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COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 1994*

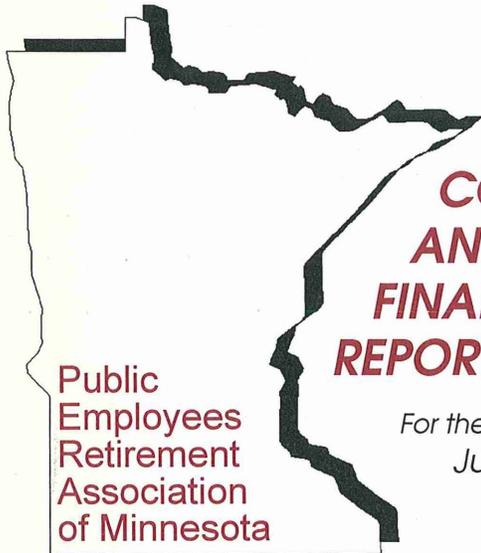
Public Employees
Retirement Association
of Minnesota



A Component Unit of the State of Minnesota

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
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**Public
Employees
Retirement
Association
of Minnesota**

A Component Unit of the State of Minnesota

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Executive Director

Laurie Fiori Hacking

Report prepared by Finance, and Member and Legislative Services Division Staff:

Judith Hunt — Manager of Finance

Gary Hovland — Senior Accounting Supervisor

John Paulson — Communications Specialist

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Member of Government Finance Officers Association of the United States and Canada

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Certificate of Achievement

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For its Component Unit
Financial Report
for the Fiscal Year Ended
June 30, 1993

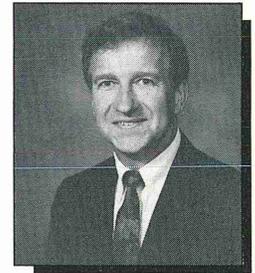
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President

Executive Director

President's Report



Robert D. McCubbin
Board President

Public Employees Retirement Association of Minnesota
514 St. Peter Street, Suite 200
St. Paul, Minnesota 55102
(OFFICE) 612 296-7460
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December 3, 1994

Dear Members, Annuitants, Beneficiaries and Governmental Employers:

This 63rd annual financial report of the Public Employees Retirement Association (PERA) discloses financial, actuarial and other related information about PERA and the funds it administers. On June 30, 1994, PERA's total net assets exceeded \$6.72 billion. This reflects a significant \$950 million, or 16.5 percent, increase over net assets at the beginning of the fiscal year.

While annual plan asset increases continue to reflect positive growth in membership and funds, market downturns experienced in fiscal year 1994 dramatically deterred investment performance. The total rate of return for the assets of the active employees covered by PERA fell by 2.1 percent in the 12 months ended June 30, 1994. However, for the past five years, these investments outperformed the 9.1 percent composite market return benchmark with a favorable return of 9.6 percent over the same period. This rate of return is comfortably above the fund's actuarially assumed interest rate of 8.5 percent per year.

The Minnesota Post Retirement Investment Fund (MPRIF), in which PERA has a pooled interest with other Minnesota statewide pension systems, increased assets to \$8.77 billion at fiscal year end. The MPRIF supports the annuities payable to retirees and their joint annuitants, and also finances the annual post-retirement increases from investment earnings in excess of 5 percent. With an eye toward diversification and expanding the long-term earning power of its investments, the State Board of Investment (SBI) completed its restructuring of the MPRIF in early fiscal year 1994 with a higher dedication to equities (60%), including 10 percent in international stocks, and an allocation to alternative investments. Since July 1, 1993, the MPRIF has matched the composite market return benchmark with a 1.6 percent return.

This is the second year of experience with a new formula that provides annual post-retirement benefit increases to annuitants. The new formula, which bases increases both on inflation and investment returns of the MPRIF, provided a 3.985 percent annual increase payable on January 1, 1995. Even though the MPRIF's investment returns were quite low for fiscal year 1994, the fund can safely pay an annual increase primarily because a substantial part (4/5ths) of the excess investment returns from the previous fiscal year (fiscal year 1993) was saved and spread over the next four years rather than paid out entirely in fiscal year 1993. This new savings feature of the post-retirement increase formula is intended to even out the peaks and valleys of year-to-year investment returns and resulting benefit increases.

Major legislative changes for fiscal year 1994 included changes to the structure of the PERA Board of Trustees. The board will expand from 10 to 11 trustees and include a new membership-elected trustee representing annuitants. In addition, the governor-appointed police and fire trustee will be changed to a membership-elected trustee. As a result of this new board structure, the PERA board will more appropriately have an even balance of elected and governor-appointed trustees.

In addition to changes in the PERA board, the organization also successfully advocated for enactment of a new law that places a limitation on the total salary PERA will recognize for pension purposes. The new salary cap will equal 95 percent of the Minnesota governor's salary. This reform was enacted to prevent potential manipulation and inflation of salary for pension calculation purposes.

Several changes made this year will affect PERA's Defined Contribution Plan (DCP). Starting November 1, 1994, participants in the DCP have a new option of investing in international equities through the State Board of Investment's International Share Account. The objective of this account is to provide participants with the opportunity to diversify their investments with non-U.S. stocks. Also effective November 1, 1994, the DCP Fixed Interest Account was restructured and invested in a portfolio of guaranteed investment contracts (GICs) rather than in separate three-year GICs. This portfolio

strategy minimizes the risk of investing with a single insurance company and permits participants to make more frequent transfers into and out of the account.

After performing an experience study encompassing the past four years, PERA's actuary recommended changes in both the mortality and salary assumptions for the Public Employees Retirement Fund. Strengthening PERA's mortality tables will increase the recognized costs of the system because benefits are being paid out over annuitants' longer life spans. These increased costs, however, were partially offset by savings generated from the actuary's recommendation to decrease salary growth assumptions. The net financial impact of the actuarial assumption changes on the fund was an increase of approximately 0.2 percent in the required contribution rate.

From the perspective of our members, the most important initiative launched in fiscal year 1994 is our five-year strategic plan. The plan, along with our new guiding mission and vision, focus squarely on our customers—our members. Through the strategic plan, we have charted a course for organizational change that will give PERA the capacity to provide the best services and benefit packages we can afford.

In closing, I wish to express the trustees' continuing commitment to the preservation and growth of the assets of the PERA funds and to the protection and furtherance of the interests of PERA's members, annuitants and beneficiaries, as well as the interests of the governmental employer units and the State of Minnesota.

Sincerely,

Robert D. McCubbin, President
PERA Board of Trustees

RM/jp

Letter of Transmittal



Laurie Fiori Hacking
Executive Director

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December 2, 1994

Board of Trustees
Public Employees Retirement Association of Minnesota
514 St. Peter Street, Suite 200
St. Paul, Minnesota 55102-1090

Dear Trustee:

We are pleased to present this Comprehensive Annual Financial Report of the Public Employees Retirement Association (PERA) for the fiscal year ended June 30, 1994—our 63rd year of operation. The information contained in this report is accurate in all material respects and is intended to present fairly the financial status and results of operations of the association. The report consists of four sections:

Introductory Section contains this letter of transmittal, the president's report, a summary of the membership requirements and the benefit structures of PERA's funds, a directory of the Board of Trustees and a description of the administrative organization:

Financial Section includes the basic financial statements, supplementary information, supporting schedules, and the independent auditor's report on the financial statements;

Actuarial Section contains the independent actuary's certification letter, summaries of the actuarial assumptions and methods used in the annual valuation, results of the July 1, 1994 actuarial valuation, and other actuarial information; and

Statistical Section includes tables of significant data pertaining to the Association and identifies affiliated employers and consolidated local relief associations.

Responsibility for the contents of this report, including the financial statements, rests solely with the management of the association. We trust you will find this publication is helpful in understanding PERA and its funds, and contains sufficient information to facilitate valid comparisons of operating results among similar public employee retirement systems.

Reporting Entity

For financial reporting purposes, PERA is considered a component unit of the State of Minnesota, since the state is financially accountable for PERA. Although the PERA Board of Trustees has significant independence in the operations and management of the association, the governor of the state, who appoints a voting majority of the board of trustees, may significantly influence agency operations with his ability to remove an appointed member at any time for just cause.

Letter of Transmittal

(Continued)

PERA serves more than 2,000 separate governmental entities. These participating employers include cities, counties, townships, and school districts located throughout the state. At June 30, 1994, PERA's membership included 128,359 current, active employees and 40,195 retirees and beneficiaries.

Accounting Systems and Reports

All financial statements are prepared in conformity with Statement 1 provisions published by the National Council of Governmental Accounting and other generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The financial statements also comply with Minnesota Statutes, Section 356.20. PERA's transactions of its Public Employees Retirement Fund (PERF), Public Employees Police and Fire Fund (PEPFF) and Police and Fire Consolidation Fund (PFCF) are reported on the accrual basis of accounting. Transactions of the Public Employees Defined Contribution Plan (PEDCP) are reported on the modified accrual basis of accounting.

PERA's internal accounting controls are designed to provide reasonable assurance for the safekeeping of assets and the reliability of all financial records. Our independent auditors reported no material weaknesses in our internal control structure and no departures from finance-related legal provisions for fiscal year 1993.

Revenue

Employer and employee contributions, income from investments and income from other miscellaneous sources provide the funds needed to cover the liability for present and future benefits. Income for the fiscal year (FY) ended June 30, 1994 totaled \$938,609,000. This represents an increase of 14.9 percent over FY93 revenues, as shown in the table below.

The increase in employee and employer contributions resulted primarily from an increase in average annual earnings and in the number of members contributing to PERA-administered plans (see schedule on page 47). Statutory contribution rates for both employers and employees of the PERF remain unchanged from the prior year. However, legislation enacted in 1993 reduced the contribution rates for the PEPFF and the PFCF. Beginning the first full payroll period after December 31, 1993, PERA received contributions of 7.6 percent of salary from employees and 11.4 percent of earnings from employers.

Revenue Source (in thousands)	FY 1994	FY 1993	Percent Inc./.(Dec.)
Member Contributions	\$137,776	\$128,383	7.3%
Employer Contributions	167,121	151,297	10.5
Realized Investment Income	629,846	534,666	17.8
Other Income	3,866	2,656	45.6
Totals	\$938,609	\$817,002	14.9%

Realized investment income of the PERA funds accounted for the largest share—approximately 67 percent—of total fund income. Realized investment income increased during the fiscal year, largely due to the net realized capital gains on the sale of investments and the outstanding performance of the international stock markets.

Expenses

The annual expenses of PERA's defined benefit funds reflect the aggregate cost of monthly annuity and benefit payments to retired or disabled members and their survivors, refunds of employee contributions (plus interest) to terminated former members, and the cost of administration. Operating expenses during the fiscal year totaled \$342,860,000, an increase of 14.6 percent over such expenses for FY93, as shown below:

Expense Type (in thousands)	FY 1994	FY 1993	Percent Inc./.(Dec.)
Benefits	\$319,664	\$276,043	15.8%
Refunds	12,351	12,848	(3.7)
Investment Managers	4,771	3,991	19.5
Administrative	4,794	4,304	11.4
Other	1,280	1,946	(34.2)
Totals	\$342,860	\$299,132	14.6%

The increase in benefits reported for the fiscal year resulted mainly from the growth in the number of benefit recipients and the higher average benefit payments (see schedules on pages 48-49). The increase in fees paid to investment managers is related directly to the performance of the external money managers who are paid performance-based fees.

Investments

In accordance with Minnesota Statutes, Section 353.06, assets of the PERA Funds are invested by the Minnesota State Board of Investment (SBI). All investments undertaken by the SBI are governed by the common law prudent person rule and other standards codified in Chapter 11A of the Minnesota Statutes. The board is comprised of the state's elected officers: Governor Arne Carlson, State Auditor Mark Dayton, State Treasurer Michael McGrath, Secretary of State Joan Grove, and State Attorney General Hubert Humphrey III.

The SBI appoints a 17-member Investment Advisory Council (IAC) to advise the State Board on asset allocation and other policy matters relating to investments. The IAC also advises the State Board on methods to improve the rate of return while assuring adequate security of the assets under management. The executive director of PERA is a standing member of the IAC.

The IAC has formed three committees organized around broad investment subjects relevant to the board's decision making: asset allocation, stock and bond managers, and alternative investments. All proposed investment policies are reviewed by the appropriate committee and the full council before they are presented to the board for action.

The SBI also employs an investment consultant to monitor and evaluate the investment management firms' performance and to evaluate or suggest various alternatives for asset allocation and other investment policy matters.

Pension assets of the currently working members of the Association (see table below) are managed externally by private money managers retained under contract with the SBI. These assets are pooled with the assets of other active members of state-wide retirement funds into the Basic Retirement Funds. The greatest share of these assets, 60 percent, is invested in domestic and international common stocks in order to maximize the long-term rate of return. Including international stocks in the asset mix allows the SBI to diversify its holdings across world markets and offers the opportunity to enhance returns and reduce the risk/volatility of the total portfolio. For the year ended June 30, 1994, the Basic Retirement Funds produced a total rate of return on active member assets of 2.1 percent.

Market Value of Investments, June 30, 1994 (in thousands)		
Fund	Active Members	Retired Members
PERF	\$2,102,427	\$2,900,793
PEPFF	947,234	315,780
PFCF	297,493	346,481
Totals	\$3,347,154	\$3,563,054

The SBI has one overriding responsibility with respect to the management of these funds—to ensure that sufficient funds are available to finance promised retirement benefits. Within this context, SBI has established a long-term investment objective—to outperform a composite market index weighted in a manner that reflects the long-term asset allocation policy over a five-year period. Performance is measured net of all fees and costs to assure the SBI's focus is on true net return. Compared to this objective, the Basic Funds' five-year annualized rate of return at June 30, 1994 was 9.6 percent, one-half a percentage point above its target of 9.1 percent.

