

January 9, 2013

The Honorable Mark Dayton  
Governor of the State of Minnesota  
130 State Capitol  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

Dear Governor Dayton:

On behalf of the Commissioners and staff of the Minnesota Public Facilities Authority (Authority), I am pleased to provide you with our fiscal year 2012 Annual Report as required by Minnesota Statutes, Section 446A.09.

The Public Facilities Authority is a multi-agency financing authority consisting of Commissioners of the Pollution Control Agency (MPCA) and the Departments of Health (MDH), Transportation (MnDOT), Agriculture (MDA), Management and Budget (MMB), and Employment and Economic Development (DEED), with the DEED Commissioner serving as Chair. The Executive Director is an employee of the Authority and is responsible for staffing and duties that the Authority may require in carrying out its responsibilities, including compliance with state and federal regulations related to programs and debt issuance. PFA staff is responsible for reviewing the creditworthiness of the applicants, determining that full project financing is in place and that the necessary dedicated revenues are established, disbursing loan and grant funds as project costs are incurred, and collecting loan repayments. The MPCA, MDH, and MnDOT are responsible for establishing project priorities and undertaking the technical review and regulatory compliance work on their respective projects being considered for financing by the Authority. The Authority provides administrative funding to cover its expenses (10.5 FTEs), for program administration costs at MDH (4.5 FTEs) and MPCA (12.6 FTEs), and for overhead costs and services provided by DEED to the Authority.

The Authority provides financial assistance to governmental units for infrastructure construction, primarily wastewater and drinking water facilities, through three revolving loan funds and several other grant and loan programs. The Authority's largest programs are the Clean Water Revolving Fund (CWRP) and Drinking Water Revolving Fund (DWRP). The Transportation Revolving Loan Fund is a smaller revolving fund for transportation projects selected by the Department of Transportation. The Authority also administers other programs to assist local governments with water quality related infrastructure projects, including the Wastewater

### **Minnesota Public Facilities Authority**

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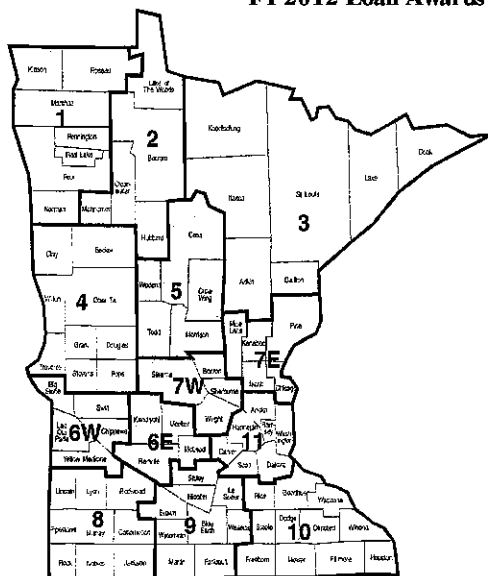
Infrastructure Funding (WIF) program and three programs funded through the dedicated Clean Water Legacy Fund: the Total Maximum Daily Load (TMDL) grant program, the Phosphorus Reduction grant program, and the Small Community Wastewater Treatment program.

As shown below, during fiscal year 2012, the Authority provided 98 grants and loans to governmental units and other eligible entities totaling \$239 million. The second table shows the Authority awarded loans throughout the State, with the below market interest rates providing significant interest savings to the Authority's borrowers.

**MN Public Facilities Authority  
 Project Awards during FY 2012, by Program**

Program	count	\$ amount
Clean Water Fund: Phosphorous Reduction Grants	3	632,389
Clean Water Fund: Small Comm WW Technical Assistance Grants	3	81,000
Clean Water Fund: Total Maximum Daily Load Grants	6	7,149,698
Clean Water State Revolving Fund: Loans	33	132,881,572
Clean Water State Revolving Fund: Principal Forgiveness Grants	7	6,066,257
Drinking Water State Revolving Fund: Loans	15	42,742,000
Drinking Water State Revolving Fund: Principal Forgiveness Grants	12	8,886,235
Transportation Revolving Loan Fund	3	7,210,875
Wastewater Infrastructure Fund Grants	16	33,356,175
<b>totals</b>	<b>98</b>	<b>239,006,200</b>

**MN Public Facilities Authority  
 FY 2012 Loan Awards and Estimated Interest Savings by RDC Region**



RDC Region	Loans Made		Avg Rate	Interest Savings
	Amount	Count		
1	\$ 3,467,586	2	1.0%	\$ 1,652,500
2	-	-	-	-
3	42,364,529	11	1.7%	8,431,100
4	5,755,260	11	1.1%	1,987,100
5	10,911,882	4	1.7%	2,089,100
6E	10,468,384	3	1.0%	5,052,000
6W	3,548,305	2	1.7%	589,300
7E	1,666,772	2	1.5%	173,200
7W	4,484,759	2	1.3%	750,300
8	-	-	-	-
9	34,075,713	6	2.1%	8,833,900
10	3,613,975	4	1.7%	735,400
11	62,477,281	4	1.6%	9,543,900
<b>Totals</b>	<b>\$ 182,834,447</b>	<b>51</b>	<b>1.66%</b>	<b>\$ 39,837,800</b>

As authorized under state and federal law the Authority also provides funds from its Clean Water and Drinking Water Revolving Funds for nonpoint source loan programs administered by MDA and MPCA and drinking water protection activities administered by MDH. In FY 2012 the Authority allocated \$909,195 from the CWRF to the MDA for the Agriculture Best Management Practices Loan Program, bringing the total CWRF allocation for that program to \$53,809,195. In FY 2012 the Authority also allocated \$909,195 from the CWRF to the MPCA for the Clean Water Partnership Loan Program, bringing the total CWRF allocation for that program to \$34,204,892. In addition, the Authority provided \$3,477,100 in DWRF set-aside funds to the MDH in FY 2012 for public water supply supervision, wellhead protection and technical assistance for small systems.

The Authority also administers the Credit Enhancement Program with MMB to reduce borrowing costs for local governments on general obligation bonds issued for certain purposes. The program assists counties with the construction of law enforcement facilities, social and human services buildings, and solid waste facilities, and cities for the construction of wastewater, drinking water, and stormwater facilities. In FY 2012 there were 24 bond issues for \$36.8 million approved for the program. In total, the program covers 180 city and county general obligation bond issues with an original issuance total of \$652 million.

The Authority's audited Financial Report for fiscal year 2012 is attached. The Authority remains in excellent financial health. All three of the major revolving funds have bonds outstanding and are highly rated. All PFA Clean Water and Drinking Water revolving fund bonds have AAA ratings by the three major national bond rating agencies. The Transportation Bonds are rated as closed pool bonds reflecting the credit quality of the individual borrowers (outstanding bonds have been rated from AAA to AA2).

The Authority's total project financing of \$239 million in FY 2012 is down from \$269 million in FY 2011, and a record \$430 million in FY 2010, which was stimulated in part by \$107 million in American Recovery and Reinvestment Act (ARRA) funds the PFA received for its Clean Water and Drinking Water Revolving Funds. The lower level of project financing in FY 2012 reflects decreasing demand from cities, as many were able to address significant project backlogs over the past few years. However, compared to the average for the five pre-ARRA years, FY 2012 was up 29%. This moderate pace is continuing into FY 2013 as cities continue to address high priority infrastructure replacement and improvement needs, with over \$48 million in funding awarded from July 1, 2012 to mid-December.

We are proud of our accomplishments in fiscal year 2012 and expect 2013 to be another strong year. At the current levels of federal funding and state match, the lending capacity of the Clean Water and Drinking Water Revolving Funds can continue at approximately \$150 million per year and \$75 million per year, respectively. However, cuts or delays to federal or state funding will have a significant impact on the lending capacity of the revolving funds. We will watch future appropriation levels carefully and will take necessary actions to keep annual lending levels in line with Fund capacity. We look forward to continuing our commitment of providing

The Honorable Mark Dayton  
January 9, 2013  
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affordable financing to help meet the State's infrastructure needs to keep Minnesota growing and protect and restore our water resources.

Sincerely,

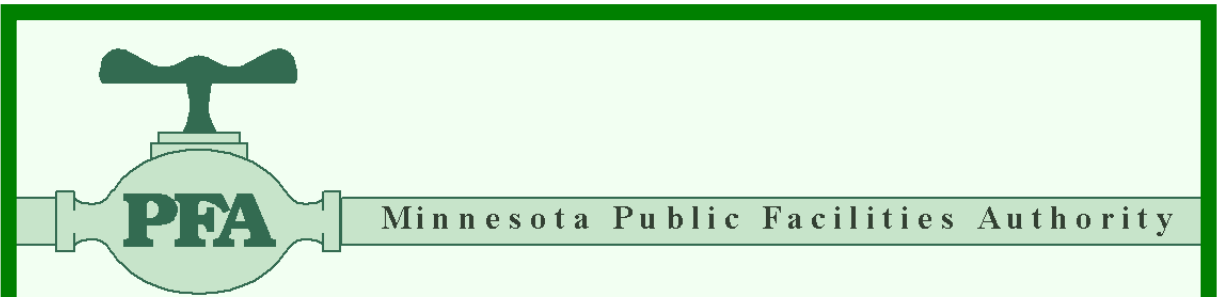
A handwritten signature in black ink, appearing to read "Jeff Freeman". The signature is fluid and cursive, with the first name "Jeff" being larger and more prominent than the last name "Freeman".

Jeff Freeman, Executive Director  
Minnesota Public Facilities Authority

Enclosure: PFA FY 2012 Audited Financial Report

c: Jess Hopeman, Legislative Reference Library (2 copies)

*Note (as required by Minnesota Statutes, section 3.197): Preparation of this report required an estimated 6 hours of staff time for an estimated total cost of \$314. This does not include the cost of the enclosed audited financial report which the Public Facilities Authority must prepare each year regardless of this required report to the governor. The total report is 4 pages, plus 60 pages for the enclosed audited financial report.*



**Minnesota Public Facilities Authority**  
**(A Component Unit of the State of Minnesota)**

**Financial Report**  
**June 30, 2012**

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**Minnesota Public Facilities Authority**  
**(A Component Unit of the State of Minnesota)**

**Financial Report**  
**June 30, 2012**

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## **Independent Auditor's Report**

Minnesota Public Facilities Authority  
St. Paul, Minnesota

We have audited the accompanying financial statements of the business-type activities and major funds of the Minnesota Public Facilities Authority (the Authority), a component unit of the State of Minnesota, as of and for the years ended June 30, 2012 and 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the business-type activities and major funds of the Authority as of June 30, 2012 and 2011, and the respective changes in financial positions and the cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*McGladrey LLP*

Minneapolis, Minnesota  
October 30, 2012

## Management's Discussion and Analysis

This section of the Minnesota Public Facilities Authority's (the Authority) annual financial report presents a discussion and analysis of the financial condition as of and financial activities for the fiscal years ended June 30, 2012 and 2011. Please read it in conjunction with the financial statements and notes following this section.

### *Introduction and Discussion of the Authority's Operations:*

The Authority was created in 1987 by the State of Minnesota under Minnesota Statutes, Chapter 446A. The Authority provides low interest loans and grants to Minnesota municipalities to help finance infrastructure for clean water, drinking water, and transportation projects. Federal grants and state appropriations received by the Authority may be used directly or leveraged with proceeds of the Authority's revenue bonds.

The Authority has issued tax-exempt revenue bonds the proceeds of which are deposited into separate bond funds. Except for certain cross-collateralization provisions between the Clean Water and Drinking Water Bond Funds, revenues and assets of each bond fund are separately pledged to the holders of that fund's bonds for debt service payments. Assets and revenues of the Authority outside of the bond funds are not pledged, and are used for grant and loan programs and general administration.

### *Financial Statement Presentation:*

The basic financial statements following Management's Discussion and Analysis consist of those required for a special purpose governmental entity engaged in business-type activities:

- *Statement of Net Assets* - This is presented in the format of assets (financial and capital resources) less liabilities equals net assets. The portion of net assets that is reported as restricted has constraints on its use due to bond resolutions and or enabling legislation.
- *Statement of Revenues, Expenses, and Changes in Fund Net Assets* - This statement presents the accrual basis operations and the resulting change in fund net assets of the Authority for the fiscal year.
- *Statement of Cash Flows* - This statement presents useful information regarding the sufficiency of cash flows to meet debt service requirements, because it includes cash flows such as principal received on loans and principal paid on bonds.

Statements for the fiscal year ended June 30, 2012 are followed by statements for the fiscal year ended June 30, 2011 to allow comparison of the Authority's financial position and results of operations for the current and prior fiscal years.

These statements are prepared on the accrual basis and present information on the Authority's overall financial position and results of operations. Assets and revenues of the separate funds contained within these statements are generally restricted as to use and the reader should not assume they might be used in any aggregate manner.

The Authority defines activities under each of its separate bond resolutions as major funds for financial reporting purposes, with all other accounts and activities outside of these bond resolutions reported in the Other Fund. A summary of the major funds reported by the Authority follows. A more detailed description of each is presented later in the section headed Analysis of Individual Funds' Balances and Transactions for Bond Funds.

- Clean Water Bond Fund (CWBF): In conjunction with the Minnesota Pollution Control Agency (MPCA), the Authority provides loans from the fund to municipalities for wastewater treatment projects certified by the MPCA.
- Drinking Water Bond Fund (DWBF): In conjunction with the Minnesota Department of Health, the Authority provides loans for public drinking water facilities.
- Transportation Bond Fund (TBF): Four separate closed resolutions have been created to make loans in cooperation with the Minnesota Department of Transportation: (1) TBF Series 1999A, (2) TBF Series 2001, (3) TBF Series 2006A, and (4) TBF Series 2008A. During the fiscal year ended June 30, 2011, two series of refunding revenue bonds were issued to refund the outstanding Series 1999A and Series 2001 bonds, TBF Series 2010-T1, and TBF Series 2010-T1, respectively.
- Other: All of the Authority's nonrevenue bond activity and accounts are aggregated in the Other Fund.

Within each of the bond funds, the Authority uses bond proceeds, federal capitalization grants, and state matching funds to make loans, pay for the costs of issuing debt, and to fund debt service reserve accounts when used. Federal capitalization grants and state matching grants within these funds are recognized as capital contributions. Net loan repayments and investment earnings provide the necessary cash flow to pay the required debt service on the bonds.

The operations in the Other Fund consist of grant and loan programs funded through federal grants and state appropriations, recognized in these accounts primarily as operating revenue, and administrative costs paid by a portion of the loan repayments, fees, interest earnings, or by federal grant funds.

*Condensed Financial Information:*

The following page presents condensed financial statement information as of and for the fiscal years ended June 30, 2012, 2011, and 2010.

## Minnesota Public Facilities Authority - Condensed Financial Statement Information

### Condensed Statements of Net Assets

June 30, 2012, 2011, and 2010	2012	2011	2010
Assets:			
Cash, cash equivalents, and investments	\$ 329,555,888.68	\$ 420,468,659.57	\$ 249,598,893.96
Loans receivable	1,991,814,282.24	1,943,982,090.02	1,765,409,931.44
Other	23,234,930.68	24,212,416.42	22,422,261.22
Total assets	2,344,605,101.60	2,388,663,166.01	2,037,431,086.62
Liabilities:			
Interest payable on bonds	18,102,783.00	19,178,144.00	14,013,049.70
Bonds payable	1,167,557,762.44	1,246,376,549.25	987,707,236.10
Other	9,678,002.30	2,032,751.23	5,723,650.71
Total liabilities	1,195,338,547.74	1,267,587,444.48	1,007,443,936.51
Net Assets	\$ 1,149,266,553.86	\$ 1,121,075,721.53	\$ 1,029,987,150.11

### Condensed Statements of Revenues, Expenses, and Changes in Fund Net Assets, Years ended June 30, 2012, 2011, and 2010

Years ended June 30, 2012, 2011, and 2010	2012	2011	2010
Operating Revenues:			
Interest on loans	\$ 45,411,518.18	\$ 44,666,152.57	\$ 44,762,308.84
Investment earnings	4,851,933.13	6,554,313.11	7,374,943.61
Grants, appropriations, and fees	50,627,611.67	42,254,343.38	71,290,117.32
Net incr (decr) in investment fair value	(1,343,843.39)	(2,182,516.78)	1,647,227.87
Total operating revenues	99,547,219.59	91,292,292.28	125,074,597.64
Operating Expenses:			
Interest on bonds	48,107,737.47	44,304,850.66	43,549,805.72
Other	52,732,263.05	44,621,328.58	73,657,865.17
Total operating expenses	100,840,000.52	88,926,179.24	117,207,670.89
Operating income (loss)	(1,292,780.93)	2,366,113.04	7,866,926.75
Capital Contributions	29,483,613.26	88,722,458.38	59,074,158.04
Change in Net Assets	28,190,832.33	91,088,571.42	66,941,084.79
Net Assets at Beginning of Year	1,121,075,721.53	1,029,987,150.11	963,046,065.32
Net Assets at End of Year	\$ 1,149,266,553.86	\$ 1,121,075,721.53	\$ 1,029,987,150.11

### Condensed Statements of Cash Flows, Years ended June 30, 2012, 2011, and 2010

Years ended June 30, 2012, 2011, and 2010	2012	2011	2010
Operating Activities:			
Principal and interest received on loans	\$ 176,075,368.73	\$ 159,189,335.13	\$ 148,477,127.30
Operating grants, appropriations, and fees	49,743,435.41	43,635,257.84	79,799,960.85
Payments to grantees	(42,604,873.20)	(42,761,991.73)	(73,953,312.46)
Other	(3,717,879.45)	(3,473,823.71)	(8,801,634.52)
Net cash provided by operating activities	179,496,051.49	156,588,777.53	145,522,141.17
Non Capital Financing Activities:			
Capital contributions	29,483,613.26	88,722,457.71	59,074,158.71
Proceeds from sales of bonds		327,947,554.50	394,398,094.11
Funds deposited in escrow for bond refunding			(343,031,679.08)
Payments to make loans	(177,724,182.77)	(295,583,245.14)	(250,183,017.75)
Principal and interest paid on bonds	(127,594,429.28)	(108,048,013.42)	(96,097,272.50)
Other payments		(1,316,740.28)	(1,255,670.80)
Net cash provided (used) by non capital financing activities	(275,834,998.79)	11,722,013.37	(237,095,387.31)
Investing Activities	50,446,207.41	14,060,102.84	(3,491,382.86)
Net increase (decrease) in cash+cash equivalents	(45,892,739.89)	182,370,893.74	(95,064,629.00)
Cash and cash equivalents at beginning of year	322,118,967.57	139,748,073.83	234,812,702.83
Cash and cash equivalents at end of year	\$ 276,226,227.68	\$ 322,118,967.57	\$ 139,748,073.83

*Analysis of the Authority's overall Financial Position and Results of Operations:*

The table below summarizes certain financial activities during the fiscal years 2012, 2011, and 2010:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Operating revenues and capital contributions from federal grants and state appropriations:</b>			
Clean Water Bond Fund (CWBF):			
Federal capitalization grants	\$ 25,851,249.53	\$ 40,622,438.26	\$ 34,408,344.00
Federal <i>Build America Bonds</i> revenue	\$ 1,424,794.50	\$ 619,249.17	
State appropriations		19,200,000.00	
Drinking Water Bond Fund (DWBF):			
Federal capitalization grants	3,632,363.73	14,141,927.67	14,322,977.33
Federal <i>Build America Bonds</i> revenue	660,744.98	310,489.43	
State appropriations		10,800,000.00	
Other Fund:			
Clean water federal grants	4,797,020.76	3,494,898.86	36,370,277.97
Drinking water federal grants	11,010,056.76	10,685,033.08	19,030,295.50
State appropriations and fees	32,734,994.67	31,102,765.29	26,232,380.56
	<u>\$ 80,111,224.93</u>	<u>\$ 130,976,801.76</u>	<u>\$ 130,364,275.36</u>
<b>Bonds Payable (par):</b>			
issued		299,315,000.00	343,105,000.00
defeased			(311,965,000.00)
redeemed	(70,060,000.00)	(59,325,000.00)	(49,200,000.00)
net change	<u>\$ (70,060,000.00)</u>	<u>\$ 239,990,000.00</u>	<u>\$ (18,060,000.00)</u>
<b>Loans Receivable:</b>			
disbursed	177,724,182.77	295,583,245.14	250,183,017.75
repaid	(129,891,990.55)	(117,011,086.56)	(104,624,461.46)
net increase	<u>\$ 47,832,192.22</u>	<u>\$ 178,572,158.58</u>	<u>\$ 145,558,556.29</u>

During the fiscal years ended June 30, 2012, 2011, and 2010, net assets changed by: \$28.2, \$91.1, and \$66.9 million, respectively. Volatility in this change is due largely to the timing of federal and state capital contributions: \$29.5, \$88.7, and \$59.1 million, respectively.

The weighted average interest rate on outstanding loan balances at June 30, 2012, 2011, and 2010 were 2.43%, 2.52%, and 2.62%, respectively.

The weighted average investment earnings rate (earnings ÷ average daily cash and investments balance) during fiscal years 2012, 2011, and 2010 was 1.39%, 1.57%, and 2.19%.

Loan and grant approvals for the last three fiscal years were \$239 million (98 contracts) in fiscal year 2012, \$270 million (130 contracts) in fiscal year 2011, and \$433 million (144 contracts) in 2010.

*Discussion of Long-term Debt Activity, Credit Ratings, and Debt Limitations:*

The Authority's outstanding debt limit is \$1,500,000,000. The Authority bonds do not constitute a debt of the State of Minnesota or any agency or political subdivision thereof (other than the Authority). The principal amount of bonds outstanding at June 30, 2012 was \$1,115,435,000.

During fiscal year 2012 the Authority issued no bonds. During fiscal year 2011 the Authority issued State Revolving Fund Revenue Bonds (Clean Water and Drinking Water) of \$291,000,000 and Transportation Revenue Refunding Bonds of \$8,315,000. During 2010 the Authority issued State Revolving Fund Revenue Bonds of \$343,105,000.

The Clean Water and Drinking Water bonds are rated triple A by Standard and Poor's (AAA), Moody's (Aaa), and Fitch Ratings (AAA). The transportation bonds were rated: Series 2006A bonds: Moody's (Aaa); Series 2008A bonds: Standard and Poor's (AAA) and Moody's (Aaa); Series 2010-T1 bonds: Moody's (Aaa); and Series 2010-T2 bonds: Standard and Poor's (AAA).

*Analysis of Individual Funds' Balances and Transactions for Bond Funds:*

This section will provide general information on each bond fund, followed by presentation and analysis of more detailed financial information.

**Clean Water Bond Fund (CWBF):** This pooled bond fund is a part of the Authority's Clean Water State Revolving Fund, operated under the federal Clean Water program, CFDA #66.458. Initiated in 1989, twenty four series of bonds have been issued for \$2.41 billion par, which includes \$945 million for refunding prior issues. Federal capitalization grant awards and state match appropriations through June 30, 2012 were approximately \$753 million, net of nonpledged set-asides and principal forgiveness. The Authority has over the years transferred out approximately \$89 million from the CWBF for related but nonpledged programs known as non point-source programs. During fiscal years 2012, 2011, and 2010, the Authority transferred out \$1.818 million, \$2.000 million, and \$0.870 million, respectively, from net assets for these programs. The 2010 net amount reflects transfers-out of \$2 million, and transfers in, from the sunset non point-source program for Small Cities Septic Systems, of \$1.13 million. This activity is reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Assets as transfers out of the CWBF to the Other Fund, then as expenditures in the Other Fund as sub-recipients expend the awards. Prior to removing assets from the CWBF, the Authority must meet conditions defined in the fund's basic bond resolution. The CWBF has made 450 loan commitments to 265 borrowers for approximately \$2.5 billion. The largest borrower, at \$1.2 billion in cumulative loan commitments as of June 30, 2012, is the Metropolitan Council.

