Issue Proceeds	$ -	$ -	$ -	$ 38,000
Transfers-In	13,487	1,272	16	-
Transfers-Out	(2,459)	-	(29)	(1,037)
Capital Leases	-	-	-	-
Net Other Financing Sources (Uses)	$ 11,028	$ 1,272	$ (13)	$ 36,963
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (1,666)	$ (4,651)	$ 1,954	$ 9,188
Fund Balances, Beginning, as Restated	$ 46,889	$ 130,414	$ 8,811	$ 9,917
Change in Inventory	-	-	-	-
Fund Balances, Ending	$ 45,223	$ 125,763	$ 10,765	$ 19,105

SPECIAL COMPENSATION	MEDICAL EDUCATION AND RESEARCH	TOBACCO USE PREVENTION	MISCELLANEOUS SPECIAL REVENUE	TOTAL
$ -	$ -	$ -	$ -	$ 21,326
-	-	-	-	687,239
-	-	-	-	611,886
76,794	-	-	27,248	340,852
-	224,093	-	-	224,093
-	-	-	10,925	328,634
-	-	-	51,496	189,496
-	-	-	90,309	130,898
11,153	(31,088)	(30,328)	8,114	(30,886)
-	-	-	5,555	12,480
1,506	1,968	1,285	719	12,990
5,049	484	-	108,831	169,946
$ 94,502	$ 195,457	$ (29,043)	$ 303,197	$ 2,698,954
$ -	$ -	$ -	$ 37,342	$ 138,670
-	-	-	3,080	1,239,072
-	-	-	55,474	276,817
128,891	-	-	70,467	235,569
-	-	-	9,140	39,657
-	-	-	-	3,659
-	-	20,027	88,749	362,059
-	53,972	-	123,350	177,322
7,111	-	-	38,960	52,034
-	-	-	156	156
1,451	1,576	1,033	692	11,888
$ 137,453	$ 55,548	$ 21,060	$ 427,410	$ 2,536,903
-	-	-	2,676	361,626
-	-	-	4,447	7,760
$ 137,453	$ 55,548	$ 21,060	$ 434,533	$ 2,906,289
$ (42,951)	$ 139,909	$ (50,103)	$ (131,336)	$ (207,335)
$ -	$ -	$ -	$ 3,000	$ 96,000
-	39,989	-	154,045	1,506,309
-	-	-	(22,742)	(1,322,080)
-	-	-	3,326	3,326
$ -	$ 39,989	$ -	$ 137,629	$ 283,555
$ (42,951)	$ 179,898	$ (50,103)	$ 6,293	$ 76,220
$ 318,925	$ 342,921	$ 542,975	$ 413,752	$ 3,607,639
-	-	-	-	2,441
$ 275,974	$ 522,819	$ 492,872	$ 420,045	$ 3,686,300

NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	TRUNK HIGHWAY			HIGHWAY USER TAX DISTRIBUTION		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Net Revenues:						
Motor Vehicle Taxes	$ -	$ -	$ -	$ 624,805	$ 666,983	$ 662,667
Fuel Taxes	-	-	-	634,551	626,650	619,147
Tobacco Taxes	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-
Federal Revenues	311,000	311,000	319,338	-	-	-
Licenses and Fees	-	-	-	-	-	-
Departmental Services	36,786	36,184	31,472	6,024	7,310	8,624
Investment/Interest Income	14,000	14,000	11,756	1,413	1,380	1,749
Other Revenues	33,199	39,938	29,412	1,063	1,290	1,034
Net Revenues	$ 394,985	$ 401,122	$ 391,978	$ 1,267,856	$ 1,303,613	$ 1,293,221
Expenditures:						
Public Safety and Corrections	$ 90,593	$ 85,045	$ 85,045	$ 17,462	$ 15,181	$ 15,181
Transportation	1,167,668	1,064,392	1,064,392	410	1,571	1,571
Agricultural and Environmental Resources	-	-	-	-	-	-
Economic and Workforce Development	-	-	-	-	-	-
Higher Education	-	-	-	-	-	-
Health and Human Services	-	-	-	-	-	-
General Government	2,350	1,640	1,640	2,331	1,998	1,998
Intergovernment Aid	-	-	-	1	1	1
Total Expenditures	$ 1,260,611	$ 1,151,077	$ 1,151,077	$ 20,204	$ 18,751	$ 18,751
Excess of Revenues Over (Under) Expenditures	$ (865,626)	$ (749,955)	$ (759,099)	$ 1,247,652	$ 1,284,862	$ 1,274,470
Other Financing Sources (Uses):						
General Obligation Bond Issue Proceeds	$ -	$ -	$ 55,000	$ -	$ -	$ -
Transfers-In	731,294	752,617	732,501	-	-	-
Transfers-Out	(7,508)	(7,508)	(7,508)	(1,247,644)	(1,248,192)	(1,248,192)
Net Other Financing Sources (Uses)	$ 723,786	$ 745,109	$ 779,993	$ (1,247,644)	$ (1,248,192)	$ (1,248,192)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (141,840)	$ (4,846)	$ 20,894	$ 8	$ 36,670	$ 26,278
Fund Balances, Beginning, as Reported	$ 243,721	$ 243,721	$ 243,721	$ 6,171	$ 6,171	$ 6,171
Prior Period Adjustments	-	-	12,953	-	-	12
Fund Balances, Beginning, as Restated	$ 243`721	$ 243,721	$ 256,674	$ 6,171	$ 6,171	$ 6,183
Fund Balances, Ending	$ 101,881	$ 238,875	$ 277,568	$ 6,179	$ 42,841	$ 32,461
Less Appropriation Carryover	-	-	122,267	-	-	2,393
Undesignated Fund Balances, Ending	$ 101,881	$ 238,875	$ 155,301	$ 6,179	$ 42,841	$ 30,068

STATE AIRPORTS			SOLID WASTE			HEALTH CARE ACCESS		
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4,325	4,325	3,921	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
13,500	13,500	15,053	28,009	27,411	27,739	180,011	188,404	181,204
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,590	1,590	392	-	-	-	30,155	25,581	32,292
1,008	1,008	1,199	2,566	3,884	2,737	16,202	9,152	9,912
353	-	158	1,583	8,345	7,834	-	-	-
$ 20,776	$ 20,423	$ 20,723	$ 32,158	$ 39,640	$ 38,310	$ 226,368	$ 223,137	$ 223,408
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21,768	15,784	15,784	-	-	-	-	-	-
-	-	-	41,557	31,053	30,914	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,537	2,537	2,537
-	-	-	200	158	158	255,084	247,691	247,691
-	-	-	677	337	337	1,934	1,493	1,493
1	-	-	1	-	-	250	526	526
$ 21,769	$ 15,784	$ 15,784	$ 42,435	$ 31,548	$ 31,409	$ 259,805	$ 252,247	$ 252,247
$ (993)	$ 4,639	$ 4,939	$ (10,277)	$ 8,092	$ 6,901	$ (33,437)	$ (29,110)	$ (28,839)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
61	61	61	-	-	-	565	-	167
-	-	-	(20,895)	(20,895)	(20,895)	(4,340)	(4,340)	(4,340)
$ 61	$ 61	$ 61	$ (20,895)	$ (20,895)	$ (20,895)	$ (3,775)	$ (4,340)	$ (4,173)
$ (932)	$ 4,700	$ 5,000	$ (31,172)	$ (12,803)	$ (13,994)	$ (37,212)	$ (33,450)	$ (33,012)
$ 21,431	$ 21,431	$ 21,431	$ 88,875	$ 88,875	$ 88,875	$ 298,768	$ 298,768	$ 298,768
-	-	728	-	-	886	-	(193)	(11,547)
$ 21,431	$ 21,431	$ 22,159	$ 88,875	$ 88,875	$ 89,761	$ 298,768	$ 298,575	$ 287,221
$ 20,499	$ 26,131	$ 27,159	$ 57,703	$ 76,072	$ 75,767	$ 261,556	$ 265,125	$ 254,209
-	-	6,050	-	-	1,110	-	-	9,495
$ 20,499	$ 26,131	$ 21,109	$ 57,703	$ 76,072	$ 74,657	$ 261,556	$ 265,125	$ 244,714

CONTINUED

NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS - CONTINUED

YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	MINNESOTA RESOURCES			NATURAL RESOURCES		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Net Revenues:						
Motor Vehicle Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Fuel Taxes	-	-	-	-	-	-
Tobacco Taxes	5,881	6,330	6,707	-	-	-
Other Taxes	-	-	-	11,402	10,603	10,664
Federal Revenues	-	-	-	-	-	-
Licenses and Fees	-	-	-	18,428	19,425	18,978
Departmental Services	-	-	-	-	-	-
Investment/Interest Income	200	250	210	325	425	317
Other Revenues	404	404	1,368	1,023	1,024	1,372
Net Revenues	$ 6,485	$ 6,984	$ 8,285	$ 31,178	$ 31,477	$ 31,331
Expenditures:						
Public Safety and Corrections	$ -	$ -	$ -	$ -	$ -	$ -
Transportation	-	-	-	-	-	-
Agricultural and Environmental Resources	8,067	12,055	10,544	49,107	57,063	42,700
Economic and Workforce Development	-	-	-	-	-	-
Higher Education	475	475	475	-	-	-
Health and Human Services	9	17	15	-	-	-
General Government	165	293	293	-	-	-
Intergovernment Aid	-	-	-	-	-	-
Total Expenditures	$ 8,716	$ 12,840	$ 11,327	$ 49,107	$ 57,063	$ 42,700
Excess of Revenues Over (Under) Expenditures	$ (2,231)	$ (5,856)	$ (3,042)	$ (17,929)	$ (25,586)	$ (11,369)
Other Financing Sources (Uses):						
General Obligation Bond Issue Proceeds	$ -	$ -	$ -	$ -	$ -	$ -
Transfers-In	-	-	31	14,533	14,089	13,969
Transfers-Out	-	-	-	(13)	(13)	(13)
Net Other Financing Sources (Uses)	$ -	$ -	$ 31	$ 14,520	$ 14,076	$ 13,956
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (2,231)	$ (5,856)	$ (3,011)	$ (3,409)	$ (11,510)	$ 2,587
Fund Balances, Beginning, as Reported	$ 3,571	$ 3,571	$ 3,571	$ 16,742	$ 16,742	$ 16,742
Prior Period Adjustments	-	-	485	142	196	1,053
Fund Balances, Beginning, as Restated	$ 3,571	$ 3,571	$ 4,056	$ 16,884	$ 16,938	$ 17,795
Fund Balances, Ending	$ 1,340	$ (2,285)	$ 1,045	$ 13,475	$ 5,428	$ 20,382
Less Appropriation Carryover	-	-	1,045	-	-	6,910
Undesignated Fund Balances, Ending	$ 1,340	$ (2,285)	$ -	$ 13,475	$ 5,428	$ 13,472

GAME AND FISH			ENVIRONMENTAL			SPECIAL COMPENSATION		
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
11,402	10,603	10,664	4,600	5,050	4,994	70,325	76,749	81,940
-	-	16,209	-	-	-	-	-	-
71,568	70,856	50,780	-	-	-	-	-	-
-	-	-	21,488	21,439	21,445	-	-	-
2,100	1,680	1,031	693	638	1,049	16,325	12,092	11,208
106	301	2,235	2,955	3,018	2,096	6,327	5,395	109
$ 85,176	$ 83,440	$ 80,919	$ 29,736	$ 30,145	$ 29,584	$ 92,977	$ 94,236	$ 93,257
$ -	$ -	$ -	$ 47	$ 43	$ 43	$ -	$ -	$ -
-	-	-	20	20	20	-	-	-
81,599	77,294	72,843	30,006	29,490	29,490	-	-	-
-	-	-	700	700	700	124,262	128,566	128,566
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	409	260	260	7,444	7,086	7,086
-	-	-	2,790	-	-	-	-	-
$ 81,599	$ 77,294	$ 72,843	$ 33,972	$ 30,513	$ 30,513	$ 131,706	$ 135,652	$ 135,652
$ 3,577	$ 6,146	$ 8,076	$ (4,236)	$ (368)	$ (929)	$ (38,729)	$ (41,416)	$ (42,395)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
748	748	759	2,231	4,542	14,068	-	-	-
(23)	(23)	(23)	(1,163)	(1,163)	(1,163)	-	-	-
$ 725	$ 725	$ 736	$ 1,068	$ 3,379	$ 12,905	$ -	$ -	$ -
$ 4,302	$ 6,871	$ 8,812	$ (3,168)	$ 3,011	$ 11,976	$ (38,729)	$ (41,416)	$ (42,395)
$ 17,754	$ 17,754	$ 17,754	$ 16,010	$ 16,010	$ 16,010	$ 318,188	$ 318,188	$ 318,188
252	75	230	-	-	324	50	23	(141)
$ 18,006	$ 17,829	$ 17,984	$ 16,010	$ 16,010	$ 16,334	$ 318,238	$ 318,211	$ 318,047
$ 22,308	$ 24,700	$ 26,796	$ 12,842	$ 19,021	$ 28,310	$ 279,509	$ 276,795	$ 275,652
-	-	10,606	-	-	17,783	-	-	275,545
$ 22,308	$ 24,700	$ 16,190	$ 12,842	$ 19,021	$ 10,527	$ 279,509	$ 276,795	$ 107

CONTINUED

NONMAJOR APPROPRIATED SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL BUDGETARY BASIS - CONTINUED
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	COMBINED TOTALS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Net Revenues:			
Motor Vehicle Taxes	$ 624,805	$ 666,983	$ 662,667
Fuel Taxes	638,876	630,975	623,068
Tobacco Taxes	5,881	6,330	6,707
Other Taxes	319,249	332,320	332,258
Federal Revenues	311,000	311,000	335,547
Licenses and Fees	89,996	90,281	69,758
Departmental Services	96,043	92,104	94,225
Investment/Interest Income	54,832	44,509	41,168
Other Revenues	47,013	59,715	45,618
Net Revenues	$ 2,187,695	$ 2,234,217	$ 2,211,016
Expenditures:			
Public Safety and Corrections	$ 108,102	$ 100,269	$ 100,269
Transportation	1,189,866	1,081,767	1,081,767
Agricultural and Environmental Resources	210,336	206,955	186,491
Economic and Workforce Development	124,962	129,266	129,266
Higher Education	3,012	3,012	3,012
Health and Human Services	255,293	247,866	247,864
General Government	15,310	13,107	13,107
Intergovernment Aid	3,043	527	527
Total Expenditures	$ 1,909,924	$ 1,782,769	$ 1,762,303
Excess of Revenues Over (Under) Expenditures	$ 277,771	$ 451,448	$ 448,713
Other Financing Sources (Uses):			
General Obligation Bond Issue Proceeds	$ -	$ -	$ 55,000
Transfers-In	749,432	772,057	761,556
Transfers-Out	(1,281,586)	(1,282,134)	(1,282,134)
Net Other Financing Sources (Uses)	$ (532,154)	$ (510,077)	$ (465,578)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (254,383)	$ (58,629)	$ (16,865)
Fund Balances, Beginning, as Reported	$ 1,031,231	$ 1,031,231	$ 1,031,231
Prior Period Adjustments	444	101	4,983
Fund Balances, Beginning, as Restated	$ 1,031,675	$ 1,031,332	$ 1,036,214
Fund Balances, Ending	$ 777,292	$ 972,703	$ 1,019,349
Less Appropriation Carryover	-	-	453,204
Undesignated Fund Balances, Ending	$ 777,292	$ 972,703	$ 566,145

Capital Projects

General Projects Fund

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

Transportation Fund

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

Building Fund

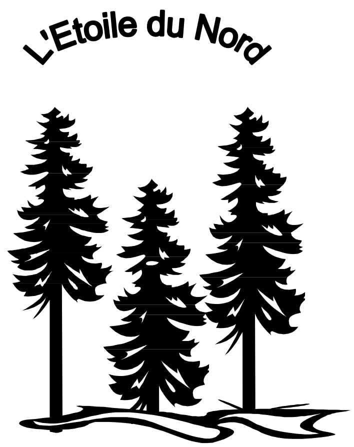
The fund receives revenue from the sale of state bonds to provide funds for the maintenance, acquisition and betterment of state lands and buildings and to make grants and loans to local governments for the acquisition and betterment of other public land and buildings.