The SBI also has responsibility for investment of the assets of the Minnesota Post Retirement Investment Fund (MPRIF). When a member retires, a sum of money sufficient to finance a fixed monthly annuity is transferred from the Basic Retirement Funds to the MPRIF. Assets of the retired members of the Association and their joint annuitants (see table above) are pooled in the MPRIF. These assets, too, are managed externally, sharing the same domestic stock, domestic bond and international stock managers as the Basic Funds. In fiscal year 1994, the SBI added allocations to international stocks and alternative investments. At June 30, 1994, the greatest portion of the retired members' assets, over 60 percent, included domestic and international common stocks to maximize long-term rates of return.

In contrast to the investment goals of the Basic Funds, which is invested for current working members, the MPRIF's goal is to ensure that returns are, at a minimum, adequate to meet the actuarially assumed return of 5 percent on its invested assets on an annualized basis and are sufficient to finance lifetime benefit increases.

The SBI measures performance of the MPRIF against a composite of market indices that is weighted to reflect its

long-term asset allocation policy. The MPRIF is expected to exceed the composite index over a five-year period. Since the asset allocation changed dramatically beginning in 1993 when the SBI adopted a new investment strategy to reflect the new post-retirement benefit increase formula, performance against this standard is available for only one year. For fiscal year 1994, the MPRIF matched its composite index with a return of 1.6 percent.

For the second year of experience with the new formula, we are pleased to announce the MPRIF will provide a benefit increase of 3.985 percent for fiscal year 1994, payable January 1, 1995. This increase is comprised of two components:

- **Inflation adjustment of 2.4 %.** This equals 100 percent of the reported Consumer Price Index increase for wage earners for the 12 months ended June 30, 1994. This is the same inflation index used to calculate increases in Social Security payments, although SBI uses the Second Quarter rather than the Third Quarter figure. This inflation component is always granted, regardless of investment performance. The formula sets a maximum, or cap, of 3.5 percent to maintain the actuarial soundness of the plan. This amount is the difference between the 8.5 percent return assumption for the Basic Funds and the 5 percent return assumption for the MPRIF.
- **Investment adjustment of 1.585%.** This represents one-fifth the amount that investment gains exceed the amount needed to finance the actuarial assumed rate of return (5%) and the inflation component (2.4%). The formula requires that investment gains and losses be spread forward over five years to adjust for the volatility of short-term returns. Also, all accumulated investment losses must be recovered before an investment adjustment is granted. Because the investment-based component on the new formula will not be fully implemented during the initial years, a temporary transition adjustment may be paid during a phase-in period. The transition percentage for fiscal year 1994 was 0.75 percent. Transition amounts for fiscal years 1995 and 1996 are 0.50 and 0.25 percent, respectively. By law, retirees must receive the higher of either the investment-based component or the transition adjustment for the respective year.

Economic Conditions and Outlook

For the State of Minnesota, economic growth in FY94 continued to outpace the rest of the nation. Minnesota wages and salaries grew by 5 percent, exceeding the U.S. average. The unemployment rate in Minnesota remained well below the nation's during the entire fiscal year.

During this period, also, the U.S. stock and bond markets' performances were disappointing in comparison to historical averages. Responding to sharp rises in interest rates during the second half of the fiscal year, the bond market dropped significantly and produced a negative rate of return for the first time in several years. The stock market, meanwhile, produced only marginally positive returns. In contrast, the international stock market generated very strong gains. This market performance carried over to the Basic Retirement Funds, which, as previously mentioned in the investment section, produced a return of 2.1 percent for the period.

The economic outlook for fiscal year 1995 continues to be optimistic. Most major forecasters expect a strong economy.

Letter of Transmittal

(Continued)

However, there is considerable uncertainty about the path of interest rates and the market. As long as the pace of growth remains above historical trends, the Federal Reserve Board will attempt to counter the risk of higher inflation by slowing the economy with short-term interest rate hikes through spring 1995. Higher interest rates, in turn, are expected to hold investment gains to lower than average returns. Although the SBI's policy of portfolio diversification across world markets should remain beneficial, should poor investment performance become the long-term trend, it will be detrimental to PERA's funding status if the association does not earn the assumed rate of return of 8.5 percent for the Basic Funds.

On the other hand, the continued strength and stability of the state's economy will mean continued revenue for local governments. Consequently, the general fiscal well-being of the local public sector employers should yield a constant, rather than downsized, work force. Meanwhile, a continued slowdown in payroll growth and salary increases is anticipated. This will minimize the association's obligation for future retirement benefits, thus positively impacting PERA's funding status.

Current Funding Ratios

The primary funding objectives of the Association are: 1) to establish contribution rates which, when expressed as a percentage of active members payroll, will remain level from generation to generation; and, 2) to meet the required deadlines for full funding. A pension fund is fully funded when it has present and projected assets sufficient to cover the liabilities for present and future annuities, benefits and refunds and the projected cost of fund administration. Minnesota Statutes, Section 356.215, subd. 4(g), requires that the Public Employees Retirement Fund and the Public Employees Police and Fire Fund be fully funded by the year 2020. Minnesota Statutes, Section 353A.09, subd. 5(2)(b)(1), requires full funding for the Police and Fire Consolidation Fund by the year 2010. The actuarial funding method followed by PERA is the entry age normal, level contribution as a percent of payroll method.

An important measure of the health of a retirement system is the level of funding; the better the level of funding, the larger the ratio of assets to accrued liabilities and the greater the level of investment income potential. Also, a better level of funding gives the participants a higher degree of assurance that their pensions are secure.

The Association's progress towards meeting the full funding objective is displayed on two schedules in this report. The first, the Summary of Accrued and Unfunded Accrued Liabilities, on pages 44-45, shows the funding levels using the entry age normal actuarial cost method. At the end of FY94, the ratio of assets to liabilities of the Public Employees Retirement Fund was 76 percent. For the Public Employees Police and Fire Fund and the Police and Fire Consolidation Fund, the ratios were 112 percent and 88 percent, respectively. The second display of

funding progress, the Analysis of Funding Progress, is on page 24 of this report, and presents a standardized measure of projected plan liabilities called the pension benefit obligation. This measure, a disclosure required by the Governmental Accounting Standards Board, allows readers to make comparisons among public employee retirement systems and to assess the progress made by PERA in accumulating sufficient assets to pay benefits when due. This measure of benefits is independent of the actuarial funding method discussed above.

Association's Status Report

Once again, PERA experienced a substantial increase (8,855) in the number of members participating in both the Public Employees Retirement Fund and Police and Fire Fund. Adding to this trend was the consolidation of 10 local police and fire relief associations with PERA, bringing the total number of consolidation accounts to 35. These 10 new groups added 427 members to the active rolls, 622 members to those receiving benefits and over \$256 million in assets to the Police and Fire Consolidation Fund.

Enactment of the early retirement incentive law in FY93 resulted in PERA's processing a record 4,012 retirement applications in FY94, nearly 1,500 more than the previous fiscal year. This added administrative burden came on top of the processing of 1,819 repayments of refunds prompted by the May 1, 1994, increase in the interest rate charged on such repayments. The interest rate rose from 6 percent to the current 8.5 percent.

With an increasing membership and numerous legislative changes over the years, the volume and complexity of PERA's work have grown significantly with few offsetting increases in staff or improvements in technology to carry the increased workload. Basic work processes are in need of redesign to deal with the escalating workloads. PERA's business processes need to be more efficiently designed and its aging computer technology brought up to date so the organization has a better capacity to deliver quality services to its members. For these reasons, in FY94 PERA developed and launched its five-year business strategic plan. This was the year's most significant accomplishment, affecting both management of PERA and the services it provides.

The centerpiece of PERA's strategic plan is a thorough examination of the way PERA delivers its services to its membership with a goal of maximizing quality at a reasonable cost. Objectives include reducing hand-offs, improving efficiency and productivity, reducing rework, and decreasing fragmented work design. PERA expects to achieve quantum improvements in cycle times for delivering benefit estimates to members and processing other member requests. Future plans also embrace key principles of total quality management which ensures redesigned work processes will emphasize fact-based planning with employee involvement and customer-focused designs.

To effect these changes, PERA's strategic plan recommends a substantial, but conservative, investment in information technology. PERA has underinvested in its technology for several years. Its basic technology and information systems structure date back to 1980. Because of this outdated infrastructure, the costs will be substantial to achieve basic office automation and to integrate systems and data to improve internal productivity and provide basic customer services in a timely manner.

Other accomplishments are worth mentioning as well. PERA's staff became actively involved in the Statewide Systems Project (SSP)—an enormous initiative by the State of Minnesota to reengineer the way it conducts its business. This project involves replacing the outdated statewide payroll, human resources, accounting, and procurement systems with new state-of-the-art information systems. PERA recently installed a local area network to support the SSP applications, which are targeted for implementation in July 1995.

In its continuing effort to inform active members of their future benefits and the services and programs offered by the association, PERA mailed every active member a personal benefit statement in November 1994. The computer-generated estimates of future retirement annuities and other earned benefits are designed to provide basic information to members who are still several years away from retirement.

PERA's board and staff continued their efforts to reach out to the membership during FY94. A series of preretirement conferences, workshops and group meetings were held at many locations throughout the state to make information and counseling as accessible as possible.

Professional Services

The FY94 actuarial valuation of the PERA defined benefit plans was conducted by Milliman & Robertson, Inc., and completed in November 1993. Actuarial consulting services during the fiscal year were provided by Gabriel, Roeder, Smith & Company of Detroit. In addition to providing a thorough review of Milliman & Robertson's FY94 actuarial valuation, Gabriel Roeder also developed cost estimates for a variety of legislative proposals and recommended actuarial assumption changes for use in the July 1, 1994 valuation that were based on the experience study performed last year.

With respect to other professional services, the State's Attorney General continued to provide PERA with legal counsel; the State Board of Investment continued to manage and invest the assets of the PERA funds. Application Management Strategies Inc. assisted in our development of a five-year business strategic plan. Finally, the State's Legislative Auditor continued to provide professional financial auditing services. The comments of the Legislative Auditor are found on page 15 of this report.

Reports to the Membership

This report is complemented by an annual financial newsletter that discloses, in summary form, the contents of this report. This financial newsletter is mailed in January of each year to all PERA members and annuity and benefit recipients.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PERA for its component unit financial report for the fiscal year ended June 30, 1993. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish a financial report that conforms to program standards. Such a financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Other Awards

Finally, PERA is justly proud of the abilities, knowledge, drive and dedication toward excellence of its employees. This is reflected by two awards PERA anticipates receiving in the next month.

The National Association of Government Communicators (NAGC) selected PERA's pre-retirement workshop planning guide *Drafting Your Retirement Plans* as a finalist for the 1994 NAGC International Blue Pencil Competition. We competed with hundreds of other government communications for this honor. PERA also applied for the Public Pension Coordinating Council's Public Pension Principles Achievement Award for 1994 and is anxiously awaiting official notification that it qualifies for that prestigious commendation.

Acknowledgments

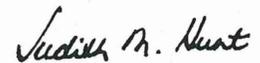
As a compendium of financial, actuarial and other statistical information, PERA's Comprehensive Annual Financial Report provides complete and reliable information on which management decisions may be based and through which compliance with statutory requirements may be assessed. In addition, the report serves as the primary source through which the effectiveness of the Trustees' management and administration of PERA and its funds may be judged.

We are sure you join with us in expressing gratitude and appreciation to the staff and PERA's advisors for their efforts in producing this report and for their loyal and dedicated service to the Association and its members, annuitants, beneficiaries, and governmental unit employers.