**Drinking Water Bond Fund (DWBF):** This pooled bond fund is a part of the Authority's Drinking Water State Revolving Fund, operated under the federal Safe Drinking Water program, CFDA #66.468. Initiated in 1998, seven series of bonds have been issued for \$307.2 million, which includes \$35.5 million for refunding prior issues. Federal capitalization grant awards and state match appropriations through June 30, 2012 were approximately \$253 million, net of nonpledged set-asides and principal forgiveness. The fund has made 306 loan commitments to 224 borrowers for approximately \$637 million. The largest borrower, at \$104 million in cumulative loan commitments as of June 30, 2012, is the City of Minneapolis.

Transportation Bond Fund (TBF): This fund consists of four closed, stand-alone bond issuances with separate pledged assets and revenues for each:

- The series 1999A bonds of \$17.08 million par were issued in March 1999. The Authority transferred \$4.1 million in cash into the fund at issuance, from its nonpledged accounts. One loan for \$21.025 million was made to the Metropolitan Council. In November 2010, bonds outstanding were redeemed with proceeds of the Revenue Refunding Bonds Series 2010-T1.
- The series 2001 bonds of \$20.45 million par were issued in December 2001. The Authority transferred \$16.77 million in cash and loans into the fund. Nine loan commitments totaling \$34.78 million form the loan pool pledged to these bonds, and a \$1.9 million debt service reserve account was also created from the assets transferred in. In November 2010, bonds outstanding were redeemed with proceeds of the Revenue Refunding Bonds Series 2010-T2.
- The series 2006A bonds of \$8.9 million par were issued in December 2006. The Authority transferred \$2.4 million in cash into the fund at issuance, from its nonpledged accounts. One loan for \$11.2 million was made to Stearns County.
- The series 2008A bonds of \$7.7 million par were issued in January 2008. The Authority transferred \$2.25 million in cash into the fund at issuance, from its nonpledged accounts. One loan for \$10 million was made to the Metropolitan Council.

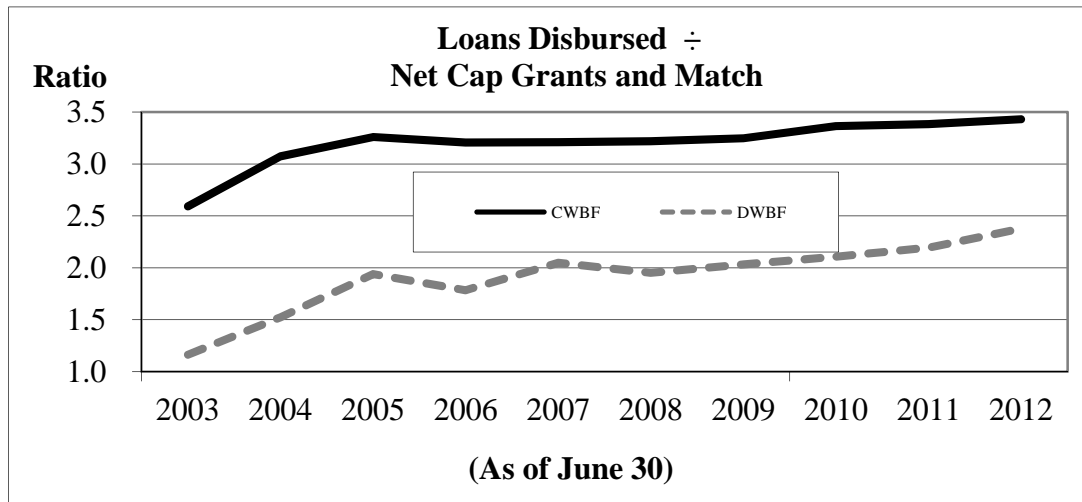
Criteria used in evaluating the financial results and conditions of the bond funds include:

- The efficient use of contributed capital to accomplish the goal of making below market rate loans to program participants (CWBF and DWBF).
- The ability to generate cash flows sufficient to make debt service payments (all bond funds).

*Analysis of the efficient use of federal capitalization grants and state match:*

The amount of loans disbursed by the CWBF and DWBF, compared to the net amount of federal capitalization grants and state match recognized in the funds, gives a measure of the effective use of the capital contributions. Timing of loan disbursements and use of federal and state funds may affect the ratios at any point in time, but over time this ratio should grow as the programs grow in size and loan repayments become a larger portion of the available sources for new loans. The following chart displays the ratio at June 30th for the past ten years.

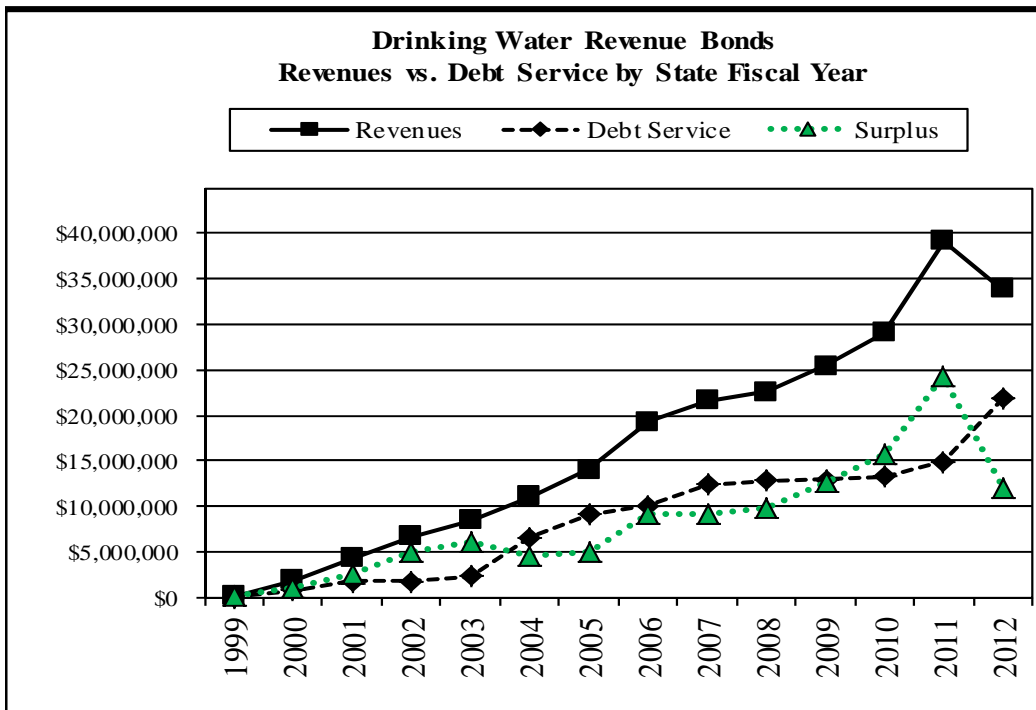
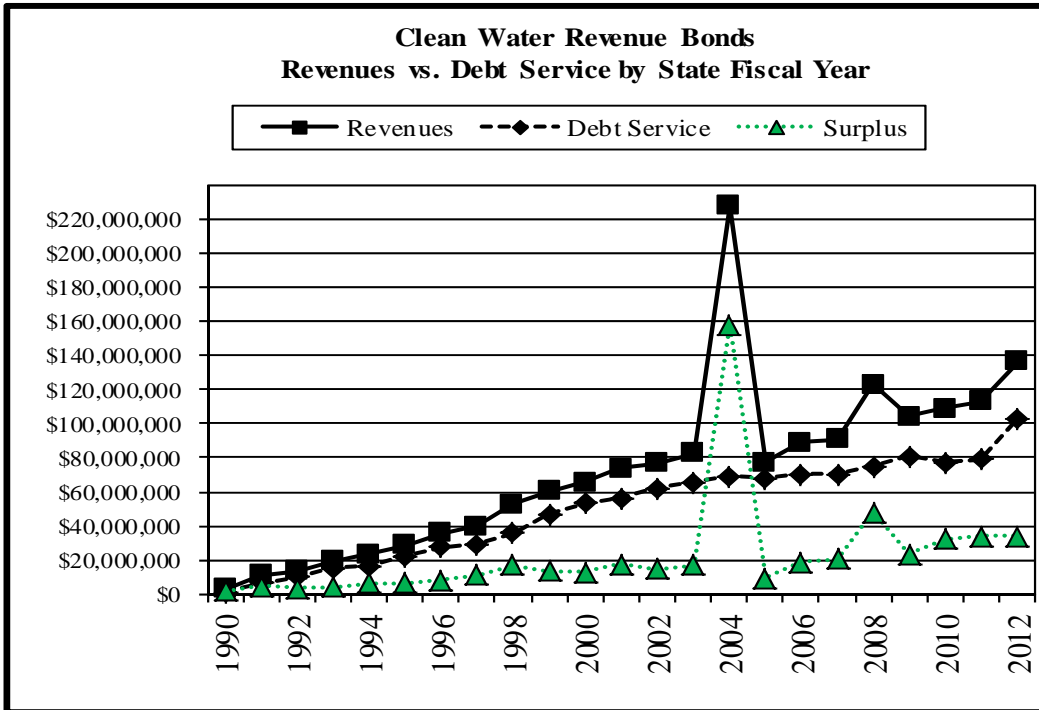
Clean Water and Drinking Water Bond Fund Programs  
Leveraging of Federal Capitalization Grants and State Match



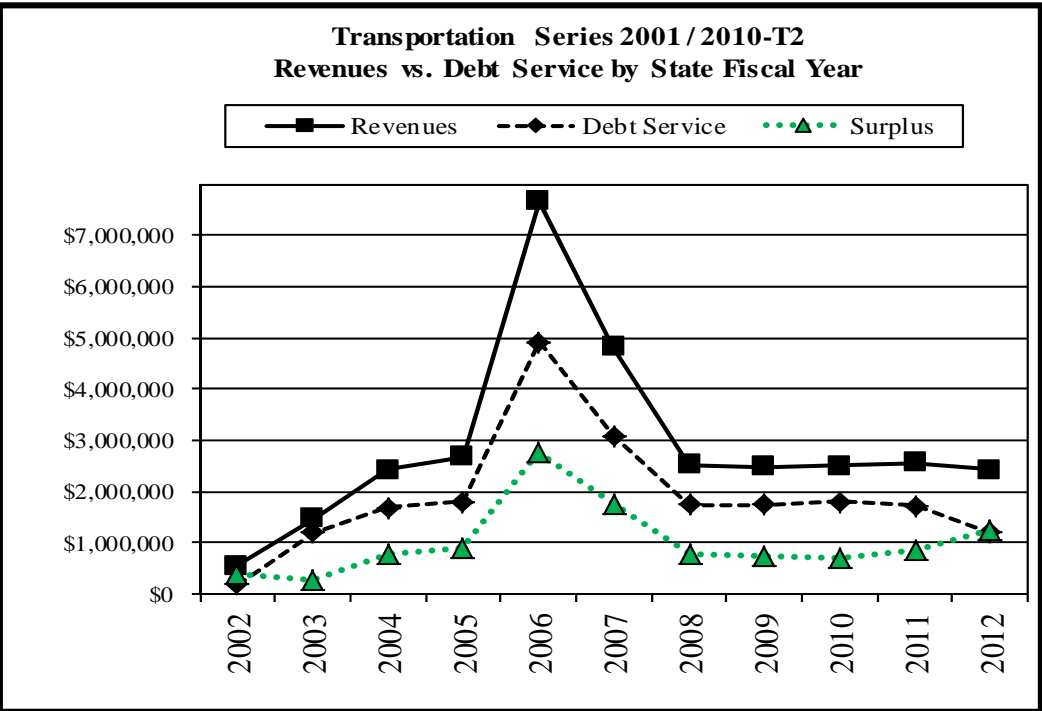
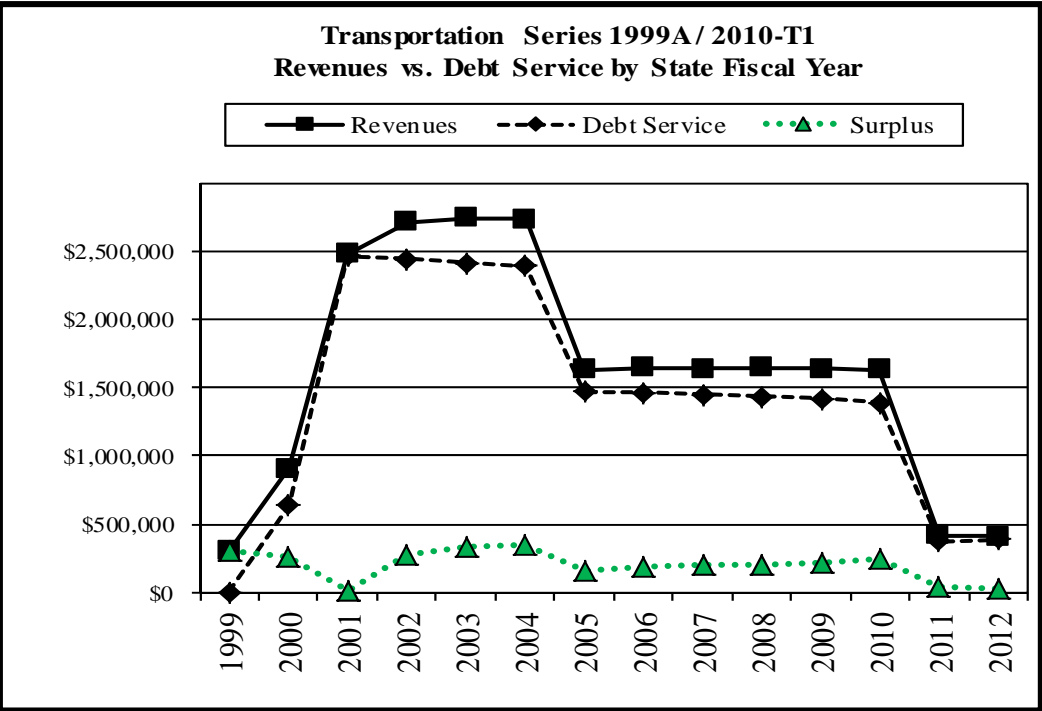
*Analysis of historical cash flow sufficiency to make debt service payments:*

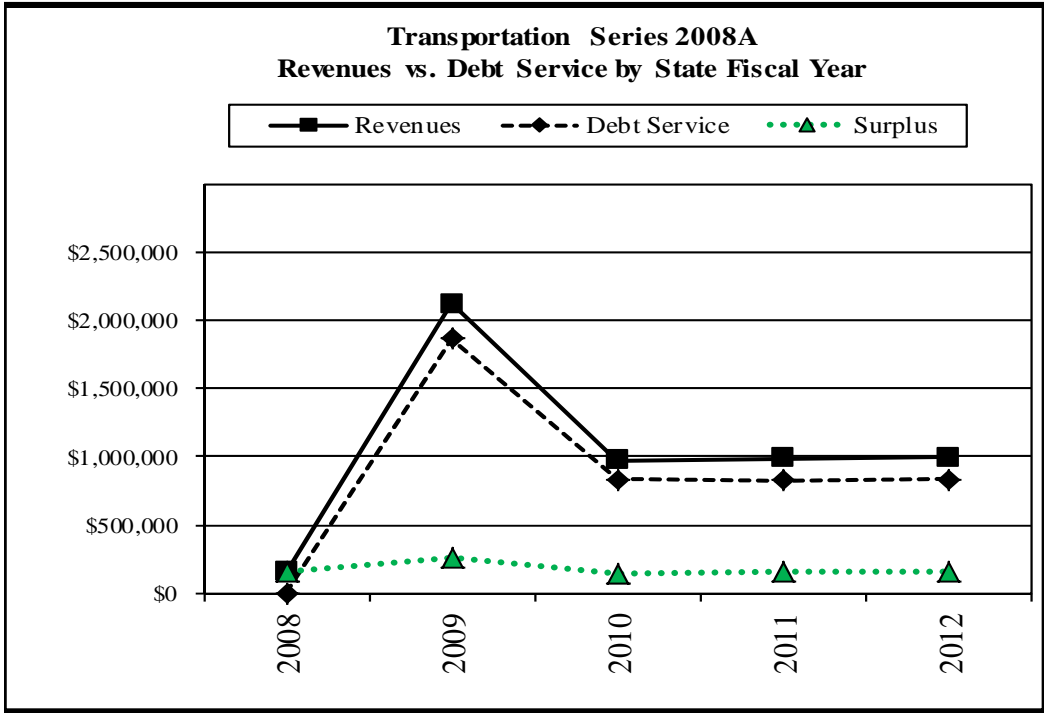
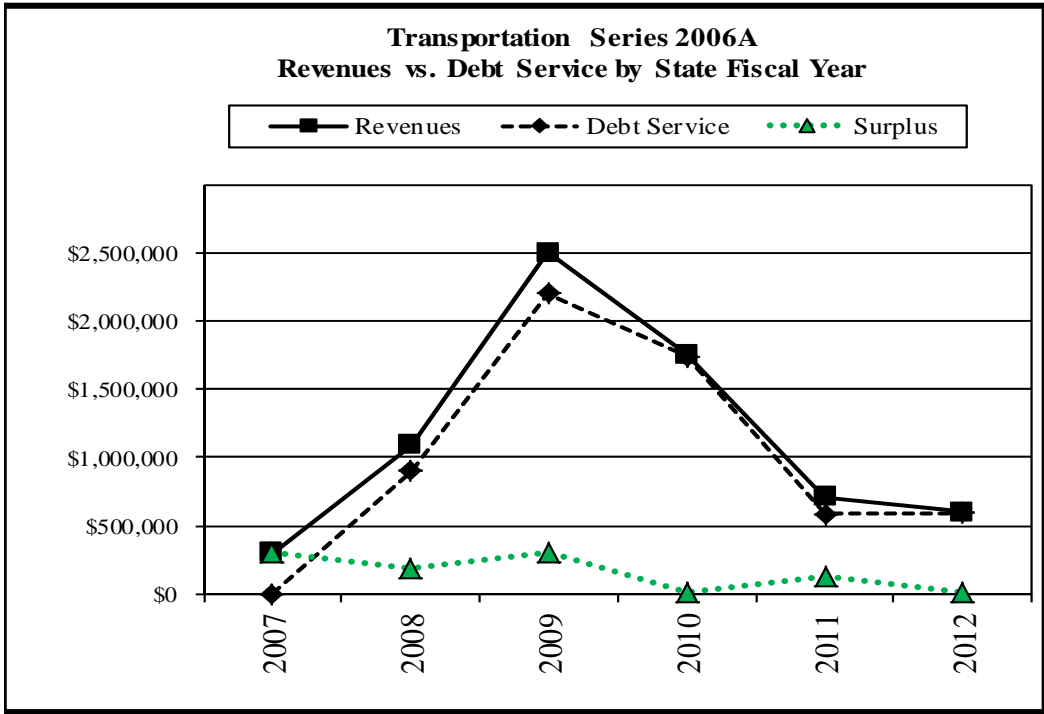
The following charts show each bond fund's cash flow history to date in meeting debt service payments. Annual total bond fund revenues, debt service, and net surplus are charted.

**Charts of each fund's cash flow history to date in meeting debt service payments**  
(note differing scales between the charts)









*Financial ratios:* the following table presents financial ratios regarding financial position and ability to generate cash flows sufficient to pay debt service requirements.

	Transportation Bond Fund					
	Clean Water Bond Fund	Drinking Water Bond Fund	Series 1999A/	Series 2001 /	Series 2006A	Series 2008A
			2010-T1	2010-T2		
<b>Current ratios</b>						
June 30, 2012	7.13	5.96	1.36	3.85	3.10	1.30
June 30, 2011	4.81	7.22	1.04	1.98	3.14	1.31
June 30, 2010	3.94	3.42	1.22	1.45	3.47	1.34
<b>Debt ratios</b>						
June 30, 2012	0.54	0.44	0.77	0.37	0.74	0.79
June 30, 2011	0.57	0.46	0.79	0.40	0.74	0.78
June 30, 2010	0.54	0.37	0.79	0.51	0.74	0.78
<b>Operating Income ratios</b>						
FY 2012	0.92	1.15	1.32	3.57	0.65	0.62
FY 2011	0.99	1.22	1.14	2.43	0.67	0.69
FY 2010	1.08	1.59	0.69	1.26	1.11	0.65
<b>Debt Service Coverage</b>						
FY 2012	1.33	1.55	1.06	2.03	1.01	1.19
FY 2011	1.44	2.64	1.02	1.64	1.02	1.19
FY 2010	1.43	2.19	1.17	1.40	1.01	1.19
current ratio:	current assets ÷ current liabilities					
debt ratio:	debt ÷ assets					
operating income ratio:	operating revenues ÷ operating expenses					
debt service coverage ratio:	(loan repayments + investment interest) ÷ (bond debt service)					

Even though operating income ratios for several of the Bond Funds are or have been less than 1, the cash flows are sufficient to pay debt service because the outstanding loans receivable balance is greater than the outstanding bonds. This fact is reflected in the debt service coverage ratios, which includes principal repayments as well as interest. Principal repaid on the loans exceeds the bond principal requirements and more than overcome the lower interest earnings on the loans. These financings were structured such that projected repayments on the loans made are sufficient to pay debt service on the lesser amount of bonds issued.

*Analysis of Individual Funds' Balances and Transactions for Non-Bond Funds:*

The Other Fund includes grant and loan programs not funded with Authority bond proceeds, and the administrative costs for the Authority including costs of the Department of Employment and Economic Development, the Minnesota Pollution Control Agency (PCA), and the Department of Health. These administrative costs are funded partially from federal grants and partially from the fee portion of loans repayments.

The Authority, through inter-agency agreements, provides funds to Health, PCA, and the Department of Agriculture. The funds are from pass-thru of federal grant awards or from net assets removed from the CWBF. The following chart shows activity during the fiscal year:

Sub-Grants	MPCA Clean Water Partnership	Agriculture Best Mgmt Practices	Health Drinking Water Set-Asides
New allocations	\$ 909,195	\$ 909,195	\$ 3,477,100
Grant expense	943,677	909,195	1,205,674

The Small Cities program is sunset and during fiscal year 2010 returned to the CWBF the full amount allocated to it in 1996; this was netted out with the other pass-thru grant expenses during the year. The drinking water set-asides originated from federal capitalization grant awards.

State Appropriations – The Authority received multiple appropriations during the 2012 and 2011 legislative sessions. These appropriations are recognized as capital contributions or operating revenue as related expenditure obligations are incurred.

*Discussion of Facts and Conditions Expected to Have a Significant Impact on Financial Position and or Results of Operations:*

During fiscal year 2004 the Authority received early pay-offs on eleven CWBF loans with a total principal balance of \$146 million. The funds from these repayments were used to make new CWBF loans. Net revenues to the CWBF will be reduced from fiscal year 2005 through fiscal year 2014 because the new loans will have interest free and payment free periods and they will be made at rates lower than the paid-off loans. The Authority structured the CWBF bonds issued during fiscal year 2005 to offset the cash flow impact through this period in order to achieve relatively level revenue coverage in the CWBF.

In August 2012, the Authority received early pay-offs on five CWBF loans to the Metropolitan Council with a total principal balance of \$221 million. The Authority plans to make new CWBF loans from these repayments. Net revenues to the CWBF will be reduced from fiscal year 2014 through fiscal year 2022 because the new loans will be made at rates lower than the paid-off loans.

The Authority adopts an annual Intended Use Plan (IUP) for the Clean Water program and for the Drinking Water program. The IUPs identify which projects may be considered for funding during the fiscal year, based on priority lists established by the MPCA for Clean Water projects and by the Department of Health for Drinking Water projects. The Authority reviews the long term funding capacity of the Clean Water Bond Fund and the Drinking Water Bond Fund when determining the level of funding for the annual IUPs. Since fiscal year 2001, excepting fiscal years 2005 and 2006, the Authority intentionally has approved a level of funding for the Clean Water program that exceeds the long-term sustainable capacity of the Bond Fund. It did so knowing that existing needs across the State to make improvements to wastewater systems was substantial and that construction related inflation makes delays in project starts costly to Minnesota communities. Meeting as much current loan demand as possible while preserving long term lending capacity to fund high priority projects throughout the State will be a continuing challenge.