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002
(IN THOUSANDS)

	GENERAL PROJECTS	TRANSPORTATION	BUILDING	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 81,096	$ 23,699	$ 119,680	$ 224,475
Loans and Notes Receivable	51,419	-	45,868	97,287
Total Assets	$ 132,515	$ 23,699	$ 165,548	$ 321,762
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 7,119	$ 989	$ 29,022	$ 37,130
Interfund Payables	25,386	-	942	26,328
Due to Component Units	-	-	5,224	5,224
Total Liabilities	$ 32,505	$ 989	$ 35,188	$ 68,682
Fund Balances:				
Reserved Fund Balance:				
Reserved for Long-Term Receivables	$ 51,419	$ -	$ 45,868	$ 97,287
Reserved for Long-Term Commitments	46,983	22,710	84,492	154,185
Total Reserved Fund Balances	$ 98,402	$ 22,710	$ 130,360	$ 251,472
Unreserved Fund Balance:				
Undesignated	$ 1,608	$ -	$ -	$ 1,608
Total Fund Balances	$ 100,010	$ 22,710	$ 130,360	$ 253,080
Total Liabilities and Fund Balances	$ 132,515	$ 23,699	$ 165,548	$ 321,762

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	GENERAL PROJECTS	TRANSPORTATION	BUILDING	TOTAL
Net Revenues:				
Investment/Interest Income	$ -	$ -	$ 380	$ 380
Other Revenues	-	-	2	2
Net Revenues	$ -	$ -	$ 382	$ 382
Expenditures:				
Current:				
Public Safety and Corrections	$ 134	$ -	$ -	$ 134
Transportation	18,352	7,010	29,662	55,024
Agricultural and Environmental Resources	16,970	-	70,636	87,606
Economic and Workforce Development	4,213	-	30,157	34,370
General Education	12,507	-	4,261	16,768
Higher Education	1,212	-	68,268	69,480
Health and Human Services	193	-	6,747	6,940
General Government	10,707	-	98,095	108,802
Total Current Expenditures	$ 64,288	$ 7,010	$ 307,826	$ 379,124
Capital Outlay	19,275	-	35,103	54,378
Total Expenditures	$ 83,563	$ 7,010	$ 342,929	$ 433,502
Excess of Revenues Over (Under) Expenditures	$ (83,563)	$ (7,010)	$ (342,547)	$ (433,120)
Other Financing Sources (Uses):				
General Obligation Bond Issue Proceeds	$ -	$ 25,130	$ 468,483	$ 493,613
Transfers-Out	(96,272)	(25)	(93,033)	(189,330)
Net Other Financing Sources (Uses)	$ (96,272)	$ 25,105	$ 375,450	$ 304,283
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (179,835)	$ 18,095	$ 32,903	$ (128,837)
Fund Balances, Beginning, as Restated	$ 279,845	$ 4,615	$ 97,457	$ 381,917
Fund Balances, Ending	$ 100,010	$ 22,710	$ 130,360	$ 253,080



Minnesota

Nonmajor Enterprise Funds

State Lottery Fund

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

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.

Enterprise Activities Fund

The fund includes various minor activities providing services to the general public or local governmental units.

Public Employees Insurance Fund

The fund provides life insurance and hospital, medical, and dental benefit coverage to public employees and other eligible persons.

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.

State Operated Community Services Fund

The fund accounts for waiver residential and day treatment and rehabilitation services for individuals with developmental disabilities.

Giants Ridge Fund

The fund accounts for a recreation area established to foster economic development and tourism within St. Louis County.

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2002
(IN THOUSANDS)

	STATE LOTTERY	MINNESOTA CORRECTIONAL INDUSTRIES	ENTERPRISE ACTIVITIES	PUBLIC EMPLOYEES INSURANCE
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 17,145	$ 4,601	$ 4,775	$ 1,863
Accounts Receivable	3,082	2,735	864	924
Interfund Receivables	-	-	240	-
Accrued Investment/Interest Income	47	-	-	-
Inventories	825	7,618	661	-
Deferred Costs	526	-	15	-
Securities Lending Collateral	1,879	458	-	189
Total Current Assets	$ 23,504	$ 15,412	$ 6,555	$ 2,976
Noncurrent Assets:				
Cash and Cash Equivalents-Restricted	$ -	$ -	$ -	$ -
Investments-Restricted	3,086	-	-	-
Depreciable Capital Assets (Net)	2,428	3,095	128	1
Nondepreciable Capital Assets	-	-	-	-
Other Assets	-	1,374	-	-
Total Noncurrent Assets	$ 5,514	$ 4,469	$ 128	$ 1
Total Assets	$ 29,018	$ 19,881	$ 6,683	$ 2,977
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 12,041	$ 1,216	$ 3,229	$ 2,837
Interfund Payables	9,879	-	-	-
Deferred Revenue	228	-	183	768
Accrued Bond Interest Payable	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Capital Leases	-	-	-	-
Compensated Absences Payable	1,156	513	16	1
Securities Lending Collateral	1,879	458	-	189
Total Current Liabilities	$ 25,183	$ 2,187	$ 3,428	$ 3,795
Noncurrent Liabilities:				
Accounts Payable-Restricted	$ 3,835	$ -	$ -	$ -
Revenue Bonds Payable-Restricted	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Revenue Bonds Payable	-	-	-	-
Capital Leases	-	-	-	-
Compensated Absences Payable	-	387	250	17
Other Liabilities	-	9	-	-
Total Noncurrent Liabilities	$ 3,835	$ 396	$ 250	$ 17
Total Liabilities	$ 29,018	$ 2,583	$ 3,678	$ 3,812
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	$ -	$ 3,095	$ 128	$ -
Unrestricted	-	14,203	2,877	(835)
Total Net Assets	$ -	$ 17,298	$ 3,005	$ (835)

BEHAVIORAL SERVICES	STATE OPERATED COMMUNITY SERVICES	GIANTS RIDGE	TOTAL
$ 10,877	$ 24,556	$ 179	$ 63,996
2,175	1,063	494	11,337
-	-	-	240
-	-	43	90
-	-	181	9,285
-	-	-	541
1,104	2,477	-	6,107
$ 14,156	$ 28,096	$ 897	$ 91,596
$ -	$ -	$ 6,729	$ 6,729
-	-	-	3,086
1,495	6,028	13,335	26,510
-	786	7,543	8,329
-	130	1,777	3,281
$ 1,495	$ 6,944	$ 29,384	$ 47,935
$ 15,651	$ 35,040	$ 30,281	$ 139,531
$ 1,021	$ 2,131	$ 1,147	$ 23,622
1,086	-	494	11,459
-	-	-	1,179
-	60	186	246
-	198	-	198
-	264	136	400
222	676	208	2,792
1,104	2,477	-	6,107
$ 3,433	$ 5,806	$ 2,171	$ 46,003
$ -	$ -	$ -	$ 3,835
-	-	310	310
-	4,054	-	4,054
-	-	15,490	15,490
-	1,304	193	1,497
1,376	3,652	-	5,682
251	-	-	260
$ 1,627	$ 9,010	$ 15,993	$ 31,128
$ 5,060	$ 14,816	$ 18,164	$ 77,131
$ 1,495	$ 994	$ 12,181	$ 17,893
9,096	19,230	(64)	44,507
$ 10,591	$ 20,224	$ 12,117	$ 62,400

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

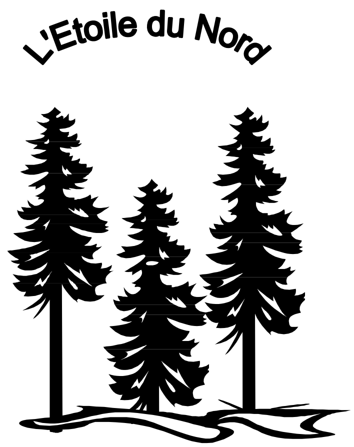
	STATE LOTTERY	MINNESOTA CORRECTIONAL INDUSTRIES	ENTERPRISE ACTIVITIES	PUBLIC EMPLOYEES INSURANCE
Operating Revenues:				
Net Sales	$ 352,618	$ 22,682	$ 2,457	$ -
Rental and Service Fees	-	1,018	3,722	-
Insurance Premiums	-	-	-	21,743
Other Income	-	884	-	634
Total Operating Revenues	$ 352,618	$ 24,584	$ 6,179	$ 22,377
Less: Cost of Goods Sold	246,979	20,669	913	-
Gross Margin	$ 105,639	$ 3,915	$ 5,266	$ 22,377
Operating Expenses:				
Purchased Services	$ 34,797	$ 383	$ 1,125	$ 4,711
Salaries and Fringe Benefits	11,603	3,816	1,979	194
Claims	-	-	-	18,971
Depreciation	1,393	169	31	-
Amortization	-	-	-	-
Supplies and Materials	890	255	98	2
Indirect Costs	-	464	126	10
Other Expenses	1,323	810	-	41
Total Operating Expenses	$ 50,006	$ 5,897	$ 3,359	$ 23,929
Operating Income (Loss)	$ 55,633	$ (1,982)	$ 1,907	$ (1,552)
Nonoperating Revenues (Expenses):				
Investment Income	$ 1,340	$ 160	$ -	$ 65
Grants and Subsidies	-	-	-	-
Securities Lending Income	90	22	-	9
Other Nonoperating Revenues	190	536	-	-
Interest and Financing Costs	-	-	-	-
Securities Lending Rebates and Fees	(87)	(21)	-	(9)
Other Nonoperating Expenses	-	-	(3,108)	-
Gain (Loss) on Disposal of Capital Assets	-	(13)	-	-
Total Nonoperating Revenues (Expenses)	$ 1,533	$ 684	$ (3,108)	$ 65
Income (Loss) Before Transfers	$ 57,166	$ (1,298)	$ (1,201)	$ (1,487)
Transfers-In	-	837	-	-
Transfers-Out	(57,166)	-	-	-
Net Income (Loss)	$ -	$ (461)	$ (1,201)	$ (1,487)
Net Assets, Beginning, as Restated	$ -	$ 17,759	$ 4,206	$ 652
Net Assets, Ending	$ -	$ 17,298	$ 3,005	$ (835)

BEHAVIORAL SERVICES	STATE OPERATED COMMUNITY SERVICES	GIANTS RIDGE	TOTAL
$ -	$ -	$ 2,878	$ 380,635
19,323	49,522	377	73,962
-	-	-	21,743
82	829	175	2,604
$ 19,405	$ 50,351	$ 3,430	$ 478,944
-	-	-	268,561
$ 19,405	$ 50,351	$ 3,430	$ 210,383
$ 1,006	$ 2,977	$ 2,344	$ 47,343
16,366	41,413	1,411	76,782
-	-	-	18,971
185	834	793	3,405
-	-	50	50
1,276	1,543	184	4,248
426	1,434	-	2,460
219	1,161	131	3,685
$ 19,478	$ 49,362	$ 4,913	$ 156,944
$ (73)	$ 989	$ (1,483)	$ 53,439
$ 253	$ 963	$ 25	$ 2,806
152	-	-	152
36	110	-	267
-	-	-	726
-	(525)	(151)	(676)
(34)	(106)	-	(257)
-	-	(167)	(3,275)
(8)	(2)	-	(23)
$ 399	$ 440	$ (293)	$ (280)
$ 326	$ 1,429	$ (1,776)	$ 53,159
-	1	1,187	2,025
(121)	(114)	-	(57,401)
$ 205	$ 1,316	$ (589)	$ (2,217)
$ 10,386	$ 18,908	$ 12,706	$ 64,617
$ 10,591	$ 20,224	$ 12,117	$ 62,400

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	STATE LOTTERY	MINNESOTA CORRECTIONAL INDUSTRIES	ENTERPRISE ACTIVITIES	PUBLIC EMPLOYEES INSURANCE
Cash Flows from Operating Activities:				
Receipts from Customers	$ 377,684	$ 24,368	$ 2,968	$ 21,452
Receipts from Other Revenue	227	884	4,447	578
Payments to Claimants	(24,530)	-	-	(18,973)
Payments to Suppliers	(59,748)	(18,121)	(2,336)	(4,665)
Payments to Employees	(11,554)	(8,164)	(1,940)	(190)
Payments to Others	(221,439)	-	-	(50)
Net Cash Flows from Operating Activities	$ 60,640	$ (1,033)	$ 3,139	$ (1,848)
Cash Flows from Noncapital Financing Activities:				
Grant Receipts	$ -	$ -	$ -	$ -
Transfers-In	-	837	-	-
Transfers-Out	(60,066)	-	-	-
Advances from Other Funds	-	-	-	-
Repayments of Advances to Other Funds	-	-	287	-
Other Nonoperating Expense	-	-	(3,089)	-
Net Cash Flows from Noncapital Financing Activities	$ (60,066)	$ 837	$ (2,802)	$ -
Cash Flows from Capital and Related Financing Activities:				
Investment in Capital Assets	$ (542)	$ (587)	$ (7)	$ -
Proceeds from Disposal of Capital Assets	-	529	4	-
Capital Lease Payments	-	-	-	-
Repayment of Bond Principal	-	-	-	-
Interest Paid	-	-	-	-
Net Cash Flows from Capital and Related Financing Activities	$ (542)	$ (58)	$ (3)	$ -
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments	$ 232	$ -	$ -	$ -
Investment Earnings	1,054	161	-	65
Net Cash Flows from Investing Activities	$ 1,286	$ 161	$ -	$ 65
Net Increase (Decrease) in Cash and Cash Equivalents	$ 1,318	$ (93)	$ 334	$ (1,783)
Cash and Cash Equivalents, Beginning, as Restated	$ 15,827	$ 4,694	$ 4,441	$ 3,646
Cash and Cash Equivalents, Ending	$ 17,145	$ 4,601	$ 4,775	$ 1,863
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Operating Income (Loss)	$ 55,633	$ (1,982)	$ 1,907	$ (1,552)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation	$ 1,393	$ 498	$ 31	$ -
Amortization	-	-	-	-
Net Nonoperating Revenues (Expenses)	190	-	51	-
Accounts Receivable	-	649	1,251	(293)
Inventories	18	1,117	53	-
Other Assets	390	(791)	(7)	-
Accounts Payable	3,016	(551)	(101)	250
Compensated Absences Payable	-	19	21	(3)
Deferred Revenues	-	-	(67)	(257)
Other Liabilities	-	8	-	7
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ 5,007	$ 949	$ 1,232	$ (296)
Net Cash Flows from Operating Activities	$ 60,640	$ (1,033)	$ 3,139	$ (1,848)
Noncash Investing, Capital and Financing Activities:				
Change in Fair Value of Investments	$ 289	$ -	$ -	$ -

BEHAVIORAL SERVICES	STATE OPERATED COMMUNITY SERVICES	GIANTS RIDGE	TOTAL
$ 22,145	$ 50,976	$ 3,328	$ 502,921
-	867	82	7,085
-	-	-	(43,503)
(2,726)	(7,461)	(2,018)	(97,075)
(16,005)	(41,389)	(2,028)	(81,270)
-	-	-	(221,489)
$ 3,414	$ 2,993	$ (636)	$ 66,669
$ 152	$ -	$ 105	$ 257
-	1	1,187	2,025
(121)	(114)	-	(60,301)
1,086	-	-	1,086
-	-	-	287
-	-	-	(3,089)
$ 1,117	$ (113)	$ 1,292	$ (59,735)
$ (39)	$ (597)	$ (4,484)	$ (6,256)
-	-	-	533
-	(299)	-	(299)
-	(195)	(200)	(395)
-	(466)	(551)	(1,017)
$ (39)	$ (1,557)	$ (5,235)	$ (7,434)
$ -	$ -	$ -	$ 232
254	965	246	2,745
$ 254	$ 965	$ 246	$ 2,977
$ 4,746	$ 2,288	$ (4,333)	$ 2,477
$ 6,131	$ 22,268	$ 11,241	$ 68,248
$ 10,877	$ 24,556	$ 6,908	$ 70,725
$ (73)	$ 989	$ (1,483)	$ 53,439
$ 185	$ 834	$ 793	$ 3,734
-	-	50	50
-	-	-	241
3,597	4,966	(20)	10,150
-	-	(46)	1,142
-	-	-	(408)
284	(5,665)	54	(2,713)
368	521	16	942
-	-	-	(324)
(947)	1,348	-	416
$ 3,487	$ 2,004	$ 847	$ 13,230
$ 3,414	$ 2,993	$ (636)	$ 66,669
$ -	$ -	$ -	$ 289



Minnesota

Internal Service Funds

Intertechnologies Fund

The fund accounts for the operation of statewide communication and information systems.

Central Stores Fund

The fund accounts for the operation of centralized supplies purchasing, storage and distribution.

State Printer Fund

The fund accounts for the operation of print shops.

Central Motor Pool Fund

The fund accounts for the operation of a fleet of passenger vehicles and the state vehicle maintenance garage.