Respectfully submitted,

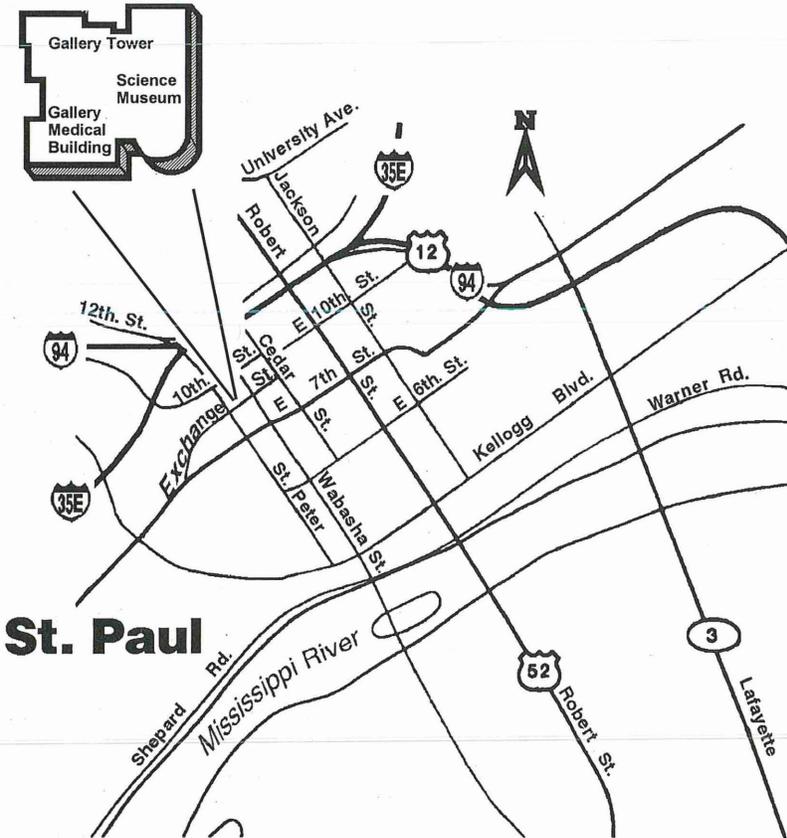


Laurie Fiori Hacking
Executive Director



Judith M. Hunt
Manager of Finance

PERA Office/Management Team

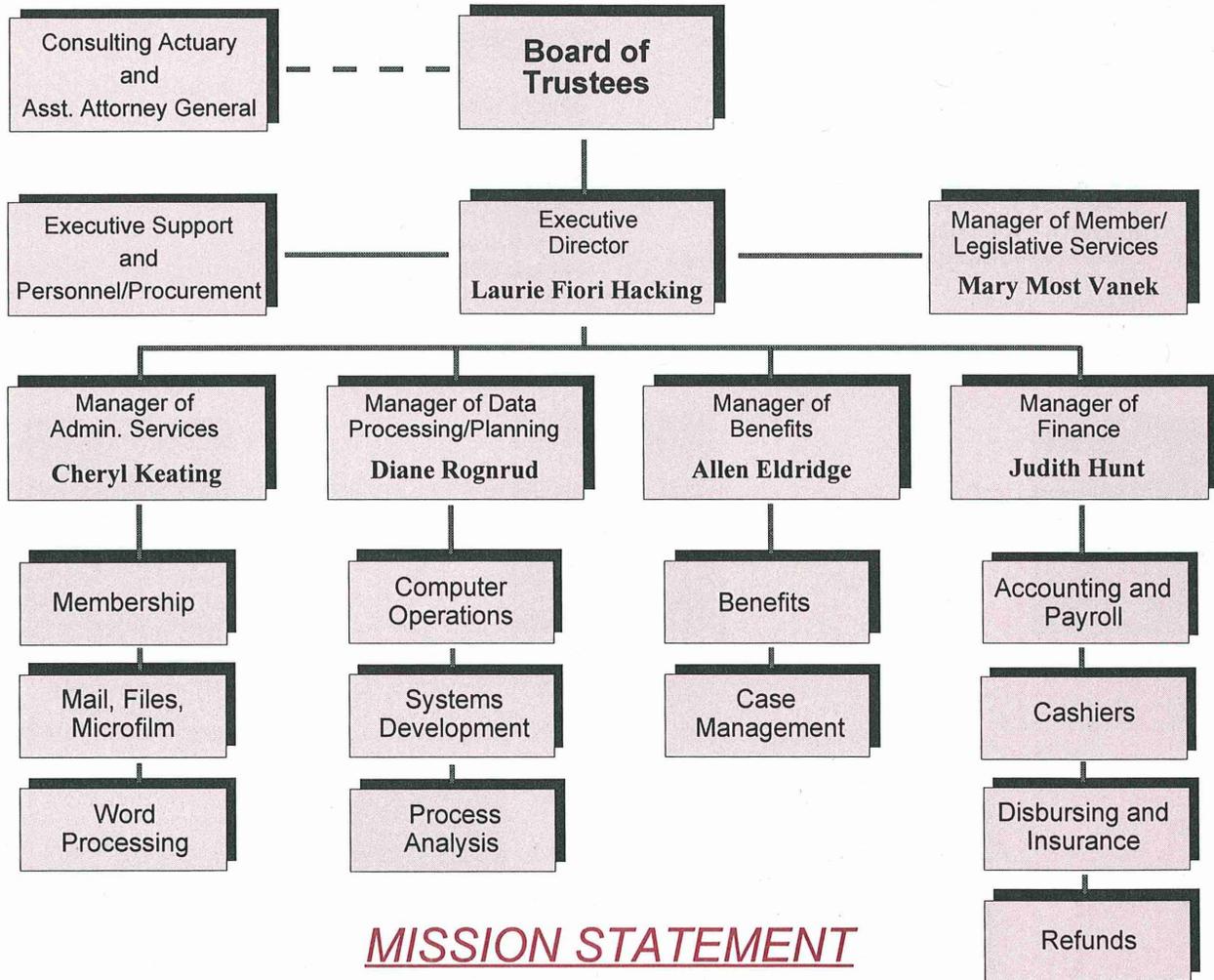


PERA's office in St. Paul is located in the Gallery Towers Building, attached to the Omnitheatre of the Minnesota Science Museum. The address is 514 St. Peter Street, Suite 200, St. Paul. Office hours are from 8 a.m. to 4:30 p.m., Monday through Friday.

PERA's managerial staff members are (front, l to r) Mary Most Vanek, Member/Legislative Services; Judith Hunt, Finance; (back) Cheryl Keating, Administrative Services; Allen Eldridge, Benefits; and Diane Rognrud, Data Processing/Planning.



Administrative Organization



MISSION STATEMENT

PERA's mission is to create opportunities for members to achieve a successful and secure retirement by providing the highest quality benefits and services, that members will value and trust.

PERA's Vision:

PERA is seen by its members as an important part of their retirement solution because we:

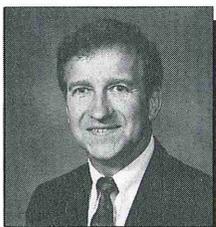
Develop creative methods that enable them to make sound retirement and life-planning decisions;

Display relentless efforts to protect the fund and provide the best public pension packages; and

Deliver exceptional services any time, any place!

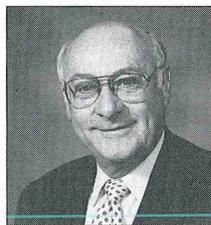
Board of Trustees

Board President

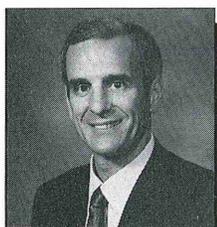


Robert D. McCubbin
Elected Membership Representative
City of Duluth
Room 211, City Hall
Duluth, Minnesota 55802

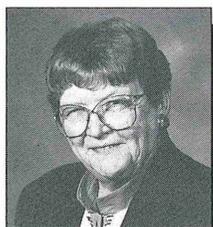
Board Vice President



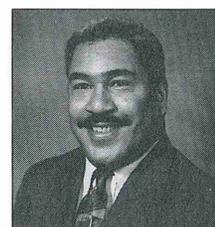
Richard H. Stafford
Counties Representative
Washington County
Government Center
Stillwater, Minnesota 55082



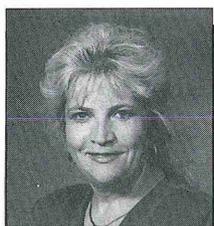
Mark B. Dayton
State Auditor
Suite 400 - 525 Park Street
Saint Paul, Minnesota 55103



Mary Ann Dixen
School Board Representative
1428 Martin Road
Albert Lea, Minnesota 56007



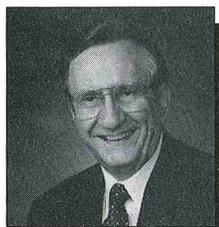
Walter C. Gray
Public Representative
8733 30th Avenue N.
New Hope, Minnesota 55427



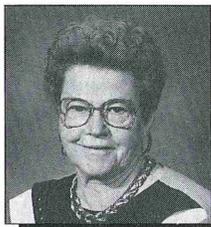
Dawn M. Hulmer
Elected Membership Representative
City of Duluth
Room 105, City Hall
Duluth, Minnesota 55802



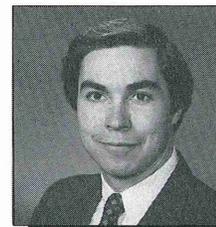
Marian R. Larson
Elected Membership Representative
Hopkins School District
1001 Highway 7
Hopkins, Minnesota 55343



Lyle R. Olson
Cities Representative
City of Bloomington
2215 W. Old Shakopee Rd.
Bloomington, Minnesota 55431



Lois E. Riecken
Annuitant Representative
8794 100th Avenue
Clear Lake, Minnesota 55319



Michael P. Stockstead
Police and Fire Representative
City of St. Louis Park
P.O. Box 26332
St. Louis Park, Minnesota 55426

Summary of Retirement System Plan

Public Employees Retirement Association of Minnesota

Purpose

Established by the Minnesota Legislature in 1931, the Minnesota Public Employees Retirement Association (PERA) administers pension funds that serve approximately 160,000 county, school and local public employees, their survivors and dependents.

Funds administered by the association provide a variety of retirement annuities, and survivor and disability benefits. In the case of Coordinated members, these annuities and benefits are in addition to those provided by Social Security.

The PERA Board of Trustees is responsible for administering these funds in accordance with statutes passed by the Minnesota Legislature and has a fiduciary obligation to PERA's members, the governmental employer units, the state and its taxpayers.

Administration

The PERA Board of Trustees is composed of 10 members. The State Auditor is a member by statute. Six trustees are appointed by the Governor. Serving four-year terms, these six trustees represent cities, counties, school boards, retired annuitants, the general public, and Police and Fire Fund members, respectively.

The remaining three board members are elected by the PERA active membership to terms of four years. All three current membership representatives were elected in January 1991.*

The board appoints an executive director to serve as chief administrative officer of PERA. With approval of the board, the director develops the annual administrative budget, determines staffing requirements, contracts for actuarial and other services, and directs the day-to-day operations of the association. The director also serves as a member of the State Investment Advisory Council, which advises the Minnesota State Board of Investment on the management and investment of public pension funds and other assets.

Multi-Employer Participation

Approximately 2,000 separate units of government in Minnesota participate in the PERA-administered retirement system. These units include counties, cities, townships and school districts.

Employee Membership

With certain statutory exceptions, an employee performing personal services for a governmental unit whose salary is paid, in whole or in part, from revenues derived from taxation, fees, assessments or other sources, is a member of PERA. The type of membership depends upon which PERA plan covers the individual member's employment position, and, in the case of Basic members, when the individual was hired into public service. PERA has approximately 128,000 active members.

Funds

PERA administers four separate funds. Each has specific membership, contribution, benefit and annuity provisions.

The Public Employees Retirement Fund encompasses two plans — the PERA Coordinated Plan and the PERA Basic Plan. The Coordinated Plan, created in 1968, provides retirement and other benefits in addition to those supplied by Social Security. The Basic Plan, established in 1931, is not coordinated with the federal program.**

The Public Employees Police and Fire Fund, originally established in 1959 for police officers and firefighters not covered by a local relief association, now includes all Minnesota police officers and firefighters hired since 1980.

The Police and Fire Consolidation Fund was created in 1987 for members of local police and fire relief associations

Note:

- * 1994 legislation will change the composition of the board to five elective positions, five governor appointees and the State Auditor, effective January 1995. The Police and Fire representative will become an elected position and an annuitant/disability representative will also be elected by the membership at large.
- ** PERA's Basic Plan was closed to new membership in 1968 with the creation of the Coordinated Plan.

Summary

(Continued)

Note:

* This is the rate established for elected public officials. Participation in the program is voluntary for these members. Once an elected official decides to participate, employer participation is mandatory. For ambulance service personnel, employers decide whether they will participate in the plan and what the contribution will be for employees. Salaried employees may match this contribution.

** The accrual rate for Police and Fire members was increased from 2.50 percent to 2.65 percent of average salary in July, 1993.

which have elected to have PERA administer their plans. Administrative duties of these local associations have been transferred to PERA and the responsibility for investing their assets have been transferred to the State Board of Investment.

Also administered by PERA is the **Public Employees Defined Contribution Plan**. Established by the Minnesota Legislature in 1987 to provide a retirement plan for personnel employed by public ambulance services, the plan was expanded in 1990 to include locally-elected public officials, except for county sheriffs.

Contributions

The table below shows contribution rates for employees and employers under the various plans administered by PERA as of June 30, 1994. Rates are applied to total salary and are set by statute.

Fund	Employee Contribution	Employer Contribution
Public Employees Retirement Fund		
Coordinated	4.23%	4.48%
Basic	8.23%	10.73%
Public Employees Police and Fire Fund	7.60%	11.40%
Police and Fire Consolidation Fund	7.60%	11.40%
Defined Contribution Plan	5.00%	5.00%*

In addition to contributions to the funds administered by PERA, Coordinated members contribute to Social Security and are eligible for benefits earned through those deductions. Police and Fire Fund members hired after March 31, 1986 contribute to Medicare, as do some Basic Plan members who elected such coverage in 1989.

Retirement Benefits Eligibility and Annuity Formulas

Basic and Coordinated Members

Two methods are used to compute benefits for Coordinated and Basic members—a step-rate benefit accrual

formula (Method 1) and a level accrual formula (Method 2). The retiring member receives the higher of the two calculated amounts.

Method 1: Coordinated members accrue 1 percent of the average salary they were paid over their five highest-paid consecutive years of service for each of the first 10 years of public service, and 1.5 percent of that average salary for each successive year. Basic members receive 2 percent of their average salary for each of their first 10 years of service and 2.5 percent for each year thereafter.

Using this calculation, members are eligible for a full (unreduced) retirement annuity if:

- They are age 65 or over with at least one year of public service; or
- Their age plus years of public service equal 90 (Rule of 90).

A reduced early retirement annuity is payable as early as age 55 with three or more years of service. The reduction is 1/4 percent for each month under age 65. A member with 30 or more years of service may retire at any age with the 1/4 percent reduction made from age 62 rather than 65.

Method 2: Coordinated members earn 1.5 percent of their average salary for every year of public service while Basic members earn 2.5 percent of their average salary for each year.

This calculation provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989, and at the age for unreduced Social Security benefits for those first hired into public service on or after that date.

Early retirement results in an actuarial reduction with augmentation (about 6 percent per year) for members retiring prior to qualifying for unreduced retirement benefits.

Police and Fire Members

Members receive 2.65 percent** of average salary for each of their years of service.

An unreduced retirement annuity is payable to members when they meet the following conditions:

- Age 55 with a minimum of three years of service; or
- Age plus years of service equal at least 90.

A reduced retirement annuity is available to members between the ages of 50 and 55. There is an actuarial reduction with augmentation (about 4 percent per year) for members retiring prior to qualifying for an unreduced retirement annuity.

Police and Fire Consolidation Members

Members of the Police and Fire Consolidation Fund are covered by the benefit provisions and annuity formula of their local plans, unless they choose to be covered by provisions identical with those of the PERA Police and Fire Fund.* Members may elect PERA Police and Fire Fund-type benefits:

- Within 180 days of the effective date for the consolidation of the local relief association with PERA;
- At the time a member is between ages 49 1/2 and 50; or
- At the time the member retires and submits an application for an annuity or disability.

Defined Contribution Plan Members

Established as a retirement plan for volunteer ambulance personnel and elected public officials, the Defined Contribution Plan's benefit amount is determined by the performance of the funds in which contributions are invested. The entire market value of the member's account is payable upon termination of public service, disability, retirement or death.

Types of Annuities Available

Members of the PERA Basic and Coordinated Plans, the Police and Fire Fund, and members covered by the Police and Fire Consolidation Fund who elect PERA Police and Fire-type benefits may select from several types of retirement annuities.

Normal Annuity — A Normal annuity is a lifetime annuity that ceases upon the death of the retiree. No survivor annuity is payable.