*Requests for Information*

This financial report is designed to provide a general overview of the Minnesota Public Facilities Authority's finances. Questions concerning any of the information provided in this report should be addressed to:

Minnesota Public Facilities Authority  
Attention: Financial Officer  
1st National Bank Bldg., Suite E200  
332 Minnesota Street  
Saint Paul, MN 55101-1351.

**Minnesota Public Facilities Authority**  
**Statement of Net Assets**  
**June 30, 2012**

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 184,440,159.51	\$ 53,460,659.99	\$ 989,803.12	\$ 37,335,605.06	\$ 276,226,227.68
Investments	22,129,208.00	4,123,130.00			26,252,338.00
Loans receivable	295,135,403.00	25,708,782.00	4,411,049.00	5,929,160.00	331,184,394.00
Federal grants receivable				1,378,782.69	1,378,782.69
Accrued interest receivable:					
Investments	763,841.00	48,144.00	5,929.00		817,914.00
Loans	13,758,719.00	3,621,796.00	235,591.00	412,702.00	18,028,808.00
Total current assets	<u>516,227,330.51</u>	<u>86,962,511.99</u>	<u>5,642,372.12</u>	<u>45,056,249.75</u>	<u>653,888,464.37</u>
Noncurrent assets:					
Investments	26,540,323.00		537,000.00	-	27,077,323.00
Loans receivable	1,167,910,548.44	420,363,608.75	19,957,106.01	52,398,625.04	1,660,629,888.24
Deferred bond issuance costs	2,247,726.00	531,909.99	229,790.00	-	3,009,425.99
Total noncurrent assets	<u>1,196,698,597.44</u>	<u>420,895,518.74</u>	<u>20,723,896.01</u>	<u>52,398,625.04</u>	<u>1,690,716,637.23</u>
Total assets	<u>1,712,925,927.95</u>	<u>507,858,030.73</u>	<u>26,366,268.13</u>	<u>97,454,874.79</u>	<u>2,344,605,101.60</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & other				8,017,671.48	8,017,671.48
Interest payable on bonds	14,575,568.00	3,356,290.00	170,925.00	-	18,102,783.00
Arbitrage rebate liability	565,908.71	20,620.31	-	-	586,529.02
Compensated absences payable				40,557.00	40,557.00
Bonds payable	57,290,000.00	11,220,000.00	2,040,000.00	-	70,550,000.00
Total current liabilities	<u>72,431,476.71</u>	<u>14,596,910.31</u>	<u>2,210,925.00</u>	<u>8,058,228.48</u>	<u>97,297,540.50</u>
Noncurrent liabilities:					
Bonds payable	872,405,861.67	211,198,731.16	13,403,169.61	-	1,097,007,762.44
Arbitrage rebate liability	561,682.76	134,927.04	-	-	696,609.80
Compensated absences payable				336,635.00	336,635.00
Total liabilities	<u>945,399,021.14</u>	<u>225,930,568.51</u>	<u>15,614,094.61</u>	<u>8,394,863.48</u>	<u>1,195,338,547.74</u>
<b>NET ASSETS</b>					
Restricted by bond resolutions	767,526,906.81	281,927,462.22	10,752,173.52	-	1,060,206,542.55
Restricted by legislation				84,280,201.56	84,280,201.56
Unrestricted				4,779,809.75	4,779,809.75
Total net assets	<u>\$ 767,526,906.81</u>	<u>\$ 281,927,462.22</u>	<u>\$ 10,752,173.52</u>	<u>\$ 89,060,011.31</u>	<u>\$ 1,149,266,553.86</u>

see accompanying notes to the financial statements

**Minnesota Public Facilities Authority**  
**Statement of Net Assets**  
**June 30, 2011**

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 214,557,406.76	\$ 80,351,898.57	\$ 973,002.52	\$ 26,236,659.72	\$ 322,118,967.57
Investments	17,637,459.70				17,637,459.70
Loans receivable	97,378,032.00	23,191,398.00	3,679,049.00	3,545,735.00	127,794,214.00
Federal grants receivable				494,606.43	494,606.43
Accrued interest receivable:					
Investments	1,299,815.00	194,516.00	5,929.00		1,500,260.00
Loans	14,569,379.00	3,511,713.00	268,850.00	450,726.00	18,800,668.00
Total current assets	<u>345,442,092.46</u>	<u>107,249,525.57</u>	<u>4,926,830.52</u>	<u>30,727,727.15</u>	<u>488,346,175.70</u>
Noncurrent assets:					
Investments	65,546,237.30	14,628,995.00	537,000.00		80,712,232.30
Loans receivable	1,341,643,094.46	393,144,823.54	24,393,000.16	57,006,957.86	1,816,187,876.02
Deferred bond issuance costs	2,533,882.00	593,405.99	289,594.00		3,416,881.99
Total noncurrent assets	<u>1,409,723,213.76</u>	<u>408,367,224.53</u>	<u>25,219,594.16</u>	<u>57,006,957.86</u>	<u>1,900,316,990.31</u>
Total assets	<u>1,755,165,306.22</u>	<u>515,616,750.10</u>	<u>30,146,424.68</u>	<u>87,734,685.01</u>	<u>2,388,663,166.01</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable & other				1,584,138.08	1,584,138.08
Interest payable on bonds	15,470,822.00	3,511,188.00	196,134.00		19,178,144.00
Arbitrage rebate liability					-
Compensated absences payable				42,609.00	42,609.00
Bonds payable	56,305,000.00	11,335,000.00	2,420,000.00		70,060,000.00
Total current liabilities	<u>71,775,822.00</u>	<u>14,846,188.00</u>	<u>2,616,134.00</u>	<u>1,626,747.08</u>	<u>90,864,891.08</u>
Noncurrent liabilities:					
Bonds payable	936,911,385.68	223,864,277.69	15,540,885.88		1,176,316,549.25
Arbitrage rebate liability	47,398.15				47,398.15
Compensated absences payable				358,606.00	358,606.00
Total liabilities	<u>1,008,734,605.83</u>	<u>238,710,465.69</u>	<u>18,157,019.88</u>	<u>1,985,353.08</u>	<u>1,267,587,444.48</u>
<b>NET ASSETS</b>					
Restricted by bond resolutions	746,430,700.39	276,906,284.41	11,989,404.80		1,035,326,389.60
Restricted by legislation				81,486,928.34	81,486,928.34
Unrestricted				4,262,403.59	4,262,403.59
Total net assets	<u>\$ 746,430,700.39</u>	<u>\$ 276,906,284.41</u>	<u>\$ 11,989,404.80</u>	<u>\$ 85,749,331.93</u>	<u>\$1,121,075,721.53</u>

see accompanying notes to the financial statements

**Minnesota Public Facilities Authority**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**for the Year Ended June 30, 2012**

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
<b>Operating revenues:</b>					
Interest on loans	\$ 31,276,662.44	\$ 9,287,727.73	\$ 663,372.24	\$ 4,183,755.77	\$ 45,411,518.18
Investment earnings	3,887,558.37	783,316.78	26,117.82	154,940.16	4,851,933.13
Net increase (decrease) , fair value of investments	(995,482.23)	(348,361.16)			(1,343,843.39)
Federal grants-operating	1,424,794.50	660,744.98		15,807,077.52	17,892,617.00
State appropriations and fees				32,734,994.67	32,734,994.67
Total operating revenues	<u>35,593,533.08</u>	<u>10,383,428.33</u>	<u>689,490.06</u>	<u>52,880,768.12</u>	<u>99,547,219.59</u>
<b>Operating expenses:</b>					
Interest on bonds	38,587,844.49	8,994,614.25	525,278.73		48,107,737.47
Salaries and employee benefits				2,363,181.55	2,363,181.55
Other general operating				937,979.60	937,979.60
Grants				49,431,101.90	49,431,101.90
Total operating expenses	<u>38,587,844.49</u>	<u>8,994,614.25</u>	<u>525,278.73</u>	<u>52,732,263.05</u>	<u>100,840,000.52</u>
Operating income (loss)	<u>(2,994,311.41)</u>	<u>1,388,814.08</u>	<u>164,211.33</u>	<u>148,505.07</u>	<u>(1,292,780.93)</u>
<b>Capital Contributions:</b>					
Federal Grants	25,851,249.53	3,632,363.73			29,483,613.26
State Match				-	-
Total capital contributions	<u>25,851,249.53</u>	<u>3,632,363.73</u>	<u>-</u>	<u>-</u>	<u>29,483,613.26</u>
<b>Transfers in (out)</b>	<u>(1,760,731.70)</u>		<u>(1,401,442.61)</u>	<u>3,162,174.31</u>	<u>-</u>
Change in net assets	21,096,206.42	5,021,177.81	(1,237,231.28)	3,310,679.38	28,190,832.33
<b>Total net assets:</b>					
Beginning of year	746,430,700.39	276,906,284.41	11,989,404.80	85,749,331.93	1,121,075,721.53
End of year	<u>\$ 767,526,906.81</u>	<u>\$ 281,927,462.22</u>	<u>\$ 10,752,173.52</u>	<u>\$ 89,060,011.31</u>	<u>\$1,149,266,553.86</u>

see accompanying notes to the financial statements



**Minnesota Public Facilities Authority**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**for the Year Ended June 30, 2011**

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
<b>Operating revenues:</b>					
Interest on loans	\$ 31,278,070.74	\$ 8,864,661.54	\$ 758,180.79	\$ 3,765,239.50	\$ 44,666,152.57
Investment earnings	5,274,075.39	1,025,638.79	141,965.28	112,633.65	6,554,313.11
Net increase (decrease) , fair value of investments	(1,776,249.53)	(406,267.25)			(2,182,516.78)
Federal grants-operating	619,249.17	310,489.43		14,179,931.94	15,109,670.54
State appropriations and fees				27,144,672.84	27,144,672.84
Total operating revenues	<u>35,395,145.77</u>	<u>9,794,522.51</u>	<u>900,146.07</u>	<u>45,202,477.93</u>	<u>91,292,292.28</u>
<b>Operating expenses:</b>					
Interest on bonds	35,588,258.70	8,017,733.21	698,858.75		44,304,850.66
Salaries and employee benefits				2,524,395.33	2,524,395.33
Other general operating				975,908.73	975,908.73
Grants				41,121,024.52	41,121,024.52
Total operating expenses	<u>35,588,258.70</u>	<u>8,017,733.21</u>	<u>698,858.75</u>	<u>44,621,328.58</u>	<u>88,926,179.24</u>
Operating income (loss)	<u>(193,112.93)</u>	<u>1,776,789.30</u>	<u>201,287.32</u>	<u>581,149.35</u>	<u>2,366,113.04</u>
<b>Capital Contributions:</b>					
Federal Grants	40,622,438.26	14,141,927.67			54,764,365.93
State Match	19,200,000.00	10,800,000.00		3,958,092.45	33,958,092.45
Total capital contributions	<u>59,822,438.26</u>	<u>24,941,927.67</u>	<u>-</u>	<u>3,958,092.45</u>	<u>88,722,458.38</u>
<b>Transfers in (out)</b>					
Change in net assets	<u>(1,942,807.20)</u>	<u>26,718,716.97</u>	<u>(564,865.02)</u>	<u>2,507,672.22</u>	<u>-</u>
<b>Total net assets:</b>					
Beginning of year	688,744,182.26	250,187,567.44	12,352,982.50	78,702,417.91	1,029,987,150.11
End of year	<u>\$ 746,430,700.39</u>	<u>\$ 276,906,284.41</u>	<u>\$ 11,989,404.80</u>	<u>\$ 85,749,331.93</u>	<u>\$1,121,075,721.53</u>

see accompanying notes to the financial statements

**Minnesota Public Facilities Authority**  
**Statement of Cash Flows**  
**for the Year Ended June 30, 2012**

Revenue Bond Funds

	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	Totals
<b>Operating activities:</b>					
Interest received on loans	\$ 32,087,322.44	\$ 9,177,644.73	\$ 696,631.24	\$ 4,221,779.77	\$ 46,183,378.18
Principal received on loans	98,982,493.26	23,659,820.57	3,703,894.15	3,545,782.57	129,891,990.55
Federal grants - operating	1,424,794.50	660,744.98		14,922,901.26	17,008,440.74
State appropriations, and fees				32,734,994.67	32,734,994.67
Payments to employees				(2,636,883.15)	(2,636,883.15)
Payments to vendors				(1,080,996.30)	(1,080,996.30)
Payments to grantees				(39,546,327.52)	(39,546,327.52)
Payments to sub-recipients				(3,058,545.68)	(3,058,545.68)
Net cash provided in operating activities	<u>132,494,610.20</u>	<u>33,498,210.28</u>	<u>4,400,525.39</u>	<u>9,102,705.62</u>	<u>179,496,051.49</u>
<b>Non capital financing activities:</b>					
Capital contributions - federal	25,851,249.53	3,632,363.73			29,483,613.26
Capital contributions - state					-
Proceeds from sale of bonds					-
Deposits to refunding escrow					-
Payments for bond issuance costs					-
Interest paid on bonds	(46,412,466.50)	(10,533,562.78)	(588,400.00)		(57,534,429.28)
Principal paid on bonds	(56,305,000.00)	(11,335,000.00)	(2,420,000.00)		(70,060,000.00)
Payments to make loans	(123,007,318.24)	(53,395,989.78)		(1,320,874.75)	(177,724,182.77)
Cash transfers	(1,760,731.70)		(1,401,442.61)	3,162,174.31	-
Net cash provided (used) in non capital financing activities:	<u>(201,634,266.91)</u>	<u>(71,632,188.83)</u>	<u>(4,409,842.61)</u>	<u>1,841,299.56</u>	<u>(275,834,998.79)</u>
<b>Investing activities:</b>					
Investment interest	5,503,725.69	1,085,236.13	26,117.82	154,940.16	6,770,019.80
Arbitrage payments to the IRS					-
Purchases of investments	(11,354,413.00)				(11,354,413.00)
Proceeds from sale & maturities	44,873,096.77	10,157,503.84			55,030,600.61
Net cash provided in investing activities	<u>39,022,409.46</u>	<u>11,242,739.97</u>	<u>26,117.82</u>	<u>154,940.16</u>	<u>50,446,207.41</u>
Net increase (decrease) in cash and cash equivalents	(30,117,247.25)	(26,891,238.58)	16,800.60	11,098,945.34	(45,892,739.89)
Cash and cash equivalents:					
Beginning of year	214,557,406.76	80,351,898.57	973,002.52	26,236,659.72	322,118,967.57
End of year	<u>\$ 184,440,159.51</u>	<u>\$ 53,460,659.99</u>	<u>\$ 989,803.12</u>	<u>\$ 37,335,605.06</u>	<u>\$ 276,226,227.68</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	(2,994,311.41)	1,388,814.08	164,211.33	148,505.07	(1,292,780.93)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Principal received on loans	98,982,493.26	23,659,820.57	3,703,894.15	3,545,782.57	129,891,990.55
Interest paid on bonds	46,412,466.50	10,533,562.78	588,400.00		57,534,429.28
Investment earnings	(5,503,725.69)	(1,085,236.13)	(26,117.82)	(154,940.16)	(6,770,019.80)
Arbitrage payments to the IRS					-
Net change, investment fair value	995,482.23	348,361.16			1,343,843.39
Net amortizations	(6,929,368.01)	(1,384,050.53)	(37,912.27)		(8,351,330.81)
Changes in assets and liabilities:					
Accrued revenues	1,346,634.00	36,289.00	33,259.00	(846,152.26)	570,029.74
Accrued expenses	184,939.32	649.35	(25,209.00)	6,409,510.40	6,569,890.07
Net cash provided in operating activities	<u>\$ 132,494,610.20</u>	<u>\$ 33,498,210.28</u>	<u>\$ 4,400,525.39</u>	<u>\$ 9,102,705.62</u>	<u>\$ 179,496,051.49</u>

see accompanying notes to the financial statements

**Minnesota Public Facilities Authority**  
**Statement of Cash Flows**  
**for the Year Ended June 30, 2011**

	Revenue Bond Funds				
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	Totals
<b>Operating activities:</b>					
Interest received on loans	\$ 29,097,110.74	\$ 8,583,315.54	\$ 790,530.79	\$ 3,707,291.50	\$ 42,178,248.57
Principal received on loans	79,225,225.69	29,805,910.20	3,605,040.96	4,374,909.71	117,011,086.56
Federal grants - operating	619,249.17	310,489.43		15,560,846.40	16,490,585.00
State appropriations, and fees				27,144,672.84	27,144,672.84
Payments to employees				(2,567,170.27)	(2,567,170.27)
Payments to vendors				(906,653.44)	(906,653.44)
Payments to grantees				(38,246,548.38)	(38,246,548.38)
Payments to sub-recipients				(4,515,443.35)	(4,515,443.35)
Net cash provided in operating activities	<u>108,941,585.60</u>	<u>38,699,715.17</u>	<u>4,395,571.75</u>	<u>4,551,905.01</u>	<u>156,588,777.53</u>
<b>Non capital financing activities:</b>					
Capital contributions - federal	40,622,438.26	14,141,927.00			54,764,365.26
Capital contributions - state	19,200,000.00	10,800,000.00		3,958,092.45	33,958,092.45
Proceeds from sale of bonds	224,275,040.70	94,989,882.90	8,682,630.90		327,947,554.50
Deposits to refunding escrow					-
Payments for bond issuance costs	(812,720.99)	(348,308.99)	(155,710.30)		(1,316,740.28)
Interest paid on bonds	(39,964,769.31)	(7,872,361.19)	(885,882.92)		(48,723,013.42)
Principal paid on bonds	(39,135,000.00)	(7,080,000.00)	(13,110,000.00)		(59,325,000.00)
Payments to make loans	(213,544,860.10)	(73,806,894.16)		(8,231,490.88)	(295,583,245.14)
Cash transfers	(1,942,807.20)		(564,865.02)	2,507,672.22	-
Net cash provided (used) in non capital financing activities:	<u>(11,302,678.64)</u>	<u>30,824,245.56</u>	<u>(6,033,827.34)</u>	<u>(1,765,726.21)</u>	<u>11,722,013.37</u>
<b>Investing activities:</b>					
Investment interest	5,591,228.78	1,046,430.78	419,235.21	112,633.65	7,169,528.42
Arbitrage payments to the IRS	(1,579,515.41)	(575,727.34)	(272,794.18)		(2,428,036.93)
Purchases of investments	(11,937,892.15)		(537,000.00)		(12,474,892.15)
Proceeds from sale & maturities	19,896,762.50		1,896,741.00		21,793,503.50
Net cash provided in investing activities	<u>11,970,583.72</u>	<u>470,703.44</u>	<u>1,506,182.03</u>	<u>112,633.65</u>	<u>14,060,102.84</u>
Net increase (decrease) in cash and cash equivalents	109,609,490.68	69,994,664.17	(132,073.56)	2,898,812.45	182,370,893.74
Cash and cash equivalents::					
Beginning of year	104,947,916.08	10,357,234.40	1,105,076.08	23,337,847.27	139,748,073.83
End of year	<u>\$ 214,557,406.76</u>	<u>\$ 80,351,898.57</u>	<u>\$ 973,002.52</u>	<u>\$ 26,236,659.72</u>	<u>\$ 322,118,967.57</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	(193,112.93)	1,776,789.30	201,287.32	581,149.35	2,366,113.04
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Principal received on loans	79,225,225.69	29,805,910.20	3,605,040.96	4,374,909.71	117,011,086.56
Interest paid on bonds	39,964,769.31	7,872,361.19	885,882.92		48,723,013.42
Investment earnings	(5,591,228.78)	(1,046,430.78)	(419,235.21)	(112,633.65)	(7,169,528.42)
Arbitrage payments to the IRS	1,579,515.41	575,727.34	272,794.18		2,428,036.93
Net change, investment fair value	1,776,249.53	406,267.25			2,182,516.78
Net amortizations	(8,366,013.02)	(1,162,316.70)	(54,927.34)		(9,583,257.06)
Changes in assets and liabilities:					
Accrued revenues	(1,946,981.00)	(281,346.00)	61,962.00	1,322,966.46	(843,398.54)
Accrued expenses	2,493,161.39	752,753.37	(157,233.08)	(1,614,486.86)	1,474,194.82
Net cash provided in operating activities	<u>\$ 108,941,585.60</u>	<u>\$ 38,699,715.17</u>	<u>\$ 4,395,571.75</u>	<u>\$ 4,551,905.01</u>	<u>\$ 156,588,777.53</u>

see accompanying notes to the financial statements

**Minnesota Public Facilities Authority  
Notes to the Financial Statements  
Years Ended June 30, 2012 and 2011**

1. *Summary of Significant Accounting Policies*

The financial statements of the Minnesota Public Facilities Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Descriptions of the significant accounting policies follow:

*Reporting Entity* - The Minnesota Public Facilities Authority (the Authority) was created in 1987 by the State of Minnesota under Minnesota Statutes, Chapter 446A (the Act). Under the Act, the members of the Authority are the Commissioner of Employment and Economic Development, the Commissioner of Management and Budget, the Commissioner of the Minnesota Pollution Control Agency (MPCA), the Commissioner of Agriculture, the Commissioner of Health, and the Commissioner of Transportation. The Commissioner of Employment and Economic Development serves as chair and chief executive officer of the Authority. These members serve as a result of their respective positions as commissioners, and their terms as members of the Authority coincide with their terms as commissioners. Pursuant to state law, commissioners may delegate and have delegated their duties as a member of the Authority in the event that the commissioner is unable to attend a meeting of the Authority.

The Minnesota Department of Employment and Economic Development (DEED) provides administrative support services to the Authority. The MPCA and the Minnesota Department of Health also provide staff to administer, in cooperation with the Authority, certain programs of the Authority.

Governmental Accounting Standards Board (GASB) Codification Section 2100 states that a primary government that appoints a voting majority of the organization's governing body, and either (1) is able to impose its will on the organization or (2) has the potential to receive specific financial burdens imposed on it by the organization, is financially accountable to that organization. Based on this criterion, the Authority is considered a discretely presented component unit of the State of Minnesota and is included in its basic financial statements.

The Authority is authorized to issue bonds. These bonds do not constitute a debt of the State of Minnesota or any agency or political subdivision thereof (other than the Authority).

*Basis of Accounting* – The Authority is a special-purpose government engaged only in business-type activities. The Authority has determined that all of its funds shall be classified as enterprise funds and are therefore accounted for on the proprietary fund-type basis. All assets and liabilities (whether current or noncurrent) associated with their activity are included on their statements of net assets. Proprietary fund measurement is focused upon determination of net income, financial position, and cash flows. The Authority's proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

*Fund Accounting* – As a governmental entity the Authority organizes its accounts on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. All of the Authority’s funds are classified as proprietary funds. The Authority reports the following major proprietary funds:

- *Clean Water Bond Fund (CWBF)* - The Authority receives federal capitalization grants under Title VI of the Federal Clean Water Act, and state matching grants. These funds are leveraged with proceeds from the Authority’s pooled Clean Water revenue bonds to provide below-market-rate loans to municipalities and eligible political subdivisions to facilitate the construction of wastewater treatment facilities. Before the Authority can approve any particular loan, the MCPA must certify the applicant’s project based on technical and environmental reviews.
- *Drinking Water Bond Fund (DWBF)* - The Authority receives federal capitalization grants under Section 1452 of the Safe Drinking Water Act and state matching grants. These funds are leveraged with proceeds from the Authority’s pooled Drinking Water revenue bonds to provide below-market-rate loans to municipalities to finance costs of drinking water system infrastructure. Before the Authority can approve any particular loan, the Minnesota Department of Health must certify the applicants’ projects based on technical and environmental reviews.
- *Transportation Bond Fund (TBF)* - This program was initiated with a federal grant from the U.S. Department of Transportation to the Minnesota Department of Transportation (MnDOT) and state matching grants. The Authority administers the TBF, which provides loans to municipalities and eligible political subdivisions for construction of highways, bridges, and streets, and for purchasing transit capital. MnDOT must certify applicants’ projects based on MnDOT’s design standards. Four closed, stand-alone series of revenue bonds were issued. In November 2010, The outstanding Series 1999A and Series 2001 bonds were redeemed with proceeds of the Revenue Refunding Bonds Series 2010-T1 and Series 2010-T2.
- *Other Fund* - In addition to the pledged bond funds, the Authority manages various legislative appropriations for similar purposes. One of the programs included in the Other Fund is the Wastewater Infrastructure Funding Program (WIF). The Authority receives appropriations from the Minnesota Legislature to fund the program, and in conjunction with any particular loan from the CWBF or financing from the U.S. Department of Agriculture’s Rural Development Office, WIF Supplemental Assistance grants are given to eligible municipalities with high-cost wastewater projects. The Other Fund also includes the accounts and activities related to management of the State Revolving Fund programs.