Plant Management Fund

The fund accounts for the cost of maintenance and operation of state owned buildings and grounds in the capitol complex.

Employee Insurance Fund

The fund accounts for employee health and life insurance premiums and makes payments based on insurance benefits provided to employees.

Risk Management Fund

The fund accounts for the providing of liability insurance, primarily automobile, to state agencies.

Central Services Fund

The fund accounts for miscellaneous centralized support services provided to state agencies.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2002
(IN THOUSANDS)

	INTER-TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 4,662	$ 755	$ 226	$ 489
Investments	-	-	-	-
Accounts Receivable	11,806	447	301	1,190
Accrued Investment/Interest Income	-	-	-	-
Inventories	-	830	106	31
Deferred Costs	2,288	-	-	-
Securities Lending Collateral	-	-	-	-
Total Current Assets	$ 18,756	$ 2,032	$ 633	$ 1,710
Noncurrent Assets:				
Depreciable Capital Assets (Net)	$ 9,019	$ 7	$ 1,478	$ 20,790
Total Noncurrent Assets	$ 9,019	$ 7	$ 1,478	$ 20,790
Total Assets	$ 27,775	$ 2,039	$ 2,111	$ 22,500
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 4,004	$ 342	$ 368	$ 3,212
Interfund Payables	-	-	240	675
Deferred Revenue	-	-	2	58
Loans Payable	4,492	-	143	8,691
Compensated Absences Payable	127	54	15	40
Securities Lending Collateral	-	-	-	-
Total Current Liabilities	$ 8,623	$ 396	$ 768	$ 12,676
Noncurrent Liabilities:				
Loans Payable	$ 6,490	$ -	$ 210	$ 4,433
Compensated Absences Payable	2,157	62	277	46
Advances from Other Funds	-	-	-	4,933
Total Noncurrent Liabilities	$ 8,647	$ 62	$ 487	$ 9,412
Total Liabilities	$ 17,270	$ 458	$ 1,255	$ 22,088
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	$ (1,360)	$ 7	$ 883	$ 5,112
Unrestricted	11,865	1,574	(27)	(4,700)
Total Net Assets	$ 10,505	$ 1,581	$ 856	$ 412

PLANT MANAGEMENT		EMPLOYEE INSURANCE		RISK MANAGEMENT		CENTRAL SERVICES		TOTAL	
$	7,116	$	101,706	$	16,105	$	1,047	$	132,106
	-		21,086		-		-		21,086
	2,446		15,114		9,633		410		41,347
	-		396		-		-		396
	292		-		-		11		1,270
	-		-		290		-		2,578
	-		12,260		1,635		-		13,895
$	9,854	$	150,562	$	27,663	$	1,468	$	212,678
$	1,306	$	62	$	-	$	56	$	32,718
$	1,306	$	62	$	-	$	56	$	32,718
$	11,160	$	150,624	$	27,663	$	1,524	$	245,396
$	1,716	$	49,116	$	19,975	$	155	$	78,888
	-		-		-		-		915
	-		2,477		321		1		2,859
	210		-		-		22		13,558
	543		9		28		89		905
	-		12,260		1,635		-		13,895
$	2,469	$	63,862	$	21,959	$	267	$	111,020
$	258	$	-	$	-	$	-	$	11,391
	437		204		33		131		3,347
	-		-		-		-		4,933
$	695	$	204	$	33	$	131	$	19,671
$	3,164	$	64,066	$	21,992	$	398	$	130,691
$	838	$	-	$	-	$	33	$	5,513
	7,158		86,558		5,671		1,093		109,192
$	7,996	$	86,558	$	5,671	$	1,126	$	114,705

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	INTER-TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Operating Revenues:				
Net Sales	$ -	$ 7,677	$ 5,359	$ -
Rental and Service Fees	79,180	-	-	11,283
Insurance Premiums	-	-	-	-
Other Income	69	-	1	477
Total Operating Revenues	$ 79,249	$ 7,677	$ 5,360	$ 11,760
Less: Cost of Goods Sold	-	6,132	4,509	-
Gross Margin	$ 79,249	$ 1,545	$ 851	$ 11,760
Operating Expenses:				
Purchased Services	$ 49,933	$ 621	$ 448	$ 1,714
Salaries and Fringe Benefits	21,625	672	761	999
Claims	-	-	-	-
Depreciation	5,306	1	75	5,980
Amortization	208	-	-	-
Supplies and Materials	966	15	34	2,741
Indirect Costs	1,146	206	177	308
Other Expenses	990	-	-	-
Total Operating Expenses	$ 80,174	$ 1,515	$ 1,495	$ 11,742
Operating Income (Loss)	$ (925)	$ 30	$ (644)	$ 18
Nonoperating Revenues (Expenses):				
Investment Income	$ 285	$ -	$ 6	$ 529
Securities Lending Income	-	-	-	-
Interest and Financing Costs	(528)	-	(27)	(948)
Securities Lending Rebates and Fees	-	-	-	-
Other Nonoperating Expenses	(750)	-	-	-
Gain (Loss) on Disposal of Capital Assets	(28)	-	1	86
Total Nonoperating Revenues (Expenses)	$ (1,021)	$ -	$ (20)	$ (333)
Income (Loss) Before Transfers	$ (1,946)	$ 30	$ (664)	$ (315)
Transfers-Out	-	-	-	-
Net Income (Loss)	$ (1,946)	$ 30	$ (664)	$ (315)
Net Assets, Beginning, as Restated	$ 12,451	$ 1,551	$ 1,520	$ 727
Net Assets, Ending	$ 10,505	$ 1,581	$ 856	$ 412

PLANT MANAGEMENT	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTAL
$ -	$ -	$ -	$ 2,314	$ 15,350
40,752	-	-	1,361	132,576
-	448,391	8,441	-	456,832
-	5,258	21	-	5,826
$ 40,752	$ 453,649	$ 8,462	$ 3,675	$ 610,584
-	-	-	590	11,231
$ 40,752	$ 453,649	$ 8,462	$ 3,085	$ 599,353
$ 11,592	$ 67,215	$ 2,867	$ 614	$ 135,004
10,950	2,147	597	1,946	39,697
-	384,005	4,185	-	388,190
384	34	-	65	11,845
-	-	-	-	208
1,402	25	38	34	5,255
692	214	80	109	2,932
96	3,455	37	10	4,588
$ 25,116	$ 457,095	$ 7,804	$ 2,778	$ 587,719
$ 15,636	$ (3,446)	$ 658	$ 307	$ 11,634
$ 2	$ 5,603	$ 454	$ 1	$ 6,880
-	535	61	-	596
(7)	-	-	(3)	(1,513)
-	(516)	(59)	-	(575)
-	-	(1,169)	-	(1,919)
3	-	-	(12)	50
$ (2)	$ 5,622	$ (713)	$ (14)	$ 3,519
$ 15,634	$ 2,176	$ (55)	$ 293	$ 15,153
(14,439)	-	-	-	(14,439)
$ 1,195	$ 2,176	$ (55)	$ 293	$ 714
$ 6,801	$ 84,382	$ 5,726	$ 833	$ 113,991
$ 7,996	$ 86,558	$ 5,671	$ 1,126	$ 114,705

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	INTER-TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Cash Flows from Operating Activities:				
Receipts from Customers	$ 72,050	$ 7,990	$ 5,459	$ 11,555
Receipts from Other Revenue	-	-	1	-
Payments to Claimants	-	-	-	-
Payments to Suppliers	(52,896)	-	(2,944)	(4,739)
Payments to Employees	(21,366)	(648)	(2,481)	(998)
Payments to Others	-	(7,020)	-	-
Net Cash Flows from Operating Activities	$ (2,212)	$ 322	$ 35	$ 5,818
Cash Flows from Noncapital Financing Activities:				
Transfers-Out	$ -	$ -	$ -	$ -
Advances from Other Funds	-	-	40	7,600
Repayments of Advances from Other Funds	-	-	(378)	(7,080)
Other Nonoperating Expense	-	-	-	-
Net Cash Flows from Noncapital Financing Activities	$ -	$ -	$ (338)	$ 520
Cash Flows from Capital and Related Financing Activities:				
Investment in Capital Assets	$ (3,974)	$ (7)	$ (22)	$ (3,339)
Proceeds from Disposal of Capital Assets	-	-	1	1,475
Proceeds from Loans	4,957	-	86	3,312
Repayment of Loan Principal	(6,091)	-	(54)	(7,621)
Interest Paid	(534)	-	(26)	(987)
Net Cash Flows from Capital and Related Financing Activities	$ (5,642)	$ (7)	$ (15)	$ (7,160)
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments	$ -	$ -	$ -	$ -
Purchase of Investments	-	-	-	-
Investment Earnings	285	-	6	529
Net Cash Flows from Investing Activities	$ 285	$ -	$ 6	$ 529
Net Increase (Decrease) in Cash and Cash Equivalents	$ (7,569)	$ 315	$ (312)	$ (293)
Cash and Cash Equivalents, Beginning	$ 12,231	$ 440	$ 538	$ 782
Cash and Cash Equivalents, Ending	$ 4,662	$ 755	$ 226	$ 489

	INTER-TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Operating Income (Loss)	$ (925)	$ 30	$ (644)	$ 18
Adjustments to Reconcile Operating Income tc Net Cash Flows from Operating Activities:				
Depreciation	$ 5,306	$ 1	$ 408	$ 5,980
Amortization	208	-	-	-
Change in Assets and Liabilities:				
Accounts Receivable	(1,497)	310	105	(83)
Inventories	-	(18)	103	-
Other Assets	(597)	-	-	9
Accounts Payable	(4,840)	(27)	76	10
Compensated Absences Payable	133	21	(9)	3
Deferred Revenues	-	-	(4)	(121)
Other Liabilities	-	5	-	2
Net Reconciling Items to be Added to (Deducted from) Operating Income	$ (1,287)	$ 292	$ 679	$ 5,800
Net Cash Flows from Operating Activities	$ (2,212)	$ 322	$ 35	$ 5,818
Noncash Investing, Capital and Financing Activities:				
Capital Assets Acquired Through Leases	$ -	$ -	$ -	$ 2,554
Accrual of computer equipment as an Investment in Capital Assets	772	-	-	-
Trade-in Allowance for Investment in Capital Assets	67	-	-	-

PLANT MANAGEMENT	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTAL
$ 38,449	$ 453,291	$ 8,508	$ 3,649	$ 600,951
536	5,221	12,554	-	18,312
-	(388,091)	(12,969)	-	(401,060)
(13,925)	(63,203)	(3,020)	(1,311)	(142,038)
(10,825)	(2,126)	(585)	(1,991)	(41,020)
-	(3,756)	-	-	(10,776)
$ 14,235	$ 1,336	$ 4,488	$ 347	$ 24,369
$ (14,439)	$ -	$ -	$ -	$ (14,439)
-	-	-	-	7,640
-	-	-	-	(7,458)
-	-	(1,169)	-	(1,169)
$ (14,439)	$ -	$ (1,169)	$ -	$ (15,426)
$ (86)	$ (4)	$ -	$ -	$ (7,432)
3	-	-	4	1,483
-	-	-	-	8,355
(313)	-	-	(51)	(14,130)
(7)	-	-	(3)	(1,557)
$ (403)	$ (4)	$ -	$ (50)	$ (13,281)
$ -	$ 4,989	$ -	$ -	$ 4,989
-	(4,962)	-	-	(4,962)
2	5,165	456	1	6,444
$ 2	$ 5,192	$ 456	$ 1	$ 6,471
$ (605)	$ 6,524	$ 3,775	$ 298	$ 2,133
$ 7,721	$ 95,182	$ 12,330	$ 749	$ 129,973
$ 7,116	$ 101,706	$ 16,105	$ 1,047	$ 132,106
$ 15,636	$ (3,446)	$ 658	$ 307	$ 11,634
$ 384	$ 34	$ -	$ 65	$ 12,178
-	-	-	-	208
(1,768)	8,677	18	(27)	5,735
(39)	-	-	5	51
-	-	(9,678)	-	(10,266)
(113)	(4,019)	124	23	(8,766)
150	(39)	11	(25)	245
-	129	27	(1)	30
(15)	-	13,328	-	13,320
$ (1,401)	$ 4,782	$ 3,830	$ 40	$ 12,735
$ 14,235	$ 1,336	$ 4,488	$ 347	$ 24,369
$ 45	$ -	$ -	$ -	$ 2,599
-	-	-	-	772
-	-	-	-	67

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.

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.

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.

Judicial 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.

Elective State Officers

The fund includes resources accumulated to pay present and future retirement annuities for the state's constitutional officers.

Legislative Retirement

The fund includes resources accumulated to pay present and future retirement annuities for members of the state legislature.

Unclassified Employees Retirement

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.

State Deferred Compensation

The fund includes the portion of the plan where participants have selected investment options provided by the State Board of Investment.

Postretirement Health Care Benefits

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.

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 Retirement Fund

College and University Retirement

The fund includes unclassified teachers, librarians, administrators and certain other staff members who have been employed fulltime for a minimum of two academic years.

Public Employees Retirement Association

Public 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 employees of various local units of government.

Defined Contribution Fund

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

PENSION TRUST FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2002
(IN THOUSANDS)

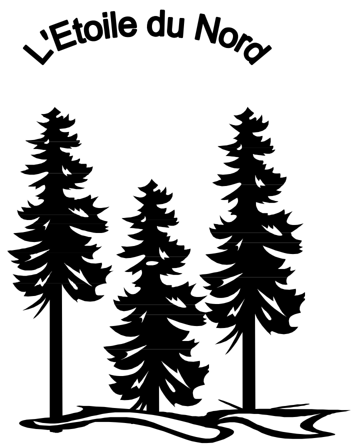
	MINNESOTA STATE RETIREMENT SYSTEM				
	STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS
ASSETS					
Cash and Cash Equivalents	$ 36,675	$ 2,303	$ 6,816	$ 3,196	$ -
Investment Pools, at fair value:					
Cash Equivalent Investments	$ 347,336	$ 27,877	$ 20,631	$ 6,409	$ -
Investments:					
Commercial Paper	$ 1,406	$ 112	$ 83	$ 26	$ -
US Treasury Obligations	252,548	20,145	15,019	4,596	-
Mortgage Backed	751,329	59,952	44,683	13,681	-
Corporate Obligations	595,118	47,487	35,393	10,836	-
Foreign and Other Obligations	73,543	5,859	4,374	1,334	-
Corporate Stocks	3,758,951	291,050	223,221	64,336	-
Other Equity	586,158	38,167	35,219	6,473	-
Total Investments	$ 6,019,053	$ 462,772	$ 357,992	$ 101,282	$ -
Accrued Interest and Dividends	$ 23,502	$ 1,858	$ 1,398	$ 420	$ -
Net Receivables (Payables)	(231,445)	(18,493)	(13,764)	(4,226)	-
Total Investment Pool Participation	$ 6,158,446	$ 474,014	$ 366,257	$ 103,885	$ -
Receivables:					
Employer Contributions	$ 2,731	$ 185	$ 317	$ -	$ -
Member Contributions	2,729	124	226	-	-
Interfund Receivables	860	-	-	-	-
Other Receivables	261	1	2	-	203
Accrued Interest and Dividends	3	1	-	-	-
Total Receivables	$ 6,584	$ 311	$ 545	$ -	$ 203
Securities Lending Collateral	$ 509,462	$ 40,555	$ 30,654	$ 11,984	$ -
Depreciable Capital Assets (Net)	6,199	-	-	-	-
Total Assets	$ 6,717,366	$ 517,183	$ 404,272	$ 119,065	$ 203
LIABILITIES					
Accounts Payable	$ 1,972	$ 87	$ 93	$ 10	$ -
Interfund Payables	22	91	258	45	1
Deferred Revenue	-	-	-	10	-
Accrued Expense	-	-	-	-	-
Revenue Bonds Payable	5,800	-	-	-	-
Bond Interest	-	-	-	-	-
Compensated Absences Payable	413	-	-	-	-
Securities Lending Collateral	509,462	40,555	30,654	11,984	-
Total Liabilities	$ 517,669	$ 40,733	$ 31,005	$ 12,049	$ 1
Net Assets Held in Trust for Pension Benefits and Pool Participants	$ 6,199,697	$ 476,450	$ 373,267	$ 107,016	$ 202