Joint and Survivor Annuities — Upon retirement, members may choose from one of four Joint and Survivor annuities. All these annuities are payable for the lifetime of the retiree. At the time of the retiree's death, the designated joint annuitant continues to receive monthly annuity payments at varying levels for his or her

lifetime. Depending on the Joint and Survivor option chosen by the member, survivor payments are at a 25, 50, 75 or 100 percent level of that received by the member.**

Pre-Age 62 Supplement — This annuity option allows a member who retires before age 62 to receive a greater monthly payment until he or she becomes eligible for Social Security at age 62. The monthly annuity amount is then reduced by at least \$100 at age 62.

Deferred Annuity — A vested member who terminates public service may leave contributions in the fund or funds in which he or she participated and qualify for an annuity at age 55 or over. The annuity amount, calculated as of the date of termination, will increase at a rate of 3 percent per year, compounded annually, until the first of the year following the member's 55th birthday. It will then increase at a rate of 5 percent per year, compounded annually.***

Combined Service and Proportionate Annuities — Retiring members may elect to combine service in a PERA-covered position with service in any of 14 other Minnesota pension funds and qualify for a retirement annuity from each fund in which they participate. These funds are designated by statute. Members with three or more years of total service qualify for a combined service annuity if they have six or more months of service in each fund and have not begun to receive an annuity from any of the designated funds. Benefits are based upon the formula of each fund and the member's average salary over the five highest-paid years of service, no matter when it was earned.

Public employees who retire at age 65 or older with between one and three years of service in one or more of 12 designated funds may qualify for a proportionate annuity. Annuities are paid by each applicable fund in which the employee has credit and are based upon the formula of each fund and the member's average salary during the period of service covered by that fund.

Maximum Annuity — The Normal annuity amount of a retiring member may not exceed 100 percent of his or her regular base salary for the final month of employment or average annual salary over the last three years of employment, whichever is higher.

Note:

* While the Police and Fire benefit accrual rate increased to 2.65 percent July 1, 1993, the increase from PERA's former rate of 2.5 percent is at the option of employers of local police and fire relief associations that consolidated prior to that date. Most of these employers have adopted the new rate.

** Selection of a Joint and Survivor option will result in a reduction in the amount of the annuity from the Normal (single-life) annuity level. This reduction is made because the annuity will be payable over the lifetimes of both the member and the joint annuitant. The amount of the reduction depends on the age of both the retiring member and the joint annuitant.

Both Joint and Survivor annuity options incorporate an automatic "bounce back" feature. Added by legislation in 1989, this returns the amount of the annuity to the level of the Normal annuity in the event the joint annuitant predeceases the retiree. The cost of this protection is borne by the funds, not by the retiree.

***The annuity amount for deferred annuities increased at a rate of 5 percent per year, compounded annually, prior to Jan. 1, 1981.

Summary

(Continued)

Note:

- * For term-certain survivor annuities, dependent child is defined as children under age 20. For survivor benefits, dependent child is defined as a child under age 18, or under age 23 if a full-time student.
- ** Survivor benefits are also available to the spouse and children of disabled Basic and Police and Fire Fund members, but not to the survivors of disabled Coordinated members. Any contribution balance is payable to the designated beneficiary of a deceased disabled Coordinated member. Survivor benefits payable on the death of a disabled Basic or Police and Fire Fund member are determined in the same way as regular survivor benefits.

Disability Benefits

Members may be eligible for benefits from PERA if they are unable to work because of a physical or mental disability. Disability is defined by statute, and PERA may require periodic medical examinations of those receiving these benefits.

Disability benefit calculations are based upon years of service and average salary earned during the five highest-paid consecutive years of service for Basic and Coordinated members and for Police and Fire Fund members disabled outside the line of duty. In the case of Police and Fire members, there is a minimum non-duty disability benefit of 39.75 percent of that salary. For Police and Fire members disabled in the line of duty, the minimum benefit is 53 percent of salary.

Basic and Coordinated members qualify for disability with three or more years of service and by meeting the statutory definition. Police and Fire members qualify by meeting the definition with one or more years of service if disabled outside the line of duty. If disabled in the line of duty, there is no minimum service requirement.

Members of the Police and Fire Consolidation Fund may receive disability benefits under the provisions of their individual relief association bylaws unless they have chosen PERA-type benefits. If that election has been made, benefits are the same as those for Police and Fire Fund members.

Survivor Benefits

PERA also provides survivor annuities or survivor (death) benefits for families of members who qualify for such coverage. The qualifications and types of benefits vary with each fund. These benefits and annuities, unless a term-certain option is chosen, are payable to the spouse of a deceased member for life, even upon remarriage.

Under the Police and Fire Plan, a surviving spouse of a member who is age 50 or older with three or more years of service may elect to receive a 100 percent Joint and Survivor annuity. This option is available to the surviving spouse of a Basic or Coordinated member at any age if the member has over three years of public service. In both cases, there is a reduction from the time the member

would have reached full retirement age. For survivors of Basic and Coordinated members, there are alternative term-certain annuities of 5, 10, 15, or 20 years. If no spouse survives, dependent children* receive a monthly term-certain annuity.

Qualifying survivors of Basic and Police and Fire Fund members may, instead of an annuity, choose to receive a survivor benefit. Under this benefit, the surviving spouse may receive 50 percent of the member's average monthly salary earned during the last six months of service. Each dependent child* is eligible to receive 10 percent of that average salary. The maximum monthly benefit to a family is 70 percent of the member's average monthly salary.**

Instead of an annuity or benefit, the surviving spouse, if a designated beneficiary, may elect a refund of any remaining employee contributions in the account plus 6 percent interest compounded annually. A refund may not be elected by Basic or Police and Fire surviving spouses, however, if there are dependent children.

Survivors of members of the Police and Fire Consolidation Fund are eligible for survivor benefits under the provisions of the individual relief association if the member has not chosen Police and Fire Fund-type benefit coverage or they may elect Police and Fire Fund-type coverage if the member died in the line of duty.

Refunds

Refunds of contributions are available at any time to members who leave public service and have not yet begun receiving a retirement annuity or disability benefit. The refund includes employee contributions plus interest at the rate specified by state statute at the time of termination. Interest is compounded annually.

A refund of member contributions plus interest may also be elected by the designated beneficiary of a member or former member who dies before reaching retirement. If there is no beneficiary, payment is made to the surviving spouse or, if none, to the estate of the deceased member or former member.

If a retiree and designated joint annuitant, if any, die before all employee contributions are paid in the form of annuities or benefits, the remaining balance would be paid in the same manner outlined for beneficiaries.

No interest is paid to beneficiaries on the balance in an account if the member has retired or was receiving disability benefits.

Legislative Auditor's Report



STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
CENTENNIAL BUILDING, ST. PAUL, MN 55155 612/296/4708
JAMES R. NOBLES, LEGISLATIVE AUDITOR

Independent Auditor's Report

Board of Trustees
and
Executive Director
Public Employees Retirement Association

We have audited the accompanying financial statements of the Public Employees Retirement Association and the combining and individual fund financial statements of the association as of and for the year ended June 30, 1994, as listed in the table of contents. These financial statements are the responsibility of the association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

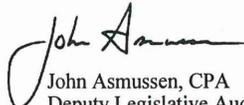
We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,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

As explained in Note B4, investments are valued at cost or amortized cost as required by generally accepted accounting principles. Minnesota statutes require valuation of all securities at cost plus one-third of unrealized capital gains or losses. Since the statutory provision deviates from generally accepted accounting principles, the basic statements are not in compliance with the statute. Note C1 contains the disclosures which must be considered together with the basic financial statements to achieve statutory reporting requirements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Employees Retirement Association at June 30, 1994, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of the individual funds of the Public Employees Retirement Association at June 30, 1994, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles. In addition, except for the valuation of securities, as discussed in the preceding paragraph, the aforementioned financial statements are in compliance with the reporting requirements of Minn. Stat. Section 356.20.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Public Employees Retirement Association. Such information has been subjected to the auditing procedures applied in the audit of the combined, combining, and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of the respective individual funds taken as a whole.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

December 1, 1994

Combined Balance Sheet

As of June 30, 1994 (in thousands)

Assets

Cash (F.1.)	\$ 2,205
Accounts Receivable	3,240
Due From Other Funds	390
Investments (B.3., B.4., F.7.)	
Minnesota Outside Managed Pooled	
Accounts (Market Value: \$3,217,986)	3,177,833
Short-term Pooled Cash	129,168
Equity in Minnesota Post Retirement Investment	
Fund (Market Value: \$3,563,054)	3,403,223
Cash and Investments for Deferred	
Compensation Benefits (A.5., B.4.)	3,844
Fixed Assets, Net of Accumulated Depreciation (B.5.)	226
Other Assets	31
Total Assets	<u>\$ 6,720,160</u>

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$ 109,826
Accrued Compensated Absences (B.6.)	332
Deferred Compensation Benefits (A.5.)	3,826
Payable to Other Funds	390
Total Liabilities	<u>\$ 114,374</u>

Fund Balance:

Member Reserves (F.3.a.)	\$ 1,064,093
Minnesota Post Retirement	
Investment Fund Reserve (F.2.)	3,403,223
Benefit Reserves (F.3.b.)	3,582,138
Total Reserves	<u>\$ 8,049,454</u>

Unreserved Fund Balance —

Unfunded Actuarial Accrued Liability (C.1., C.2.)	<u>\$(1,443,668)</u>
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Total Fund Balance **\$ 6,605,786**

Total Liabilities and Fund Balance **\$ 6,720,160**

Combined Statement

of Revenues, Expenses and Changes in Fund Balance

For the Fiscal Year Ended June 30, 1994 (in thousands)

Operating Revenues:

Member Contribution (A.4.b., A.4.c.)	\$ 137,776
Employer Contribution (A.4.b., A.4.c.)	167,121
Investment Income (B.4.b.)	328,065
Distributed Income of the Minnesota Post Retirement Investment Fund (F.2.c.)	301,781
Other Revenues	<u>3,866</u>
Total Operating Revenues	\$ <u>938,609</u>

Operating Expenses:

Benefits Paid (A.4.a.)	\$ 319,664
Refunds	12,351
Administrative Expenses (F.4.)	4,794
Investment Management Fees (B.4.c.)	4,771
Interest on Late Transfer to MPRI Fund	1,220
Other Expenses	<u>60</u>
Total Operating Expenses	\$ <u>342,860</u>
Operating Income	\$ <u>595,749</u>

Other Changes in Reserves:

Local Relief Association Mergers (F.6.)	\$ <u>256,556</u>
Total Other Changes in Reserves	\$ <u>256,556</u>
 Net Fund Balance Additions	 \$ 852,305
Fund Balance, July 1, 1993	<u>5,753,481</u>
 Fund Balance, June 30, 1994	 <u>\$6,605,786</u>

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 1994

A. PLAN DESCRIPTION

PERA is considered a component unit of the State of Minnesota and is included in the State's Comprehensive Annual Financial Report with its fiduciary funds.

1. Organization

The Public Employees Retirement Association (PERA) is the administrator of two cost-sharing, multiple-employer retirement plans, the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF). In addition, PERA administers one agent multiple-employer retirement plan, the Police and Fire Consolidation Fund (PFCF), and one multiple-employer deferred compensation plan, the Public Employees Defined Contribution Plan (PEDCP). The plans are established and administered in accordance with Minnesota Statutes, Chapters 353, 353A, 353B, 353D, and 356. It is also these statutes that define financial reporting requirements.

2. Participating Employers

PERA defined benefit plans serve approximately 2,000 separate units of government including cities, counties, townships, school districts and generally other units of government whose revenues are derived from taxation, fees, or assessments. The defined contribution plan serves any local unit of government whose current or former elected officials elect to participate. The PEDCP also serves any publicly operated ambulance service that receives an operating subsidy from a governmental entity, and elects to participate.

3. Participating Members

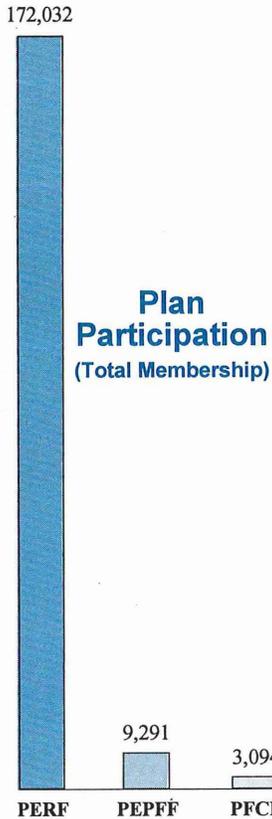
The PERF covers employees of counties, cities, townships and employees of schools in non-certified positions throughout the State of Minnesota. The PEPFF, originally established for police officers and fire-fighters not covered by a local relief association, now covers all police officers and fire-fighters hired since 1980. The PFCF covers police officers and fire-fighters belonging to a local relief association that elects to merge with and transfer assets and administration to PERA. Coverage under the PEDCP is open to elected local government officials (except elected

county sheriffs) and emergency medical service personnel employed by or providing service to any of the participating ambulance services. Elected officials and ambulance personnel who are covered by a public or private pension plan because of their employment are not eligible to participate in the PEDCP. At June 30, 1994, there were 3,677 members in the plan.

Shown in Figure 1 below are the membership totals in the PERA defined benefit plans as of June 30, 1994.

Fig. 1 PERA Membership

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Retirees and beneficiaries receiving benefits	36,376	1,874	1,945
Terminated employees entitled to benefits/refunds but not yet receiving them			
Vested	6,277	234	32
Non-Vested	9,180	140	0
Current, active employees			
Vested	86,594	5,818	1,070
Non-Vested	33,605	1,225	47
Total	<u>172,032</u>	<u>9,291</u>	<u>3,094</u>



4. Benefit Provisions and Contribution Rates - Defined Benefit Plans

a) PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. All benefits vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. PERF members belong to either the Basic or Coordinated Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. Two methods are used to compute benefits for Coordinated and Basic members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic member is 2 percent of average salary for each of the first 10 years of service and 2.5 percent for each remaining year. For a Coordinated member, the annuity accrual rate is 1 percent of average salary for each of the first 10 years and 1.5 percent for each remaining year. Using Method 2, the annuity accrual rate is 2.5 percent of average salary for Basic

members and 1.5 percent for Coordinated members. For PEPFF members, the annuity accrual rate is 2.65 percent for each year of service. For PERF members whose annuity is calculated using Method 1, and for all PEPFF members, a full annuity is available when age plus years of service equal at least 90.