*Federal Grants and State Appropriations* - The Authority receives federal capitalization grants from the Environmental Protection Agency and, through MnDOT, the Authority has received federal highway money. This money is used primarily for funding of loans and has also been used as security on bonds, and a portion may be expended for administrative and other set-aside costs. The Authority also receives state appropriations as match to the federal grants and for other Authority loan and grant programs. These federal and state monies are recognized in the financial statements when the associated expenditure obligations have met the eligibility requirement. When used to capitalize the revolving loan funds they are recorded as capital contributions; when used for administrative costs or grants they are recorded as operating revenue.

*Cash Equivalents* - The Authority considers all investments with an original maturity when purchased of three months or less to be cash equivalents.

*Loans Receivable* - Loans receivable are carried at their unpaid principal balances, net of any allowances for loan losses. The allowances for loan losses are established based on management's evaluation of the loan portfolio. Generally, the Authority does not provide an allowance for loan losses as the loans are secured by the borrowers' general obligation and revenue pledges.

*Investments* - The Authority reports investments at fair value in the statement of net assets with changes in the fair value of investments reported in the statement of revenues, expenses, and changes in fund net assets. Fair value of investments was determined based on quoted market prices as of the reporting date. Guaranteed investment contracts of the Authority are contracts purchased from life insurance companies who guarantee the principal and return, and allow money to be withdrawn if needed. The Authority's guaranteed investment contracts are considered nonparticipating and, as such, are reported at cost. The Authority believes it has the ability and intent to hold all investments to maturity to recover the full carrying value of its investment portfolio and does not expect to realize any gain or loss from the market value adjustments as shown in the various funds.

*Bond Discounts, Premiums, and Issuance Costs* - Bond discounts, premiums, and issuance costs are amortized using the effective interest method over the term of the bond series.

*Income Taxes* - The Authority is an agency of the State of Minnesota and is exempt from federal and state income taxes.

*Restrictions on Net Assets* - The use of assets held within each separate bond fund is restricted by the terms and conditions of that fund's bond resolutions. All assets of the Authority, including those not restricted by bond resolutions, are limited in their use by state and federal laws under which the funds were appropriated and / or grant conditions imposed by the federal funding agency. The net assets in the Authority's administrative accounts are reported as unrestricted because they are used for general operating activities.

*Defining Operating Revenues and Expenses and Operating Cash Flows* - The Authority issues revenue bonds to leverage the capital contributions it receives from federal capitalization grants and state matching grants. These funds are then used to make below-market-rate loans to municipalities and to pay for certain costs of issuance. Investment interest and loan repayments generate the cash flow required to make debt service payments on the bonds. Interest from loans and investment income are included as part of operating revenues and interest expense on bonds is included in operating expenses.

*Use of Estimates* - The presentation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Certain Risks and Uncertainties* - The Authority invests in various securities including U.S. government securities, and guaranteed investment contracts. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

## 2. *Deposits and Investments*

*Deposits* – The Authority’s investment policy requires it to follow state statutes. Cash deposits of the Authority are invested in a state pool and the pooled balances are insured or collateralized in accordance with Minnesota State Statutes. At June 30, 2012 and 2011, \$269,608,804 and \$321,102,408, respectively, of cash deposits were interest-bearing and \$6,617,423 and \$1,016,560 respectively, of cash deposits were non-interest-bearing.

*Investments* - The Authority’s investment policy limits investments to those permitted by the bond resolutions and the Authority Act. They are composed primarily of notes and bills of the U.S. Government and its agencies, guaranteed investment contracts, and municipal securities. Information regarding the Authority’s investments is provided below to give an indication of the risk level assumed at year-end.

*Interest Rate Risk* - The Authority does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Custodial Credit Risk* – For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Authority will not be able to recover the value of its investments that are in the possession of another party. The Authority requires for all securities purchased that the securities are at all times insured, registered in the Authority’s name or in the possession of the Authority.

*Credit Risk* - Excluding U.S. Government backed securities, the Authority's investments at June 30, 2012 and 2011 carried the following ratings by the three nationally recognized statistical rating organizations shown:

Investment type	Standard & Poors	Fitch Ratings	Moody's Investors Service
Federal Home Loan Bank	AAA	AAA	Aaa
Federal Farm Credit Banks	AAA	AAA	Aaa
Federal National Mortgage Association	AAA	AAA	Aaa
Federal Home Loan Mortgage Corporation	AAA	AAA	Aaa
State & Municipal Securities	AAA	AAA	Aaa
Guaranteed Investment Contracts	not rated <sup>1</sup>		

<sup>1</sup> The Guaranteed Investment Contracts are not rated but are backed by U.S. Government securities.

*Concentration of Credit Risk:* For the investments held by the Authority at June 30, 2012 and 2011, state law and Authority investment policy places no limits on the amount that may be invested in any one issuer. Excluding U.S. Government backed securities, more than 5% of the Authority's investments are in the following issuers:

Concentration of Credit risk: Issuer	June 30, 2012		June 30, 2011	
	Fair Value	% of Investments	Fair Value	% of Investments
Federal Farm Credit Banks	\$ 6,215,377	12%	\$ 43,856,302	45%
Federal Home Loan Mortgage Corporation	16,757,855	31%	16,905,555	17%
Federal National Mortgage Association	12,929,878	24%	13,435,850	14%
Texas, State of	6,124,199	11%		
Dallas, TX S.D.	5,385,050	10%		
Guaranteed Investment Contracts:AIGMFC	3,265,500	6%		
Guaranteed Investment Contracts:Societe Generale			11,225,760	11%
Federal Home Loan Banks	2,651,803	5%	6,411,699	7%

At June 30, 2012, the Authority had the following investments:

Investment type	Fair Value	Investment Maturities (in Years)				WAM <sup>1</sup>
		less than 1	1 to 5	6 to 10	more than 10	
U.S. Treasury SLGS	\$ 537,000	\$ -	\$ -	\$ 537,000	\$ -	8.29
Federal Farm Credit Banks	6,215,377	3,094,260	3,121,117			2.53
Federal National Mortgage Association	12,929,878	12,929,878				0.24
Federal Home Loan Mortgage Corporation	16,757,855	10,228,200	6,529,655			1.99
Guaranteed Investment Contracts	3,265,500			3,265,500		5.66
State & municipal securities	13,624,051				13,624,051	17.59
<b>totals</b>	<b>\$ 53,329,661</b>	<b>\$ 26,252,338</b>	<b>\$ 9,650,772</b>	<b>\$ 3,802,500</b>	<b>\$ 13,624,051</b>	<b>5.74</b>

At June 30, 2011, the Authority had the following investments:

Investment type	Fair Value	Investment Maturities (in Years)				WAM <sup>1</sup>
		less than 1	1 to 5	6 to 10	more than 10	
U.S. Treasury SLGS	\$ 537,000	\$ -	\$ -	\$ 537,000	\$ -	9.29
Federal Home Loan Banks	6,411,699	6,411,699				0.37
Federal Farm Credit Banks	43,856,302		3,212,130	3,015,912	37,628,260	12.35
Federal National Mortgage Association	13,435,850		13,435,850			1.24
Federal Home Loan Mortgage Corporation	16,905,555		10,626,700	6,278,855		2.99
Guaranteed Investment Contracts	14,491,260	11,225,760		3,265,500		2.01
State & municipal securities	2,712,025				2,712,025	16.28
<b>totals</b>	<b>\$ 98,349,691</b>	<b>\$ 17,637,459</b>	<b>\$ 27,274,680</b>	<b>\$ 13,097,267</b>	<b>\$ 40,340,285</b>	<b>7.04</b>

<sup>1</sup> WAM: weighted average maturity in years based on par amount.



### 3. Loans Receivable

Loans receivable at June 30, 2012 and 2011 consisted of the following:

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Clean Water Bond Fund:</b>						
Aitkin, City of-01st	10/15/97	02/20/18	2.240%	\$ 525,000	\$ 182,699	\$ 210,845
Aitkin, City of-02nd	07/15/03	08/20/23	1.000%	1,009,719	673,000	725,000
Albany, City of	04/21/03	02/20/22	3.490%	1,296,061	794,000	859,000
Albertville, City of	10/19/93	08/20/14	3.320%	1,454,514	237,544	327,346
Alborn Township	07/07/08	08/20/20	1.000%	280,571	180,279	201,364
Alexandria Lake Area Service Region	08/13/07	08/20/27	1.240%	4,968,093	4,105,784	4,336,784
Alexandria Lake Area Service Region	03/12/12	08/20/31	1.413%	228,823	228,823	-
Alvarado, City of	10/16/98	02/20/20	1.000%	677,980	287,446	321,800
Annandale, City of	08/17/07	08/20/26	2.220%	16,036,613	14,085,000	14,869,000
Appleton, City of	07/13/06	08/20/25	1.070%	1,331,574	1,070,000	1,141,000
Arlington, City of	06/23/11	08/20/31	1.000%	4,365,546	3,261,383	-
Atwater, City of	06/15/11	08/20/30	1.776%	522,000	483,830	56,607
Aurora, City of	06/24/08	08/20/27	1.277%	2,700,000	2,290,000	2,418,000
Avon, City of	11/18/02	08/20/32	1.000%	7,943,904	5,057,789	5,123,415
Bagley, City of	07/01/98	08/20/19	1.000%	1,654,075	650,293	733,565
Barnesville, City of-01st	07/31/06	08/20/25	1.560%	4,137,640	3,328,000	3,539,000
Barnesville, City of-02nd	09/13/11	08/20/31	1.000%	547,958	512,203	-
Battle Lake, City of	06/18/03	08/20/22	1.000%	1,698,073	1,089,000	1,182,000
Baxter, City of	07/24/91	02/20/12	3.530%	875,607	-	54,430
Beaver Bay, City of	10/13/10	08/20/40	1.000%	440,099	377,281	131,268
Beaver Creek, City of	09/23/94	08/20/15	3.600%	103,102	23,555	29,777
Belle Plaine, City of	01/27/03	08/20/22	1.990%	10,565,764	6,571,000	7,101,000
Benson, City of	07/26/04	08/20/24	1.980%	4,296,201	3,107,000	3,315,000
Big Lake, City of	09/24/09	08/20/29	2.414%	13,470,120	12,926,063	12,379,631
Bird Island, City of	11/13/06	08/20/26	1.000%	4,194,000	3,722,000	3,951,000
Blooming Prairie, City of	10/12/10	08/20/30	1.000%	2,219,779	1,950,286	779,621
Blue Earth, City of-01st	03/30/00	08/20/20	1.290%	3,290,170	1,659,000	1,832,000
Blue Earth, City of-02nd	07/03/07	08/20/26	1.400%	716,592	619,000	656,000
Blue Earth, City of-03rd	07/20/09	08/20/29	2.603%	699,230	640,574	554,969
Blue Earth, City of-04th	07/06/10	08/20/25	1.448%	1,987,000	1,640,491	1,539,330
Blue Earth, City of-05th	04/16/12	08/20/26	1.407%	590,000	92,292	-
Brainerd, City of-01st	03/12/08	08/20/17	2.230%	1,965,098	1,231,000	1,421,000
Brainerd, City of-02nd	06/24/09	08/20/28	3.233%	25,966,788	24,018,000	25,066,788
Breckenridge, City of	07/22/08	08/20/27	2.802%	1,461,216	1,274,000	1,269,472
Brooten, City of	08/27/07	08/20/27	1.000%	1,892,040	1,616,000	1,709,000
Browerville, City of-01st	03/06/90	08/20/11	2.420%	552,000	-	17,273
Browerville, City of-03rd	11/19/04	08/20/24	1.000%	493,048	342,000	366,000
Brownton, City of	01/06/10	08/20/30	1.000%	813,910	764,920	781,301
Buffalo Lake, City of	01/26/98	02/20/19	2.750%	615,750	-	284,805
Butterfield, City of	08/02/10	08/20/30	1.536%	2,210,104	2,010,568	1,402,824
Caledonia, City of-01st	02/07/94	02/20/15	3.440%	606,675	118,588	155,496
Cambridge, City of-01st	10/16/92	02/20/14	3.090%	10,477,205	1,335,769	1,973,554
Canby, City of	07/20/10	08/20/39	1.349%	4,860,517	4,566,000	3,205,600
Cannon Falls, City of-01st	06/27/01	08/20/21	3.070%	4,529,000	2,752,000	2,984,000
Cannon Falls, City of-02nd	11/20/01	08/20/22	2.860%	8,021,909	5,044,909	5,429,909
Canosia Township-01st	09/10/99	08/20/20	1.290%	2,517,810	1,213,063	1,340,000
Canosia Township-02nd	06/11/01	08/20/20	1.290%	207,000	-	14,000

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Clean Water Bond Fund (continued):</b>						
Carver, City of	02/16/00	08/20/19	2.860%	1,188,000	572,000	635,000
Cass County	06/23/97	02/20/19	1.130%	1,366,190	559,365	635,733
Cass Lake, City of	02/14/94	02/20/15	1.940%	276,364	48,270	63,759
Cedar Lake Area WSSDB-01st	07/26/01	08/20/21	1.570%	3,225,000	1,354,660	1,544,055
Central Iron Range SSD-01st	08/31/11	08/20/30	1.508%	759,034	51,675	-
Central Iron Range SSD-02nd	08/31/11	08/20/41	2.279%	7,361,329	50,000	-
Chandler, City of	09/24/02	08/20/23	1.000%	1,348,589	848,490	914,490
Chisago Lakes JSTC-01st	11/01/04	08/20/24	2.230%	13,019,689	8,036,960	8,564,999
Chisago Lakes JSTC-02nd	07/20/06	08/20/25	1.000%	3,917,643	3,016,000	3,216,000
Chisholm, City of-01st	05/17/94	02/20/15	3.820%	2,150,644	434,774	569,071
Chisholm, City of-02nd	03/01/10	08/20/25	1.366%	-	-	-
Clara City, City of	08/19/97	08/20/18	2.740%	2,138,045	666,797	759,419
Clear Lake, City of-01st	07/30/97	02/20/19	3.080%	223,506	94,068	105,946
Clear Lake, City of-02nd	01/12/09	08/20/28	1.153%	1,889,177	1,818,752	1,858,752
Clear Lake, City of-03rd	08/03/09	08/20/39	1.000%	95,301	90,000	93,000
Clearwater, City of-01st	07/23/97	02/20/19	2.080%	1,654,550	658,085	744,557
Clearwater, City of-02nd	11/18/08	08/20/27	1.697%	7,700,145	6,887,000	7,254,086
Clearwater, City of-03rd	11/03/09	08/20/29	1.000%	13,753	4,000	8,586
Cokato, City of	10/26/94	02/20/16	3.320%	2,760,000	706,049	868,503
Cold Spring, City of	02/24/04	08/20/23	2.490%	7,802,416	4,590,000	4,915,000
Cologne, City of	01/03/97	02/20/18	3.320%	1,538,699	553,217	638,235
Comfrey, City of	06/23/10	08/20/39	1.000%	675,130	602,329	289,888
Cottonwood Township-01st	03/12/99	08/20/20	1.290%	391,546	187,707	207,707
Cottonwood Township-02nd	09/22/99	08/20/20	1.290%	140,296	69,000	76,000
Cottonwood, City of	05/03/04	08/20/24	2.230%	895,920	652,000	695,000
Cross Lake Area WSSD	07/09/97	02/20/19	2.880%	2,035,802	847,903	955,764
Dassel, City of	07/30/02	08/20/22	1.380%	1,610,153	990,000	1,073,000
Dawson, City of	08/10/04	08/20/24	1.730%	1,788,670	1,286,000	1,374,000
Dayton, City of	08/16/00	08/20/21	3.250%	986,395	371,000	402,000
Delano, City of-01st	05/24/95	08/20/16	4.620%	2,480,000	768,410	918,990
Delano, City of-02nd	10/16/98	02/20/20	2.980%	1,150,000	542,457	601,707
Delano, City of-03rd	07/22/03	08/20/22	2.090%	11,054,217	7,307,000	7,892,000
Detroit Lakes, City of-01st	09/10/93	08/20/14	2.820%	2,552,820	389,537	537,874
Detroit Lakes, City of-02nd	12/19/95	02/20/17	2.930%	3,754,889	1,151,271	1,362,106
Dilworth, City of	03/22/00	08/20/20	3.070%	1,849,510	991,000	1,086,000
Dover Eyota Saint Charles SD-01st	05/30/02	08/20/21	3.293%	1,573,871	960,000	1,040,000
Dover Eyota Saint Charles SD-02nd	08/16/11	08/20/31	1.869%	1,627,313	880,946	-
Duluth, City of-01st	07/24/02	08/20/18	1.000%	364,195	180,000	205,000
Duluth, City of-02nd	10/17/03	08/20/18	1.340%	1,179,115	626,000	711,000
Duluth, City of-03rd	06/11/07	08/20/22	1.150%	1,973,033	1,629,000	1,767,000
Duluth, City of-04th	06/17/09	08/20/24	1.969%	796,835	718,000	630,124
Duluth, City of-05th	12/10/09	08/20/24	2.017%	2,414,150	2,239,000	2,388,000
Duluth, City of-06th	08/31/10	08/20/25	1.258%	9,087,385	7,181,235	4,400,728
Duluth, City of-07th	08/31/10	08/20/25	1.258%	3,753,059	2,893,140	246,817
Duluth, City of-08th	11/18/11	08/20/21	1.000%	278,149	69,540	-
Duluth, City of-09th	11/18/11	08/20/21	1.000%	354,551	108,000	-
Duluth, City of-10th	11/30/11	08/20/21	1.000%	282,620	81,741	-
Duluth/NSSD-03rd	07/01/02	08/20/23	1.630%	7,952,500	5,026,058	5,402,058
Dundas, City of-01st	03/21/97	02/20/18	2.880%	927,469	335,669	386,235
East Grand Forks, City of	09/17/08	08/20/28	2.687%	4,012,598	3,623,000	3,790,000
East Gull Lake, City of-02nd	08/03/04	08/20/24	1.000%	6,416,500	4,612,000	4,943,000

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Clean Water Bond Fund (continued):</b>						
Eden Valley, City of	10/13/09	08/20/29	1.744%	652,228	596,771	608,432
Elbow Lake, City of	07/07/09	08/20/39	1.993%	164,274	152,972	158,972
Ely, City of	01/02/01	08/20/21	1.070%	4,699,982	1,425,000	1,559,000
Elysian, City of	07/31/97	08/20/18	2.130%	1,163,536	433,383	494,918
Evansville, City of-01st	12/11/97	02/20/19	1.250%	673,073	254,696	289,305
Evansville, City of-02nd	11/15/11	08/20/31	1.000%	54,630	-	-
Eveleth, City of-01st	06/12/92	02/20/13	4.730%	500,000	37,299	72,894
Eveleth, City of-02nd	09/14/04	08/20/24	1.340%	3,522,034	2,504,000	2,679,000
Eveleth, City of-03rd	11/10/05	08/20/24	1.340%	34,182	19,000	20,000
Fairfax, City of	08/18/95	08/20/16	2.950%	1,506,773	418,776	504,578
Fairmont, City of	05/25/04	08/20/24	1.730%	13,248,347	9,501,000	10,148,000
Faribault, City of	07/28/09	08/20/29	2.550%	24,086,798	21,340,703	18,398,275
Farmington, City of	04/04/95	08/20/16	4.630%	764,377	235,736	281,880
Fayal Township-01st	09/22/99	08/20/20	2.110%	4,851,756	2,418,000	2,660,000
Fayal Township-02nd	06/22/01	08/20/21	1.570%	341,468	160,000	175,000
Fayal Township-03rd	10/04/01	08/20/20	2.110%	855,267	369,000	406,000
Fergus Falls, City of-02nd	10/07/96	02/20/17	3.740%	450,000	145,362	171,349
Foley, City of	07/21/94	08/20/15	3.320%	1,080,000	243,635	308,261
Forest Prairie Township	04/12/01	08/20/21	1.800%	711,095	395,000	431,000
Fosston, City of	11/15/11	08/20/41	1.000%	3,219,053	348,169	-
Fountain, City of	08/06/09	08/20/29	1.303%	1,034,122	963,000	1,010,000
Garfield, City of-01st	05/09/97	02/20/18	3.080%	100,000	36,609	42,089
Garfield, City of-02nd	06/29/98	08/20/19	1.040%	450,489	176,933	199,504
Garrison, Kathio, WMLL SSD-01st	01/09/01	08/20/21	1.620%	500,000	271,000	296,000
Garrison, Kathio, WMLL SSD-02nd	06/04/07	08/20/26	1.000%	6,530,900	5,192,766	5,338,382
Gilbert, City of	07/14/10	08/20/30	1.000%	1,337,076	1,277,000	1,337,000
Glyndon, City of-01st	08/14/91	02/20/13	3.640%	671,323	42,532	84,020
Glyndon, City of-02nd	08/09/10	08/20/30	1.089%	1,170,000	1,020,735	904,718
Good Thunder, City of	10/15/99	08/20/19	1.290%	1,010,545	477,000	533,000
Goodhue County	04/29/97	02/20/18	1.580%	141,175	47,072	54,494
Grand Lake Township-01st	09/02/99	08/20/20	1.290%	1,131,190	544,000	601,000
Grand Lake Township-02nd	05/29/01	08/20/20	1.290%	93,000	18,000	22,000
Grand Rapids, City of	11/10/09	08/20/29	2.900%	28,509,779	24,551,452	24,055,117
Grey Eagle, City of	02/03/97	02/20/18	1.220%	410,000	100,336	116,373
Hackensack, City of	11/21/97	02/20/18	1.250%	287,844	93,219	108,094
Hamburg, City of	08/09/11	08/20/30	1.256%	290,242	290,242	-
Hancock, City of	06/29/93	02/20/14	2.210%	367,116	-	65,743
Hanover, City of	08/18/99	08/20/20	2.290%	1,909,275	850,000	935,000
Harmony, City of-01st	02/25/93	02/20/14	3.340%	1,216,700	151,659	228,542
Harmony, City of-02nd	05/13/04	08/20/23	1.000%	625,465	411,000	443,000
Harris, City of	12/11/06	08/20/37	1.000%	4,995,642	4,795,239	4,795,239
Hawley, City of-01st	07/12/06	08/20/25	1.060%	1,010,111	802,000	855,000
Hawley, City of-02nd	06/17/08	08/20/27	2.293%	132,955	116,000	122,000
Hector, City of	12/14/94	02/20/16	3.920%	1,914,260	507,538	622,944
Henderson, City of	08/27/07	08/20/27	1.490%	3,713,099	3,265,000	3,445,000
Hendrum, City of-01st	11/15/07	08/20/27	2.279%	220,661	188,000	198,000
Hendrum, City of-02nd	07/31/08	08/20/27	1.530%	253,458	208,755	223,755
Henning, City of	09/15/92	02/20/14	0.389%	606,500	62,878	94,115
Hewitt, City of-02nd	12/04/91	08/20/12	0.000%	335,000	8,375	25,125
Hibbing, City of-01st	12/16/02	08/20/22	1.740%	9,847,450	6,157,000	6,661,000
Hibbing, City of-02nd	12/11/10	08/20/25	1.340%	1,726,575	1,473,683	1,161,703