MINNESOTA STATE RETIREMENT SYSTEM				TEACHERS RETIREMENT ASSOCIATION	
LEGISLATIVE RETIREMENT	UNCLASSIFIED EMPLOYEES RETIREMENT	POST RETIREMENT HEALTH CARE BENEFITS	STATE DEFERRED COMPENSATION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT
$ -	$ 2,715	$ 888	$ -	$ 2,215	$ 501
$ 1,953	$ 25,273	$ 1,474	$ 95,426	$ 839,474	$ 23,565
$ 8	$ 11	$ -	$ 34	$ 9,692	$ 4
1,389	4,438	9	10,011	592,873	4,294
4,134	19,248	39	40,710	1,764,227	21,028
3,275	36,360	243	113,150	1,397,417	32,938
403	577	2	1,750	152,694	228
18,730	141,119	105	331,514	8,565,445	383,275
1,189	-	-	-	1,157,023	19
$ 29,128	$ 201,753	$ 398	$ 497,169	$ 13,639,371	$ 441,786
$ 125	$ 750	$ 4	$ -	$ 54,668	$ 793
(1,279)	(1,861)	(7)	-	(544,181)	(822)
$ 29,927	$ 225,915	$ 1,869	$ 592,595	$ 13,989,332	$ 465,322
$ -	$ 169	$ -	$ -	$ 11,191	$ -
-	116	162	-	-	-
-	22	-	-	-	-
8,377	-	-	2,863	-	-
-	-	-	1,720	35	-
$ 8,377	$ 307	$ 162	$ 4,583	$ 11,226	$ -
$ 2,710	$ 10,384	$ 14	$ 24,060	$ 1,190,460	$ 9,332
-	-	-	-	12,914	-
$ 41,014	$ 239,321	$ 2,933	$ 621,238	$ 15,206,147	$ 475,155
$ -	$ -	$ -	$ 8,528	$ 5,383	$ 109
29	235	201	-	-	-
-	-	-	-	-	-
-	-	-	-	515	-
-	-	-	-	11,401	-
-	-	-	-	55	-
-	-	-	-	570	-
2,710	10,384	14	24,060	1,190,460	9,332
$ 2,739	$ 10,619	$ 215	$ 32,588	$ 1,208,384	$ 9,441
$ 38,275	$ 228,702	$ 2,718	$ 588,650	$ 13,997,763	$ 465,714

CONTINUED

PENSION TRUST FUNDS (CONTINUED)
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2002
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION				
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL	DEFINED CONTRIBUTION	TOTAL
ASSETS					
Cash and Cash Equivalents	$ 390	$ 322	$ 64	$ 9	$ 56,094
Investment Pools, at fair value:					
Cash Equivalent Investments	$ 568,685	$ 216,706	$ 6,868	$ 2,008	$ 2,183,685
Investments:					
Commercial Paper	$ 2,080	$ 859	$ 6	$ 1	$ 14,322
US Treasury Obligations	373,505	154,285	1,104	298	1,434,514
Mortgaged Backed	1,111,428	459,027	3,283	1,283	4,294,052
Corporate Obligations	880,346	363,589	2,601	2,774	3,521,527
Foreign and Other Obligations	100,256	41,447	298	40	382,805
Corporate Stocks	6,147,020	2,619,097	21,309	9,459	22,574,631
Other Equity	8,387	3,464	24	-	1,836,123
Total Investments	$ 8,623,022	$ 3,641,768	$ 28,625	$ 13,855	$ 34,057,974
Accrued Interest and Dividends	$ 34,491	$ 14,321	$ 105	$ 50	$ 132,485
Net Receivables (Payables)	(342,787)	(141,454)	(1,008)	(138)	(1,301,465)
Total Investment Pool Participation	$ 8,883,411	$ 3,731,341	$ 34,590	$ 15,775	$ 35,072,679
Receivables:					
Employer Contributions	$ -	$ -	$ -	$ -	$ 14,593
Member Contributions	-	-	-	-	3,357
Interfund Receivables	1,537	1,369	52	15	3,855
Other Receivables	15,400	39,180	370	89	66,746
Accrued Interest and Dividends	-	-	-	-	1,759
Total Receivables	$ 16,937	$ 40,549	$ 422	$ 104	$ 90,310
Securities Lending Collateral	$ 754,199	$ 310,341	$ 1,649	$ 689	$ 2,896,493
Depreciable Capital Assets (Net)	13,193	-	-	-	32,306
Total Assets	$ 9,668,130	$ 4,082,553	$ 36,725	$ 16,577	$ 38,147,882
LIABILITIES					
Accounts Payable	$ 3,057	$ 975	$ 12	$ -	$ 20,226
Interfund Payables	1,436	1,230	217	90	3,855
Deferred Revenue	-	-	-	-	10
Accrued Expense	-	-	-	-	515
Revenue Bonds Payable	11,373	-	-	-	28,574
Bond Interest	-	-	-	-	55
Compensated Absences Payable	603	-	-	-	1,586
Securities Lending Collateral	754,199	310,341	1,649	689	2,896,493
Total Liabilities	$ 770,668	$ 312,546	$ 1,878	$ 779	$ 2,951,314
Net Assets Held in Trust for Pension Benefits and Pool Participants	$ 8,897,462	$ 3,770,007	$ 34,847	$ 15,798	$ 35,196,568



Minnesota

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM				
	STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS
Additions:					
Contributions:					
Employer	$ 76,614	$ 6,209	$ 9,925	$ 6,371	$ -
Member	79,487	4,215	7,207	2,345	-
Contributions From Other Sources	-	-	-	2,008	355
Total Contributions	$ 156,101	$ 10,424	$ 17,132	$ 10,724	$ 355
Net Investment Income:					
Investment Income	$ (540,644)	$ (41,118)	$ (32,491)	$ (8,969)	$ -
Less: Investment Expense	(5,678)	(320)	(342)	(39)	-
Net Investment Income	$ (546,322)	$ (41,438)	$ (32,833)	$ (9,008)	$ -
Securities Lending Revenues (Expenses):					
Securities Lending Income	$ 16,208	$ 1,311	$ 987	$ 296	$ -
Borrower Rebates	(10,897)	(887)	(665)	(201)	-
Management Fees	(1,350)	(107)	(82)	(24)	-
Net Securities Lending Revenue	$ 3,961	$ 317	$ 240	$ 71	$ -
Total Investment Income	$ (542,361)	$ (41,121)	$ (32,593)	$ (8,937)	$ -
Transfers From Other Funds	$ 5,978	$ -	$ 727	$ -	$ -
Other Additions	633	-	-	-	-
Total Additions	$ (379,649)	$ (30,697)	$ (14,734)	$ 1,787	$ 355
Deductions:					
Benefits	$ 296,687	$ 33,031	$ 17,105	$ 13,202	$ 353
Refunds/Withdrawals	8,068	60	634	-	-
Administrative Expenses	4,711	273	575	138	1
Transfers to Other Funds	2,046	-	12	9	-
Total Deductions	$ 311,512	$ 33,364	$ 18,326	$ 13,349	$ 354
Net Increase	$ (691,161)	$ (64,061)	$ (33,060)	$ (11,562)	$ 1
Net Assets Held in Trust for Pension Benefits and Pool Participants, Beginning	$ 6,890,858	$ 540,511	$ 406,327	$ 118,578	$ 201
Net Assets Held in Trust for Pension Benefits and Pool Participants, Ending	$ 6,199,697	$ 476,450	$ 373,267	$ 107,016	$ 202

	MINNESOTA STATE RETIREMENT SYSTEM				TEACHERS RETIREMENT ASSOCIATION	
	LEGISLATIVE RETIREMENT	UNCLASSIFIED EMPLOYEES RETIREMENT	POST RETIREMENT HEALTH CARE BENEFITS	STATE DEFERRED COMPENSATION	TEACHERS RETIREMENT	STATE COLLEGES AND UNIVERSITIES RETIREMENT
	$ -	$ 6,311	$ -	$ -	$ 142,222	$ 21,582
	458	4,951	3,298	88,294	152,331	18,385
	4,135	-	-	-	1,122	-
	$ 4,593	$ 11,262	$ 3,298	$ 88,294	$ 295,675	$ 39,967
	$ (2,582)	$ (25,593)	$ 6	$ (58,582)	$ (1,235,922)	$ (52,792)
	-	-	-	(552)	(9,559)	-
	$ (2,582)	$ (25,593)	$ 6	$ (59,134)	$ (1,245,481)	$ (52,792)
	$ 88	$ 397	$ -	$ 889	$ 38,380	$ -
	(60)	(276)	-	(614)	(25,949)	-
	(7)	(29)	-	(67)	(3,137)	-
	$ 21	$ 92	$ -	$ 208	$ 9,294	$ -
	$ (2,561)	$ (25,501)	$ 6	$ (58,926)	$ (1,236,187)	$ (52,792)
	$ -	$ 1,328	$ -	$ -	$ -	$ -
	-	33	5	-	3,366	1,154
	$ 2,032	$ (12,878)	$ 3,309	$ 29,368	$ (937,146)	$ (11,671)
	$ 5,243	$ -	$ 390	$ -	$ 945,222	$ -
	38	5,656	-	90,941	7,353	24,447
	57	253	201	-	14,852	-
	-	5,966	-	-	-	-
	$ 5,338	$ 11,875	$ 591	$ 90,941	$ 967,427	$ 24,447
	$ (3,306)	$ (24,753)	$ 2,718	$ (61,573)	$ (1,904,573)	$ (36,118)
	$ 41,581	$ 253,455	$ -	$ 650,223	$ 15,902,336	$ 501,832
	$ 38,275	$ 228,702	$ 2,718	$ 588,650	$ 13,997,763	$ 465,714

CONTINUED

PENSION TRUST FUNDS (CONTINUED) COMBINING STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION				
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	PUBLIC EMPLOYEES CORRECTIONAL	DEFINED CONTRIBUTION	TOTAL
Additions:					
Contributions:					
Employer	$ 206,982	$ 90,664	$ 8,830	$ 1,078	$ 576,788
Member	191,422	33,801	5,882	958	593,034
Contributions From Other Sources	-	-	-	-	7,620
Total Contributions	$ 398,404	$ 124,465	$ 14,712	$ 2,036	$ 1,177,442
Net Investment Income:					
Investment Income	$ (765,123)	$ (327,424)	$ (2,264)	$ (1,648)	$ (3,095,146)
Less: Investment Expense	(6,099)	(3,148)	(38)	-	(25,775)
Net Investment Income	$ (771,222)	$ (330,572)	$ (2,302)	$ (1,648)	$ (3,120,921)
Securities Lending Revenues (Expenses):					
Securities Lending Income	$ 24,384	$ 9,890	$ 54	$ 26	$ 92,910
Borrower Rebates	(16,489)	(6,657)	(38)	(18)	(62,751)
Management Fees	(1,992)	(821)	(4)	(2)	(7,622)
Net Securities Lending Revenue	$ 5,903	$ 2,412	$ 12	$ 6	$ 22,537
Total Investment Income	$ (765,319)	$ (328,160)	$ (2,290)	$ (1,642)	$ (3,098,384)
Transfers From Other Funds	$ -	$ -	$ -	$ -	$ 8,033
Other Additions	3,692	1,937	12	-	10,832
Total Additions	$ (363,223)	$ (201,758)	$ 12,434	$ 394	$ (1,902,077)
Deductions:					
Benefits	$ 642,088	$ 212,405	$ 338	$ -	$ 2,166,064
Refunds/Withdrawals	16,267	711	272	980	155,427
Administrative Expenses	11,036	902	138	85	33,222
Transfers to Other Funds	-	-	-	-	8,033
Total Deductions	$ 669,391	$ 214,018	$ 748	$ 1,065	$ 2,362,746
Net Increase (Decrease)	$ (1,032,614)	$ (415,776)	$ 11,686	$ (671)	$ (4,264,823)
Net Assets Held in Trust for Pension Benefits and Pool Participants, Beginning	$ 9,930,076	$ 4,185,783	$ 23,161	$ 16,469	$ 39,461,391
Net Assets Held in Trust for Pension Benefits and Pool Participants, Ending	$ 8,897,462	$ 3,770,007	$ 34,847	$ 15,798	$ 35,196,568

Agency Fund

This fund account for resources held in a custodial capacity for various governmental units, individuals or funds.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2002
(IN THOUSANDS)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
MISCELLANEOUS AGENCY				
ASSETS				
Cash and Cash Equivalents	$ 75,819	$ 1,406,193	$ 1,446,556	$ 35,456
Investments	3,384	-	3,384	-
Accounts Receivable	11,152	5,846	11,152	5,846
Securities Lending Collateral	5,522	1,967	5,522	1,967
Total Assets	$ 95,877	$ 1,414,006	$ 1,466,614	$ 43,269
LIABILITIES				
Accounts Payable	$ 56,922	$ 16,996	$ 56,922	$ 16,996
Securities Lending Collateral	5,522	1,967	5,522	1,967
Funds Held in Trust	33,433	1,464,663	1,473,790	24,306
Total Liabilities	$ 95,877	$ 1,483,626	$ 1,536,234	$ 43,269

Nonmajor Component Unit Funds

Public Facilities Authority

The authority provides financial assistance to eligible municipalities with high cost wastewater infrastructure projects.

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.

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.

Higher Education Services Office

The office makes and guarantees loans to qualified post secondary students.

Minnesota Technology, Incorporated

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

Export Finance Authority

The authority aids and facilitates the financing of exports from the state.

Agricultural and Economic Development Board

The board administers programs for agricultural and economic development.

Rural Finance Authority

The authority administers state agriculture programs.

Minnesota Partnership for Action Against Tobacco

The partnership issues grants to health, community and academic organizations throughout Minnesota in support of research and cessation activities that will encourage and help tobacco users quit.

NONMAJOR COMPONENT UNIT FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2001 AND JUNE 30, 2002
(IN THOUSANDS)

	PUBLIC FACILITIES AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	MINNESOTA TECHNOLOGY INCORPORATED
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 79,391	$ 25,420	$ 359	$ 17,824	$ 2,426
Investments	-	322,934	-	105,209	-
Accounts Receivable	-	210,218	305	3,033	105
Settlement Receivable	-	-	-	-	-
Accrued Investment/Interest Income	15,746	3,150	-	2,394	-
Federal Aid Receivable	3,118	-	-	-	452
Inventories	-	-	11	-	-
Deferred Costs	70	2,373	22	1,572	-
Loans and Notes Receivable	308	-	-	56,110	-
Securities Lending Collateral	9,398	-	-	1,689	246
Total Current Assets	$ 108,031	$ 564,095	$ 697	$ 187,831	$ 3,229
Noncurrent Assets:					
Cash and Cash Equivalents-Restricted	$ 116,623	$ -	$ -	$ 22,641	$ -
Investments-Restricted	226,946	-	-	-	-
Loans Receivable-Restricted	902,380	-	-	-	-
Other Assets- Restricted	48,787	-	-	-	-
Settlement Receivable	-	-	-	-	-
Loans and Notes Receivable	5,471	-	-	317,951	-
Depreciable Capital Assets (Net)	-	-	18	109	155
Nondepreciable Capital Assets	-	-	3,192	-	-
Other Assets	6,212	-	150	-	-
Total Noncurrent Assets	$ 1,306,419	$ -	$ 3,360	$ 340,701	$ 155
Total Assets	$ 1,414,450	$ 564,095	$ 4,057	$ 528,532	$ 3,384
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 1,661	$ 9,734	$ 569	$ 2,596	$ 125
Due to Primary Government	-	1,867	-	-	-
Deferred Revenue	1,075	27,368	205	-	50
Loans and Notes Payable	-	-	872	-	-
Revenue Bonds Payable	-	-	-	-	-
Grants Payable	8,500	-	-	-	-
Claims Payable	-	39,362	-	-	-
Compensated Absences Payable	20	-	-	27	387
Securities Lending Collateral	9,398	-	-	1,689	246
Total Current Liabilities	$ 20,654	$ 78,331	$ 1,646	$ 4,312	$ 808
Noncurrent Liabilities:					
Accrued Bond Interest Payable-Restricted	$ 11,756	$ -	$ -	$ -	$ -
Revenue Bonds Payable-Restricted	35,240	-	-	-	-
Due to Primary Government	-	-	-	-	-
Loans and Notes Payable	-	-	1,869	-	-
Revenue Bonds Payable	661,213	-	-	225,000	-
Grants Payable	16,903	-	-	-	-
Claims Payable	-	301,638	-	-	-
Compensated Absences Payable	-	-	-	467	-
Other Liabilities	3,818	-	150	-	-
Total Noncurrent Liabilities	$ 728,930	$ 301,638	$ 2,019	$ 225,467	$ -
Total Liabilities	$ 749,584	$ 379,969	$ 3,665	$ 229,779	$ 808
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ -	$ -	$ 581	$ 109	$ -
Restricted	598,562	-	-	16,805	-
Unrestricted	66,304	184,126	(189)	281,839	2,576
Total Net Assets	$ 664,866	$ 184,126	$ 392	$ 298,753	$ 2,576