Members of the PFCF have the option to choose benefits identical to those of the PEPFF; otherwise, they are covered by the benefit provisions of the local relief association of which they were members at the time of consolidation. Members of local relief associations which consolidated with PERA prior to July 1, 1993 who choose benefits identical to the PEPFF will receive higher pension benefits with the 2.65 percent multiplier, only upon local approval by their municipality. Members of local relief associations which consolidated with PERA subsequent to June 30, 1993 who choose benefits identical to the PEPFF will automatically receive the higher benefits with the 2.65 percent multiplier. Of the 1,945 members receiving benefits in the PFCF, 210 are covered by the benefit provisions of their local relief association.

The benefit provisions stated in the preceding paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they terminate their public service.

b) Pension benefits are funded from member and employer contributions and income from investment of fund assets. Current contribution rates for the PERA defined benefit plans are set by Minnesota Statutes, Chapters 353, 353A, and 353B, and are shown in Figure 2 below.

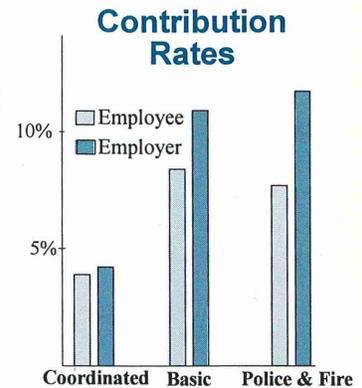
c) PEPFF and PFCF employee and employer contribution rates effective through December 31, 1993 were 8 percent and 12 percent, respectively. New legislation in

1993 reduced contribution rates for the PEPFF and the PFCF. Beginning the first full payroll period after December 31, 1993, employees contribute 7.6 percent of salary and employers contribute 11.4 percent of earnings. For the future, the law also created a unique "automatic stabilizer" for the PEPFF which could result in periodic adjustments in contribution rates to ensure full funding by the year 2020.

5. Benefit Provisions and Contribution Rates — Defined Contribution Plan

The Public Employees Defined Contribution Plan (PEDCP) is a multi-employer deferred compensation plan. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal. (See Notes A.2 and A.3 for employer and employee membership requirements.)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary, which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the six accounts of the Minnesota Supplemental Investment Fund. For administering the



Current contribution rates for the PERA defined benefit plans are set by Minnesota Statutes, Chapters 353, 353A and 353B.

Fig. 2 Retirement Plan Contribution Rates

	<u>Employee</u>	<u>Employer</u>	<u>Additional Employer</u>
Public Employees Retirement Fund:			
Basic Plan	8.23%	8.23%	2.50%
Coordinated Plan	4.23%	4.23%	0.25%
Public Employees Police and Fire Fund	7.60%	11.40%	0.00%
Police and Fire Consolidation Fund	7.60%	11.40%	*

*** NOTE:**

An additional lump-sum municipal contribution is required and calculated each year in order to eliminate the unfunded liability in each plan by the year 2010, and to amortize any actuarial losses or gains over a 15-year period.

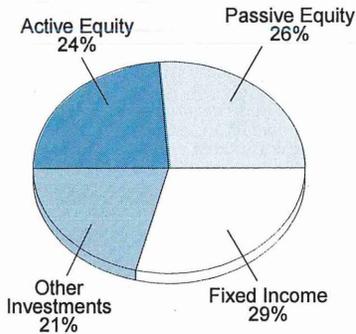
Notes

(Continued)

Pooled Accounts Investment Allocations

All Funds at Market

6/30/94



PERA's investments are categorized to give an indication of the level of risk assumed by the funds at year end. All PERA's investments are insured, registered or are held by the state or its agent in the state's name.

plan, PERA receives 2 percent of employer contributions and one-tenth of one percent of the assets in each member's account.

New legislation in 1994 expanded investment options for participants in the Minnesota Supplemental Investment Fund and increased fees PERA receives to offset the costs associated with administering the PEDCP. Beginning November 1, 1994, members may also purchase shares in a new International Share Account and the restructured Fixed Interest Account (formerly the Guaranteed Return Account). Effective, July 1, 1994, the asset-based charge increased from one-tenth of one percent (0.1%) to four-tenths of one percent (0.4%).

There is no vesting period required to receive benefits in the PEDCP. At the time of retirement or termination, PERA distributes the market value of a member's account to the member or transfers it to another qualified plan or individual retirement arrangement. Upon the member's death, PERA distributes the value of the account to the member's designated beneficiary.

The PEDCP is reported as an agency fund. An agency fund is purely custodial and does not involve the measurement of operational results. Assets, including cash and investments totaling \$3,844,000 are presented at market value at June 30, 1994. Obligations under the plan include deferred compensation benefits of \$3,826,000 and an amount payable to other funds of \$18,000.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

1. Reporting Entity

PERA functions as a separate statutory entity which has been construed as an agency of the state. PERA maintains rights to sue or be sued in its own name and to hold property in its own name. For financial reporting purposes, however, PERA is considered a component unit of the state of Minnesota and is included in the State's Comprehensive

Annual Financial Report with its fiduciary funds.

The State of Minnesota is financially accountable for PERA since the governor of the state appoints a voting majority of PERA's board of trustees pursuant to Minnesota Statutes, Section 353.011. Moreover, the governor is able to impose his will on PERA by significantly influencing agency operations with the ability to remove appointed members of PERA's board of trustees at any time for just cause, after notice and hearing, or after they miss three consecutive meetings.

2. Basis of Accounting

PERA financial statements for its defined benefit funds are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which they are earned and become measurable. Expenses are recorded when the liability is incurred.

The basis of accounting for the PEDCP, an agency fund, is the modified accrual basis.

3. Investment Policies

a) Pursuant to Minnesota Statutes, Section 11A.04, the state's retirement fund assets are commingled in various pooled investment accounts, administered by the State Board of Investment. As of June 30, 1994, the participation shares in the pooled accounts at market value, excluding the Minnesota Post Retirement Investment Fund (MPRIF), totaled 20.99 percent for the PERF, 9.50 percent for the PEPFF and 2.72 percent for the PFCF. The funds' shares of net assets of the Minnesota Post Retirement Investment Fund, at market value, totaled 33.07 percent, 3.60 percent and 3.95 percent, respectively.

Fig. 3 PERA Investments-All Funds
(In Thousands)

	Cost June 30, 1994	Market Value June 30, 1994
Pooled Accounts		
Passive Equity	\$ 840,925	\$ 829,596
Active Equity	760,622	776,007
Fixed Income	974,012	936,016
Real Estate	151,987	138,478
Venture Capital	128,631	165,593
Resources Pool	28,262	26,554
Intl. Active Pool	185,611	229,930
Intl. Passive Pool	105,447	113,137
Other Investments	2,336	2,675
Total Pooled Accounts	\$3,177,833	\$3,217,986
Short Term Pooled Cash	129,168	129,168
Post Retirement Investment Account	3,403,223	3,563,054
Totals	\$6,710,224	\$6,910,208

b) Minnesota Statutes, Section 11A.24, broadly restricts retirement fund investments to obligations and stocks of United States and Canadian governments, their agencies and their registered corporations; short term obligations of specified high quality; restricted participation as a limited partner in venture capital, real estate or resource equity investments; restricted participation in registered mutual funds; and some qualified foreign instruments.

c) PERA's investments are categorized to give an indication of the level of risk assumed by the funds at year end. Risk category 1 includes investments that are insured or registered, or for which the securities are held by the state or its agent in the state's name. Risk category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the state's name. Risk category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the state's name. All PERA investments are included in Risk category 1.

d) Information on investment activity and a listing of specific investments owned by the pooled accounts can be obtained from the Minnesota State Board of Investment.

4. Method Used to Value Investments

a) Investments in the pooled accounts, except for the assets of the PEDCP, are valued at cost for equity securities and amortized cost for fixed income securities, subject to adjustments for market declines judged to be other than temporary. The investments of the PEDCP are shown at market value. The carrying amount and market value of PERA's investments (except assets of the PEDCP) as of June 30, 1994, are shown in Figure 3 on the preceding page.

b) Investment income is recognized as earned. Accrued investment income of the pooled

investment accounts is included in participation in the accounts. Gains and losses on sales or exchanges are recognized on the transaction date.

c) The cost of security transactions is included in the transaction price. Administrative expenses of the State Board of Investment and investment management fees of the external money managers and the state's master custodian for pension fund assets are allocated to the funds participating in the pooled investment accounts. PERA's share of these expenses totaled \$3,131,000 for PERF, \$1,363,000 for PEPFF, and \$277,000 for PFCF.

5. Fixed Assets

Fixed assets are capitalized at the time of acquisition at cost. Depreciation is computed on a straight-line method over the useful life of the related assets. The estimated useful lives are three to 10 years for furniture and equipment, and three years for automobiles.

The following is a summary of fixed assets at June 30, 1994:

Data Processing Equipment	\$605,000
Furniture and Fixtures	372,000
Office Equipment	97,000
Automobile	14,000
Total Fixed Assets	\$1,088,000
Less: Accumulated Depreciation	(862,000)
Net Fixed Assets	\$226,000

6. Accrued Compensated Absences

Employees of PERA accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in collective bargaining agreements. Accumulated amounts for compensated absences are accrued when incurred. Such leave is liquidated in cash primarily at the time of termination of employment.

Investments in the pooled accounts, except for the assets of the PEDCP, are valued at cost for equity securities and amortized cost for fixed income securities, subject to adjustments for market declines.

Fig. 4 **Unfunded Actuarial Accrued Liability:**
(In Thousands)

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Net Assets on 6/30/94 Balance Sheet	\$4,733,845	\$1,229,769	\$642,172
Plus 1/3 of unrealized capital gains (losses)	13,283	5,192	(5,406)
Net assets at actuarial cost	\$4,747,128	\$1,234,961	\$636,766
Total required reserves	\$6,223,622	\$1,099,221	\$726,611
Less net assets at actuarial cost	4,747,128	1,234,961	636,766
Unfunded accrued liability (surplus assets) actuarial section	\$1,476,494	\$ (135,740)	\$ 89,845

Notes

(Continued)

C. FUNDING STATUS AND PROGRESS**1. Actuarial Valuation of Plan Benefits**

Minnesota Statutes, Section 356.215, Subd. 4, provides that annual actuarial valuations of plan benefits be computed in accordance with the entry age normal cost method. Actuarial assumptions used are the same as discussed in note C.2. The unfunded actuarial accrued liabilities are the amounts by which reserves required to fund plan benefits exceed the assets of the funds, calculated in accordance with generally accepted accounting principles, as explained in note B.4. These amounts differ from the unfunded accrued liabilities reported in the actuarial section, because the actuarial calculation of net assets includes cost plus one third of unrealized capital gains or losses, as shown in figure 4, on page 23 of this report.

2. Pension Benefit Obligation

The amount shown in Figure 5 as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess PERA's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The measure is independent of the actuarial

funding method used to determine required contributions, discussed in Note D, on the following page.

The pension benefit obligation was determined as part of an actuarial valuation at July 1, 1994.

For the PERF, significant actuarial assumptions used in the calculation of the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.5 percent per year, compounded annually, prior to retirement, and 5 percent per year, compounded annually, following retirement; (b) projected salary increases taken from a select and ultimate table; (c) payroll growth at 6 percent per year, consisting of 5 percent for inflation and 1 percent due to growth in group size; (d) post-retirement benefit increases that are accounted for by the 5 percent rate of return assumption following retirement; and (e) mortality rates based on the 1983 Group Annuity Mortality Table set forward one year for retired members and set back five years for each active member.

Actuarial assumptions used in the calculation of the PEPFF include (a) a rate of return on the investment of present and future assets of 8.5 percent per year, compounded annually, prior to retirement, and 5 percent per year, compounded annually, following retirement; (b) projected salary increases of 6.5 percent per year, compounded annually, attributable to the effects of inflation; (c) post-retirement increases that are accounted for by the 5 percent rate of return assumption following retirement; and (d) mortality rates based on the 1971 Group Annuity Mortality Table projected to 1984 for males and females.

The actuarial assumptions used for the PFCF are the same as the PEPFF for members who select benefit provisions of the PEPFF.

"Pension benefit obligation" is a standardized disclosure measure and is intended to help users assess PERA's funding status on a going-concern basis.

Fig. 5 Pension Benefit Obligation:
(In Thousands)

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$3,027,087	\$ 364,945	\$424,962
Current Employees:			
Accumulated employee contributions including allocated investment income	793,249	174,899	47,000
Employer-Financed Vested	1,602,766	353,392	213,669
Employer-Financed Non-Vested	202,496	127,714	18,506
Total Pension Benefit Obligation	\$5,625,598	\$1,020,950	\$704,137
Net Assets available for benefits, at cost (Market Value is \$6,645,994)	4,733,845	1,229,769	642,172
Unfunded (assets in excess of) pension benefit obligation	\$ 891,753	\$(208,819)	\$ 61,965

Some actuarial assumptions used may vary for those who choose benefit provisions of the local relief associations, based on the provisions in the particular plans.

As shown in Figure 5 on the preceding page, the unfunded pension benefit obligation at June 30, 1994, was \$891,753,000 in the PERF and \$61,965,000 in the PFCF. In the PEPFF, assets in excess of the pension benefit obligation totaled \$208,819,000.

3. Changes in Actuarial Assumptions and Methods

Prior to fiscal year 1994, the salary increase assumption and the mortality tables used in the calculation of pension benefit obligation for the PERF were the same as those specified in Note D.2 for the PEPFF. For the July 1, 1994 actuarial valuation, PERA's board of trustees approved new mortality rates updated to the 1983 Group Annuity Mortality Table, salary increases which were changed to a select and ultimate table and a new payroll growth assumption which was changed from 6.5 percent to 6 percent. These changes were made to reflect actual experience of the plan.