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Clean Water Bond Fund (continued):</b>						
Hinckley, City of-01st	09/25/92	02/20/14	2.090%	1,850,839	96,381	143,091
Hinckley, City of-02nd	07/28/99	08/20/20	2.110%	2,435,641	1,212,000	1,333,000
Hoffman, City of	10/02/97	02/20/19	1.990%	263,440	104,270	118,021
Howard Lake, City of-01st	06/09/09	08/20/28	1.076%	3,998,476	3,340,053	3,267,898
Howard Lake, City of-02nd	06/17/11	08/20/40	1.000%	2,508,122	2,333,061	532,165
Hudson Township	05/02/07	08/20/27	1.000%	3,025,426	2,521,227	2,688,565
Hutchinson, City of	06/26/07	08/20/26	2.150%	13,696,602	11,992,000	12,664,000
Ida Township	03/28/01	08/20/21	1.980%	7,536,190	3,132,980	3,574,980
Isanti, City of	09/18/96	08/20/17	2.630%	4,682,145	1,361,519	1,588,820
Jasper, City of	08/25/95	08/20/16	2.440%	778,200	209,348	252,847
Jordan, City of	05/30/00	08/20/21	2.290%	6,850,120	3,882,000	4,224,000
Kandiyohi County-01st	09/22/99	08/20/20	2.250%	7,188,360	3,752,000	4,124,000
Kandiyohi County-02nd	11/30/00	08/20/21	2.250%	3,648,450	2,065,000	2,247,000
Kandiyohi County-03rd	10/10/01	08/20/21	2.140%	651,000	366,000	399,000
Kandiyohi County-04th	10/17/06	08/20/26	1.000%	3,761,876	3,030,000	3,216,000
Kandiyohi, City of	07/20/09	08/20/29	1.000%	538,495	489,283	309,289
Kasson, City of-01st	08/17/01	08/20/21	3.070%	7,632,919	4,549,000	4,933,000
Kasson, City of-02nd	08/31/11	08/20/31	1.861%	1,107,904	878,925	-
Knife River Larsmont SSD	10/25/05	08/20/25	1.310%	882,212	665,930	709,212
Koochiching County	08/09/05	08/20/25	1.000%	4,430,839	3,274,000	3,491,044
Lake Benton, City of	11/21/91	08/20/12	2.660%	169,000	5,381	15,977
Lake City, City of-01st	08/25/93	08/20/14	3.740%	1,442,000	243,714	335,057
Lake City, City of-02nd	11/24/96	02/20/17	3.320%	1,500,000	472,013	557,443
Lake City, City of-03rd	08/18/99	08/20/20	2.860%	1,226,667	624,000	684,000
Lake City, City of-04th	09/30/02	08/20/23	2.990%	4,800,000	3,245,000	3,467,000
Lake Crystal, City of	10/30/03	08/20/23	2.340%	1,571,616	1,079,000	1,156,000
Lake Lillian, City of	02/13/07	08/20/26	1.000%	226,216	183,000	194,016
Lake Mary Township-01st	05/05/98	08/20/19	1.540%	2,120,212	383,204	505,617
Lake Mary Township-02nd	09/11/00	08/20/20	1.360%	377,951	121,150	140,451
Lake Park, City of-01st	11/14/03	08/20/23	1.590%	424,520	274,520	295,520
Lake Park, City of-02nd	07/26/11	08/20/31	1.000%	1,000,000	908,108	-
Lake Washington SD	06/23/04	08/20/24	1.480%	6,490,000	3,900,329	4,329,019
Lakefield, City of	05/03/96	08/20/17	2.630%	1,143,940	376,077	438,864
Laketown Township	08/12/98	08/20/19	1.790%	1,020,000	231,509	262,509
Landfall, City of	01/26/94	02/20/15	1.940%	1,088,007	191,058	252,349
Lanesboro, City of	08/15/96	08/20/17	2.680%	492,733	162,360	189,437
Le Center, City of-01st	07/01/94	08/20/15	2.960%	2,315,710	508,718	644,880
Le Center, City of-02nd	08/10/04	08/20/24	1.980%	2,595,136	1,874,286	1,999,286
Le Sueur, City of	08/27/07	08/20/27	1.000%	16,353,395	14,229,000	14,970,000
Leota SD	08/10/99	08/20/19	1.000%	256,598	113,000	127,000
Lester Prairie, City of	07/10/06	08/20/25	1.560%	4,387,680	3,568,000	3,795,000
Lewiston, City of	07/17/01	08/20/21	2.320%	1,630,000	959,000	1,043,000
Lismore, City of	08/07/95	02/20/16	2.070%	550,000	128,825	159,407
Litchfield, City of-01st	12/27/01	08/20/22	2.680%	10,963,561	6,858,000	7,388,000
Litchfield, City of-02nd	09/01/09	08/20/29	2.652%	7,086,048	6,227,981	4,837,276
Little Falls, City of-01st	02/03/03	08/20/22	1.240%	4,248,645	2,610,000	2,830,000
Little Falls, City of-02nd	07/11/05	08/20/22	1.240%	1,998,468	1,340,000	1,453,000
Little Falls, City of-03rd	07/11/05	08/20/22	1.240%	631,555	402,000	436,000
Long Prairie, City of-02nd	08/22/11	08/20/31	2.190%	4,821,000	3,114,442	-
Lonsdale, City of	11/03/03	08/20/23	2.340%	6,644,792	4,556,792	4,882,792
Mabel, City of	08/13/03	08/20/23	1.090%	1,562,875	1,027,000	1,107,000

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Clean Water Bond Fund (continued):</b>						
Madelia, City of-01st	01/25/93	02/20/14	2.010%	2,415,000	287,096	426,453
Madelia, City of-02nd	11/14/06	08/20/26	1.000%	4,732,813	3,920,000	4,161,000
Madison Lake, City of-01st	11/01/95	02/20/17	0.000%	301,512	75,378	90,454
Madison Lake, City of-02nd	06/01/09	08/20/29	1.883%	320,500	293,000	307,000
Mahnomen, City of	08/07/08	08/20/27	1.786%	718,929	621,000	654,000
Mankato, City of-01st	05/21/98	08/20/19	3.070%	24,682,000	11,049,819	12,341,431
Mankato, City of-02nd	11/09/00	08/20/19	3.070%	678,000	334,000	370,000
Mankato, City of-03rd	06/13/09	08/20/29	1.882%	1,070,750	972,944	1,024,679
Mankato, City of-04th	10/01/10	08/20/30	1.656%	5,520,000	4,546,869	636,440
Mantorville, City of	08/18/10	08/20/30	1.802%	250,542	244,613	250,542
Martin County	08/11/09	08/20/29	1.000%	628,307	544,000	572,057
Mayer, City of	01/14/00	08/20/20	2.570%	689,274	360,000	395,000
Medford, City of	08/02/07	08/20/26	2.240%	1,355,197	1,184,000	1,250,000
Metropolitan Council-09th	10/03/97	08/20/17	3.405%	40,000,000	19,725,000	22,200,000
Metropolitan Council-10th	12/31/98	08/20/19	3.140%	60,000,000	34,965,000	38,310,000
Metropolitan Council-11th	07/27/00	08/20/20	3.757%	60,000,000	41,445,000	44,410,000
Metropolitan Council-12th	11/14/01	08/20/21	3.543%	75,000,000	53,500,000	57,000,000
Metropolitan Council-13th	12/20/02	02/20/22	3.383%	100,000,000	71,840,000	76,460,000
Metropolitan Council-14th	11/26/03	08/20/23	3.090%	100,000,000	79,500,000	83,000,000
Metropolitan Council-15th	10/31/03	02/20/16	0.000%	0	632,546	973,593
Metropolitan Council-16th	10/20/04	02/20/25	2.536%	50,000,000	33,000,000	35,000,000
Metropolitan Council-17th	11/10/05	02/20/25	2.840%	40,000,000	34,200,000	34,800,000
Metropolitan Council-18th	09/13/06	08/20/26	2.730%	50,000,000	41,800,000	42,500,000
Metropolitan Council-19th	10/11/07	08/20/27	3.181%	80,000,000	76,200,000	77,200,000
Metropolitan Council-20th	08/31/09	08/20/29	2.449%	30,588,750	28,295,000	30,205,000
Metropolitan Council-21st	09/22/09	08/20/29	2.830%	49,411,250	45,705,000	48,795,000
Metropolitan Council-22nd	01/12/11	08/20/30	1.767%	70,000,000	67,505,934	44,946,326
Metropolitan Council-23rd	02/15/12	08/20/31	1.603%	60,000,000	25,830,463	-
Middle River, City of	08/11/10	08/20/30	1.000%	224,669	166,423	44,765
Midway Township	09/28/10	08/20/30	1.000%	704,584	546,255	44,984
Minneapolis, City of	04/30/12	08/20/13	1.000%	589,864	-	-
Minneota, City of	07/26/10	08/20/30	1.329%	864,500	827,000	817,481
Minnesota City, City of	08/11/11	08/20/31	1.095%	717,320	250,086	-
Montevideo, City of-01st	06/17/09	08/20/29	2.890%	10,379,466	8,132,170	8,292,768
Montevideo, City of-02nd	05/08/12	08/20/31	1.517%	206,845	-	-
Montgomery, City of	02/05/03	08/20/22	1.000%	8,507,628	5,107,998	5,544,998
Montrose, City of-02nd	08/27/02	08/20/22	2.740%	4,209,000	2,742,000	2,953,000
Montrose, City of-03rd	02/21/03	08/20/22	2.740%	1,566,000	1,007,000	1,084,000
Moorhead, City of-01st	09/23/94	02/20/15	4.100%	2,478,112	506,715	662,366
Moorhead, City of-02nd	05/23/95	08/20/16	4.100%	1,601,443	479,093	574,189
Moorhead, City of-03rd	09/29/97	02/20/18	3.290%	426,290	157,463	180,839
Moorhead, City of-04th	05/06/02	08/20/22	3.130%	3,389,288	2,147,000	2,308,000
Moorhead, City of-05th	06/21/04	08/20/23	1.980%	6,598,073	4,504,099	4,834,099
Moorhead, City of-06th	07/18/07	08/20/26	1.990%	12,407,226	10,877,000	11,495,511
Moose Lake, City of-01st	10/13/94	08/20/15	2.920%	2,250,000	-	625,428
Moose Lake, City of-02nd	02/25/97	08/20/15	2.845%	175,813	-	51,414
Moose Lake, City of-03rd	01/14/09	08/20/28	1.139%	2,962,416	2,648,000	2,788,000
Moose Lake, City of-04th	04/14/10	08/20/29	1.000%	4,260,248	536,923	529,708
Morgan, City of-01st	09/23/93	08/20/14	2.570%	131,280	20,285	28,044
Morgan, City of-02nd	09/30/94	02/20/16	2.570%	640,309	155,379	191,807
Morristown, City of	11/19/98	02/20/20	1.810%	1,229,797	545,529	608,367

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Clean Water Bond Fund (continued):</b>						
Motley, City of	01/18/11	08/20/30	1.000%	2,800,000	2,555,872	2,185,023
Mountain Iron, City of	10/20/09	08/20/29	2.248%	599,250	550,000	575,000
Murray County	08/25/06	08/20/26	1.010%	10,568,836	8,222,777	8,794,381
New London, City of	06/15/11	08/20/30	1.000%	1,668,210	1,458,376	175,277
New Munich, City of	12/10/10	08/20/30	1.027%	702,473	512,591	515,343
New Prague, City of	12/01/08	08/20/28	3.127%	32,280,687	30,714,799	31,166,178
New Richland, City of	08/29/11	08/20/31	1.000%	2,450,000	1,254,280	-
New Ulm, City of-02nd	06/19/07	08/20/26	2.650%	3,943,632	3,469,000	3,655,000
New York Mills, City of-01st	11/15/06	08/20/26	1.000%	3,563,645	2,929,000	3,109,000
New York Mills, City of-02nd	06/22/09	08/20/29	1.000%	130,134	118,000	124,000
New York Mills, City of-03rd	12/14/10	08/20/30	1.000%	99,331	83,849	78,143
Nicollet, City of	08/03/95	02/20/17	3.200%	1,260,000	393,262	464,740
Nisswa, City of-01st	08/10/90	02/20/12	3.670%	2,634,561	-	179,557
North Branch, City of	08/05/03	08/20/33	2.340%	11,500,000	8,420,000	8,470,000
North Koochiching ASD	04/16/12	08/20/41	2.135%	9,688,290	-	-
North Mankato, City of-01st	11/25/97	02/20/19	3.405%	1,032,679	443,467	498,453
North Mankato, City of-02nd	09/30/99	08/20/19	3.140%	442,988	215,000	238,000
Northfield, City of	05/02/00	08/20/21	3.040%	18,390,072	10,718,000	11,624,000
Oak Grove, City of	04/01/10	08/20/29	1.694%	490,429	430,000	460,000
Olivia, City of-01st	09/26/97	02/20/19	3.490%	1,122,092	481,706	541,590
Olivia, City of-02nd	11/21/11	08/20/40	1.000%	5,845,636	620,694	-
Ortonville, City of	05/05/08	08/20/27	2.290%	471,836	397,429	422,429
Owatonna, City of	07/06/10	08/20/25	1.423%	7,929,333	7,447,928	7,929,333
Pelican Rapids, City of-02nd	10/13/08	08/20/27	1.257%	5,517,884	4,852,015	5,159,482
Pemberton, City of	02/03/97	02/20/18	1.580%	372,136	124,142	143,718
Perham, City of-01st	08/08/11	08/20/26	1.400%	337,745	308,911	-
Pillager, City of	11/21/91	02/20/13	2.530%	500,000	31,314	61,950
Pine Island, City of	07/14/92	08/20/13	3.480%	2,254,355	-	333,309
Pipestone, City of-02nd	04/04/11	08/20/30	2.063%	2,503,328	2,301,111	491,761
Plato, City of-01st	04/20/99	08/20/19	1.290%	107,025	47,000	52,000
Plato, City of-02nd	03/27/00	08/20/21	1.860%	857,047	467,000	509,000
Proctor, City of	07/26/07	08/20/22	1.240%	104,119	79,000	86,000
Ramsey Washington MWD-01st	06/13/97	08/20/17	3.824%	540,835	191,715	222,481
Ramsey Washington MWD-02nd	09/24/98	08/20/18	3.340%	711,431	289,491	328,751
Red Wing, City of-01st	12/20/96	08/20/17	3.824%	750,000	263,155	305,854
Red Wing, City of-02nd	12/02/97	02/20/18	3.405%	700,000	261,206	299,868
Red Wing, City of-03rd	05/22/98	08/20/18	3.340%	2,500,000	913,347	1,051,732
Red Wing, City of-04th	10/11/02	08/20/22	3.740%	1,494,594	968,000	1,038,000
Red Wing, City of-05th	08/24/04	08/20/24	2.340%	5,283,360	3,859,000	4,111,000
Redwood Falls, City of	12/11/96	08/20/17	2.490%	133,900	43,607	50,924
Renville, City of-01st	08/22/96	02/20/17	2.470%	794,818	236,236	280,118
Renville, City of-02nd	04/12/10	08/20/17	1.000%	712,962	696,517	559,487
Rice, City of	10/13/04	08/20/24	1.980%	1,153,293	824,000	879,000
Richmond, City of	11/01/06	08/20/26	1.000%	7,264,863	6,237,000	6,545,000
Rockford, City of	08/14/97	02/20/19	3.990%	1,694,279	313,955	797,994
Rockville, City of-01st	12/19/95	02/20/17	0.000%	869,580	217,395	260,874
Rockville, City of-02nd	04/22/04	08/20/24	1.340%	9,182,090	5,852,000	6,261,000
Rogers, City of-01st	08/03/92	08/20/13	3.200%	1,023,299	100,814	165,501
Rogers, City of-02nd	12/23/94	02/20/16	4.170%	2,710,873	732,547	897,702
Rollingstone, City of	04/12/00	08/20/20	2.790%	532,035	286,000	314,000
Roseau, City of-01st	05/09/94	08/20/14	2.990%	237,000	34,931	49,202

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Clean Water Bond Fund (continued):</b>						
Roseau, City of-02nd	11/01/95	02/20/17	2.950%	950,000	291,835	345,263
Rush City, City of-01st	03/05/99	08/20/19	1.040%	4,097,542	1,743,000	1,951,000
Rush City, City of-02nd	06/25/12	08/20/31	1.522%	990,727	-	-
Rushford Village, City of	05/30/96	02/20/17	3.180%	168,403	51,265	60,796
Rushford, City of-01st	06/04/96	08/20/17	3.430%	1,101,488	380,699	442,605
Rushford, City of-02nd	03/28/11	08/20/30	1.077%	1,414,400	1,185,331	32,591
Rushmore, City of	10/03/05	08/20/24	1.210%	424,101	298,000	320,000
Russell, City of	08/08/90	02/20/12	2.920%	155,450	-	10,043
Sacred Heart, City of	07/17/97	08/20/18	1.580%	1,441,093	518,852	594,082
Saint Augusta, City of-01st	09/02/03	08/20/23	2.090%	4,389,732	2,865,000	3,073,000
Saint Augusta, City of-02nd	10/06/10	08/20/40	1.000%	1,839,044	1,785,315	1,839,044
Saint Clair, City of	09/28/98	08/20/19	1.480%	2,653,226	1,086,523	1,222,531
Saint Cloud, City of-01st	07/23/97	08/20/18	3.630%	4,812,000	1,955,822	2,218,161
Saint Cloud, City of-02nd	04/06/10	08/20/30	1.771%	43,599,900	39,964,115	33,755,960
Saint Hilaire, City of-01st	03/27/98	02/20/19	2.250%	15,641	5,607	6,342
Saint Hilaire, City of-02nd	09/29/08	08/20/28	1.058%	807,912	701,000	738,591
Saint Hilaire, City of-03rd	06/22/09	08/20/29	1.000%	25,589	24,000	25,000
Saint James, City of-02nd	06/03/10	08/20/29	1.799%	7,157,954	6,783,616	5,526,334
Saint Paul, City of-01st	08/23/93	08/20/14	2.570%	1,072,837	165,792	229,224
Saint Paul, City of-02nd	11/10/94	08/20/15	3.600%	600,000	138,024	174,412
Saint Paul, City of-03rd	12/20/95	08/20/16	3.200%	600,000	169,889	204,469
Saint Paul, City of-04th	06/21/96	02/20/17	2.880%	4,269,844	1,306,045	1,545,585
Saint Paul, City of-05th	01/17/97	02/20/18	3.820%	1,500,000	573,938	657,554
Saint Paul, City of-06th	01/13/98	02/20/19	3.250%	3,100,000	1,317,835	1,482,977
Saint Paul, City of-07th	02/18/99	08/20/19	2.790%	4,600,000	2,150,000	2,385,000
Saint Paul, City of-08th	09/12/00	08/20/20	3.870%	8,965,000	5,136,000	5,606,000
Saint Peter, City of-01st	12/29/00	08/20/21	2.040%	11,733,250	6,589,000	7,178,000
Saint Peter, City of-02nd	09/17/02	08/20/22	2.040%	7,260,850	3,335,000	3,603,000
Saint Peter, City of-03rd	12/15/03	08/20/22	3.480%	2,240,000	1,539,000	1,652,000
Sauk Centre, City of-01st	10/30/95	08/20/16	3.200%	1,407,000	398,499	479,586
Sauk Centre, City of-02nd	07/07/10	08/20/30	1.911%	7,058,050	6,330,993	5,367,346
Shafer, City of-01st	03/17/95	08/20/16	2.240%	174,000	46,110	55,756
Shafer, City of-02nd	09/24/02	08/20/23	1.630%	1,167,000	750,000	806,000
Sherburn, City of	11/18/10	08/20/30	1.000%	1,372,500	1,231,348	1,173,622
Shingobee Township	01/24/00	08/20/20	1.000%	60,240	27,000	30,000
Shorewood Park SD / Rush Lake SD	12/19/95	02/20/17	0.000%	625,000	156,250	187,500
Silver Bay, City of	09/23/94	02/20/16	2.820%	1,490,796	368,389	454,217
Silver Creek Township-01st	03/23/99	08/20/20	2.290%	1,700,000	859,000	944,000
Skyline, City of	07/12/04	08/20/24	1.000%	1,179,511	737,242	809,140
Spring Lake Township-01st	06/11/01	08/20/21	1.290%	1,263,000	491,000	537,000
Spring Lake Township-02nd	11/22/04	08/20/24	1.000%	1,100,000	777,000	833,000
Springsteel Island SD	09/04/07	08/20/27	1.000%	811,946	688,148	727,148
Starbuck, City of	09/20/11	08/20/31	1.000%	439,225	-	-
Stewart, City of	10/02/98	02/20/19	1.000%	150,000	55,933	63,610
Sturgeon Lake, City of-01st	02/21/07	08/20/26	1.000%	4,495,958	4,093,000	4,345,000
Sturgeon Lake, City of-02nd	11/07/08	02/20/26	1.142%	669,849	562,000	599,000
Thief River Falls, City of	07/16/98	08/20/19	2.790%	925,525	407,666	455,909
Tracy, City of	06/30/00	08/20/20	2.110%	1,434,769	735,000	808,000
Trimont, City of	11/17/04	08/20/24	1.000%	1,699,869	1,199,000	1,285,000
Truman, City of	12/21/10	08/20/30	1.317%	417,500	360,011	360,434
Two Harbors, City of	03/11/94	02/20/15	2.440%	2,200,000	400,820	528,372

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Clean Water Bond Fund (continued):</b>						
Ulen, City of	07/12/11	08/20/41	1.000%	1,640,000	1,327,104	-
Verndale, City of-01st	07/10/97	02/20/18	1.130%	155,809	50,328	58,395
Verndale, City of-02nd	06/18/09	08/20/29	1.393%	48,111	44,000	46,000
Verndale, City of-03rd	05/31/11	08/20/30	1.000%	339,300	334,753	61,249
Virginia, City of	11/10/11	08/20/31	1.458%	16,526,481	4,536,688	-
Wabasha, City of	07/22/03	08/20/22	1.590%	5,866,644	3,777,000	4,089,000
Wadena, City of	09/13/11	08/20/31	1.529%	4,139,999	1,239,462	-
Walker, City of	04/03/95	08/20/16	2.600%	2,182,510	592,885	715,537
Walnut Grove, City of	04/15/93	02/20/14	0.604%	767,041	71,314	106,779
Warren, City of	06/24/11	08/20/30	1.223%	362,774	347,207	-
Waseca, City of	07/10/09	08/20/29	2.627%	9,335,004	8,583,505	7,705,024
Watertown, City of	05/11/93	08/20/14	3.490%	3,300,000	545,408	751,549
Watkins, City of	01/03/07	08/20/25	1.270%	1,631,700	1,298,000	1,382,000
Waverly, City of	11/27/91	08/20/11	2.640%	623,933	-	19,753
Welcome, City of	08/10/11	08/20/31	1.000%	809,389	746,868	-
Wells, City of	10/29/04	08/20/24	1.960%	1,560,000	1,129,000	1,205,000
West Concord, City of-01st	09/20/96	02/20/18	3.990%	281,777	108,744	124,515
West Concord, City of-02nd	06/10/04	08/20/24	1.000%	2,231,649	1,577,000	1,690,000
Western Lake Superior SD-01st	10/10/91	08/20/12	4.780%	5,078,000	226,925	665,008
Western Lake Superior SD-02nd	03/06/97	02/20/13	4.330%	4,400,000	389,205	762,089
Western Lake Superior SD-03rd	10/21/98	02/20/20	3.980%	4,517,000	-	2,473,353
Western Lake Superior SD-04th	09/02/99	08/20/14	3.560%	835,800	212,000	278,000
Western Lake Superior SD-05th	10/13/99	08/20/20	4.270%	21,053,000	-	13,056,000
Western Lake Superior SD-06th	10/06/00	08/20/21	4.870%	7,023,372	4,388,006	4,723,006
Western Lake Superior SD-07th	10/29/02	08/20/18	3.240%	3,149,184	-	1,884,000
Western Lake Superior SD-08th	07/17/06	08/20/21	2.820%	3,847,077	2,869,000	3,115,000
Western Lake Superior SD-09th	04/08/08	08/20/23	2.611%	2,367,407	1,948,000	2,085,000
Western Lake Superior SD-10th	06/16/09	08/20/24	2.700%	1,889,541	1,768,000	1,880,000
Western Lake Superior SD-11th	08/31/10	08/20/25	1.586%	151,866	143,866	151,866
Western Lake Superior SD-12th	08/31/10	08/20/25	1.591%	364,072	320,190	342,262
Western Lake Superior SD-13th	08/31/10	08/20/25	1.590%	678,748	575,442	480,811
Western Lake Superior SD-14th	08/31/10	08/20/25	1.589%	3,351,540	2,712,744	731,751
Western Lake Superior SD-15th	09/26/11	08/20/26	1.520%	3,581,330	1,345,453	-
Western Lake Superior SD-16th	09/26/11	08/20/26	1.520%	316,131	88,120	-
Western Lake Superior SD-17th	09/26/11	08/20/26	1.520%	1,610,959	1,268,146	-
Wheaton, City of-01st	06/26/03	08/20/22	2.240%	2,505,000	1,589,000	1,715,000
Wheaton, City of-02nd	07/15/09	08/20/29	1.331%	1,623,390	1,478,000	1,550,390
Wheaton, City of-03rd	10/01/09	08/20/29	1.067%	878,761	798,000	837,761
Wheaton, City of-04th	03/22/12	08/20/41	1.000%	740,360	-	-
Willmar, City of-01st	06/28/96	08/20/17	3.130%	4,300,000	1,457,976	1,697,597
Willmar, City of-02nd	09/09/08	08/20/28	3.275%	42,001,362	40,659,000	41,733,000
Willmar, City of-03rd	09/21/09	08/20/29	2.457%	1,711,867	1,573,151	1,642,151
Willmar, City of-04th	11/18/09	08/20/38	3.440%	36,238,638	27,077,265	26,330,030
Windom, City of-01st	01/26/94	02/20/14	2.440%	352,380	40,748	61,739
Windom, City of-02nd	05/17/94	08/20/15	2.710%	3,886,970	839,430	1,065,096
Winnebago, City of-02nd	06/27/11	08/20/30	1.247%	3,644,141	2,994,921	-
Woodland, City of	06/12/97	08/20/18	2.580%	698,775	230,092	262,330
Zimmerman, City of-03rd	04/09/99	08/20/20	2.040%	4,173,493	2,175,000	2,393,000
Zimmerman, City of-04th	10/05/09	08/20/29	2.368%	2,221,070	2,172,070	2,203,371
Clean Water Bond Fund				2,120,690,089	1,463,045,951	1,439,021,126



Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Drinking Water Bond Fund:</b>						
Ada, City of-01st	06/25/04	08/20/23	1.090%	2,380,000	1,563,000	1,684,000
Ada, City of-02nd	12/06/05	08/20/23	1.090%	264,245	189,000	204,000
Adrian, City of	10/30/98	08/20/18	3.320%	259,660	114,000	128,000
Albany, City of	05/17/06	08/20/25	1.960%	4,697,058	3,697,874	3,925,874
Alexandria, City of-01st	07/30/02	08/20/22	3.380%	1,050,117	671,000	721,000
Alexandria, City of-02nd	09/01/09	08/20/29	2.445%	3,623,606	3,323,126	3,310,529
Alvarado, City of	05/24/10	08/20/29	1.000%	662,133	551,768	583,109
Annandale, City of-01st	01/13/04	08/20/23	2.819%	3,273,194	2,176,000	2,327,000
Annandale, City of-02nd	05/31/11	08/20/31	1.959%	1,217,500	1,108,195	183,318
Argyle, City of	09/30/98	08/20/19	2.570%	229,655	108,000	120,000
Arlington, City of	02/21/03	08/20/17	2.990%	110,000	51,000	59,000
Askov, City of	09/30/98	08/20/19	1.000%	479,781	200,000	224,000
Atwater, City of	06/15/11	08/20/30	1.777%	964,000	868,431	104,533
Avon, City of	10/08/03	08/20/23	2.840%	666,554	352,061	377,680
Babbitt, City of	08/29/01	08/20/21	2.820%	1,316,806	762,000	827,000
Backus, City of	07/14/08	08/20/27	2.270%	164,195	144,000	151,000
Bagley, City of	08/10/04	08/20/23	1.730%	1,074,120	717,120	771,120
Barnesville, City of	09/13/11	08/20/31	1.143%	624,655	537,082	-
Barnum, City of	10/28/09	08/20/29	1.325%	841,135	737,672	644,003
Battle Lake, City of	06/18/03	08/20/22	1.490%	1,377,006	856,000	927,000
Baudette, City of-01st	11/09/04	08/20/24	2.460%	337,729	240,000	256,000
Baudette, City of-02nd	09/17/09	08/20/29	1.925%	750,760	538,376	473,296
Beardsley, City of	07/14/10	08/20/29	1.261%	111,100	106,000	111,100
Beaver Bay, City of	07/29/08	08/20/27	1.061%	869,658	739,000	781,233
Becker County	09/22/03	08/20/22	1.680%	135,430	84,000	91,000
Belgrade, City of	07/26/10	08/20/39	1.095%	699,000	468,277	405,860
Benson, City of	07/05/11	08/20/30	1.739%	3,341,460	3,084,342	-
Big Lake, City of	11/04/04	08/20/24	2.530%	9,111,996	6,354,000	6,763,000
Bird Island, City of	11/09/09	08/20/29	1.000%	149,537	135,905	142,905
Blue Earth, City of-01st	09/05/06	08/20/26	2.570%	305,456	245,000	258,000
Blue Earth, City of-02nd	03/19/07	08/20/26	2.400%	1,174,600	986,000	1,040,000
Braham, City of-01st	03/25/04	08/20/23	1.590%	1,468,370	977,000	1,050,000
Braham, City of-02nd	04/06/10	08/20/29	1.000%	1,015,970	849,148	888,193
Breitung Township-01st	11/01/01	08/20/21	2.070%	94,177	52,000	57,000
Breitung Township-02nd	12/16/02	08/20/22	2.490%	117,500	72,000	78,000
Brooten, City of	12/05/00	08/20/20	3.410%	373,401	198,000	217,000
Browerville, City of-01st	10/21/98	08/20/18	2.040%	213,876	88,000	100,000
Browerville, City of-02nd	06/10/10	08/20/29	1.000%	385,244	366,000	373,127
Brownton, City of	11/03/99	08/20/19	2.980%	188,100	92,000	102,000
Buffalo Lake, City of	08/18/99	08/20/19	2.540%	754,776	-	394,000
Butterfield, City of	02/11/02	08/20/21	2.070%	246,972	137,000	149,000
Callaway, City of	07/11/06	08/20/25	1.310%	375,811	285,000	303,000
Cambridge, City of	09/17/01	08/20/21	4.050%	2,080,000	1,263,000	1,364,000
Canby, City of-01st	11/10/98	08/20/18	1.790%	2,020,499	821,000	930,000
Canby, City of-02nd	07/20/10	08/20/39	1.088%	3,970,711	3,931,000	3,354,782
Carlton, City of	05/01/07	08/20/26	1.490%	1,567,709	1,295,000	1,372,000
Carver, City of	12/15/03	08/20/23	2.819%	2,522,966	1,665,000	1,780,000
Cass Lake, City of	05/20/03	08/20/22	1.990%	626,693	401,000	433,000
Chokio, City of	01/26/06	08/20/25	1.310%	704,658	525,000	558,658
Clara City, City of	11/13/01	08/20/21	2.320%	2,472,224	1,390,000	1,512,000
Claremont, City of	08/10/10	08/20/39	1.000%	137,893	128,626	102,341

Program Borrower	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
	Loan	Maturity	Rate	Commitment	2012	2011
<b>Drinking Water Bond Fund (continued):</b>						
Clearwater, City of-01st	11/23/02	08/20/22	2.130%	667,320	403,000	435,000
Clearwater, City of-02nd	07/22/03	08/20/22	2.680%	183,957	118,000	127,000
Cleveland, City of	08/29/11	08/20/31	1.367%	595,659	504,345	-
Cloquet, City of	10/08/02	08/20/22	3.380%	1,913,773	1,213,768	1,303,768
Cokato, City of-01st	06/14/00	08/20/15	3.910%	613,137	220,000	270,000
Cokato, City of-02nd	01/13/04	08/20/23	3.180%	4,410,593	2,985,000	3,187,000
Coleraine, City of	12/12/02	08/20/22	2.380%	1,572,375	969,000	1,045,000
Comfrey, City of	10/16/98	08/20/18	2.040%	149,107	61,000	69,000
Cosmos, City of-01st	06/15/05	08/20/24	1.720%	912,706	652,706	696,706
Cosmos, City of-02nd	05/09/08	08/20/27	1.092%	515,815	438,000	463,299
Cosmos, City of-03rd	10/15/09	08/20/29	1.000%	243,200	223,541	204,213
Cromwell, City of	04/12/99	08/20/19	1.000%	62,361	29,000	32,000
Crosby, City of	07/12/10	08/20/39	1.107%	4,833,732	4,671,079	4,000,400
Dalton, City of-01st	04/14/03	08/20/22	2.680%	118,819	73,000	79,000
Dalton, City of-02nd	08/27/08	08/20/27	1.112%	115,950	99,000	105,000
Dassel, City of-01st	07/02/99	08/20/19	2.040%	1,768,142	824,000	918,000
Dassel, City of-02nd	10/06/08	08/20/28	1.016%	1,203,724	1,043,710	1,101,710
Dassel, City of-03rd	07/09/09	08/20/29	1.283%	352,662	327,000	340,481
Dawson, City of	09/20/02	08/20/22	3.320%	914,497	582,000	625,000
Dayton, City of-01st	08/16/00	08/20/20	3.750%	2,269,906	1,248,000	1,363,000
Dayton, City of-02nd	04/19/10	08/20/29	1.654%	750,449	714,000	747,449
Deer River, City of-01st	10/29/02	08/20/22	1.630%	303,062	180,000	195,000
Deer River, City of-02nd	08/10/09	08/20/29	1.000%	50,193	46,000	48,000
Deerwood, City of	08/29/11	08/20/41	1.000%	450,883	406,305	-
Detroit Lakes, City of	01/13/10	08/20/29	2.186%	2,100,745	1,996,000	2,057,698
Dover, City of	12/11/00	08/20/20	3.410%	464,776	250,000	273,000
Duluth, City of-01st	07/31/03	08/20/18	2.819%	970,000	511,000	576,000
Duluth, City of-02nd	07/02/04	08/20/18	2.530%	1,971,532	1,027,000	1,160,000
Duluth, City of-03rd	10/28/09	08/20/19	1.077%	1,698,450	1,344,363	1,508,363
Duluth, City of-04th	08/31/10	08/20/25	1.258%	1,371,653	1,104,914	920,481
Duluth, City of-05th	12/07/10	08/20/25	1.076%	3,534,265	2,769,244	1,201,292
Duluth, City of-06th	11/18/11	08/20/26	1.221%	1,605,655	461,278	-
Dumont, City of	05/05/10	08/20/39	1.000%	227,751	216,000	222,549
Eagle Bend, City of	08/17/09	08/20/28	1.850%	296,036	270,000	283,000
Eagle Lake, City of	10/07/10	08/20/30	1.643%	576,256	476,563	502,819
East Bethel, City of	02/17/10	08/20/29	1.000%	69,190	65,589	68,589
Eden Valley, City of-01st	08/21/00	08/20/20	3.160%	1,881,057	1,004,000	1,099,000
Eden Valley, City of-02nd	06/27/01	08/20/21	2.320%	644,890	364,000	396,000
Eden Valley, City of-03rd	10/13/09	08/20/29	1.000%	286,461	261,000	265,075
Edgerton, City of	07/11/02	08/20/22	3.380%	395,035	250,000	268,000
Elbow Lake, City of	07/07/09	08/20/39	1.567%	95,897	81,915	85,915
Elgin, City of	05/16/11	08/20/30	1.538%	973,695	747,469	256,904
Elizabeth, City of	07/17/07	08/20/26	1.000%	627,450	515,000	547,000
Ellendale, City of-01st	08/28/06	08/20/26	1.570%	1,628,000	1,306,773	1,384,000
Ellendale, City of-02nd	06/26/08	08/20/27	1.000%	1,113,204	949,696	1,003,696
Ely, City of	12/13/00	08/20/20	3.410%	1,177,302	635,000	694,000
Elysian, City of	09/18/03	08/20/23	1.990%	478,520	312,000	335,000
Evansville, City of-01st	10/03/06	08/20/26	1.760%	131,203	104,000	110,000
Evansville, City of-02nd	11/15/11	08/20/41	1.000%	94,776	23,942	-
Eveleth, City of	09/26/07	08/20/27	2.400%	2,086,370	1,741,000	1,829,000
Fairfax, City of-01st	08/06/99	08/20/19	2.040%	1,265,806	587,000	654,000

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Drinking Water Bond Fund (continued):</b>						
Fairfax, City of-02nd	08/15/11	08/20/41	1.244%	1,103,648	452,881	-
Fairmont, City of	10/11/11	08/20/41	2.234%	28,902,811	7,733,909	-
Fertile, City of	01/27/03	08/20/22	1.130%	1,087,739	630,000	683,000
Finlayson, City of	11/28/00	08/20/20	1.910%	211,828	106,000	117,000
Fisher, City of	09/07/04	08/20/24	1.000%	2,077,920	1,396,000	1,496,000
Fosston, City of	07/11/05	08/20/24	1.470%	1,454,455	1,035,231	1,107,231
Frost, City of	01/09/06	08/20/25	1.310%	378,126	281,000	299,000
Fulda, City of	07/30/98	08/20/18	2.320%	503,117	202,000	228,000
Gilbert, City of	04/30/03	08/20/23	2.880%	157,764	106,000	113,000
Glenwood, City of-01st	05/30/00	08/20/19	1.980%	1,081,126	521,000	581,000
Glenwood, City of-02nd	11/09/04	08/20/24	2.210%	675,000	475,000	506,000
Glyndon, City of	10/29/02	08/20/22	2.380%	867,071	525,071	566,071
Goodview, City of	09/22/08	08/20/28	2.627%	4,277,500	3,825,932	3,926,817
Grand Marais, City of-01st	04/27/99	08/20/19	2.560%	484,112	232,000	258,000
Grand Marais, City of-02nd	08/11/04	02/20/24	2.530%	812,229	545,000	583,000
Grand Rapids, City of	01/03/00	08/20/19	3.040%	1,079,657	525,000	582,000
Greenbush, City of-01st	11/19/09	08/20/39	1.005%	1,459,111	1,370,476	1,412,476
Greenbush, City of-02nd	07/09/10	08/20/39	1.146%	776,456	752,866	769,795
Grove City, City of	07/08/08	08/20/27	1.258%	1,387,042	1,188,922	1,235,395
Hamburg, City of-01st	07/22/03	08/20/22	2.490%	225,640	144,000	155,000
Hamburg, City of-02nd	07/27/04	08/20/24	2.340%	950,709	665,000	708,000
Harris, City of-01st	10/26/99	08/20/19	3.290%	142,000	70,000	78,000
Harris, City of-02nd	08/29/06	08/20/26	1.535%	1,333,450	1,100,000	1,132,000
Hawley, City of-01st	06/27/01	08/20/21	3.320%	660,000	386,000	418,000
Hawley, City of-02nd	07/10/06	08/20/25	1.560%	2,565,987	1,967,000	2,092,000
Hawley, City of-03rd	06/17/08	08/20/27	1.290%	150,011	128,000	135,000
Hendrum, City of	10/12/10	08/20/30	1.000%	229,684	221,000	229,684
Henning, City of	12/06/05	08/20/25	1.000%	539,404	398,000	424,000
Hibbing, City of-01st	07/19/01	08/20/20	3.050%	1,434,777	792,000	867,000
Hibbing, City of-02nd	08/16/10	08/20/20	1.000%	876,873	786,523	787,844
Hinckley, City of-01st	11/17/00	08/20/20	4.160%	542,777	301,000	328,000
Hinckley, City of-02nd	10/05/01	08/20/21	2.820%	1,367,480	785,000	852,000
Hitterdal, City of	03/13/06	08/20/25	1.810%	157,957	121,000	129,000
Hoffman, City of-01st	08/14/04	08/20/24	1.480%	833,461	567,000	606,000
Hoffman, City of-02nd	07/06/09	08/20/29	1.384%	87,461	77,461	55,076
Howard Lake, City of-01st	10/13/99	08/20/19	3.060%	287,662	141,000	156,000
Howard Lake, City of-02nd	06/17/11	08/20/40	1.217%	2,059,069	1,970,626	446,564
Hutchinson, City of-01st	08/01/05	08/20/24	2.530%	5,696,371	3,030,371	3,030,371
Hutchinson, City of-02nd	08/07/06	08/20/25	2.629%	12,216,000	9,755,000	10,325,000
Ironton, City of	07/27/04	08/20/23	1.090%	405,300	266,300	287,300
Isanti, City of-01st	07/10/07	08/20/26	2.630%	965,000	805,000	848,000
Isanti, City of-02nd	10/07/08	08/20/28	3.042%	5,064,256	4,548,056	4,750,056
Isanti, City of-03rd	09/21/11	08/20/31	1.533%	755,920	479,047	-
Isle, City of	05/18/11	08/20/30	1.482%	256,500	215,506	41,357
Jordan, City of-01st	11/05/98	08/20/18	3.540%	307,917	138,000	155,000
Jordan, City of-02nd	06/30/03	08/20/23	2.819%	1,052,939	703,000	752,000
Kandiyohi County-01st	08/18/99	08/20/19	3.540%	4,446,000	2,223,000	2,460,000
Kandiyohi County-02nd	12/29/99	08/20/19	3.540%	2,262,450	1,126,450	1,246,450
Kandiyohi County-03rd	11/30/00	08/20/20	3.540%	1,012,260	551,000	602,000
Kandiyohi County-04th	10/10/01	08/20/21	3.540%	233,000	137,000	148,000
Keewatin, City of	08/28/02	08/20/22	2.880%	500,000	316,000	340,000

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Drinking Water Bond Fund (continued):</b>						
Kenyon, City of	12/16/02	08/20/22	3.240%	224,000	57,000	68,000
Kiester, City of	10/15/01	08/20/21	3.070%	228,636	130,000	141,000
Lake Lillian, City of	09/13/06	08/20/26	1.000%	610,355	477,000	505,955
Lake Park, City of	09/08/03	08/20/23	2.090%	397,006	258,000	277,000
Lakefield, City of	09/26/02	08/20/22	2.880%	2,272,080	1,417,000	1,525,000
Lamberton, City of	08/06/99	08/20/19	1.860%	262,182	80,000	89,000
Le Center, City of-01st	08/11/06	08/20/26	1.820%	3,470,601	2,795,000	2,956,000
Le Center, City of-02nd	08/14/07	08/20/27	1.650%	511,861	462,000	487,000
Lester Prairie, City of	06/14/11	08/20/30	1.780%	1,864,817	1,730,877	108,879
Lewiston, City of-01st	12/20/99	08/20/19	3.790%	312,934	156,000	172,000
Lewiston, City of-02nd	05/29/01	08/20/20	3.820%	270,000	154,000	168,000
Lismore, City of	08/17/01	08/20/21	2.570%	174,060	-	109,000
Litchfield, City of-PUC	05/24/99	08/20/19	3.540%	4,092,166	2,049,000	2,267,000
Littlefork, City of	07/28/99	08/20/19	1.810%	181,277	83,000	93,000
Long Prairie, City of	04/06/01	08/20/20	3.910%	1,098,586	621,000	678,000
Lonsdale, City of	06/09/11	08/20/30	1.756%	1,255,380	1,133,948	-
Loretto, City of	05/09/06	08/20/25	2.310%	761,704	607,000	643,000
Lyle, City of	06/27/00	08/20/20	3.000%	311,040	164,000	180,000
Madison Lake, City of-01st	05/17/10	08/20/29	1.858%	596,692	537,419	563,419
Madison Lake, City of-02nd	08/08/11	08/20/31	1.912%	849,226	607,067	-
Mahnomen, City of	07/30/08	08/20/27	1.518%	390,054	340,000	359,000
Mankato, City of-01st	12/12/05	08/20/25	2.310%	2,309,300	1,760,300	1,865,300
Mankato, City of-02nd	04/09/07	08/20/26	2.630%	37,729,870	29,410,967	30,754,274
Maple Plain, City of	07/09/07	08/20/26	2.150%	3,468,767	2,889,000	3,051,767
Marble, City of	10/08/01	08/20/21	2.570%	128,210	73,000	79,000
Mayer, City of-01st	12/21/00	08/20/20	3.910%	347,000	192,000	209,000
Mayer, City of-02nd	08/28/06	08/20/26	2.070%	2,560,768	2,043,000	2,158,000
McIntosh, City of-01st	05/31/07	08/20/26	1.900%	222,736	184,000	194,000
McIntosh, City of-02nd	10/24/07	08/20/27	1.341%	858,730	720,000	760,000
Medford, City of	10/04/10	08/20/30	1.000%	2,825,000	2,578,557	2,335,771
Melrose, City of-02nd	04/13/99	08/20/19	3.480%	2,500,000	885,700	1,385,700
Milaca, City of	07/19/06	08/20/26	1.070%	3,060,114	2,410,000	2,557,000
Minneapolis, City of-01st	12/16/02	08/20/22	2.819%	27,400,000	22,000,000	23,000,000
Minneapolis, City of-02nd	02/26/04	08/20/23	2.800%	25,000,000	22,250,000	22,750,000
Minneapolis, City of-03rd	03/21/05	08/20/19	2.530%	12,500,000	10,150,000	11,525,000
Minneapolis, City of-04th	12/07/06	08/20/26	2.600%	13,500,000	11,975,000	12,375,000
Minneapolis, City of-05th	12/10/09	08/20/27	2.688%	19,557,660	19,497,752	15,731,953
Minneapolis, City of-06th	03/02/10	08/20/21	1.000%	6,229,554	5,529,554	5,861,225
Minnetrista, City of	04/05/10	08/20/24	1.189%	692,603	625,790	659,847
Montevideo, City of	03/27/00	08/20/20	4.250%	1,658,080	922,000	1,005,000
Montgomery, City of-01st	09/18/03	08/20/23	3.180%	642,162	437,000	467,000
Montgomery, City of-02nd	05/24/04	08/20/23	2.840%	358,044	249,044	266,044
Montrose, City of	01/11/10	08/20/29	1.619%	415,043	389,043	408,043
Mora, City of	07/27/10	08/20/30	1.862%	1,565,220	1,498,920	1,542,550
Morgan, City of	06/21/99	08/20/19	2.480%	481,289	231,000	257,000
Morris, City of	10/26/99	08/20/19	2.540%	1,251,423	594,000	660,000
Mountain Lake, City of	09/16/03	08/20/23	1.430%	2,985,751	1,902,000	2,046,000
Nashwauk, City of	06/08/99	08/20/19	1.980%	966,092	451,000	503,000
New Auburn, City of	08/03/06	08/20/25	1.000%	1,069,002	587,000	626,000
New Hope, City of	03/22/10	08/20/29	1.703%	418,644	391,964	411,739
New London, City of	06/15/11	08/20/30	1.000%	850,825	723,025	94,165