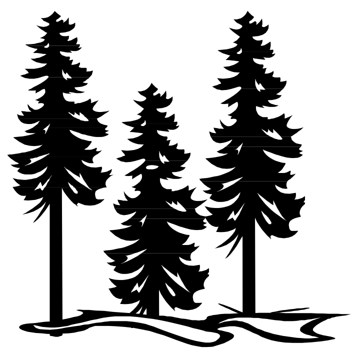
AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	MINNESOTA PARTNERSHIP FOR ACTION AGAINST TOBACCO	TOTAL
$ 17,348	$ 17,444	$ 282	$ 160,494
17,150	-	123,094	568,387
-	-	16	213,677
-	-	8,780	8,780
248	-	-	21,538
-	-	-	3,570
-	-	-	11
-	-	-	4,037
2,464	5,110	-	63,992
94	1,247	-	12,674
$ 37,304	$ 23,801	$ 132,172	$ 1,057,160
$ -	$ -	$ -	$ 139,264
-	-	-	226,946
-	-	-	902,380
-	-	-	48,787
-	-	35,120	35,120
22,363	49,230	-	395,015
-	-	-	282
-	-	-	3,192
-	-	123	6,485
$ 22,363	$ 49,230	$ 35,243	$ 1,757,471
$ 59,667	$ 73,031	$ 167,415	$ 2,814,631
$ 1,053	$ -	$ 694	$ 16,432
-	7,842	-	9,709
-	-	-	28,698
-	-	-	872
4,540	-	-	4,540
-	-	3,906	12,406
-	-	-	39,362
-	-	-	434
94	1,247	-	12,674
$ 5,687	$ 9,089	$ 4,600	$ 125,127
$ -	$ -	$ -	$ 11,756
-	-	-	35,240
-	63,942	-	63,942
-	-	-	1,869
31,390	-	-	917,603
-	-	1,481	18,384
-	-	-	301,638
-	-	-	467
-	-	21	3,989
$ 31,390	$ 63,942	$ 1,502	$ 1,354,888
$ 37,077	$ 73,031	$ 6,102	$ 1,480,015
$ -	$ -	$ -	$ 690
16,500	-	-	631,867
6,090	-	161,313	702,059
$ 22,590	$ -	$ 161,313	$ 1,334,616

NONMAJOR COMPONENT UNIT FUNDS
COMBINING STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2001 AND JUNE 30, 2002
(IN THOUSANDS)

	PUBLIC FACILITIES AUTHORITY	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	MINNESOTA TECHNOLOGY INCORPORATED
Net Expenses:					
Total Expenses	$ 50,565	$ 36,457	$ 8,635	$ 180,381	$ 9,941
Program Revenues:					
Charges for Services	$ 52,457	$ 57,781	$ 7,765	$ 21,350	$ 989
Operating Grants and Contributions	71,303	-	-	3,750	2,000
Net (Expense) Revenue	$ 73,195	$ 21,324	$ (870)	$ (155,281)	$ (6,952)
General Revenues:					
Investment Income	$ -	$ 6,204	$ 18	$ 2,705	$ 182
Other Revenues	770	-	978	-	25
Total General Revenues	$ 770	$ 6,204	$ 996	$ 2,705	$ 207
State Grants Not Restricted	$ 18,000	$ -	$ -	$ 164,454	$ 5,005
Change in Net Assets	$ 91,965	$ 27,528	$ 126	$ 11,878	$ (1,740)
Net Assets, as Restated	$ 572,901	$ 156,598	$ 266	$ 286,875	$ 4,316
Net Assets, Ending	$ 664,866	$ 184,126	$ 392	$ 298,753	$ 2,576

AGRICULTURAL & ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	MINNESOTA PARTNERSHIP FOR ACTION AGAINST TOBACCO	TOTAL
$ 4,015	$ 3,786	$ 9,489	$ 303,269
$ 69	$ 8	$ -	$ 140,419
-	-	-	77,053
$ (3,946)	$ (3,778)	$ (9,489)	$ (85,797)
$ 3,667	$ 3,833	$ (9,852)	$ 6,757
-	41	2,925	4,739
$ 3,667	$ 3,874	$ (6,927)	$ 11,496
$ -	$ -	$ -	$ 187,459
$ (279)	$ 96	$ (16,416)	$ 113,158
$ 22,869	$ (96)	$ 177,729	$ 1,221,458
$ 22,590	$ -	$ 161,313	$ 1,334,616

L'Etoile du Nord



Minnesota

General Obligation Debt Schedules

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE | INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2002	2003	2004	2005	2006	2007	2008
GENERAL FUND								
STATE BUILDING CAPITAL IMPROVEMENT								
	'87.400	**3,125**	**455**	**245**	**245**	**245**	**245**	**245**
		958	156	136	124	111	99	86
	'88.718	**10**	**10**	**0**	**0**	**0**	**0**	**0**
		0	0	0	0	0	0	0
	'89.290	**210**	**60**	**15**	**15**	**15**	**15**	**15**
		56	11	8	7	6	6	5
	'89.300	**26,415**	**2,530**	**2,110**	**2,110**	**2,110**	**2,005**	**2,005**
		9,134	1,357	1,238	1,129	1,018	904	801
	'90.610	**12,897**	**2,515**	**870**	**870**	**870**	**870**	**865**
		4,007	620	529	483	437	392	347
	'91.354	**2,100**	**175**	**175**	**175**	**175**	**175**	**175**
		667	105	96	88	79	70	61
	'92.558	**80,720**	**7,925**	**6,110**	**6,105**	**6,105**	**6,105**	**6,345**
		27,242	4,064	3,708	3,396	3,072	2,751	2,429
	'93.373	**4,475**	**345**	**345**	**345**	**345**	**335**	**335**
		1,651	239	221	201	181	162	145
	'93.558	**6,600**	**550**	**550**	**550**	**550**	**550**	**550**
		2,097	329	302	275	247	219	191
	'94.643	**273,463**	**18,840**	**18,450**	**18,445**	**18,440**	**18,750**	**18,535**
		109,087	13,946	13,063	12,098	11,095	10,069	9,125
	X'95.002	**3,710**	**245**	**245**	**245**	**245**	**280**	**280**
		1,445	193	181	168	154	139	125
	'96.463	**265,500**	**17,490**	**17,550**	**17,145**	**16,840**	**16,655**	**16,650**
		110,526	13,105	12,302	11,450	10,598	9,734	8,897
	'97.246	**60,235**	**3,755**	**3,855**	**4,255**	**4,555**	**4,255**	**4,255**
		23,458	2,893	2,718	2,533	2,328	2,108	1,902
	X'97.002	**30,115**	**2,370**	**1,845**	**1,845**	**1,845**	**1,845**	**1,845**
		12,923	1,514	1,400	1,306	1,213	1,119	1,026
	'98.404	**34,005**	**2,055**	**2,085**	**1,970**	**1,970**	**1,970**	**1,970**
		16,059	1,752	1,657	1,554	1,455	1,354	1,252
	'99.240	**351,050**	**25,330**	**26,810**	**25,470**	**22,535**	**22,535**	**17,895**
		155,540	16,894	16,044	14,761	13,563	12,423	11,401
STATE MUNICIPAL ENERGY BUILDING BONDS								
	'83.323	**1,795**	**505**	**425**	**220**	**220**	**125**	**125**
		242	76	54	38	27	18	12
	'90.610	**25**	**0**	**0**	**0**	**0**	**0**	**5**
		9	1	1	1	1	1	1
	'94.643	**1,810**	**395**	**395**	**395**	**395**	**95**	**95**
		232	85	65	45	22	9	4
	'96.463	**2,300**	**385**	**385**	**385**	**385**	**345**	**345**
		336	100	82	64	46	28	12

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE

($ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
245	**245**	**245**	**245**	**245**	**170**	**20**	**20**	**5**	**5**	**0**	**0**	**0**	**0**
73	60	47	34	21	7	2	1	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	**15**	**15**	**15**	**15**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
4	3	2	2	1	0	0	0	0	0	0	0	0	0
2,005	**2,010**	**2,010**	**2,010**	**2,010**	**1,815**	**815**	**650**	**125**	**75**	**20**	**0**	**0**	**0**
696	590	482	373	263	152	80	40	8	3	1	0	0	0
865	**865**	**865**	**865**	**865**	**867**	**410**	**120**	**120**	**115**	**30**	**30**	**10**	**10**
302	256	210	163	116	69	34	21	14	8	4	2	1	0
175	**175**	**175**	**175**	**175**	**175**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
52	42	33	24	14	5	0	0	0	0	0	0	0	0
6,335	**6,335**	**6,335**	**6,335**	**6,335**	**5,825**	**2,100**	**1,790**	**505**	**55**	**55**	**20**	**0**	**0**
2,099	1,766	1,429	1,089	746	400	183	79	20	6	3	1	0	0
335	**335**	**335**	**335**	**335**	**335**	**335**	**50**	**10**	**10**	**5**	**5**	**0**	**0**
127	109	90	71	52	33	15	4	1	1	0	0	0	0
550	**550**	**550**	**550**	**550**	**550**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
162	133	104	74	45	15	0	0	0	0	0	0	0	0
18,435	**18,430**	**18,435**	**18,430**	**18,425**	**18,425**	**18,418**	**15,760**	**7,385**	**5,385**	**2,450**	**1,175**	**525**	**325**
8,186	7,235	6,268	5,292	4,303	3,304	2,305	1,396	717	396	172	79	29	8
270	**270**	**270**	**270**	**270**	**270**	**270**	**270**	**5**	**5**	**0**	**0**	**0**	**0**
111	97	83	68	54	39	23	8	0	0	0	0	0	0
16,210	**16,210**	**16,210**	**16,210**	**15,760**	**15,860**	**15,860**	**15,860**	**14,065**	**10,540**	**6,390**	**2,570**	**835**	**590**
8,063	7,245	6,418	5,588	4,753	3,939	3,123	2,311	1,498	876	396	164	50	15
3,755	**3,755**	**3,755**	**3,755**	**3,355**	**3,355**	**3,355**	**3,355**	**3,355**	**3,355**	**155**	**0**	**0**	**0**
1,696	1,514	1,332	1,148	963	798	632	465	297	129	4	0	0	0
1,845	**1,845**	**1,845**	**1,845**	**1,845**	**1,595**	**1,595**	**1,595**	**1,595**	**1,595**	**445**	**445**	**340**	**90**
933	839	745	651	558	464	383	301	220	140	59	36	13	2
1,965	**1,965**	**1,965**	**1,965**	**1,965**	**1,965**	**1,965**	**1,965**	**1,965**	**1,965**	**1,315**	**970**	**25**	**25**
1,149	1,046	943	840	737	634	531	428	325	222	119	56	2	1
17,815	**17,815**	**15,830**	**15,830**	**15,830**	**15,830**	**15,830**	**15,830**	**15,830**	**15,830**	**15,830**	**15,830**	**10,445**	**6,100**
10,493	9,569	8,674	7,849	7,029	6,204	5,373	4,543	3,720	2,909	2,094	1,278	566	153
55	**55**	**25**	**25**	**15**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
8	5	3	1	0	0	0	0	0	0	0	0	0	0
5	**5**	**5**	**5**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1	1	0	0	0	0	0	0	0	0	0	0	0	0
20	**20**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2	1	0	0	0	0	0	0	0	0	0	0	0	0
60	**10**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2	1	0	0	0	0	0	0	0	0	0	0	0	0

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2002	2003	2004	2005	2006	2007	2008
GENERAL FUND (CONT)								
REFUNDING BONDS								
	'16A.66	**27,910**	**0**	**10,690**	**5,080**	**4,930**	**5,515**	**1,695**
		3,119	718	944	709	484	223	42
REFUNDING BONDS								
	'16A.66	**477,997**	**76,557**	**68,712**	**63,647**	**49,142**	**48,247**	**42,912**
		101,144	22,537	18,837	15,505	12,562	10,102	7,754
REINVESTMENT IN MINNESOTA (RIM)								
	'87.400	**440**	**110**	**20**	**25**	**25**	**30**	**30**
		136	22	18	16	15	14	12
	'89.300	**250**	**30**	**15**	**15**	**15**	**20**	**20**
		86	13	11	11	10	9	8
	'90.610	**1,035**	**150**	**90**	**90**	**90**	**90**	**85**
		320	55	47	43	38	33	29
	'91.354	**8,480**	**840**	**650**	**645**	**645**	**630**	**625**
		2,995	434	397	363	328	293	261
RURAL FINANCE AUTHORITY (RFA)								
	'86.398	**31,625**	**3,625**	**5,000**	**0**	**14,000**	**9,000**	**0**
		6,051	1,856	1,503	1,380	942	369	0
	'96.463	**35,100**	**0**	**0**	**2,000**	**0**	**5,000**	**18,000**
		11,698	1,991	1,991	1,927	1,863	1,863	1,343
LANDFILL								
	'94.639	**28,175**	**1,840**	**1,840**	**1,845**	**1,835**	**1,805**	**1,805**
		11,824	1,445	1,353	1,257	1,156	1,056	962
POLLUTION CONTROL								
	'87.400	**2,860**	**310**	**210**	**210**	**210**	**210**	**210**
		1,020	147	134	123	111	99	88
	'89.300	**995**	**185**	**75**	**75**	**75**	**75**	**75**
		305	51	43	39	35	31	27
	'90.610	**3,380**	**275**	**275**	**275**	**275**	**280**	**280**
		1,174	176	162	148	134	119	104
	'92.558	**8,305**	**725**	**685**	**685**	**685**	**685**	**685**
		2,744	425	389	353	318	281	246
	'93.373	**4,570**	**330**	**330**	**330**	**330**	**325**	**325**
		1,798	244	227	209	190	170	154
	'93.558	**4,800**	**400**	**400**	**400**	**400**	**400**	**400**
		1,525	240	220	200	180	159	139
	'94.643	**26,135**	**1,805**	**1,800**	**1,800**	**1,800**	**1,820**	**1,820**
		10,202	1,340	1,251	1,156	1,057	956	866
	X'95.002	**490**	**35**	**35**	**30**	**30**	**30**	**30**
		187	23	21	19	18	17	15
	'96.463	**19,485**	**1,215**	**1,215**	**1,215**	**1,215**	**1,215**	**1,215**
		7,792	927	871	814	755	695	636

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
38,583	**37,963**	**18,190**	**17,845**	**5,500**	**5,400**	**5,300**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
5,602	3,613	2,167	1,260	673	400	133	0	0	0	0	0	0	0
30	**30**	**30**	**30**	**30**	**20**	**20**	**10**	**0**	**0**	**0**	**0**	**0**	**0**
10	9	7	6	4	2	1	0	0	0	0	0	0	0
20	**20**	**20**	**20**	**20**	**20**	**10**	**5**	**0**	**0**	**0**	**0**	**0**	**0**
7	6	5	4	2	1	1	0	0	0	0	0	0	0
85	**85**	**85**	**85**	**85**	**5**	**5**	**5**	**0**	**0**	**0**	**0**	**0**	**0**
24	20	15	10	6	1	1	0	0	0	0	0	0	0
625	**625**	**625**	**625**	**625**	**560**	**380**	**275**	**45**	**45**	**15**	**0**	**0**	**0**
228	195	162	128	94	59	33	15	4	2	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
4,500	**3,100**	**2,500**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
414	236	69	0	0	0	0	0	0	0	0	0	0	0
1,805	**1,805**	**1,795**	**1,795**	**1,795**	**1,795**	**1,795**	**1,715**	**1,345**	**810**	**375**	**375**	**0**	**0**
870	778	684	590	495	400	305	213	132	76	37	16	0	0
210	**210**	**210**	**210**	**210**	**130**	**130**	**130**	**60**	**0**	**0**	**0**	**0**	**0**
77	66	55	44	32	21	14	7	2	0	0	0	0	0
75	**75**	**75**	**75**	**75**	**15**	**15**	**15**	**15**	**0**	**0**	**0**	**0**	**0**
23	19	15	11	7	3	2	1	0	0	0	0	0	0
280	**280**	**280**	**280**	**280**	**85**	**85**	**85**	**50**	**15**	**0**	**0**	**0**	**0**
90	75	60	45	30	14	10	5	2	0	0	0	0	0
670	**670**	**665**	**665**	**670**	**540**	**175**	**50**	**50**	**0**	**0**	**0**	**0**	**0**
210	174	138	102	65	29	10	4	1	0	0	0	0	0
325	**325**	**325**	**325**	**325**	**325**	**325**	**325**	**0**	**0**	**0**	**0**	**0**	**0**
137	120	103	85	67	49	30	12	0	0	0	0	0	0
400	**400**	**400**	**400**	**400**	**400**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
118	97	75	54	32	11	0	0	0	0	0	0	0	0
1,810	**1,810**	**1,810**	**1,810**	**1,810**	**1,810**	**1,810**	**1,690**	**465**	**465**	**0**	**0**	**0**	**0**
774	682	588	492	395	297	197	103	36	13	0	0	0	0
30	**30**	**30**	**30**	**30**	**30**	**30**	**30**	**30**	**30**	**0**	**0**	**0**	**0**
14	12	11	10	8	7	5	4	2	1	0	0	0	0
1,215	**1,215**	**1,215**	**1,215**	**1,215**	**1,215**	**1,215**	**1,215**	**1,215**	**915**	**260**	**85**	**0**	**0**
577	519	459	399	339	278	217	156	95	42	12	3	0	0