With the adoption of the actuarial assumption changes and the new mortality tables for the PERF, the pension benefit obligation increased \$56,596,000. The actuarial assumption changes also necessitated a \$81,201,000 transfer from the PERF Benefit Reserve to the PERF MPRIF Reserve to finance the increased obligation for future retirement benefits. The change in the mortality rate assumption increased the PERF's costs because pensioners are living longer than assumed previously. The change in the salary increase assumption, however, offset some of the additional costs because lower salary increases generally translate into lower benefit liabilities in the future.

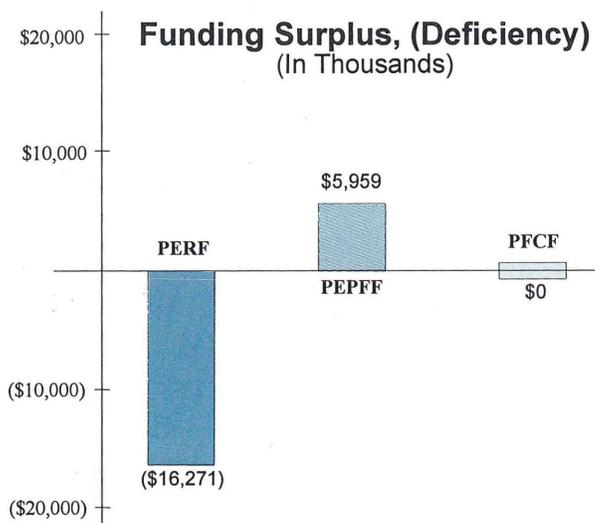


Fig. 6

Funding Surplus:
(In Thousands)

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Contributions actually made			
Employer share	\$119,390	\$32,536	\$15,195
Percent of current year covered payroll	4.6%	11.7%	11.4%*
Employee share	\$112,940	\$21,806	\$ 3,030
Percent of current year covered payroll	4.3%	7.9%	7.6%
Subtotal - Actual	\$232,330	\$54,342	\$18,225
Contributions actuarially required	248,601	48,383	18,225
Funding surplus (deficiency)	\$ (16,271)	\$ 5,959	\$ 0

*NOTE: The 11.4 percent employer rate in the PFCF does not include the additional municipal contribution, totaling \$9.135 million in fiscal year 1994.

Potential changes in the assumptions used for the PEPFF may be made in the future after completion of a special experience study for that fund. Completion of the PEPFF experience study is expected by February 1, 1995.

4. Changes in Benefit Provisions

The 1994 legislative session did not include any benefit improvements which would impact funding costs for the PERF and the PEPFF.

Funding costs for the PFCF, however, reflect a permanent increase in the PERA retirement factor from 2.5 percent to 2.65 percent for (a) all local relief associations that consolidated during fiscal year 1994 and (b) the local relief associations which consolidated with PERA prior to July 1, 1993 whose city councils adopted a resolution accordingly.

Minnesota Statutes require the PERF and the PEPFF to be fully funded by the year 2020. The PFCF is to reach full funding by December 31, 2010.

D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Minnesota Statutes, Chapters 353, 353A and 353B set the rates for employer and employee contributions. (See note A.4.b. for statutory rates.) Minnesota Statutes, Chapter 356.215, Subd. 4(g), requires the PERF and the PEPFF to be fully funded by the year 2020. Minnesota Statutes, Chapter 353A.09, Subd. 5(b)(1), requires full funding for the PFCF by December 31, 2010. As part of the annual actuarial valuation, PERA's actuary determines the sufficiency of the statutory contribution

Notes

(Continued)

Beginning in fiscal year 1993, the post retirement benefit increase formula is based on total investment return rather than realized earnings. This formula contains both an inflation adjustment and an investment component.

rates toward meeting the required full funding deadline. The actuary compares the actual contribution rate to a "required" contribution rate. The required contribution rate consists of: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability by the dates required for full funding, and (c) an allowance for expenses.

As shown in Figure 6 on page 25, there was a funding deficiency on June 30, 1994 of \$16,271,000 in the PERF and a surplus of \$5,959,000 in the PEPFF. In the PFCF, contributions actuarially required are equal to contributions actually made, due to the additional municipal contribution paid each year and included in the employer share. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation discussed in Note C.2. on page 24. The net financial effect of the actuarial assumption changes discussed in Note C.3 on page 25 increased the PERF's required contribution rate 0.18 percent, from 9.58 percent to 9.76 percent, for projected annual payroll for the fiscal year beginning on July 1, 1994. The PERF's contribution deficiency increased commensurately from 0.68 percent to 0.86 percent.

E. TEN-YEAR HISTORICAL TREND INFORMATION

Ten-year historical trend information designed to provide information about PERA's progress made in accumulating sufficient assets to pay benefits when due is presented on pages 28 to 30.

F. OTHER NOTES

1. Cash

Cash on deposit consists of year-end receipts not processed as of the investment cutoff deadline on June 30. PERA cash funds are held in the state treasury, commingled with other state funds. Minnesota Statutes, Section 9.031, requires that deposits be secured by depository insurance or a combination of

depository insurance and collateral securities held in the state's name by an agent of the state. Such insurance and collateral shall be in amounts sufficient to ensure that deposits do not exceed 90 percent of the sum of the insured amount and the market value of the collateral. Throughout fiscal year 1994, the combined depository insurance and collateral was sufficient to meet legal requirements and secure all PERA deposits.

2. Minnesota Post Retirement Investment Fund (MPRIF) Reserve

a) For all retiring members, except those in the Police and Fire Consolidation Fund who have not elected to have their post retirement adjustments determined by MPRIF formula, the reserves required to pay the cost of the member's annuity are transferred to the MPRIF where the funds are invested. Increases in annuities are based upon earnings of the MPRIF, as defined in Minnesota Statutes, Section 11A.18, Subd. 9.

b) Participation in the MPRIF is shown at the actuarially determined required reserves level in accordance with Minnesota Statutes, Section 11A.18, Subd. 7. It includes a 5 percent assumed income distribution, in accordance with Minnesota Statutes, Section 11A.18, and any mortality gains or losses as determined by an independent actuary hired by the state legislature. The Public Employees Retirement Fund's share of net assets of the MPRIF at June 30, 1994, is \$2,770,552,000. The Public Employees Police and Fire Fund's share of net assets of the MPRIF is \$301,732,000. The Police and Fire Consolidation Fund's share of net assets of the MPRIF is \$330,939,000.

c) Beginning in fiscal year 1993, the MPRIF income available for distribution is determined using a post-retirement benefit increase formula based on total investment return rather than realized earnings. This formula contains both an inflation adjustment and an investment component. Stated as a percentage of eligible required reserves, annuitants and other individuals receiving benefits at May 31, 1994 are eligible to receive the following January 1, 1995 benefit increases:

Inflation Based Benefit Increase	2.400%
Investment Based Benefit Increase	1.585%
Total Benefit Increase	<u>3.985%</u>

3. Other Reserves

a) Accumulated member contributions, without interest, less the amounts refunded, transferred to the Minnesota Post Retirement Investment Fund for current retirees, or paid for disability and survivor benefits are recorded in the Member Reserve.

b) Employer contributions and investment income are recorded in the Benefit Reserve with administrative expenses and survivor and disability benefits paid therefrom.

4. Administrative Expenses

Administrative expenses of the Public Employees Retirement Association are paid from the Public Employees Retirement Fund. At year-end, a portion of the expenses are allocated to the Public Employees Police and Fire Fund and the Police and Fire Consolidation Fund, based on the percentage of transactions processed for each fund during the year. The applicable amounts are reported as expenses of the three funds.

The administrative expenses associated with the Public Employees Defined Contribution Plan (PEDCP) are reported as an amount payable to the PERF at June 30, 1994. Each fiscal year the PEDCP reimburses the PERF to the extent of fees collected for recovery of administrative costs.

For fiscal year 1994, administrative expenses allocated to the defined benefit funds and the PEDCP totaled \$4,794,000 and \$14,000, respectively.

5. Operating Leases

PERA is committed under two lease agreements for rental of (1) office and storage space through March 31, 1995 and (2) office equipment through March, 1996. For accounting purposes, these leases are considered operating leases. Lease expenditures for fiscal year 1994 totaled \$269,000 and \$8,000, respectively. Future minimum rental payments required as of June 30, 1994 are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Amount</u>
1995	\$211,000
1996	3,000
1997	-----
1998	-----
1999	-----
Total	<u>\$214,000</u>

6. Reporting Changes

The Police and Fire Consolidation Fund (PFCF) was created by the 1987 Legislature to authorize on a voluntary basis, any local police or salaried firefighters relief association and the respective municipality to effect the consolidation of the local relief association with PERA. At the end of fiscal year 1993, there were 25 local relief associations in the PFCF. During fiscal year 1994, 10 additional local relief associations elected to consolidate with PERA. Net assets totaling \$256,556,000 were transferred from the 10 relief associations to PERA on the date of consolidation. There were 427 active employees and 622 benefit recipients in the new consolidating units.

7. South Africa Divestment Plan

On October 27, 1993, the Minnesota State Board of Investment (SBI) rescinded all prior resolutions concerning South Africa. SBI's "divestment through attrition" policy, initiated in 1986, restricted active equity portfolio managers from purchasing the stock of companies with direct investments in South Africa.

The performance impact of SBI's restriction policy is difficult to determine for several reasons. First, the Board implemented its policy in four phases and not all companies were affected during all stages. Second, an active manager may or may not have chosen to hold one or more of the securities if there had been no restrictions. Third, the policy was not an explicit prohibition, since an active manager could have chosen to hold or to purchase a restricted stock if it believed that such "nonpurchase action" would have placed SBI members in jeopardy of violating their fiduciary responsibility.

**October 27, 1993,
the Minnesota
State Board of
Investment (SBI)
rescinded all
prior resolutions
concerning South
Africa.**

Required Supplementary Information

Analysis of Funding Progress (in thousands, unaudited)

Public Employees Retirement Fund

Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation (PBO)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded PBO (2) - (1)	(5) Annual Covered Payroll (CP)	(6) Unfunded PBO as a % of CP (4) ÷ (5)
1985	\$1,812,025	\$2,310,374	78.4%	\$498,349	\$1,337,535	37.3%
1986	2,076,864	2,590,445	80.2	513,581	1,457,848	35.2
1987	2,382,503	2,839,047	83.9	456,544	1,546,296	29.5
1988**	2,610,913	3,334,423	78.3	723,510	1,659,171	43.6
1989***	2,934,977	3,714,257	79.0	779,280	1,815,433	42.9
1990†	3,250,157	4,089,960	79.5	839,803	1,947,504	43.1
1991	3,524,071	4,458,010	79.1	933,939	2,147,000	43.5
1992	3,933,124	4,868,124	80.8	935,000	2,306,000	40.5
1993	4,304,163	5,163,766	83.4	859,603	2,421,000	35.5
1994††	4,733,845	5,625,598	84.1	891,753	2,595,000	34.4

Public Employees Police and Fire Fund

Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation (PBO)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded (assets in excess of) PBO (2) - (1)	(5) Annual Covered Payroll (CP)	(6) Unfunded PBO as a % of CP (4) ÷ (5)
1985	\$ 330,662	\$ 352,356	93.8%	\$ 21,694	\$ 130,725	16.6%
1986	405,825	402,314	100.9	(3,511)	144,392	N/A
1987	484,462	437,229	110.8	(47,233)	154,906	N/A
1988**	544,068	512,921	106.1	(31,147)	167,857	N/A
1989***	637,868	582,299	109.5	(55,569)	185,899	N/A
1990†	739,068	657,453	112.4	(81,615)	202,838	N/A
1991	823,125	732,911	112.3	(90,214)	219,913	N/A
1992	963,565	821,604	117.3	(141,961)	239,692	N/A
1993	1,090,857	932,333	117.0	(158,524)	254,281	N/A
1994	1,229,767	1,020,950	120.5	(208,817)	277,269	N/A

Police and Fire Consolidation Fund (Created in 1987)

Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation (PBO)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded PBO (2) - (1)	(5) Annual Covered Payroll (CP)	(6) Unfunded PBO as a % of CP (4) ÷ (5)
1988**	\$ 22,574	\$ 38,408	58.8%	\$ 15,834	\$ 2,554	620.0%
1989***	29,708	42,746	69.5	13,038	3,455	377.4
1990	86,371	117,386	73.6	31,015	10,221	303.4
1991	143,508	209,012	68.7	65,504	15,154	432.3
1992	178,717	222,984	80.2	44,267	16,699	265.1
1993	358,461	438,469	81.8	80,008	32,678	244.8
1994	642,172	704,137	91.2	61,965	56,445	109.8

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of PERA's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of PERA's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the retirement system.

* At cost (See Note B.3.a.).

** In fiscal year 1988, the effect of using a new mortality table increased the PBO by \$179,670 in the PERF, \$18,805 in the PEPFF, and \$2,460 in the PFCF.

*** In fiscal year 1989, the effect of changes in plan benefits and actuarial assumptions increased (decreased) the PBO by \$43,318 in the PERF, \$1,888 in the PEPFF and \$(2,808) in the PFCF.

† In fiscal year 1990, the effect of using new withdrawal rates increased the PBO by \$59,942 in the PERF and \$6,978 in the PEPFF.

†† In fiscal year 1994, the effect of actuarial assumption changes and using a new mortality table increased the PBO by \$56,596 in the PERF.