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Drinking Water Bond Fund (continued):</b>						
New Prague, City of	10/15/02	08/20/22	3.630%	2,885,942	1,838,000	1,972,000
New Richland, City of	07/15/03	08/20/22	2.740%	1,327,522	843,522	910,522
New York Mills, City of-01st	06/09/09	08/20/28	1.296%	695,668	627,000	660,000
New York Mills, City of-02nd	09/23/10	08/20/30	1.000%	206,096	177,728	165,100
Nielsville, City of	12/06/04	08/20/24	1.210%	30,563	18,000	20,000
Northome, City of	03/04/04	08/20/23	1.730%	241,826	162,000	174,000
Norwood Young America, City of	07/21/10	08/20/39	2.461%	2,149,375	1,884,440	1,410,518
Olivia, City of	11/21/11	08/20/40	1.000%	3,519,100	50,000	-
Onamia, City of	10/19/00	08/20/20	3.000%	420,000	223,000	244,000
Oronoco, City of	10/07/09	08/20/29	1.000%	1,269,281	1,132,359	1,152,061
Osakis, City of	01/14/03	08/20/22	2.920%	666,377	412,000	444,000
Ottertail, City of	01/14/03	08/20/22	1.170%	1,488,000	867,000	940,000
Park Rapids, City of	06/15/06	08/20/25	2.570%	859,259	673,000	712,000
Pelican Rapids, City of-01st	10/13/08	08/20/28	2.351%	280,648	246,000	258,000
Perham, City of-01st	11/19/99	08/20/19	2.790%	606,790	292,000	324,000
Perham, City of-02nd	01/22/09	08/20/28	2.743%	2,422,209	2,201,000	2,301,136
Perham, City of-03rd	08/08/11	08/20/26	1.391%	148,475	133,196	-
Pine River, City of	09/20/02	08/20/22	1.630%	167,260	99,000	107,000
Plainview, City of-01st	06/15/06	08/20/21	2.630%	807,893	580,000	630,000
Plainview, City of-02nd	08/09/11	08/20/31	1.929%	279,882	257,910	-
Plummer, City of	12/13/11	08/20/41	1.000%	274,289	248,533	-
Princeton, City of-PUC-01st	09/08/99	08/20/19	3.290%	670,000	331,000	367,000
Princeton, City of-PUC-02nd	06/10/04	08/20/23	2.530%	847,422	595,000	637,000
Red Lake Falls, City of	09/30/09	08/20/39	1.000%	360,901	338,819	348,819
Red Wing, City of	04/12/04	08/20/23	2.819%	15,283,450	10,552,000	11,283,000
Redwood Falls, City of	10/22/09	08/20/39	2.936%	6,083,071	5,805,001	5,735,447
Remer, City of	06/25/09	08/20/39	1.982%	79,748	76,000	78,000
Renville, City of	08/23/04	08/20/24	1.980%	266,453	186,000	198,000
Rock County-01st	09/30/99	08/20/19	1.790%	1,460,000	668,000	745,000
Rock County-02nd	04/03/07	08/20/26	1.020%	533,000	437,000	464,000
Rothsay, City of	11/04/03	08/20/23	1.990%	378,740	247,000	265,000
Royalton, City of	09/27/99	08/20/19	1.000%	458,452	196,000	219,000
Rush City, City of	03/05/99	08/20/18	1.540%	3,889,693	1,565,000	1,775,000
Rushford, City of-01st	09/10/99	08/20/19	3.040%	765,000	371,000	411,000
Rushford, City of-02nd	05/15/08	08/20/27	1.352%	1,212,760	1,144,000	1,189,000
Rushford, City of-03rd	06/29/10	08/20/29	1.000%	1,450,000	1,098,901	1,118,796
Sabin, City of	07/19/05	08/20/24	2.720%	871,267	638,267	678,267
Saint Augusta, City of	07/14/03	08/20/22	2.819%	1,849,591	1,216,000	1,309,000
Saint Bonifacius, City of	02/17/10	08/20/29	1.709%	664,864	632,000	662,899
Saint Clair, City of	08/20/07	08/20/26	1.900%	1,246,721	1,031,000	1,090,000
Saint Cloud, City of-01st	03/01/04	08/20/23	2.590%	1,381,672	950,672	1,017,672
Saint Cloud, City of-02nd	01/05/05	08/20/24	2.530%	2,527,278	1,809,350	1,925,350
Saint Cloud, City of-03rd	05/08/09	08/20/28	2.481%	6,167,901	5,610,501	5,858,069
Saint Cloud, City of-04th	08/24/10	08/20/30	1.656%	7,736,790	7,069,365	5,436,259
Saint Francis, City of	12/18/07	08/20/27	2.563%	9,013,468	8,159,000	8,447,000
Saint James, City of-01st	01/08/02	08/20/21	3.570%	2,230,000	1,326,000	1,435,000
Saint James, City of-02nd	05/19/10	08/20/29	2.104%	1,088,699	1,066,000	1,077,952
Saint Paul, City of-02nd	07/13/10	12/01/30	1.963%	5,960,000	5,451,415	1,100,448
Saint Paul, City of-03rd	07/13/10	12/01/30	1.962%	23,107,000	14,779,932	5,627,267
Saint Peter, City of-01st	03/12/09	08/20/28	2.482%	1,509,483	1,252,936	1,320,936
Saint Peter, City of-02nd	08/28/09	08/20/29	2.745%	15,713,534	15,682,076	15,341,874

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Drinking Water Bond Fund (continued):</b>						
Saint Peter, City of-03rd	03/29/10	08/20/29	1.710%	896,750	799,729	839,729
Sandstone, City of	07/28/99	08/20/19	2.110%	401,331	188,000	209,000
Sauk Centre, City of	11/05/98	08/20/18	3.540%	2,121,231	947,000	1,065,000
Savage, City of	08/06/99	08/20/19	3.620%	8,984,395	4,501,395	4,979,395
Sebeka, City of	10/15/02	08/20/22	1.130%	262,242	154,942	167,942
Silver Bay, City of-01st	11/19/98	08/20/18	2.560%	642,000	273,000	308,000
Silver Bay, City of-02nd	06/04/07	08/20/26	1.650%	726,450	603,000	638,000
Sleepy Eye, City of	08/11/09	08/20/29	2.550%	3,592,533	3,301,000	3,445,533
South Saint Paul, City of	02/16/10	08/20/29	1.709%	2,568,810	2,442,759	2,355,266
Spring Lake Park, City of	07/08/03	08/20/23	2.819%	3,846,216	2,530,000	2,705,000
Staples, City of	03/24/03	08/20/22	1.490%	1,400,000	862,000	933,000
Stewart, City of	08/08/05	08/20/24	2.220%	719,342	524,000	558,000
Sturgeon Lake, City of-01st	03/10/05	08/20/24	1.220%	2,476,541	1,760,541	1,884,541
Sturgeon Lake, City of-02nd	03/02/06	08/20/24	1.220%	248,165	183,000	196,165
Swanville, City of	07/07/09	08/20/29	1.544%	647,312	592,000	620,000
Taylors Falls, City of	08/28/07	08/20/26	1.150%	1,015,254	926,000	982,000
Thomson, City of	09/08/03	08/20/23	2.680%	105,104	43,000	46,000
Tower, City of	01/20/00	08/20/19	1.860%	892,659	407,000	454,000
Trosky, City of	11/03/99	08/20/19	3.290%	131,670	64,000	71,000
Two Harbors, City of-01st	06/30/99	08/20/19	3.040%	835,000	409,000	454,000
Two Harbors, City of-02nd	12/21/09	08/20/29	2.528%	2,387,496	1,875,464	1,891,216
Two Harbors, City of-03rd	05/11/10	08/20/29	1.665%	2,262,255	1,808,227	1,599,182
Tyler, City of	06/15/11	08/20/40	1.000%	5,196,397	4,508,725	444,775
Underwood, City of	11/13/01	08/20/21	2.570%	660,878	365,000	397,000
Utica, City of	09/19/01	08/20/21	2.070%	173,000	97,000	106,000
Verndale, City of-01st	12/18/98	08/20/18	1.310%	75,572	28,000	32,000
Verndale, City of-02nd	06/18/09	08/20/29	2.056%	190,933	174,000	182,000
Virginia, City of	11/08/99	08/20/19	3.040%	6,127,973	2,993,000	3,319,000
Wadena, City of	07/30/02	08/20/22	2.670%	2,617,891	1,633,000	1,759,000
Walker, City of	08/18/99	08/20/19	1.810%	1,877,758	859,000	958,000
Wanamingo, City of	08/29/01	08/20/21	1.810%	1,660,000	922,000	1,005,000
Warren, City of	06/24/11	08/20/30	1.000%	394,424	391,926	-
Watertown, City of	12/27/01	08/20/21	3.570%	2,456,978	1,462,000	1,582,000
Waverly, City of	05/31/12	08/20/31	1.524%	371,059	-	-
West Concord, City of	10/09/03	08/20/23	2.819%	234,105	157,000	168,000
Wilmont, City of	07/20/10	08/20/39	1.052%	727,376	692,945	681,841
Windom, City of-01st	03/12/99	08/20/18	2.570%	3,151,838	863,440	1,036,440
Windom, City of-02nd	06/28/99	08/20/19	2.290%	1,319,714	622,000	692,000
Winnebago, City of	09/19/00	08/20/20	2.160%	1,910,364	975,000	1,072,000
Winsted, City of	03/06/06	08/20/25	2.560%	573,926	449,000	475,000
Wrenshall, City of	01/21/10	08/20/29	1.000%	390,617	365,617	375,617
Wykoff, City of-01st	05/10/04	08/20/23	2.340%	278,806	191,000	205,000
Wykoff, City of-02nd	05/14/07	08/20/26	1.400%	470,195	386,000	409,000
Zimmerman, City of	01/08/07	08/20/26	2.520%	2,009,068	1,612,000	1,700,000
Drinking Water Bond Fund				614,004,309	446,072,391	416,336,222

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,		
					2012	2011	
<b>Transportation Bond Fund:</b>							
<b>Transportation Bond Fund Series 1999A / 2010-T1:</b>							
Metropolitan Council-1999A	03/12/99	02/15/20	2.710%	21,025,000	2,970,000	3,300,000	
<b>Transportation Bond Fund Series 2001 / 2010-T2:</b>							
Benton County	10/23/01	08/20/11	2.150%	469,000	-	52,000	
Mazeppa, City of	10/26/99	08/20/14	2.480%	535,000	127,000	167,000	
Newport, City of	11/28/01	08/20/15	1.390%	1,625,600	481,000	597,000	
Ramsey County-01st	05/04/01	08/20/30	3.590%	6,872,000	5,327,000	5,522,000	
Robbinsdale, City of	10/23/01	08/20/12	2.290%	927,843	109,000	215,000	
Rochester, City of	11/14/01	08/20/21	2.830%	2,500,000	1,480,000	1,606,000	
Waite Park, City of	06/27/01	08/20/21	3.190%	2,100,000	1,214,000	1,316,000	
Woodbury, City of-01st	06/28/01	08/20/17	2.700%	13,049,400	2,510,155	3,792,049	
Transportation Bond Fund Series 2001 / 2010-T2				28,078,843	11,248,155	13,267,049	
<b>Transportation Bond Fund Series 2006A:</b>							
Stearns County	12/12/06	02/20/20	2.346%	10,240,155	4,730,000	5,205,000	
<b>Transportation Bond Fund Series 2008A:</b>							
Metropolitan Council-2008A	01/24/08	02/15/18	1.794%	10,000,000	5,420,000	6,300,000	
<b>Other Fund:</b>							
<b>Transportation Revolving Loan Fund Direct Loans:</b>							
Albertville, City of	03/23/12	08/20/32	1.277%	4,113,700	-	-	
Big Lake, City of	03/10/10	08/20/29	1.726%	2,465,000	2,345,000	1,730,258	
East Grand Forks, City of	11/06/08	08/20/38	3.645%	3,466,577	3,393,577	3,403,899	
Elk River, City of	07/07/08	08/20/13	1.311%	2,431,500	991,000	1,477,000	
Hubbard County	09/25/07	08/20/18	2.477%	1,780,163	1,134,000	1,300,000	
Jeffers, City of	04/12/10	08/20/29	1.660%	329,687	303,000	329,687	
Minnesota Dept of Transportation-	01/02/02	12/01/16	2.550%	24,200,000	9,063,902	10,770,929	
Minnesota Dept of Transportation-	11/19/06	12/01/21	2.210%	3,030,150	1,915,901	2,085,805	
Minnesota Dept of Transportation-	01/29/09	12/01/28	2.600%	3,100,837	2,694,120	2,818,830	
Minnesota Dept of Transportation-	12/04/08	12/01/28	3.229%	2,325,000	2,062,089	2,152,873	
Minnesota Dept of Transportation-	12/04/08	12/01/28	3.230%	1,078,587	948,416	989,844	
Minnesota Dept of Transportation-	12/12/11	12/01/21	1.000%	1,597,175	-	-	
Minnetonka, City of	11/08/10	08/20/40	2.129%	5,000,000	-	-	
Nisswa, City of	02/15/12	08/20/32	1.000%	1,500,000	-	-	
Pennington County	08/29/01	08/20/21	3.140%	1,731,285	986,000	1,069,000	
Pine County-01st	05/29/01	08/20/16	3.000%	1,434,459	466,000	551,000	
Rochester, City of	11/05/08	08/20/28	3.415%	2,500,000	2,227,000	2,322,000	
Woodbury, City of-02nd	06/28/01	08/20/15	2.690%	4,589,700	920,000	1,125,000	
Transportation Revolving Loan Fund Direct Loans				66,673,819	29,450,005	32,126,124	

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2012	2011
<b>Other Fund (continued):</b>						
<b>Wastewater Infrastructure (Wif) Loans:</b>						
Alborn Township	07/07/08	02/20/40	0.000%	480,000	480,000	446,321
Alexandria Lake Area Service Region	08/13/07	08/20/30	0.000%	842,770	842,770	842,770
Brooten, City of	08/27/07	08/20/31	0.000%	419,503	419,503	419,503
Chisago Lakes JSTC-02nd	07/20/06	02/20/27	0.000%	236,319	236,319	236,319
Hudson Township	05/02/07	08/20/30	0.000%	513,315	513,315	513,315
Kandiyohi County-04th	10/17/06	08/20/32	0.000%	1,208,124	1,208,124	1,208,124
Litchfield, City of-02nd	09/01/09	08/20/42	0.000%	6,000,000	6,000,000	6,000,000
Madelia, City of-02nd	11/14/06	02/20/27	0.000%	89,587	89,587	89,587
Moose Lake, City of-04th	04/14/10	08/20/31	0.000%	422,641	422,641	422,641
Murray County	08/25/06	02/20/32	0.000%	3,589,451	3,589,451	3,589,451
Renville, City of-02nd	04/12/10	08/20/37	0.000%	3,414,622	3,158,442	2,679,156
Richmond, City of	12/21/06	02/20/29	0.000%	1,051,299	1,051,299	1,051,299
Rushmore, City of	10/03/05	08/20/35	0.000%	290,876	290,876	290,876
Saint Hilaire, City of-02nd	09/29/08	02/20/35	0.000%	282,304	282,304	282,304
Sturgeon Lake, City of-01st	02/21/07	08/20/35	0.000%	2,447,828	2,447,828	2,447,828
Willmar, City of-02nd	09/09/08	02/20/30	0.000%	7,000,000	7,000,000	6,990,500
Wastewater Infrastructure (WIF) Loans				28,288,639	28,032,460	27,509,994
<b>Small Community Wastewater Loans:</b>						
Doran, City of	02/22/11	08/20/22	1.000%	35,000	31,243	30,817
Forest City Township	08/20/10	08/20/20	1.000%	57,326	40,422	43,268
Red Rock Township	07/07/10	08/20/26	1.000%	148,186	143,921	146,755
Taopi, City of	06/28/07	08/20/18	1.000%	135,411	72,735	85,735
Small Community Wastewater Loans:				375,923	288,321	306,574
<b>Special Appropriation Direct Loans:</b>						
Stewart, City of	04/22/02	08/20/21	1.000%	1,000,000	557,000	610,000
MPFA Totals				<u>\$ 2,900,376,778</u>	<u>\$ 1,991,814,282</u>	<u>\$ 1,943,982,090</u>

Notes:

- (1) This list excludes those 62 loans, for approximately \$440 million, that were paid-in-full prior to July 1, 2011.
- (2) Henning Clean Water loan: \$500,000 of the principal amortized at -0-% with the balance amortized at 2.23%.
- (3) Walnut Grove Clean Water loan: \$500,000 of the principal amortized at -0-% with the balance amortized at 1.74%.
- (4) Metropolitan Council-15th Clean Water loan: this loan was created by a "prepayment agreement"; the amount shown as disbursed is the present value at the loan date of the scheduled repayments.
- (5) The following loans have had the term extended: Avon-CW, Harris-CW, Harris-DW02, and North Branch-CW.



Borrower concentration in the open pool bond funds:

*Borrower concentration, Clean Water Bond Fund:* only one borrower's loan balance exceeds five percent of the Clean Water loan portfolio. At June 30, 2012 and 2011, the Metropolitan Council made up 44.7% and 44.2%, respectively, of the outstanding Clean Water loan balances.

*Borrower concentration, Drinking Water Bond Fund:* only two borrower's loan balances exceed five percent of the Drinking Water loan portfolio. At June 30, 2012 and 2011, the City of Minneapolis made up 20.5% and 21.9%, respectively, of the outstanding Drinking Water loan balances, and the City of Mankato made up 7.0% and 7.8%.

Projected loan repayments:

The tables on the following two pages show projected repayments on outstanding loans. The repayments include as yet undisbursed amounts and are net of projected fees. Repayments will differ from projected for loans that are not yet fully disbursed.

The projections include only fully executed loans (listed above). The Authority anticipates funding a significant amount of new loans from existing resources; these loans will add to future repayment streams but are not included in the following projected repayments.

All pledged loans of the Authority are secured by the borrowers' general obligation and revenue pledges, except the DWBF loan to Saint Paul, secured by revenue pledges.

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*Schedules of Future Loan Repayments* – At June 30, 2012, scheduled loan repayments on outstanding loans are payable as follows:

Fiscal Year(s) Ending	Clean Water Bond Fund		Drinking Water Bond Fund	
	Interest	Principal	Interest	Principal
2013	35,696,487	295,135,403	10,058,163	25,708,782
2014	28,698,152	70,399,027	10,116,210	26,571,389
2015	27,034,293	76,896,449	9,639,163	26,894,000
2016	25,238,818	80,142,480	8,987,517	28,893,000
2017	23,359,703	82,108,723	8,305,531	28,855,440
2018 - 2022	85,438,816	447,688,433	30,142,873	162,881,545
2023 - 2027	37,820,577	354,578,118	13,189,666	121,822,964
2028 - 2032	9,173,082	143,105,565	3,799,852	43,574,631
2033 - 2037	2,508,156	19,831,789	1,644,951	13,089,000
2038 - 2042	427,845	11,502,874	452,111	10,988,608
2043 - 2047				
	<u>\$ 275,395,929</u>	<u>\$ 1,581,388,863</u>	<u>\$ 96,336,037</u>	<u>\$ 489,279,358</u>
Less: undisbursed loan commitments:		118,342,911		43,206,968
Outstanding principal:		<u>\$ 1,463,045,951</u>		<u>\$ 446,072,391</u>

Fiscal Year(s) Ending	TBF Series 1999A / 2010-T1		TBF Series 2001/ 2010-T2	
	Interest	Principal	Interest	Principal
2013	1,423	335,000	314,469	2,696,049
2014	4,225	345,000	263,203	993,000
2015	2,175	355,000	235,764	983,000
2016	399	365,000	209,003	935,000
2017	3,773	375,000	186,502	599,000
2018 - 2022	11,904	1,195,000	704,184	2,090,106
2023 - 2027			396,605	1,525,000
2028 - 2032			104,451	1,427,000
2033 - 2037				
2038 - 2042				
2043 - 2047				
	<u>\$ 23,899</u>	<u>\$ 2,970,000</u>	<u>\$ 2,414,181</u>	<u>\$ 11,248,155</u>
Less: undisbursed loan commitments:		-		-
Outstanding principal:		<u>\$ 2,970,000</u>		<u>\$ 11,248,155</u>

Scheduled future loan repayments (continued):

Fiscal Year(s) Ending	TBF Series 2006A		TBF Series 2008A	
	Interest	Principal	Interest	Principal
2013	110,438	485,000	96,293	895,000
2014	99,119	505,000	80,282	910,000
2015	87,330	515,000	64,001	935,000
2016	75,307	530,000	47,317	950,000
2017	62,931	675,000	30,319	965,000
2018 - 2022	92,491	2,020,000	13,320	765,000
2023 - 2027				
2028 - 2032				
2033 - 2037				
2038 - 2042				
2043 - 2047				
	<u>\$ 527,615</u>	<u>\$ 4,730,000</u>	<u>\$ 331,531</u>	<u>\$ 5,420,000</u>
Less: undisbursed loan commitments:				
Outstanding principal:		<u>\$ 4,730,000</u>		<u>\$ 5,420,000</u>

Fiscal Year(s) Ending	Other - Nonpledged		MPFA Totals	
	Interest	Principal	Interest	Principal
2013	819,115	5,929,160	47,096,387	331,184,396
2014	850,685	4,020,409	40,111,875	103,743,825
2015	751,086	3,774,279	37,813,812	110,352,728
2016	652,883	3,875,797	35,211,245	115,691,277
2017	555,277	3,460,045	32,504,036	117,038,208
2018 - 2022	2,008,780	8,737,685	118,412,369	625,377,768
2023 - 2027	1,276,315	7,777,757	52,683,164	485,703,838
2028 - 2032	658,619	22,709,288	13,736,004	210,816,484
2033 - 2037	301,686	6,694,582	4,454,793	39,615,372
2038 - 2042	53,063	3,709,522	933,018	26,201,004
2043 - 2047	-	125,000	-	125,000
	<u>\$ 7,927,510</u>	<u>\$ 70,813,523</u>	<u>\$ 382,956,702</u>	<u>\$ 2,165,849,899</u>
Less: undisbursed loan commitments:		12,485,738	174,035,617	
Outstanding principal:		<u>\$ 58,327,785</u>		<u>\$ 1,991,814,282</u>

4 *Bonds Payable*

Bonds payable at June 30, 2012 and 2011 consist of:

Series	Interest Rates	Date Issued	Final Maturity <sup>1</sup>	Original Principal	Outstanding Principal, June 30	
					2012	2011
<b>Clean Water</b>						
Thirteen series of bonds no longer outstanding:				1,002,962,117	-	-
2002A	3.00 - 5.25	12/19/02	03/01/21	100,000,000	11,500,000	16,500,000
2004BC	3.00 - 5.25	10/21/04	03/01/24	218,000,000	62,600,000	73,600,000
2004D	3.25 - 5.00	12/02/04	03/01/16	101,000,000	70,145,000	80,970,000
2005B	3.00 - 5.00	10/20/05	03/01/21	148,375,000	141,550,000	145,405,000
2005C	5.00	12/07/05	03/01/25	134,000,000	12,500,000	18,500,000
2007A	4.00 - 5.00	07/11/07	03/01/27	90,000,000	20,000,000	20,500,000
2007B	4.00 - 5.00	10/25/07	03/01/28	80,000,000	51,500,000	53,000,000
2010A	2.00 - 5.00	04/01/10	03/01/27	310,065,000	298,215,000	308,210,000
2010B_cw	4.25 - 5.25	04/01/10	03/01/28	20,990,000	20,990,000	20,990,000
2010C_cw	3.25 - 5.00	11/18/10	03/01/26	140,000,000	132,370,000	140,000,000
2010D_cw	4.77 - 4.90	11/18/10	03/01/31	63,700,000	63,700,000	63,700,000
Clean Water bonds				2,409,092,117	885,070,000	941,375,000
Plus: Remaining unamortized net premium (discount)					69,655,540	81,258,561
Less: Unamortized portion of the amount deferred in refunding <sup>2</sup>					(25,029,678)	(29,417,175)
Net bonds payable reflected on the statement of net assets					929,695,862	993,216,386
<b>Drinking Water</b>						
1999B	4.60 - 5.125	07/14/99	03/01/19	21,500,000	-	-
2002B	2.00 - 5.25	12/19/02	03/01/21	50,000,000	5,000,000	7,500,000
2004A	2.00 - 5.00	03/04/04	03/01/24	53,000,000	43,900,000	45,700,000
2005A	2.00 - 5.00	10/20/05	03/01/25	83,365,000	70,185,000	73,950,000
2010B_dw	4.25 - 5.25	04/01/10	03/01/28	12,050,000	12,050,000	12,050,000
2010C_dw	3.25 - 5.00	11/18/10	03/01/26	60,000,000	56,730,000	60,000,000
2010D_dw	4.77 - 4.90	11/18/10	03/01/31	27,300,000	27,300,000	27,300,000
Drinking Water bonds				307,215,000	215,165,000	226,500,000
Plus: Remaining unamortized net premium (discount)					7,934,698	9,508,299
Less: Unamortized portion of the amount deferred in refunding <sup>2</sup>					(680,967)	(809,021)
Net bonds payable reflected on the statement of net assets					222,418,731	235,199,278

Bonds payable (continued):

Series	Interest Rates	Date Issued	Final Maturity <sup>1</sup>	Original Principal	Outstanding Principal, June 30	
					2012	2011
<b>Transportation Series 2006A</b>						
2006A	3.75 - 4.00	12/20/06	03/01/20	8,900,000	4,250,000	4,660,000
	Plus: Remaining unamortized net premium (discount)				16,480	22,973
Net bonds payable reflected on the statement of net assets					4,266,480	4,682,973
<b>Transportation Series 2008A</b>						
2008A	3.50 - 4.00	01/24/08	03/01/18	7,700,000	4,290,000	4,940,000
	Plus: Remaining unamortized net premium (discount)				62,008	81,349
Net bonds payable reflected on the statement of net assets					4,352,008	5,021,349
<b>Transportation Series 2010-T1</b>						
2010-T1	2.00 - 3.00	11/18/10	03/01/20	2,945,000	2,320,000	2,650,000
	Plus: Remaining unamortized net premium (discount)				51,603	67,453
	Less: Unamortized portion of the amount deferred in refunding <sup>2</sup>				(29,864)	(36,487)
Net bonds payable reflected on the statement of net assets					2,341,739	2,680,966
<b>Transportation Series 2010-T2</b>						
2010-T2	3.00	11/18/10	03/01/21	5,370,000	4,340,000	5,370,000
	Plus: Remaining unamortized net premium (discount)				162,783	231,246
	Less: Unamortized portion of the amount deferred in refunding <sup>2</sup>				(19,841)	(25,648)
Net bonds payable reflected on the statement of net assets					4,482,942	5,575,598
Transportation Bond Fund totals				62,445,000	15,200,000	17,620,000
	Plus: Remaining unamortized net premium (discount)				292,875	403,021
	Less: Unamortized portion of the amount deferred in refunding <sup>2</sup>				(49,705)	(62,135)
					15,443,170	17,960,886
<b>MPFA Totals</b>						
Original and outstanding principal				2,778,752,117	1,115,435,000	1,185,495,000
	Plus: Remaining unamortized net premium (discount)				77,883,112	91,169,880
	Less: Unamortized portion of the amount deferred in refunding <sup>2</sup>				(25,760,350)	(30,288,331)
Net bonds payable reflected on the statement of net assets					<u>1,167,557,762</u>	<u>1,246,376,549</u>

<sup>1</sup> Final maturity reflects the latest maturity currently outstanding.