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2002	2003	2004	2005	2006	2007	2008
GENERAL FUND (CONT)								
POLLUTION CONTROL (CONT)								
	'97.246	**3,165**	**180**	**190**	**190**	**190**	**185**	**185**
		1,470	160	152	143	134	125	115
	'98.404	**3,410**	**185**	**185**	**185**	**185**	**185**	**185**
		1,655	173	164	154	145	135	126
	'99.240	**36,970**	**1,745**	**2,045**	**2,030**	**2,020**	**2,020**	**2,020**
		18,555	1,829	1,814	1,713	1,609	1,503	1,398
VARIOUS PURPOSE								
	'00.492	**276,233**	**14,565**	**20,148**	**21,636**	**21,940**	**28,265**	**13,070**
		112,547	12,464	12,732	11,784	10,723	9,450	8,402
	X'01.012	**49,150**	**950**	**2,780**	**2,780**	**2,780**	**2,780**	**2,780**
		24,156	1,889	2,299	2,192	2,063	1,924	1,785
	02.374	**38,560**	**0**	**2,110**	**2,110**	**2,110**	**5,290**	**2,120**
		17,558	1,236	1,828	1,759	1,664	1,479	1,294
	02.393	**19,760**	**0**	**1,150**	**1,150**	**1,150**	**1,150**	**1,160**
		9,721	632	933	896	844	787	729
STATE TRANSPORTATION								
	'84.597	**4,800**	**700**	**700**	**700**	**700**	**700**	**700**
		973	257	217	176	136	95	55
	'87.400	**690**	**100**	**50**	**50**	**50**	**50**	**50**
		228	34	31	28	25	23	20
	'89.300	**460**	**60**	**40**	**40**	**40**	**35**	**35**
		148	23	21	19	16	14	12
	'90.610	**2,975**	**285**	**210**	**215**	**215**	**210**	**205**
		1,088	147	135	124	113	102	91
	'92.558	**7,980**	**765**	**530**	**530**	**525**	**535**	**520**
		3,072	393	362	335	308	281	254
	'93.373	**4,795**	**320**	**340**	**340**	**340**	**340**	**340**
		1,979	251	236	218	200	181	163
	'94.643	**31,495**	**1,895**	**1,920**	**1,920**	**1,930**	**1,980**	**1,980**
		13,682	1,584	1,499	1,402	1,302	1,201	1,102
	X'95.002	**2,560**	**175**	**175**	**170**	**170**	**165**	**165**
		995	124	116	107	99	90	82
	'96.463	**5,465**	**340**	**350**	**350**	**350**	**345**	**340**
		2,243	263	249	233	216	199	183
	'97.246	**2,490**	**155**	**160**	**160**	**150**	**150**	**150**
		1,101	123	116	108	101	94	86
	X'97.002	**1,190**	**70**	**70**	**70**	**70**	**70**	**70**
		498	55	52	49	46	44	40
	'98.404	**3,570**	**215**	**225**	**220**	**220**	**220**	**220**
		1,549	178	169	158	147	135	124

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
185	**185**	**185**	**185**	**185**	**180**	**180**	**180**	**180**	**180**	**130**	**80**	**5**	**5**
105	96	86	77	67	57	48	39	29	20	11	5	0	0
185	**185**	**185**	**180**	**180**	**180**	**180**	**180**	**180**	**180**	**180**	**180**	**125**	**0**
116	106	96	87	77	68	58	48	39	29	20	11	3	0
1,970	**1,970**	**1,970**	**1,970**	**1,970**	**1,970**	**1,970**	**1,970**	**1,970**	**1,970**	**1,970**	**1,970**	**950**	**500**
1,294	1,189	1,085	980	876	771	666	561	457	353	250	146	49	13
13,870	**15,875**	**13,875**	**20,380**	**16,760**	**9,055**	**9,055**	**9,059**	**9,060**	**9,060**	**9,060**	**9,070**	**8,005**	**4,425**
7,716	6,952	6,184	5,303	4,355	3,691	3,215	2,739	2,269	1,809	1,346	882	421	111
2,450	**2,450**	**2,450**	**2,450**	**2,450**	**2,450**	**2,450**	**2,450**	**2,450**	**2,450**	**2,450**	**2,450**	**2,450**	**2,450**
1,654	1,531	1,409	1,286	1,164	1,041	919	796	674	551	429	306	184	61
2,000	**2,000**	**2,000**	**2,000**	**2,000**	**1,635**	**1,640**	**1,640**	**1,640**	**1,650**	**1,650**	**1,655**	**1,655**	**1,655**
1,191	1,091	991	891	791	700	618	536	454	372	290	207	124	41
1,000	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**
675	625	575	525	475	425	375	325	275	225	175	125	75	25
300	**300**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
27	11	0	0	0	0	0	0	0	0	0	0	0	0
50	**50**	**50**	**50**	**50**	**50**	**20**	**20**	**0**	**0**	**0**	**0**	**0**	**0**
17	15	12	9	7	4	2	1	0	0	0	0	0	0
30	**30**	**30**	**30**	**30**	**30**	**15**	**15**	**0**	**0**	**0**	**0**	**0**	**0**
11	9	8	6	4	3	1	1	0	0	0	0	0	0
200	**200**	**200**	**200**	**200**	**200**	**135**	**130**	**65**	**65**	**20**	**10**	**10**	**0**
81	71	60	50	39	29	20	13	7	4	2	1	0	0
520	**520**	**520**	**520**	**520**	**520**	**415**	**345**	**235**	**235**	**135**	**90**	**0**	**0**
228	201	174	147	119	92	67	47	32	20	10	4	0	0
315	**315**	**315**	**315**	**310**	**310**	**310**	**300**	**95**	**95**	**55**	**40**	**0**	**0**
146	130	113	96	79	62	45	28	15	10	5	2	0	0
1,975	**1,975**	**1,975**	**1,975**	**1,975**	**1,975**	**1,975**	**1,920**	**1,335**	**1,305**	**755**	**555**	**100**	**75**
1,002	902	800	698	594	490	385	282	195	126	72	37	6	2
165	**165**	**165**	**165**	**165**	**165**	**165**	**165**	**110**	**110**	**0**	**0**	**0**	**0**
74	66	58	50	42	33	25	16	8	3	0	0	0	0
340	**340**	**340**	**340**	**340**	**335**	**335**	**335**	**295**	**295**	**80**	**5**	**5**	**5**
166	149	132	115	98	81	64	47	30	15	3	1	0	0
145	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**90**	**70**	**0**	**0**
79	72	64	57	50	43	35	28	21	14	7	3	0	0
70	**70**	**70**	**70**	**70**	**70**	**70**	**70**	**70**	**70**	**70**	**0**	**0**	**0**
37	33	30	26	23	19	16	12	9	5	2	0	0	0
220	**220**	**220**	**220**	**220**	**220**	**220**	**220**	**220**	**220**	**20**	**20**	**5**	**5**
113	102	91	80	69	58	47	36	25	14	3	1	0	0

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2002	2003	2004	2005	2006	2007	2008
GENERAL FUND (CONT)								
STATE TRANSPORTATION (CONT)								
	'99.240	**25,140**	**1,360**	**1,370**	**1,370**	**1,370**	**1,370**	**1,370**
		12,669	1,317	1,247	1,176	1,104	1,032	960
	'00.479	**5,500**	**200**	**285**	**285**	**285**	**285**	**285**
		2,738	243	256	243	229	215	201
WASTE MANAGEMENT								
	'87.400	**215**	**30**	**15**	**15**	**15**	**15**	**15**
		68	10	9	9	8	7	6
	'90.610	**1,850**	**230**	**150**	**150**	**150**	**150**	**100**
		634	91	81	73	65	56	50
	'92.558	**1,550**	**130**	**105**	**105**	**105**	**105**	**90**
		686	75	69	64	59	53	48
	'96.463	**2,420**	**140**	**140**	**140**	**140**	**140**	**140**
		1,086	119	112	106	99	92	86
INFRASTRUCTURE DEVELOPMENT								
STATE BUILDING CAPITAL IMPROVEMENT								
	'90.610	**30,838**	**2,890**	**2,540**	**2,540**	**2,540**	**2,540**	**2,540**
		9,966	1,562	1,425	1,296	1,165	1,033	902
	'92.558	**24,810**	**2,060**	**1,830**	**1,830**	**1,830**	**1,830**	**1,835**
		9,065	1,303	1,200	1,096	989	888	794
	'94.643	**75,412**	**5,250**	**5,250**	**5,255**	**5,255**	**4,915**	**4,915**
		29,997	3,800	3,547	3,280	3,010	2,732	2,486
	'96.463	**90,355**	**5,530**	**5,530**	**5,525**	**5,530**	**5,365**	**5,350**
		39,029	4,405	4,152	3,894	3,636	3,370	3,111
	'98.404	**53,590**	**2,905**	**2,905**	**2,905**	**2,865**	**2,865**	**2,800**
		26,390	2,704	2,558	2,410	2,263	2,116	1,970
REFUNDING BONDS								
	'16A.66	**54,425**	**5,580**	**5,915**	**5,955**	**5,770**	**5,760**	**5,760**
		13,407	2,638	2,357	2,065	1,774	1,481	1,184
REINVESTMENT IN MINNESOTA (RIM)								
	'90.610	**320**	**45**	**25**	**25**	**25**	**25**	**25**
		96	16	14	13	11	10	9
POLLUTION CONTROL								
	'90.610	**1,630**	**255**	**125**	**125**	**125**	**125**	**125**
		480	79	69	63	56	50	43
VARIOUS PURPOSE								
	'00.492	**87,757**	**3,120**	**4,562**	**4,564**	**4,565**	**4,565**	**4,550**
		44,058	3,914	4,176	3,969	3,743	3,509	3,276
	02.393	**2,350**	**0**	**125**	**125**	**125**	**125**	**125**
		1,179	75	112	108	102	96	89
CIGARETTE TAX								
REFUNDING BONDS								
	'16A.66	**2,335**	**2,335**	**0**	**0**	**0**	**0**	**0**
		63	63	0	0	0	0	0

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1,370	**1,370**	**1,370**	**1,370**	**1,360**	**1,360**	**1,360**	**1,360**	**1,360**	**1,360**	**1,360**	**1,360**	**445**	**125**
887	814	740	667	594	521	447	374	301	229	156	83	17	3
280	**280**	**280**	**280**	**280**	**275**	**275**	**275**	**275**	**275**	**275**	**275**	**275**	**275**
187	173	159	145	131	117	103	89	76	62	48	34	21	7
15	**15**	**20**	**20**	**20**	**20**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
5	5	4	3	2	1	0	0	0	0	0	0	0	0
100	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**10**	**10**	**0**	**0**	**0**
45	40	34	29	24	19	14	9	4	1	0	0	0	0
65	**65**	**65**	**65**	**65**	**65**	**65**	**65**	**65**	**65**	**65**	**65**	**65**	**65**
44	41	37	34	31	28	24	21	18	15	11	8	5	2
140	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**100**	**75**	**5**	**0**
79	71	64	57	50	43	36	28	21	14	7	2	0	0
2,540	**2,540**	**2,540**	**2,540**	**2,540**	**2,078**	**325**	**145**	**0**	**0**	**0**	**0**	**0**	**0**
768	633	497	359	221	83	17	5	0	0	0	0	0	0
1,835	**1,835**	**1,835**	**1,835**	**1,835**	**1,835**	**1,835**	**750**	**0**	**0**	**0**	**0**	**0**	**0**
698	600	500	399	296	192	89	20	0	0	0	0	0	0
4,910	**4,910**	**4,905**	**4,905**	**4,905**	**4,905**	**4,907**	**4,235**	**2,740**	**2,240**	**890**	**120**	**0**	**0**
2,238	1,987	1,732	1,475	1,215	955	696	456	241	116	29	3	0	0
5,340	**5,340**	**5,335**	**5,335**	**5,335**	**5,335**	**5,335**	**5,335**	**4,725**	**4,725**	**3,425**	**1,660**	**275**	**25**
2,844	2,575	2,303	2,029	1,755	1,481	1,205	929	653	413	198	66	8	1
2,800	**2,800**	**2,800**	**2,800**	**2,800**	**2,800**	**2,800**	**2,800**	**2,800**	**2,800**	**2,800**	**2,645**	**2,000**	**900**
1,826	1,680	1,533	1,386	1,241	1,094	946	798	652	508	364	224	95	23
5,685	**5,690**	**4,135**	**4,175**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
885	586	328	110	0	0	0	0	0	0	0	0	0	0
25	**25**	**25**	**25**	**25**	**25**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
7	6	5	3	2	1	0	0	0	0	0	0	0	0
125	**125**	**125**	**125**	**125**	**125**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
37	30	24	17	10	3	0	0	0	0	0	0	0	0
4,550	**4,550**	**4,550**	**4,550**	**4,550**	**4,550**	**4,550**	**4,546**	**4,545**	**4,540**	**4,540**	**4,540**	**4,270**	**3,000**
3,045	2,812	2,577	2,344	2,111	1,878	1,643	1,408	1,175	946	716	485	257	75
125	**125**	**125**	**125**	**125**	**125**	**125**	**125**	**125**	**120**	**120**	**120**	**120**	**120**
83	77	71	64	58	52	46	39	33	27	21	15	9	3
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2002	2003	2004	2005	2006	2007	2008
SPORTS & HEALTH TAX REFUNDING BONDS								
	'16A.66	**5,450**	**0**	**2,090**	**995**	**960**	**1,075**	**330**
		608	140	184	138	94	43	8
REFUNDING BONDS								
	'16A.66	**8,225**	**1,630**	**1,275**	**1,280**	**1,260**	**1,260**	**1,260**
		1,392	413	335	265	194	122	50
GROUP TOTAL GENERAL FUND		**2,812,482**	**230,762**	**242,122**	**227,192**	**221,597**	**229,722**	**200,657**
		1,046,619	134,865	127,250	115,856	104,342	92,863	81,842
GAME & FISH REFUNDING BONDS								
	'16A.66	**35**	**0**	**10**	**10**	**10**	**5**	**0**
		4	1	1	1	1	0	0
REFUNDING BONDS								
	'16A.66	**68**	**13**	**13**	**13**	**13**	**8**	**3**
		11	3	3	2	1	1	0
GROUP TOTAL GAME & FISH		**103**	**13**	**23**	**23**	**23**	**13**	**3**
		14	4	4	3	2	1	0
TRUNK HIGHWAY REFUNDING BONDS								
	'16A.66	**3,015**	**0**	**1,155**	**550**	**530**	**595**	**185**
		337	78	102	77	52	24	5
REFUNDING BONDS								
	'16A.66	**6,990**	**2,655**	**2,560**	**600**	**600**	**575**	**0**
		625	306	169	84	50	17	0
TRUNK HIGHWAY								
	'00.479	**83,500**	**2,750**	**4,340**	**4,340**	**4,340**	**4,340**	**4,340**
		41,830	3,642	3,964	3,772	3,559	3,336	3,115
GROUP TOTAL TRUNK HIGHWAY		**93,505**	**5,405**	**8,055**	**5,490**	**5,470**	**5,510**	**4,525**
		42,793	4,026	4,235	3,932	3,661	3,377	3,120
MAX EFFORT SCHOOL LOAN REFUNDING BONDS								
	'16A.66	**995**	**0**	**380**	**180**	**175**	**195**	**65**
		112	26	34	25	17	8	2
REFUNDING BONDS								
	'16A.66	**32,060**	**2,725**	**3,770**	**3,680**	**3,545**	**3,525**	**3,425**
		7,701	1,533	1,375	1,195	1,019	844	669
SCHOOL LOANS								
	'90.610	**265**	**265**	**0**	**0**	**0**	**0**	**0**
		8	8	0	0	0	0	0
	'91.265	**14,100**	**1,800**	**1,155**	**1,160**	**1,160**	**1,160**	**1,160**
		4,357	710	634	576	516	456	396
	'92.558	**3,775**	**585**	**290**	**290**	**290**	**290**	**290**
		1,114	182	159	145	130	116	101