Required Supplementary Information

Revenue by Source
(in thousands)

Public Employees Retirement Fund

FISCAL YEAR	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION		INVESTMENT INCOME*	OTHER	TOTAL
		AMOUNT	PERCENT OF COVERED PAYROLL			
1985	\$ 60,564	\$ 68,375	5.1%	\$172,045	\$ 668	\$301,652
1986	64,778	71,434	4.9	251,461	2,642	390,315
1987	67,945	74,391	4.8	311,530	2,572	456,438
1988	71,504	78,092	4.7	244,981	2,394	396,971
1989	77,525	84,306	4.6	340,048	2,457	504,336
1990	87,031	93,865	4.8	335,392	872	517,160
1991	94,413	101,907	4.7	292,847	1,040	490,207
1992	101,655	109,203	4.7	432,734	1,347	644,939
1993	106,358	113,184	4.7	404,548	2,431	626,521
1994	112,940	119,390	4.6	477,779	3,567	713,676

Public Employees Police and Fire Fund

FISCAL YEAR	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION		INVESTMENT INCOME*	OTHER	TOTAL
		AMOUNT	PERCENT OF COVERED PAYROLL			
1985	\$10,530	\$15,747	12.0%	\$ 29,946	\$ 394	\$ 56,617
1986	11,583	17,341	12.0	50,537	6,538	85,999
1987	12,416	18,596	12.0	60,542	675	92,229
1988	13,436	20,126	12.0	39,747	1,697	75,006
1989	14,832	22,210	12.0	71,947	2,052	111,041
1990	16,224	24,274	12.0	80,564	1,720	122,782
1991	17,636	26,440	12.0	61,908	1,549	107,533
1992	19,217	28,766	12.0	116,528	1,933	166,444
1993	20,406	30,434	12.0	103,409	128	154,377
1994	21,806	32,536	11.7	114,925	271	169,538

Police and Fire Consolidation Fund (Created in 1987)

FISCAL YEAR	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION	INVESTMENT INCOME*	OTHER	TOTAL
1988	\$ 105	\$1,458	\$ 1,308	\$226	\$ 3,097
1989	262	1,870	2,770	83	4,985
1990	596	5,347	4,270	(22)	10,191
1991	1,065	9,847	10,715	3	21,630
1992	1,330	8,726	18,521	51	28,628
1993	1,619	7,679	26,709	97	36,104
1994	3,030	15,195	37,142	28	55,395

*Includes Distributed Income of the Minnesota Post Retirement Investment Fund.

Required Supplementary Information

Expense by Type
(in thousands)

Public Employees Retirement Fund

<u>FISCAL YEAR</u>	<u>BENEFIT</u>	<u>REFUND</u>	<u>ADMINISTRATION</u>	<u>OTHER</u>	<u>TOTAL</u>
1985	\$ 90,389	\$13,158	\$2,888	\$ 60	\$106,495
1986	108,133	12,566	2,868	1,909	125,476
1987	128,009	13,356	3,189	6,245	150,799
1988	148,587	14,175	3,412	2,387	168,561
1989	162,130	12,463	3,831	1,848	180,272
1990	182,363	12,711	3,828	3,077	201,979
1991	198,325	11,678	3,808	2,482	216,293
1992	216,953	11,881	4,002	3,051	235,887
1993	236,420	11,779	3,971	3,311	255,481
1994	264,233	11,336	4,397	4,028	283,994

Public Employees Police and Fire Fund

<u>FISCAL YEAR</u>	<u>BENEFIT</u>	<u>REFUND</u>	<u>ADMINISTRATION</u>	<u>OTHER</u>	<u>TOTAL</u>
1985	\$ 7,616	\$1,032	\$175	\$ 363	\$ 9,186
1986	9,197	906	176	529	10,808
1987	11,314	1,055	208	1,017	13,594
1988	13,821	693	233	653	15,400
1989	15,446	969	263	563	17,241
1990	17,631	1,038	263	2,650	21,582
1991	19,672	1,204	265	2,335	23,476
1992	22,164	636	273	2,930	26,003
1993	24,619	1,004	287	1,176	27,086
1994	28,126	760	312	1,428	30,626

Police and Fire Consolidation Fund (Created in 1987)

<u>FISCAL YEAR</u>	<u>BENEFIT</u>	<u>REFUND</u>	<u>ADMINISTRATION</u>	<u>OTHER</u>	<u>TOTAL</u>
1988	\$ 846	\$ 0	\$ 6	\$ 224	\$ 1,076
1989	1,844	64	13	31	1,952
1990	3,744	183	17	418	4,362
1991	7,624	35	30	451	8,140
1992	10,157	33	37	322	10,549
1993	15,004	65	46	1,450	16,565
1994	27,305	255	85	595	28,240

Combining Balance Sheet

As of June 30, 1994 (in thousands)

	Defined Benefit Funds			Agency Fund	Total
	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Public Employees Defined Contribution Plan	
Assets					
Cash	\$ 1,400	\$ 571	\$ 234		\$ 2,205
Accounts Receivable	459	168	2,613		3,240
Due From Other Funds	382	8			390
Investments					
Minnesota Outside Managed Pooled Accounts	1,993,704	904,986	279,143		3,177,833
Short-term Pooled Cash	68,872	26,671	33,625		129,168
Equity in Minnesota Post Retirement Investment Fund	2,770,552	301,732	330,939		3,403,223
Cash and Investments for Deferred Compensation Benefits				\$ 3,844	3,844
Fixed Assets, Net of Accumulated Depreciation	226				226
Other Assets	31				31
Total Assets	\$ 4,835,626	\$1,234,136	\$ 646,554	\$ 3,844	\$ 6,720,160
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 101,441	\$ 4,083	\$ 4,302		\$ 109,826
Accrued Compensated Absences	332				332
Deferred Compensation Benefits Payable to Other Funds	8	284	80	\$ 3,826	3,826
				18	390
Total Liabilities	\$ 101,781	\$ 4,367	\$ 4,382	\$ 3,844	\$ 114,374
Fund Balance:					
Member Reserves	\$ 834,418	\$ 180,499	\$ 49,176		\$ 1,064,093
Minnesota Post Retirement Investment Fund Reserve	2,770,552	301,732	330,939		3,403,223
Benefit Reserves	2,618,652	616,990	346,496		3,582,138
Total Reserves	\$ 6,223,622	\$1,099,221	\$ 726,611		\$ 8,049,454
Unreserved Fund Balance —					
Unfunded Actuarial Accrued Liability	\$(1,489,777)	\$ 130,548	\$ (84,439)		\$(1,443,668)
Total Fund Balance	\$ 4,733,845	\$1,229,769	\$ 642,172		\$ 6,605,786
Total Liabilities and Fund Balance	\$ 4,835,626	\$1,234,136	\$ 646,554	\$ 3,844	\$ 6,720,160

The accompanying notes are an integral part of the financial statements.

Combining Statement

of Revenues, Expenses and Changes in Fund Balance

For the Fiscal Year Ended June 30, 1994 (in thousands)

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Total
Operating Revenues:				
Member Contribution	\$ 112,940	\$ 21,806	\$ 3,030	\$ 137,776
Employer Contribution	119,390	32,536	15,195	167,121
Investment Income	225,788	86,764	15,513	328,065
Distributed Income of the Minnesota Post Retirement Investment Fund	251,991	28,161	21,629	301,781
Other Revenues	<u>3,567</u>	<u>271</u>	<u>28</u>	<u>3,866</u>
Total Operating Revenues	<u>\$ 713,676</u>	<u>\$ 169,538</u>	<u>\$ 55,395</u>	<u>\$ 938,609</u>
Operating Expenses:				
Benefits Paid	\$ 264,233	\$ 28,126	\$ 27,305	\$ 319,664
Refunds	11,336	760	255	12,351
Administrative Expenses	4,397	312	85	4,794
Investment Management Fees	3,131	1,363	277	4,771
Interest on Late Transfer to MPRI Fund	890	65	265	1,220
Other Expenses	<u>7</u>	<u> </u>	<u>53</u>	<u>60</u>
Total Operating Expenses	<u>\$ 283,994</u>	<u>\$ 30,626</u>	<u>\$ 28,240</u>	<u>\$ 342,860</u>
Operating Income	<u>\$ 429,682</u>	<u>\$ 138,912</u>	<u>\$ 27,155</u>	<u>\$ 595,749</u>
Other Changes in Reserves:				
Local Relief Association Mergers			<u>\$ 256,556</u>	<u>\$ 256,556</u>
Total Other Changes in Reserves			<u>\$ 256,556</u>	<u>\$ 256,556</u>
Net Fund Balance Additions	\$ 429,682	\$ 138,912	\$ 283,711	\$ 852,305
Fund Balance, July 1, 1993	<u>4,304,163</u>	<u>1,090,857</u>	<u>358,461</u>	<u>5,753,481</u>
Fund Balance, June 30, 1994	<u>\$4,733,845</u>	<u>\$1,229,769</u>	<u>\$ 642,172</u>	<u>\$6,605,786</u>

Statement of Revenues

Expenses and Changes in Fund Balance Public Employees Retirement Fund

For the Fiscal Year Ended June 30, 1994 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Unreserved Fund Balance</u>	<u>Total</u>
Operating Revenues:					
Member Contribution	\$ 112,940				\$ 112,940
Employer Contribution			\$ 119,390		119,390
Investment Income			225,788		225,788
Distributed Income of the Minnesota Post Retirement Investment Fund		\$ 251,991			251,991
Other Revenues	<u>1</u>		<u>3,566</u>		<u>3,567</u>
Total Operating Revenues	<u>\$ 112,941</u>	<u>\$ 251,991</u>	<u>\$ 348,744</u>		<u>\$ 713,676</u>
Operating Expenses:					
Benefits Paid	\$ 1,963	\$ 243,089	\$ 19,181		\$ 264,233
Refunds	8,734		2,602		11,336
Administrative Expenses			4,397		4,397
Investment Management Fees			3,131		3,131
Interest on Late Transfer to MPRI Fund			890		890
Other Expenses	<u>4</u>		<u>3</u>		<u>7</u>
Total Operating Expenses	<u>\$ 10,701</u>	<u>\$ 243,089</u>	<u>\$ 30,204</u>		<u>\$ 283,994</u>
Operating Income	<u>\$ 102,240</u>	<u>\$ 8,902</u>	<u>\$ 318,540</u>		<u>\$ 429,682</u>
Other Changes in Reserves:					
Annuities Awarded	\$ (47,607)	\$ 362,418	\$ (314,811)		\$ 0
Mortality Loss		18,713	(18,713)		0
Changes in Actuarial Assumptions		81,201	(81,201)		0
Transfers Between Reserves	<u>(340)</u>		<u>340</u>		<u>0</u>
Total Other Changes in Reserves	<u>\$ (47,947)</u>	<u>\$ 462,332</u>	<u>\$ (414,385)</u>		<u>\$ 0</u>
Net Fund Balance Additions	\$ 54,293	\$ 471,234	\$ (95,845)		\$ 429,682
Change in Unfunded Accrued Liability			9,622	\$ (9,622)	0
Fund Balance, July 1, 1993	<u>780,125</u>	<u>2,299,318</u>	<u>2,704,875</u>	<u>(1,480,155)</u>	<u>4,304,163</u>
Fund Balance, June 30, 1994	<u>\$ 834,418</u>	<u>\$2,770,552</u>	<u>\$2,618,652</u>	<u>\$ (1,489,777)</u>	<u>\$4,733,845</u>

The accompanying notes are an integral part of the financial statements.

Statement of Revenues

Expenses and Changes in Fund Balance Public Employees Police and Fire Fund

For the Fiscal Year Ended June 30, 1994 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Unreserved Fund Balance</u>	<u>Total</u>
Operating Revenues:					
Member Contribution	\$ 21,806				\$ 21,806
Employer Contribution			\$ 32,536		32,536
Investment Income			86,764		86,764
Distributed Income of the Minnesota Post Retirement Investment Fund		\$ 28,161			28,161
Other Revenues	4		267		271
Total Operating Revenues	\$ 21,810	\$ 28,161	\$119,567		\$ 169,538
Operating Expenses:					
Benefits Paid	\$ 871	\$ 24,033	\$ 3,222		\$ 28,126
Refunds	526		234		760
Administrative Expenses			312		312
Investment Management Fees			1,363		1,363
Interest on Late Transfer to MPRI Fund			65		65
Other Expenses					
Total Operating Expenses	\$ 1,397	\$ 24,033	\$ 5,196		\$ 30,626
Operating Income	\$ 20,413	\$ 4,128	\$114,371		\$ 138,912
Other Changes in Reserves:					
Annuities Awarded	\$ (4,450)	\$ 35,888	\$ (31,438)		\$ 0
Mortality Loss		3,723	(3,723)		0
Transfers Between Reserves	20		(20)		0
Total Other Changes in Reserves	\$ (4,430)	\$ 39,611	\$ (35,181)		\$ 0
Net Fund Balance Additions	\$ 15,983	\$ 43,739	\$ 79,190		\$ 138,912
Change in Unfunded Accrued Liability			(48,917)	\$ 48,917	0
Fund Balance, July 1, 1993	164,516	257,993	586,717	81,631	1,090,857
Fund Balance, June 30, 1994	\$180,499	\$301,732	\$616,990	\$130,548	\$1,229,769

Statement of Revenues

Expenses and Changes in Fund Balance Police and Fire Consolidation Fund

For the Fiscal Year Ended June 30, 1994 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Unreserved Fund Balance</u>	<u>Total</u>
Operating Revenues:					
Member Contribution	\$ 3,030				\$ 3,030
Employer Contribution			\$ 15,195		15,195
Investment Income			15,513		15,513
Distributed Income of the Minnesota Post Retirement Investment Fund		\$ 21,629			21,629
Other Revenues			28		28
Total Operating Revenues	\$ 3,030	\$ 21,629	\$ 30,736		\$ 55,395
Operating Expenses:					
Benefits Paid	\$ 162	\$ 21,617	\$ 5,526		\$ 27,305
Refunds	72		183		255
Administrative Expenses			85		85
Investment Management Fees			277		277
Interest on Late Transfer to MPRI Fund			265		265
Other Expenses	1		52		53
Total Operating Expenses	\$ 235	\$ 21,617	\$ 6,388		\$ 28,240
Operating Income	\$ 2,795	\$ 12	\$ 24,348		\$ 27,155
Other Changes in Reserves:					
Annuities Awarded	\$ (2,309)	\$135,932	\$(133,623)		\$ 0
Mortality Loss		1,820	(1,820)		0
Local Relief Association Mergers	19,670		236,886		256,556
Total Other Changes in Reserves	\$ 17,361	\$137,752	\$ 101,443		\$256,556
Net Fund Balance Additions	\$ 20,156	\$137,764	\$ 125,791		\$283,711
Change in Unfunded Accrued Liability			(1,821)	\$ 1,821	0
Fund Balance, July 1, 1993	29,020	193,175	222,526	(86,260)	358,461
Fund Balance, June 30, 1994	\$ 49,176	\$330,939	\$ 346,496	\$(84,439)	\$642,172