<sup>2</sup> This amount is reflected on the statement of net assets as a reduction of bonds payable.

Bond Proceeds – The net bond proceeds have been used to fund loans to Minnesota municipalities for projects relating to wastewater treatment facilities, drinking water systems, and transportation. See *Advanced and Current Refunding of Debt* below for information on use of proceeds for refundings.

Security - The bonds are secured by bond program assets and revenues as defined in the applicable basic and series bond resolutions.

Bonding Authority - The Authority bonds do not constitute a debt of the State of Minnesota or any agency or political subdivision thereof (other than the Authority). The Authority's outstanding debt limit is \$1,500,000,000. The principal amount of bonds outstanding at June 30, 2012 was \$1,115,435,000.

Advanced and Current Refunding of Debt - The Authority has, on eleven occasions to date, issued bonds the partial proceeds of which were used to defease or call certain prior debt issuances. In each case of defeasance, the Authority established an irrevocable escrow fund pursuant to an escrow agreement between the Authority, the Minnesota State Board of Investment, and an escrow agent. The escrow funds are pledged solely to the repayment of principal, premium, and interest on the refunded bonds. Under the agreements, the refunded bonds will be called for redemption at each series' applicable optional redemption dates. As these bonds have, in effect, been redeemed under the defeasance, they are no longer outstanding under the Authority's applicable bond resolutions and therefore, they are not entitled to the pledge of the applicable resolution. Accordingly, these bonds and the related escrow funds are not reflected in these basic financial statements as of June 30, 2012.

A portion of the 2004D Series was used to refund portions of the 1998B, 2000A, 2001A, and 2002A Series bonds. A portion of the 2005A Series was used to refund portions of the 1999B and 2002B Series bonds. The 2005B Series proceeds were used to refund portions of the 1998B, 2000A, 2001A, and 2002A Series bonds.

A portion of the 2010A Series was used to current refund portions of the 1998A bonds, and a portion was used to advance refund portions of the 2004C, 2005C, 2007A, and 2007B bonds. The difference between the net carrying amount of the refunded bonds and the amount placed in escrow was approximately \$21.8 million. This amount has been deferred and is being amortized over the shorter of the remaining life of the refunded bonds or the life of the Series 2010A refunding bonds.

The Series 2010-T1 bonds were used to current refund the outstanding Series 1999A bonds. The difference between the net carrying amount of the refunded bonds and the amount required to redeem the principal of the refunded bonds was approximately \$39 thousand. This amount has been deferred and is being amortized over the shorter of the remaining life of the refunded bonds or the life of the Series 2010-T1 refunding bonds.

The Series 2010-T2 bonds were used to current refund the outstanding Series 2001 bonds. The difference between the net carrying amount of the refunded bonds and the amount required to redeem the principal of the refunded bonds was approximately \$27 thousand. This amount has been deferred and is being amortized over the shorter of the remaining life of the refunded bonds or the life of the Series 2010-T1 refunding bonds.

The amount deferred on refunding is reflected in the financial statements as a reduction of bonds payable and is charged to operations using the effective interest method. The refundings during fiscal year 2011 reduced debt service payments by approximately \$5 million and obtained an economic gain (the difference between the present value of the old and new debt service payments) of approximately \$4.6 million.

The following table lists all bonds defeased and not yet redeemed as of June 30, 2012:

<u>CUSIP #</u>	<u>Series</u>	<u>Maturity</u>	<u>Call Date</u>	<u>Refunded Date</u>	<u>Par Refunded Unredeemed</u>
604114NV6	2004C	03/01/17	03/01/14	04/01/10	\$ 3,500,000
604114NW4	2004C	03/01/18	03/01/14	04/01/10	4,000,000
604114NX2	2004C	03/01/19	03/01/14	04/01/10	3,000,000
604114NY0	2004C	03/01/20	03/01/14	04/01/10	18,000,000
604114NZ7	2004C	03/01/21	03/01/14	04/01/10	24,000,000
604114PA0	2004C	03/01/22	03/01/14	04/01/10	30,000,000
604114PB8	2004C	03/01/23	03/01/14	04/01/10	17,000,000
604114PC6	2004C	03/01/24	03/01/14	04/01/10	10,500,000
604114RC4	2005C	03/01/18	03/01/15	04/01/10	8,000,000
604114RD2	2005C	03/01/19	03/01/15	04/01/10	9,000,000
604114RE0	2005C	03/01/20	03/01/15	04/01/10	8,000,000
604114RF7	2005C	03/01/21	03/01/15	04/01/10	8,000,000
604114RG5	2005C	03/01/22	03/01/15	04/01/10	6,000,000
604114RH3	2005C	03/01/23	03/01/15	04/01/10	5,000,000
604114RJ9	2005C	03/01/24	03/01/15	04/01/10	5,000,000
604114RK6	2005C	03/01/25	03/01/15	04/01/10	7,000,000
60411KAN2	2007A	03/01/20	03/01/17	04/01/10	5,000,000
60411KAP7	2007A	03/01/21	03/01/17	04/01/10	5,000,000
60411KAQ5	2007A	03/01/22	03/01/17	04/01/10	6,000,000
60411KAR3	2007A	03/01/23	03/01/17	04/01/10	7,000,000
60411KAS1	2007A	03/01/24	03/01/17	04/01/10	8,000,000
60411KAT9	2007A	03/01/25	03/01/17	04/01/10	12,000,000
60411KAU6	2007A	03/01/26	03/01/17	04/01/10	13,000,000
60411KAV4	2007A	03/01/27	03/01/17	04/01/10	12,000,000
60411KBH4	2007B	03/01/20	03/01/17	04/01/10	7,500,000
60411KBJ0	2007B	03/01/21	03/01/17	04/01/10	7,500,000
60411KBK7	2007B	03/01/22	03/01/17	04/01/10	6,500,000
60411KBN1	2007B	03/01/25	03/01/17	04/01/10	5,000,000
					<u>\$ 260,500,000</u>

*Schedule of Maturities* - At June 30, 2012 debt service on outstanding bonds is payable as follows:

Fiscal Year(s) Ending	Clean Water		Drinking Water	
	Interest	Principal	Interest	Principal
2013	\$ 43,726,704	\$ 57,290,000	\$ 10,068,869	\$ 11,220,000
2014	40,936,304	59,750,000	9,554,969	12,050,000
2015	37,941,804	63,020,000	8,968,219	12,525,000
2016	34,746,804	68,945,000	8,363,969	12,775,000
2017	31,292,929	63,185,000	7,747,219	13,135,000
2018 - 2022	105,854,433	340,720,000	27,909,133	78,645,000
2023 - 2027	38,226,243	170,810,000	11,551,878	51,150,000
2028 - 2032	6,053,898	61,350,000	2,324,571	23,665,000
	<u>\$ 338,779,118</u>	<u>\$ 885,070,000</u>	<u>\$ 86,488,826</u>	<u>\$ 215,165,000</u>
Plus: Remaining premium (discount)		69,655,540		7,934,698
Less: Remaining refunding deferrals		(25,029,678)		(680,967)
Net bonds payable		<u>\$ 929,695,862</u>		<u>\$ 222,418,731</u>

Fiscal Year(s) Ending	TBF Series 2006A		TBF Series 2008A	
	Interest	Principal	Interest	Principal
2013	\$ 167,813	\$ 425,000	\$ 161,100	\$ 670,000
2014	151,875	450,000	137,650	700,000
2015	135,000	460,000	113,150	730,000
2016	116,600	485,000	87,600	760,000
2017	97,200	640,000	57,200	790,000
2018 - 2022	134,000	1,790,000	25,600	640,000
2023 - 2027	-	-	-	-
2028 - 2032	-	-	-	-
	<u>\$ 802,488</u>	<u>\$ 4,250,000</u>	<u>\$ 582,300</u>	<u>\$ 4,290,000</u>
Plus: Remaining premium (discount)		16,480		62,008
Less: Remaining refunding deferrals				
Net bonds payable		<u>\$ 4,266,480</u>		<u>\$ 4,352,008</u>



Schedule of revenue bond maturities (continued):

Fiscal Year(s) Ending	TBF Series 2010-T1		TBF Series 2010-T2	
	Interest	Principal	Interest	Principal
2013	\$ 53,663	\$ 250,000	\$ 130,200	\$ 695,000
2014	48,663	265,000	109,350	610,000
2015	43,363	275,000	91,050	610,000
2016	37,863	280,000	72,750	590,000
2017	32,263	295,000	55,050	430,000
2018 - 2022	55,913	955,000	102,150	1,405,000
2023 - 2027	-	-	-	-
2028 - 2032	-	-	-	-
	<u>\$ 271,725</u>	<u>\$ 2,320,000</u>	<u>\$ 560,550</u>	<u>\$ 4,340,000</u>
Plus: Remaining premium (discount)		51,603		162,783
Less: Remaining refunding deferrals		(29,864)		(19,841)
Net bonds payable		<u>\$ 2,341,739</u>		<u>\$ 4,482,942</u>

Fiscal Year(s) Ending	MPFA Totals	
	Interest	Principal
2013	\$ 54,308,348	\$ 70,550,000
2014	50,938,811	73,825,000
2015	47,292,586	77,620,000
2016	43,425,586	83,835,000
2017	39,281,861	78,475,000
2018 - 2022	134,081,228	424,155,000
2023 - 2027	49,778,120	221,960,000
2028 - 2032	8,378,468	85,015,000
	<u>\$ 427,485,006</u>	<u>\$ 1,115,435,000</u>
Plus: Remaining premium (discount)		77,883,112
Less: Remaining refunding deferrals		(25,760,350)
Net bonds payable		<u>\$ 1,167,557,762</u>

*Table of changes during the fiscal year:* The following table summarizes the change in reported bonds payable during the year ended June 30, 2012:

Bond Fund	Beginning	New		Ending	
	Balance (par)	Issues (par)	Redemptions	Defeased	Balance (par)
CWBF	\$ 941,375,000	\$ -	\$ (56,305,000)	\$ -	\$ 885,070,000
DWBF	226,500,000	-	(11,335,000)		215,165,000
TR-2006A	4,660,000		(410,000)		4,250,000
TR-2008A	4,940,000		(650,000)		4,290,000
TR-2010-T1	2,650,000	-	(330,000)		2,320,000
TR-2010-T2	5,370,000	-	(1,030,000)		4,340,000
Totals	\$ 1,185,495,000	\$ -	\$ (70,060,000)	\$ -	\$ 1,115,435,000
plus: remaining unamortized premium					77,883,112
less: unamortized portion of the amount deferred in refunding					(25,760,350)
					<u>\$1,167,557,762</u>

*Table of changes during the fiscal year:* The following table summarizes the change in reported bonds payable during the year ended June 30, 2011:

Bond Fund	Beginning	New		Ending	
	Balance (par)	Issues (par)	Redemptions	Defeased	Balance (par)
CWBF	\$ 776,810,000	\$ 203,700,000	\$ (39,135,000)	\$ -	\$ 941,375,000
DWBF	146,280,000	87,300,000	(7,080,000)		226,500,000
TR-1999A	2,940,000		(2,940,000)		-
TR-2001	8,865,000		(8,865,000)		-
TR-2006A	5,050,000		(390,000)		4,660,000
TR-2008A	5,560,000		(620,000)		4,940,000
TR-2010-T1	-	2,945,000	(295,000)		2,650,000
TR-2010-T2	-	5,370,000	-		5,370,000
Totals	\$ 945,505,000	\$ 299,315,000	\$ (59,325,000)	\$ -	\$ 1,185,495,000
plus: remaining unamortized premium					91,169,880
less: unamortized portion of the amount deferred in refunding					(30,288,331)
					<u>\$1,246,376,549</u>

##### 5. *Arbitrage Rebate Payments*

The bonds issued by the Authority are subject to a variety of Internal Revenue Service (IRS) regulations that limit the amount of investment income that may be earned on certain funds to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the related bonds as defined by the IRS. Excess earnings must be rebated annually, or every five years, depending on the date and type of bond issue. During fiscal years 2012 and 2011 the Authority paid \$-0- and approximately \$2.4 million, respectively.

6. *Related-Party Transactions*

Administrative Services – The Authority, DEED, MPCA, and the Department of Health provide administrative staff and services to Authority programs. During fiscal 2012 and 2011, the Authority paid approximately \$3.3 million and \$3.5 million, respectively, for these services.

Transfers - The Authority has transferred out, from CWBF net assets to the Other Fund, sub grant awards for non point-source programs administered by the Minnesota Department of Agriculture, the MPCA, and DEED. Such transfers during fiscal 2012 and 2011 were approximately \$1.8 million and \$2.0 million, respectively. In fiscal year 2012 and 2011, approximately \$1.4 million and \$0.56 million, respectively, were transferred from the TBF Funds to the Other Fund, from excess bond year pledged revenues over bond year debt service in the TBF Funds.

*State Appropriations:*

The Disaster Assistance bill of 2012 (First special session, chapter 1, article 1, section 6) appropriated \$6 million to the Authority for flood disaster relief facilities grants.

The Capital Improvements bill of 2012 (chapter 293, section 22) appropriated \$23.5 million to the Authority, \$8.5 million for state match and \$15 million for the WIF program.

The Legacy Fund appropriations bill of 2011 (First special session, chapter 6, article 2, section 4) made the following appropriations:

\$11,185,000 for state fiscal year 2012 and \$11,185,000 for 2013 for the Total Maximum Daily Load grant program under Minnesota Statutes, section 446A.073.

\$4,275,000 for 2012 and \$4,275,000 for 2013 for the Clean Water Legacy Phosphorus Reduction grant program under Minnesota Statutes, section 446A.074.

\$1,250,000 for 2012 and \$1,250,000 for 2013 for the Small Community Wastewater Treatment Program under Minnesota Statutes 446A.075.

The Capital Improvements bill of 2011 (First special session, chapter 12, section 19) appropriated \$20.0 million to the Authority for the WIF program.

7. *Commitments*

At June 30, 2012 the Authority had committed approximately \$195 million for the origination or disbursement of future loans, and \$38 million for grants.

8. *Subsequent Events*

On August 20, 2012, the Authority accepted approximately \$228 million from the Metropolitan Council, as pay-offs on the 5 oldest of their outstanding loans. After these pay-offs, outstanding loans to the Council make up approximately 36% of outstanding Clean Water loan balances. The pay-off of these loans will increase loan repayment receipts during the fiscal year ending June 30, 2013 by approximately \$205 million, but over the following nine fiscal years, repayments forgone on these loans totals approximately \$238 million.

9. Accounting Standards Not Yet Adopted

GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, will be effective for the Authority beginning the year ending June 30, 2014. This statement modifies certain requirements for inclusion of component units, amends criteria for blending, and clarifies the reporting of equity interests in legally separated entities.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, will be effective for the Authority beginning the year ending June 30, 2013. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, will be effective for the Authority beginning the year ending June 30, 2014. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

Unless otherwise stated, the Authority's management has not yet determined the effect these GASB statements will have on the financial statements.



## **Independent Auditor's Report on the Supplementary Information**

Minnesota Public Facilities Authority  
St. Paul, Minnesota

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*McGladrey LLP*

Minneapolis, Minnesota  
October 30, 2012

**Minnesota Public Facilities Authority**  
**Transportation Bond Fund – Individual Bond Series**  
**Statement of Net Assets**  
**June 30, 2012**

	<u>Series 2006A</u>	<u>Series 2008A</u>	<u>Series 2010-T1</u>	<u>Series 2010-T2</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 964,481	\$ 11,807	\$ 175	\$ 13,341	\$ 989,803
Loans receivable	485,000	895,000	335,000	2,696,049	4,411,049
Accrued interest receivable:					
Investments				5,929	5,929
Loans	40,379	36,733	30,406	128,073	235,591
Total current assets	<u>1,489,860</u>	<u>943,540</u>	<u>365,581</u>	<u>2,843,392</u>	<u>5,642,372</u>
Noncurrent assets:					
Investments				537,000	537,000
Loans receivable	4,245,000	4,525,000	2,635,000	8,552,106	19,957,106
Deferred bond issuance costs	68,026	45,039	53,189	63,536	229,790
Total noncurrent assets	<u>4,313,026</u>	<u>4,570,039</u>	<u>2,688,189</u>	<u>9,152,642</u>	<u>20,723,896</u>
Total assets	<u>5,802,886</u>	<u>5,513,579</u>	<u>3,053,770</u>	<u>11,996,034</u>	<u>26,366,268</u>
<b>LIABILITIES</b>					
Current liabilities:					
Interest payable on bonds	55,938	53,700	17,888	43,400	170,925
Arbitrage rebate liability					-
Bonds payable	425,000	670,000	250,000	695,000	2,040,000
Total current liabilities	<u>480,938</u>	<u>723,700</u>	<u>267,888</u>	<u>738,400</u>	<u>2,210,925</u>
Noncurrent liabilities:					
Bonds payable	3,841,480	3,682,008	2,091,739	3,787,942	13,403,170
Arbitrage rebate liability					-
Total liabilities	<u>4,322,418</u>	<u>4,405,708</u>	<u>2,359,627</u>	<u>4,526,342</u>	<u>15,614,095</u>
<b>NET ASSETS</b>					
Restricted by bond resolutions	<u>1,480,468</u>	<u>1,107,871</u>	<u>694,143</u>	<u>7,469,692</u>	<u>10,752,174</u>
Total net assets	<u>\$ 1,480,468</u>	<u>\$ 1,107,871</u>	<u>\$ 694,143</u>	<u>\$ 7,469,692</u>	<u>\$ 10,752,174</u>

**Minnesota Public Facilities Authority  
Transportation Bond Fund – Individual Bond Series  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
for the Year Ended June 30, 2012**

	Series 2006A	Series 2008A	Series 2010-T1	Series 2010-T2	Total
<b>Operating revenues:</b>					
Interest on loans	\$ 117,526	\$ 106,071	\$ 80,054	\$ 359,721	\$ 663,372
Investment earnings	4,948	401	175	20,595	26,118
Total operating revenues	122,474	106,472	80,228	380,316	689,490
<b>Operating expenses:</b>					
Interest on bonds	187,098	171,146	60,631	106,404	525,279
Total operating expenses	187,098	171,146	60,631	106,404	525,279
Operating income (loss)	(64,623)	(64,674)	19,597	273,911	164,211
<b>Transfers in (out)</b>					
Change in net assets	(5,426)	(158,217)	(23,170)	(1,214,630)	(1,401,443)
<b>Total net assets:</b>					
Beginning of year	1,550,517	1,330,762	697,716	8,410,410	11,989,405
End of year	\$ 1,480,468	\$ 1,107,871	\$ 694,143	\$ 7,469,692	\$ 10,752,174

**Minnesota Public Facilities Authority  
Transportation Bond Fund – Individual Bond Series  
Statement of Cash Flows  
for the Year Ended June 30, 2012**

	Series 2006A	Series 2008A	Series 2010-T1	Series 2010-T2	Total
<b>Operating activities:</b>					
Interest rcvd on loans	\$ 121,581	\$ 112,035	\$ 83,433	\$ 379,582	\$ 696,631
Principal rcvd on loans	475,000	880,000	330,000	2,018,894	3,703,894
Net cash provided in operating activities	<u>596,581</u>	<u>992,035</u>	<u>413,433</u>	<u>2,398,476</u>	<u>4,400,525</u>
<b>Non capital financing activities:</b>					
Interest on bonds	(183,188)	(183,850)	(60,263)	(161,100)	(588,400)
Principal on bonds	(410,000)	(650,000)	(330,000)	(1,030,000)	(2,420,000)
Cash transfers	(5,426)	(158,217)	(23,170)	(1,214,630)	(1,401,443)
Net cash used in capital and related financing activities	<u>(598,613)</u>	<u>(992,067)</u>	<u>(413,433)</u>	<u>(2,405,730)</u>	<u>(4,409,843)</u>
<b>Investing activities:</b>					
Investment interest	4,948	401	175	20,595	26,118
Net cash provided in investing activities	<u>4,948</u>	<u>401</u>	<u>175</u>	<u>20,595</u>	<u>26,118</u>
Net incr in cash and cash equivalents	2,916	369	175	13,341	16,801
Cash and cash equivalents:					
Beginning of year	961,565	11,437	-	-	973,003
End of year	<u>\$ 964,481</u>	<u>\$ 11,807</u>	<u>\$ 175</u>	<u>\$ 13,341</u>	<u>\$ 989,804</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (64,623)	\$ (64,674)	\$ 19,597	\$ 273,911	\$ 164,211
Adjustments to reconcile operating income to net cash provided in operating activities:					
Principal rcvd on loans	475,000	880,000	330,000	2,018,894	3,703,894
Interest paid on bonds	183,188	183,850	60,263	161,100	588,400
Investment earnings	(4,948)	(401)	(175)	(20,595)	(26,118)
Net amortizations	9,036	(5,121)	2,569	(44,396)	(37,912)
Changes in assets and liabilities:					
Accrued revenues	4,055	5,964	3,379	19,861	33,259
Accrued expenses	(5,126)	(7,583)	(2,201)	(10,300)	(25,209)
Net cash provided in operating activities	<u>\$ 596,581</u>	<u>\$ 992,035</u>	<u>\$ 413,433</u>	<u>\$ 2,398,476</u>	<u>\$ 4,400,525</u>