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
130	**130**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
11	4	0	0	0	0	0	0	0	0	0	0	0	0
177,648	**177,583**	**151,165**	**154,855**	**133,835**	**123,610**	**114,360**	**102,830**	**84,160**	**76,515**	**58,595**	**49,560**	**33,945**	**21,770**
71,756	62,614	54,052	46,109	38,573	31,763	25,511	19,847	14,807	10,723	7,076	4,288	1,937	544
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
4,325	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**2,825**
2,896	2,674	2,451	2,229	2,009	1,788	1,564	1,340	1,119	902	684	466	249	71
4,325	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**4,325**	**2,825**
2,896	2,674	2,451	2,229	2,009	1,788	1,564	1,340	1,119	902	684	466	249	71
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
3,325	**3,305**	**2,385**	**2,375**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
497	327	182	61	0	0	0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,160	**1,160**	**1,160**	**1,160**	**1,160**	**655**	**50**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
334	272	210	147	84	20	1	0	0	0	0	0	0	0
290	**290**	**290**	**290**	**290**	**290**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
85	70	55	39	23	8	0	0	0	0	0	0	0	0

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE INTEREST PAYMENTS - MEDIUM FACE

($ IN THOUSANDS)

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/2002	2003	2004	2005	2006	2007	2008
MAX EFFORT SCHOOL LOAN (CONT)								
SCHOOL LOANS (CONT)								
	'93.373	**2,310**	**190**	**190**	**185**	**185**	**185**	**185**
		770	118	108	99	89	79	69
	'94.643	**2,100**	**150**	**150**	**150**	**150**	**150**	**150**
		796	109	102	93	84	76	69
	X'95.002	**17,165**	**1,185**	**1,185**	**1,185**	**1,185**	**1,185**	**1,180**
		6,608	882	823	759	690	621	559
	'00.492	**13,000**	**0**	**685**	**685**	**685**	**685**	**685**
		6,568	417	617	595	564	530	496
GROUP TOTAL MAX EFFORT SCHOOL LOAN		**85,770**	**6,900**	**7,805**	**7,515**	**7,375**	**7,375**	**7,140**
		28,033	3,985	3,852	3,487	3,110	2,731	2,360
STATE GUARANTEED BONDS								
GUARANTEED BOND CLASS								
	'91.350	**40,235**	**750**	**805**	**855**	**975**	**1,035**	**1,105**
		26,563	2,508	2,460	2,407	2,348	2,282	2,211
GROUP TOTAL STATE GUARANTEED BONDS		**40,235**	**750**	**805**	**855**	**975**	**1,035**	**1,105**
		26,563	2,508	2,460	2,407	2,348	2,282	2,211
TOTAL PRINCIPAL - LESS GUARANTEE		**2,991,860**	**243,080**	**258,005**	**240,220**	**234,465**	**242,620**	**212,325**
TOTAL INTEREST - LESS GUARANTEE		1,117,459	142,879	135,340	123,278	111,116	98,971	87,322
TOTAL DEBT SERVICE - LESS GUARANTEE (1)		4,109,319	385,959	393,345	363,498	345,581	341,591	299,647
TOTAL PRINCIPAL - ALL FUNDS		**3,032,095**	**243,830**	**258,810**	**241,075**	**235,440**	**243,655**	**213,430**
TOTAL INTEREST - ALL FUNDS		1,144,022	145,387	137,800	125,685	113,464	101,253	89,533
TOTAL DEBT SERVICE - ALL FUNDS (1)		4,176,117	389,217	396,610	366,760	348,904	344,908	302,963

The Total Debt Service - All Funds does not include:
$81,650,000 of bonds dated July 1, 1992; $78,175,000 of bonds dated October 1, 1994; $2,040,000 of bonds dated May 1, 1995;
For which funds are held in escrow, have been invested and will be sufficient to pay the principal of, and interest on, the bonds to their earliest call date.

STATE OF MINNESOTA

GENERAL OBLIGATION DEBT

SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2003-2022

PRINCIPAL PAYMENTS - BOLD FACE

($ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
185	**185**	**185**	**190**	**190**	**190**	**65**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
60	50	40	30	19	9	2	0	0	0	0	0	0	0
150	**150**	**150**	**150**	**150**	**150**	**150**	**150**	**0**	**0**	**0**	**0**	**0**	**0**
61	53	45	37	29	21	12	4	0	0	0	0	0	0
1,185	**1,185**	**1,180**	**1,180**	**1,175**	**1,175**	**1,175**	**1,175**	**630**	**0**	**0**	**0**	**0**	**0**
499	439	377	315	252	188	125	63	16	0	0	0	0	0
685	**685**	**685**	**685**	**685**	**685**	**685**	**685**	**685**	**685**	**685**	**680**	**680**	**680**
462	427	393	359	325	290	256	222	188	153	119	85	51	17
6,980	**6,960**	**6,035**	**6,030**	**3,650**	**3,145**	**2,125**	**2,010**	**1,315**	**685**	**685**	**680**	**680**	**680**
1,999	1,639	1,302	987	732	536	396	289	203	153	119	85	51	17
1,180	**1,260**	**1,350**	**1,430**	**1,515**	**1,605**	**26,370**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2,133	2,050	1,966	1,883	1,794	1,698	824	0	0	0	0	0	0	0
1,180	**1,260**	**1,350**	**1,430**	**1,515**	**1,605**	**26,370**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2,133	2,050	1,966	1,883	1,794	1,698	824	0	0	0	0	0	0	0
188,955	**188,870**	**161,525**	**165,210**	**141,810**	**131,080**	**120,810**	**109,165**	**89,800**	**81,525**	**63,605**	**54,565**	**38,950**	**25,275**
76,651	66,927	57,805	49,326	41,314	34,087	27,471	21,476	16,129	11,778	7,879	4,838	2,238	632
265,606	**255,797**	**219,330**	**214,536**	**183,124**	**165,167**	**148,281**	**130,641**	**105,929**	**93,303**	**71,484**	**59,403**	**41,188**	**25,907**
190,135	**190,130**	**162,875**	**166,640**	**143,325**	**132,685**	**147,180**	**109,165**	**89,800**	**81,525**	**63,605**	**54,565**	**38,950**	**25,275**
78,784	68,977	59,771	51,209	43,108	35,785	28,295	21,476	16,129	11,778	7,879	4,838	2,238	632
268,919	**259,107**	**222,646**	**217,849**	**186,433**	**168,470**	**175,475**	**130,641**	**105,929**	**93,303**	**71,484**	**59,403**	**41,188**	**25,907**

GENERAL OBLIGATION BONDS AUTHORIZED, ISSUED AND UNISSUED
June 30, 2002
(In Thousands)

Purpose of Issue	Law Authorizing	Total Authorization	Previously Issued	Remaining Authorization
Municipal Energy Building [3]	1983,Ch.323	$ 29,979.9	$ 29,930.0	$ 49.9
Building [6, 7, 8, 9]	1987,Ch.400	369,687.2	369,560.5	126.7
Water Pollution Control	1987,Ch.400	66,747.0	66,740.0	7.0
Building [3, 6, 7, 8, 9]	1989,Ch.300	112,865.4	112,235.0	630.4
Building [3, 6, 7, 8, 9]	1990,Ch.610	270,129.1	270,126.0	3.1
Wetlands/Reinvest in MN [3]	1991,Ch.354	27,989.0	27,360.0	629.0
Building [3, 6, 7, 8]	1992,Ch.558	202,134.0	196,905.0	5,229.0
Waste Management	1992,Ch.558	2,000.0	1,625.0	375.0
Transportation	1992,Ch.558	17,500.0	17,205.0	295.0
Building [3, 6, 8]	1993,Ch.373	39,605.6	38,355.0	1,250.6
Transportation	1993,Ch.373	9,900.0	8,970.0	930.0
Building [3, 4, 5, 7]	1994,Ch.643	526,506.8	521,264.0	5,242.8
Municipal Energy Building	1994,Ch.643	4,000.0	3,975.0	25.0
Transportation [3, 5]	1994,Ch.643	34,948.7	34,320.0	628.7
Water Pollution Control	X1995, Ch.2	718.6	710.0	8.6
Building [3, 4, 6]	1996, Ch. 463	481,953.3	473,835.0	8,118.3
Municipal Energy Building	1996, Ch. 463	3,908.3	3,850.0	58.3
Water Pollution Control	1996, Ch. 463	25,450.0	24,300.0	1,150.0
Transportation	1996, Ch. 463	10,000.0	9,945.0	55.0
Building	1997, Ch. 246	82,625.0	82,400.0	225.0
Water Pollution Control	1997, Ch. 246	4,000.0	3,665.0	335.0
Transportation	1997, Ch. 246	3,000.0	2,985.0	15.0
Building [3, 4]	X1997, Ch. 2	44,055.0	35,300.0	8,755.0
Building [1, 3, 4]	1998, Ch. 404	101,495.0	98,295.0	3,200.0
Transportation	1998, Ch. 404	4,000.0	3,880.0	120.0
Building [1, 4]	1999, Ch. 240	442,105.0	382,365.0	59,740.0
Transportation	1999, Ch. 240	28,440.0	27,290.0	1,150.0
Transportation [2]	2000, Ch. 479	7,000.0	5,500.0	1,500.0
Trunk Highway	2000, Ch. 479	100,100.0	85,000.0	15,100.0
Various Purpose [2]	2000, Ch. 492	535,060.0	386,930.0	148,130.0
Various Purpose	X2001, Ch. 12	117,205.0	49,150.0	68,055.0
Various Purpose	2002, Ch. 280	7,800.0	0.0	7,800.0
Various Purpose	2002, Ch. 374	75,120.0	38,560.0	36,560.0
Various Purpose [1]	2002, Ch. 393	977,635.0	22,110.0	955,525.0
Totals		$ 4,765,662.9	$ 3,434,640.5	$ 1,331,022.4

(1) The Governor vetoed $352,923,000 of appropriations for capital projects to be funded from Laws 2002, Chapter 393. The Governor will request that the bond authorization be reduced to match the appropriations in the 2003 Legislative Session. Laws of 2002, Chapter 393 also corrected the bond authorization reported in footnote 3 below by increasing the bond authorization of Laws 1998, Chapter 404 by $2,700,000 and reducing the bond authorization of Laws 1999, Chapter 240 by the $2,700,000.

(2) Laws of 2001, Chapter 55 converted $7 million of transportation improvement projects authorized in Laws 2000, Chapter 479 from general fund to Transporation Bonds and converted capital projects authorized in Laws 2000, Chapter 492 to be financed from Various Purpose general obligation bonds to general fund cash.

(3) Minnesota Statutes 16A.642, required that on February 1, 2001 the Commissioner of Finance report unencumbered bond proceeds balances to the legislature that were enacted more than four years prior. These bond proceeds balances and their bond authorizations cancelled effective on July 1, 2001. The cancellation report reduced Building Bond authorizations as follows: Laws 1983, Chapter 323 by $20,149; Laws 1989, Chapter 300 by $49,625; Laws 1990, Chapter 610 by $30,871; Laws 1992, Chapter 558 by $351,000; Laws 1993, Chapter 373 by $9,428; Laws 1994, Chapter 643 by $1,518,171; Special Session Laws 1995, Chapter 2 by $31,448; Laws 1996, Chapter 463 by $2,275,358; Special Session Laws 1997, Chapter 2 by $1,250,000 and Laws 1998, Chapter 40 by $1,000,000. The cancellation report also reduced: Airport Facility Bonds authorized by 1991, Chapter 350 by $81,275,000; Reinvest in Minnesota Bonds authorized by Laws 1991, Chapter 354 by $10,995; Landfill Bonds authorized by Laws 1994, Chapter 639 by $52,460,000; Transportation Bonds authorized b Laws 1994, Chapter 643 by $51,280 and Rural Finance Authority Bonds authorized by Laws 1996, Chapter 463 by $2,900,000.

(4) Laws 2000, Chapter 492 reduced Building Bonds authorizations as follows: Laws 1994, Chapter 643 by $1,964.000; Laws 1996, Chapter 463 by $1,855,000; Special Session Laws 1997, Chapter 2 by $10,000,000; Laws 1998, Chapter 404 by $2,700,000; and Laws 1999, Chapter 240 by $4,000,000. The $2,700,000 bond authorization reduction for Laws of 1998, Chapter 404 was for the cancellation of projects actually authorized by Laws of 1999, Chapter 240.

(5) Laws 1998, Chapter 404 reduced Building Bond authorization in Laws 1994, Chapter 643 by $1,350,000. Laws 1998, Chapter 404 also reduced Transportation Bond authorization in Laws 1994, Chapter 643 by $10,000,000.

(6) Laws 1997, Chapter 202 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by $295,000; Laws 1989, Chapter 300 by $3,335,000; Laws 1990, Chapter 610 by $9,260,000; Laws 1992, Chapter 558 by $6,590,000; Laws 1993, Chapter 373 by $10,000; and Laws 1996, Chapter 463 by $37,285,000. Laws 1997, Chapter 202 also reduced; Transportation Bonds authorized in Laws 1990, Chapter 610 by $165,000; Reinvest in Minnesota Bond authorization in Laws 1990, Chapter 610 by $20,000; and Airport Facility Bond authorization in Laws 1991, Chapter 350 by $48,765,000.

(7) Special Session Laws 1995, Chapter 2 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by $50,000; Laws 1989, Chapter 300 by $65,000; Laws 1990, Chapter 610 by $580,000; Laws 1992, Chapter 558 by $5,000; and Laws 1994, Chapter 643 by $1,245,000. Special Session Laws 1995, Chapter 2 also reduced the Transporation Bond authorization in Laws 1987, Chapter 400 by $10,000.

(8) Laws 1994, Chapter 643 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by $240,000; Laws 1989, Chapter 300 by $895,000; Laws 1990, Chapter 610 by $115,000; Laws 1992, Chapter 558 by $65,000; and Laws 1993, Chapter 373 by $15,000.

(9) Laws 1993, Chapter 373 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by $700,000; Laws 1989, Chapter 300 by $2,550,000; anc Laws 1990, Chapter 610 by $2,500,000.

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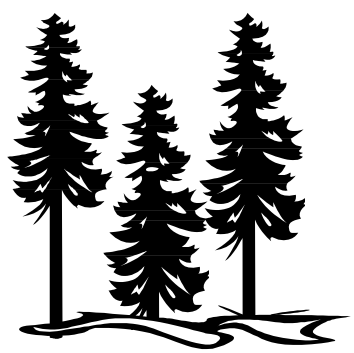

Minnesota

Statistical Section

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

State of Minnesota
General Government Revenues By Source [1]
General, Special Revenue and Debt Service Funds
Fiscal Years 1993-2002
(In Thousands)

	1993	1994	1995	1996
Individual Income Taxes	$ 3,470,244	$ 3,532,465	$ 3,774,855	$ 4,129,026
Corporate Income Taxes	507,703	546,558	667,542	696,393
Sales Tax	2,375,793	2,515,224	2,728,525	2,933,886
Property Tax	N/A	N/A	N/A	N/A
Motor Vehicle Taxes	679,964	752,962	763,466	830,790
Gasoline and Special Fuel Taxes	462,136	482,453	484,573	520,702
Other Taxes	857,291	964,288	1,055,161	1,072,085
Federal Revenues	2,777,061	2,986,532	3,157,038	3,384,598
Other Revenues	789,002	906,186	964,623	1,217,204
Net Revenues	$ 11,919,194	$ 12,686,668	$ 13,595,783	$ 14,784,684

State of Minnesota
General Governmental Expenditures By Function and Net Transfers-Out [1]
General, Special Revenue and Debt Service Funds
Fiscal Years 1993-2002
(In Thousands)

	1993	1994	1995	1996
Current Expenditures:				
Protection of Persons/Property	$ 178,778	$ 183,695	$ 196,981	$ 202,535
Transportation	329,310	324,729	374,194	351,712
Resource Management	226,664	223,237	233,167	273,961
Economic/Manpower Development	258,183	250,532	263,451	191,283
Education	529,844	551,987	562,672	723,923
Health and Social Services	558,076	596,449	698,295	736,466
General Government	222,141	232,861	258,609	273,786
Capital Outlay	486,578	398,742	330,482	419,555
Debt Service	313,776	295,731	285,344	522,296
Grants and Subsidies	8,164,541	8,614,081	9,068,110	9,920,296
Total Expenditures	$ 11,267,891	$ 11,672,044	$ 12,271,305	$ 13,615,813
Net Operating Transfers-Out [2]	261,904	258,186	277,012	302,618
Total Expenditures and Net Transfers-Out	$ 11,529,795	$ 11,930,230	$ 12,548,317	$ 13,918,431

[1] Revenues and expenditures are accounted for on the modified accrual basis.

[2] Net operating transfers-out are reduced by bond proceeds of the special revenue funds for the following years (in thousands):

1993	$34,945	1996	$13,990	1999	$ 7,100	2002	$96,000
1994	$25,300	1997	$12,650	2000	$ 2,000		
1995	$14,025	1998	$ 3,400	2001	$46,490		

1997	1998	1999	2000	2001	2002
$ 4,757,086	$ 5,146,586	$ 5,695,664	$ 5,591,326	$ 5,924,978	$ 5,439,186
665,321	746,720	767,364	834,243	709,702	454,318
3,013,188	3,254,757	2,119,403	3,114,521	3,020,094	3,795,942
N/A	N/A	N/A	N/A	N/A	305,573 (3)
888,143	964,680	1,046,703	1,135,693	1,016,437	1,111,953
542,896	557,556	587,954	611,112	611,528	611,886
1,097,663	1,100,359	1,184,104	1,219,179	1,399,013	1,357,595
3,498,849	3,643,217	3,726,654	4,205,802	4,495,512	4,650,483
1,299,714	1,449,177	1,718,857	1,619,680	1,631,081	1,782,164
$ 15,762,860	$ 16,863,052	$ 16,846,703	$ 18,331,556	$ 18,808,345	$ 19,509,100

1997	1998	1999	2000	2001	2002 (4)
$ 230,252	$ 235,346	$ 254,063	$ 268,499	$ 305,176	N/A
403,806	426,775	426,365	451,697	493,602	N/A
283,296	286,312	310,784	326,437	338,456	N/A
209,404	209,431	237,105	230,606	253,357	N/A
869,754	900,590	987,823	1,028,794	1,112,716	N/A
849,510	888,461	884,747	919,925	872,935	N/A
274,908	290,327	321,744	329,102	398,541	N/A
418,796	472,906	504,123	581,256	551,603	N/A
378,707	371,916	653,028	446,939	461,044	N/A
10,160,159	10,419,601	11,381,301	11,970,060	13,152,055	N/A
$ 14,078,592	$ 14,501,665	$ 15,961,083	$ 16,553,315	$ 17,939,485	N/A
317,092	648,977	545,435	800,360	520,807	N/A
$ 14,395,684	$ 15,150,642	$ 16,506,518	$ 17,353,675	$ 18,460,292	N/A

(3) Laws of Minnesota Special Session 2001 established a state general tax (property tax) against commericial-industrial and seasonal recreational property. The tax is distributed among counties by applying a uniform rate to the appropriate tax capacities in each county. The levy for taxes payable in 2002 was $592,000,000. The counties pay the state general tax to the state on three dates - June 30, December 1, and January 25 for any adjustments or changes.

(4) See page 184 for information on a new function structure beginning with 2002.

State of Minnesota
General Governmental Expenditures By Function and Net Transfers-Out
General, Special Revenue and Debt Service Funds
Fiscal Year 2002
(In Thousands)

		2002
Current Expenditures:		
Public Safety and Corrections	$	695,171
Transportation		1,555,645
Agricultural and Environmental Resources		549,533
Economic and Workforce Development		742,114
General Education		5,417,774
Higher Education		794,915
Health and Human Services		2,301,719
Health Care		4,809,654
General Government		603,672
Intergovernment Aid		1,287,768
Securities Lending Rebates and Fees		24,459
Capital Outlay		446,080
Debt Service		384,422
Total Expenditures	$	19,612,926
Net Operating Transfers-Out		315,989
Total Expenditures and Net Transfers-Out	$	19,928,915

For fiscal year 2002, new functions were established and changes were made to expenditures assigned to particular functions to provide more meaningful information. The major changes in functions include:

1) The Education function was separated into General Education (K-12) and Higher Education functions.

2) Health and Social Services was split into Health Care (mainly costs of direct health care to individuals) and Health and Human Services functions.

3) Grants and Subsidies have been allocated to specific functions.

4) Intergovernmental Aid was created as a new function.

Additionally, expenditures were reassigned, mainly at the agency level, to more appropriate functions. As an example, Department of Corrections expenditures were moved from the former Health and Social Services function to the new Public Safety and Corrections function.

These changes affect the comparability of prior year statistical information to fiscal year 2002.

State of Minnesota
Assessed Value of Taxable Property
1993-2002

Year of Assessment	Real Property	Personal Property	Tax Assessed Value/ Tax Capacity	Percentage Increase Per Year
1993	$ 3,036,843,689	$ 134,339,758	$ 3,171,183,447	(1.09)
1994	3,157,294,317	139,515,555	3,296,809,872	3.96
1995	3,350,007,524	147,560,824	3,497,568,348	6.09
1996	3,594,280,546	154,793,236	3,749,073,782	7.19
1997	3,500,012,129	136,978,564	3,636,990,693	(2.99)
1998	3,479,953,266	124,043,585	3,603,996,851	(0.91)
1999	3,713,253,053	129,817,042	3,843,070,095	6.63
2000	4,135,617,985	131,768,174	4,267,386,159	11.04
2001	3,335,640,103	80,179,049	3,415,819,152	(19.96)
2002 (est.)	3,653,000,000	80,000,000	3,733,000,000	9.29

Source: Minnesota Department of Revenue

State of Minnesota
Market Value of Taxable Property
1993-2002

Year of Assessment	Real Property	Personal Property	Total Market Value	Percentage Increase Per Year
1993	$ 159,008,719,142	$ 2,990,779,548	$ 161,999,498,690	3.18
1994	166,739,642,423	3,104,511,567	169,844,153,990	4.84
1995	177,163,788,491	3,282,461,951	180,446,250,442	6.24
1996	189,112,448,343	3,440,030,594	192,552,478,937	6.71
1997	202,875,382,657	3,515,300,071	206,390,682,728	7.19
1998	219,034,138,639	3,641,069,248	222,675,207,887	7.89
1999	237,547,128,291	3,931,268,879	241,478,397,170	8.44
2000	260,679,384,015	4,003,570,517	264,682,954,532	9.61
2001	288,122,487,520	4,114,925,467	292,237,412,987	10.41
2002 (est.)	318,791,000,000	4,073,000,000	322,864,000,000	10.48

Source: Minnesota Department of Revenue

State of Minnesota
Schedule of General Obligation Bonded Debt
Per Capita
Fiscal Years 1993-2002
(In Thousands)

Year	General Obligation Bonded Debt	Bonded Debt Per Capita
1993	$ 1,706,885	$ 376.3
1994	1,769,435	386.3
1995	1,892,169	409.3
1996	2,162,015	463.2
1997	2,160,719	458.9
1998	2,506,939	528.4
1999	2,384,195	498.5
2000	2,527,281	523.9
2001	2,588,155	536.5
2002	2,908,646	603.0

State of Minnesota
Schedule of Ratio of Annual Debt Service For General Obligation
Bonded Debt to General Expenditures
Fiscal Years 1993-2002
(In Thousands)

Year	Principal	Interest	Total Debt Service	General Expenditures [1]	Percent of Expenditures
1993	$ 140,885	$ 116,614	$ 257,499	$ 11,267,891	2.29
1994	155,743	118,454	274,197	11,672,044	2.35
1995	160,666	99,036	259,702	12,271,305	2.12
1996	169,780	102,747	272,527	13,615,813	2.00
1997	171,295	180,991	352,286	14,078,592	2.50
1998	184,820	147,297	332,117	14,501,665	2.29
1999	444,941	137,776	582,717	15,961,083	3.65
2000	267,888	123,288	391,176	16,553,315	2.36
2001	279,525	133,038	412,563	17,939,485	2.30
2002	227,379	134,034	361,413	19,612,926	1.84

[1] Includes the General, Special Revenue and Debt Service Funds

State of Minnesota
Schedule of Revenue Bond Coverage - In Thousands
State University Board Revenue Fund
Fiscal Years 1993-2002

Year	Gross Revenue[1]	Direct Operating Expenses[2]	Net Available For Debt Service	Principal	Interest	Total	Coverage Ratio
1993	$ 38,674	$ 29,698	$ 8,976	$ 605	$ 1,371	$ 1,976	4.54
1994	39,051	30,969	8,082	945	2,342	3,287	2.46
1995	41,492	31,715	9,777	945	2,217	3,162	3.09
1996	45,105	34,491	10,614	1,420	2,200	3,620	2.93
1997	46,036	34,508	11,528	1,450	1,974	3,424	3.37
1998	45,481	38,321	7,160	1,520	2,003	3,523	2.03
1999	48,857	40,449	8,408	2,185	1,888	4,073	2.06
2000	51,470	38,543	12,927	665	1,813	2,478	5.22
2001	54,385	42,343	12,042	27,390	2,933	30,323	0.40
2002	56,084	48,248	7,836	16,204	585	16,789	0.47

State of Minnesota
Schedule of Revenue Bond Coverage - In Thousands
Vermillion Community College Dormitory, Segment of
College and University Enterprise Activities
Fiscal Years 1993-2002

Year	Gross Revenue[1]	Direct Operating Expenses[2]	Net Available For Debt Service	Principal	Interest	Total	Coverage Ratio
1993	$ 242	$ 132	$ 110	$ 40	$ 102	$ 142	0.77
1994	369	133	236	89	154	243	0.97
1995	425	126	299	83	161	244	1.23
1996	448	230	218	42	116	158	1.38
1997	495	172	323	99	145	244	1.32
1998	506	163	343	119	134	253	1.36
1999	536	158	378	99	126	225	1.68
2000	596	169	427	105	118	223	1.91
2001	555	329	226	110	110	220	1.03
2002	544	309	235	120	101	221	1.06

State of Minnesota
Schedule of Revenue Bond Coverage - In Thousands
Giants Ridge
Fiscal Years 1993-2002

Year	Gross Revenue[1]	Direct Operating Expenses[2]	Net Available For Debt Service	Principal	Interest	Total	Coverage Ratio
2001[3]	$ 4,718	$ 3,982	$ 736	$ -	$ 1,066	$ 1,066	0.69
2002	3,455	4,070	(615)	200	151	351	(1.75)

(1) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.
(2) Depreciation, amortization, interest and financing expenses are not included.
(3) Revenue bonds of $16.0 million for Giants Ridge were issued on November 1, 2000.

Employment Mix in Minnesota
1993-2002
(In Thousands)

Category	1993	1994	1995	1996
Manufacturing Durable	230.8	237.7	243.6	244.8
Manufacturing Non-Durable	174.7	178.4	182.3	183.5
Mining	7.5	7.6	7.9	7.9
Construction	79.1	80.6	82.7	88.7
Transportation/Public Utilities	109.2	113.8	117.0	119.7
Trade	536.6	559.2	576.7	592.9
Finance/Insurance/Real Estate	135.7	140.1	138.2	142.5
Service	614.4	635.8	659.4	685.1
Government	353.8	324.3	332.2	332.4
Agriculture	84.6	82.8	72.9	78.1
Total Employed	2,326.4	2,360.3	2,412.9	2,475.6

Source: Minnesota Department of Economic Security

Minnesota Based Companies Included in the Fortune 500
(In Thousands)

Rank			
2001	2000	Company	Sales
34	37	Target (Marshall Field's)	$ 39,888,000
84	91	United Healthcare Group	23,454,000
86	97	Supervalu	23,194,300
121	190	US Bancorp (First Bank System)	16,443,000
126	118	Minnesota Mining & Manufacturing (3M)	16,079,000
131	156	Best Buy	15,326,600
137	166	Xcel Energy	15,028,200
194	170	Northwest Airlines	9,905,000
218	222	St. Paul Companies	8,943,000
244	223	Cenex Harvest States	7,875,200
264	278	General Mills	7,077,700
318	349	Medtronic	5,551,800
392	452	Hormel Foods	4,124,100
395	416	Nash Finch	4,107,400
485	N/A	PepsiAmericas	3,170,700
495	N/A	C.H. Robinson Worldwide	3,090,100

Source: Fortune Magazine, dated April 15, 2002

State of Minnesota
Average Daily Public School Membership

School Year	Kindergarten	Elementary	Secondary	All Grades
1992-93	68,320	377,274	374,299	819,893
1993-94	65,872	378,214	337,314	781,400
1994-95	65,732	380,891	360,777	807,400
1995-96	66,672	383,458	372,345	822,475
1996-97	63,575	375,683	371,147	810,405
1997-98	64,501	383,904	389,293	837,698
1998-99	59,280	384,641	396,999	840,920
1999-00	57,686	383,682	399,059	840,427
2000-01	57,564	381,893	402,578	842,035
2001-02	56,527	376,421	405,512	838,460

Source: Minnesota Department of Children, Families and Learning

1997	1998	1999	2000
254.2	262.3	260.3	262.1
179.9	181.8	179.2	177.1
7.9	8.1	7.4	7.4
93.5	101.8	112.1	114.3
123.6	127.6	130.5	129.8
600.3	613.9	619.3	630.6
146.4	156.2	160.3	163.2
712.3	741.8	765.8	789.6
366.8	366.5	373.2	386.9
71.9	67.2	64.0	66.2
2,556.8	2,627.2	2,672.1	2,727.2

Assets	Rank	Net Income	Rank
$ 25,154,000	145	$ 1,368,000	56
12,486,000	224	913,000	92
6,407,200	318	82,000	338
171,390,000	25	1,706,500	40
14,606,000	200	143,000	52
4,839,600	350	395,800	194
28,735,100	122	795,000	105
12,955,000	219	(423,000)	453
38,321,000	91	(1,088,000)	476
3,057,300	418	N/A	N/A
5,091,200	345	665,100	117
7,038,900	306	1,046,000	75
2,162,700	453	182,400	272
970,200	488	21,300	379
3,419,300	401	18,900	384
683,500	495	84,000	336

Minnesota Commercial Bank Deposits
1993-2002
(In Millions)

Year	Bank Deposits
1993	$ 45,157
1994	44,826
1995	46,809
1996	51,361
1997	71,706
1998	98,769
1999	106,441
2000	117,864
2001	121,275
2002	69,257

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

Minnesota Population, Per Capita Personal Income and Unemployment Rate
1993-2002

Year	Population (In Thousands)	Personal Income	Unemployment Rate Percent
1993	4,556	$ 21,903	5.1
1994	4,610	23,241	3.9
1995	4,660	24,295	3.7
1996	4,713	25,904	4.0
1997	4,763	27,086	3.3
1998	4,813	29,092	2.5
1999	4,874	30,105	2.8
2000	4,931	31,935	3.3
2001	4,972	32,791	3.7
2002 (est.)	5,018	33,341	4.5

Sources: Minnesota Department of Economic Security
U.S. Department of Commerce

State of Minnesota
New Housing Units Authorized in Permit-Issuing Localities
1993-2002
(In Thousands)

Year	Valuation	Year	Valuation
1993	$ 2,672,436	1998	$ 3,485,224
1994	2,557,846	1999	4,052,716
1995	2,589,746	2000	4,203,928
1996	2,902,560	2001	4,576,087
1997	2,757,956	2002	N/A

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

State of Minnesota
Miscellaneous Statistics
June 30, 2002

Date of Statehood	May 11, 1858 - 32nd State	
Land Area - 12th Largest State	84,068 Square Miles	
Higher Education:		
2 Year State Community Colleges	9	
4 Year State Universities	7	
University of Minnesota	4	Campuses
2 Year Technical Colleges	7	
2 Year Consolidated Community/Technical Colleges	28	Campuses
4 Year Private Colleges	28	
2 Year Private Colleges	5	
Private Professional Schools	7	
Private Vocational Schools	80	
Trade Routes:		
Miles of Highways	135,490	
Miles of Main Line Railroad Track	4,559	
Public Airports	141	
Waterways-		
Lake Superior		
Mississippi River		
Recreation:		
Lakes	11,842	
State Forests	57	
Area of State Forests	3,200,000	Acres
State Parks	66	
Area of State Parks	244,000	Acres

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

L'Etoile du Nord

Minnesota