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Assets and Liabilities

Public Employees Defined Contribution Plan

For the Fiscal Year Ended June 30, 1994 (in thousands)

	<u>Balance July 1, 1993</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 1994</u>
Assets				
Cash and Cash Equivalents	\$ 4	\$2,481	\$2,480	\$ 5
Investments	89	1,297	1,297	89
Equity in Investment Trust Funds	2,763	995	8	3,750
Total Assets	<u>\$2,856</u>	<u>\$4,773</u>	<u>\$3,785</u>	<u>\$3,844</u>
Liabilities				
Interfund Payables	\$ 18	\$ 18	\$ 18	\$ 18
Deferred Compensation Benefits Held in Trust	2,838	1,159	171	\$3,826
Total Liabilities	<u>\$2,856</u>	<u>\$1,177</u>	<u>\$ 189</u>	<u>\$3,844</u>

Schedule of Administrative Expenses

For the Fiscal Year Ended June 30, 1994 (in thousands)

Personal Services:

Staff Salaries	\$2,372	
Social Security	158	
Retirement	112	
Insurance and Workers' Compensation	239	
Other Benefits	5	
Total Personal Services		\$2,886

Professional Services:

Actuarial	\$ 134	
Architect/Design	2	
Audit	35	
Legal	78	
Investment Consultants	56	
Management Consultants	183	
Total Professional Services		488

Communication:

Printing	\$ 166	
Telephone	42	
Postage and Mailing Services	339	
Total Communication		547

Rentals & Maintenance:

Office Space	\$ 269	
Equipment Leasing	8	
Repairs & Maintenance	36	
Advertising & Insurance	5	
Total Rentals & Maintenance		318

Other:

Disability Evaluations	\$ 95	
Data Processing	119	
Meeting Expense	20	
In-State Travel	23	
Out-State Travel	19	
Training & Fees	32	
Office Supplies	130	
Indirect Costs	51	
Depreciation	80	
Total Other		569
Total Administrative Expense		\$4,808

Allocation of Administrative Expense:

Public Employees Retirement Fund	\$4,397
Public Employees Police and Fire Fund	312
Police and Fire Consolidation Fund	85
Public Employees Defined Contribution Plan	14
Total	\$4,808

Investment Summaries

For the Fiscal Year Ended June 30, 1994 (in thousands)

Public Employees Retirement Fund

	Market Value June 30, 1993	Cost June 30, 1993	Acquisitions
Pooled Accounts			
Passive Equity Pool	\$ 635,609	\$ 555,024	\$ 99,325
Active Equity Pool	456,838	399,798	154,992
Fixed Income Pool	625,399	602,171	167,233
Real Estate Pool	85,399	91,969	14,435
Venture Capital Pool	97,079	69,732	20,010
Resources Pool	24,039	23,369	4,309
Intl. Active Pool	46,160	43,972	86,122
Intl. Passive Pool	186,575	160,173	18,704
Total Pooled Accounts	<u>\$2,157,098</u>	<u>\$1,946,208</u>	<u>\$565,130</u>

Public Employees Police and Fire Fund

	Market Value June 30, 1993	Cost June 30, 1993	Acquisitions
Pooled Accounts			
Passive Equity Pool	\$ 261,330	\$ 230,783	\$ 56,845
Active Equity Pool	187,828	165,462	70,826
Fixed Income Pool	257,132	247,111	71,814
Real Estate Pool	35,111	38,568	7,504
Venture Capital Pool	39,914	29,007	10,275
Resources Pool	9,884	9,569	2,234
Intl. Active Pool	18,978	18,079	37,178
Intl. Passive Pool	76,710	65,851	6,585
Total Pooled Accounts	<u>\$ 886,887</u>	<u>\$ 804,430</u>	<u>\$263,261</u>

Police and Fire Consolidation Fund

	Market Value June 30, 1993	Cost June 30, 1993	Acquisitions
Pooled Accounts			
Passive Equity Pool	\$ 51,345	\$ 53,563	\$ 70,485
Active Equity Pool	25,199	25,477	37,750
Fixed Income Pool	36,259	38,735	86,981
Real Estate Pool	10,103	10,960	3,067
Venture Capital Pool	8,867	8,043	4,317
Resources Pool	2,196	2,186	897
Intl. Active Pool	3,604	3,433	12,894
Intl. Passive Pool	16,789	15,866	3,201
Other Equity	0	0	81,053
Other Fixed Income	0	0	84,228
Total Pooled Accounts	<u>\$ 154,362</u>	<u>\$ 158,263</u>	<u>\$384,873</u>

<u>Dispositions</u>	<u>Cost June 30, 1994</u>	<u>Market Value June 30, 1994</u>
\$139,814	\$ 514,535	\$ 513,608
65,566	489,224	503,155
165,163	604,241	580,554
8,429	97,975	89,561
8,168	81,574	107,078
9,417	18,261	17,153
9,131	120,963	151,218
111,946	66,931	71,228
<u>\$517,634</u>	<u>\$1,993,704</u>	<u>\$2,033,555</u>

<u>Dispositions</u>	<u>Cost June 30, 1994</u>	<u>Market Value June 30, 1994</u>
\$ 52,584	\$ 235,044	\$ 232,501
14,059	222,229	227,769
46,794	272,131	262,806
1,109	44,963	40,550
1,771	37,511	48,473
3,574	8,229	7,766
568	54,689	68,454
42,246	30,190	32,244
<u>\$162,705</u>	<u>\$ 904,986</u>	<u>\$ 920,563</u>

<u>Dispositions</u>	<u>Cost June 30, 1994</u>	<u>Market Value June 30, 1994</u>
\$ 32,702	\$ 91,346	\$ 83,487
14,058	49,169	45,083
28,076	97,640	92,656
4,978	9,049	8,367
2,814	9,546	10,042
1,311	1,772	1,635
6,368	9,959	10,258
10,741	8,326	9,665
78,907	2,146	2,502
84,038	190	173
<u>\$263,993</u>	<u>\$ 279,143</u>	<u>\$ 263,868</u>

Note:

Additional information on the performance of the PERA funds over the past five years can be found on pages 54 and 55.

Summary Schedules

For the Fiscal Year Ended June 30, 1994 (in thousands)

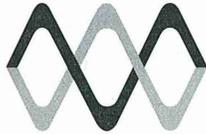
Summary Schedule of Cash Receipts and Disbursements

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Total
Cash Balance at Beginning of Year: July 1, 1993	\$ 809	\$ 142	\$ 32	\$ 983
Add Receipts:				
Member Contributions	\$ 116,240	\$ 22,061	\$ 3,030	\$ 141,331
Employer Contributions	119,520	32,556	15,222	167,298
Investment Income	223,027	85,581	15,154	323,762
Minnesota Post Retirement Investment Fund	243,089	25,011	21,910	290,010
Investments Redeemed/Sold	800,161	264,090	428,112	1,492,363
Local Relief Association Mergers	0	0	256,866	256,866
Other	4,079	80	182	4,341
Total Cash Receipts	\$1,506,116	\$429,379	\$740,476	\$2,675,971
Less Disbursements:				
Benefit Payments	\$ 264,996	\$ 28,176	\$ 27,375	\$ 320,547
Refunds	11,424	761	363	12,548
Administrative Expense	7,275	68	280	7,623
Investments Purchased	850,748	363,654	575,359	1,789,761
Minnesota Post Retirement Investment Fund	369,768	35,888	136,482	542,138
Other	1,314	403	415	2,132
Total Cash Disbursements	\$1,505,525	\$428,950	\$740,274	\$2,674,749
Cash Balance at End of Year: June 30, 1994	\$ 1,400	\$ 571	\$ 234	\$ 2,205

Summary Schedule of Commissions and Payments to Consultants

Individual or Firm Name	Nature of Services	Fee Paid
Benefacts, Inc.	Technical	\$107
Gabriel, Roeder, Smith, & Co.	Actuarial	88
Application Mgmt. Strategies (AMS), Inc..	Strategic Planning	66
Richards & Tierney	Investment Consulting	38
Pension Consulting Alliance	Investment Management	18
Henson & Efron	Legal	5
Pension Benefit Inc.	Technical	5
Pink Supply Corp.	Architectural Design/Remodeling	2
Kusske Financial Mgmt.	Professional	1
State of Minnesota —		
Attorney General	Legal	73
Legislative Commission on Pensions & Retirement	Actuarial	46
Legislative Auditor	Auditing	35
Management Analysis Division	Professional	4
		\$488

Certification Letter



Milliman & Robertson, Inc. Actuaries and Consultants

November 28, 1994

Board of Trustees
Public Employees Retirement
Association of Minnesota
514 St. Peter Street
St. Paul, Minnesota 55102-1090

Members of the Board:

We have completed our annual actuarial valuation of the Public Employees Retirement Association of Minnesota to test how well the fundamental financing objectives are being achieved and to determine the actuarial status of the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Police and Fire Consolidation Fund (PFCF) as of July 1, 1994.

The fundamental financing objectives of the funds are to establish contribution rates which, when expressed as a percentage of active member payroll, will remain approximately level from generation to generation and meet the required deadline for full funding.

The results of the valuation indicate that the PEPFF and the PFCF are either ahead of or on schedule to meet the required dates for full funding. The valuation of the PERF resulted in a deficiency in the current funding level. The deficiency of .86% of payroll was the result of the actuarial computation requirement of 9.76% exceeding the statutory contribution of 8.90%.

The actuarial valuation was based upon applicable statutory provisions and the Standards for Actuarial Work in effect on July 1, 1994. In the aggregate, the basic financial and membership data provided to us by the association office appears reasonable in comparison to last year, and we have relied upon the data as submitted in performing the actuarial valuation. It is our understanding that the data has subsequently been audited with no significant changes made.

The three valuations were performed by using the actuarial cost methods and actuarial assumptions that are described in a separate table of this report. The actuarial cost method and the assumptions related to asset valuation, investment return, earnings progression and active member payroll growth are specified by state statute. All other assumptions are based on actual experience with changes recommended by the actuary, adopted by the PERA Board and approved by the Legislative Commission on Pensions and Retirement.

A new mortality table was adopted for the PERF valuation to reflect longer life expectancies. Also, the PERF's salary increase and payroll growth assumptions were revised to coincide with actual financial experience. These changes in the actuarial assumptions increased the PERF's contribution deficiency by 0.18% of payroll and its actuarial accrued liability by \$47.7 million.

For the PERF and the PEPFF, there were no significant changes in plan provisions since the last valuation which impacted funding costs. However, there was one change in the plan provisions which had a nominal effect on the actuarial accrued liability of the PFCF. The benefit accrual rate increased from 2.5% to 2.65% for all of the local relief associations that consolidated during fiscal year 1994.

This new accrual rate also applies to several local relief associations which consolidated prior to July 1, 1993 whose city councils adopted a resolution accordingly.

For the PFCF, there were 10 new accounts during the fiscal year, of which four resulted in increasing the unfunded actuarial accrued liability by \$10.85 million. The newly consolidated local relief associations included Albert Lea Fire, Austin Police, Bloomington Police, Columbia Heights Fire and Police, Fridley Police, New Ulm Police, St. Paul Police, South St. Paul Fire and West St. Paul Police.

The following table shows the date for full funding for each of the three plans and the funding percentage for the 1994 valuation. The funding percentage expresses current assets as a percentage of the actuarial accrued liability determined on the entry age normal cost method.

Fund	Funding Date	Funded Percentage
PERF	2020	76.28%
PEPFF	2020	112.35%
PFCF	2010	87.64%

We certify that to the best of our knowledge and belief, this actuarial valuation was performed in accordance with the requirements of Section 356.215, Minnesota Statutes, and the requirements of the Standards for Actuarial Work.

Respectfully submitted,

Thomas K. Custis, F.S.A.
Consulting Actuary

TKC:jm

Summary of Actuarial Assumptions and Methods

Public Employees Retirement Fund

Actuarial Cost Method	Entry Age Normal. Actuarial gains (losses) reduce (increase) the unfunded actuarial accrued liability.*
Actuarial Assumptions	
1. a. Retirement	Age 64. In addition, assumes 50% of employees retire when age plus service totals 90.†††
b. Mortality	1983 Group Annuity Mortality Table set forward one year for retirees and back five for active members.‡‡‡
c. Mortality-Disabled	1965 Railroad Workers Select Mortality.††
d. Disability	Graded rates. See table on following page for sample values.†
e. Termination	Graded rates. Table on following page shows sample values.**
2. Allowance for Expenses	.17% of payroll.‡‡
3. Asset Valuation	Cost plus 1/3 unrealized gains or losses.†
4. Investment Return	8.5% compounded annually, preretirement.‡‡ 5% compounded annually, post-retirement.†
5. Earnings Progression	Select and ultimate table. ‡‡‡ (Table on following page Shows sample values.)
6. Active Member Payroll Growth	6.0% per year.†

Public Employees P & F Fund

Actuarial Cost Method	Entry Age Normal. Actuarial gains (losses) reduce (increase) the unfunded actuarial accrued liability.*
Actuarial Assumptions	
1. a. Retirement	Age 60.***
b. Mortality	1971 Group Annuity Mortality Table projected to 1984 by scale D for males and females.‡
c. Mortality-Disabled	1965 Railroad Workers Select Mortality.††
d. Disability	Graduated rates. Table on following page shows sample values.†
e. Termination	Graduated rates. See table on following page for sample values.**
2. Allowance for Expenses	.12% of payroll.‡‡
3. Asset Valuation	Cost plus 1/3 unrealized gains or losses.†
4. Investment Return	8.5% compounded annually, preretirement.‡‡ 5% compounded annually, post-retirement.†
5. Earnings Progression	6.5% per year.†
6. Active Member Payroll Growth (Reflects group size and inflation)	6.5% per year.†

Police and Fire Consolidation Fund

For members selecting benefit provisions of the Public Employees Police and Fire Fund (PEPFF), the actuarial cost method and actuarial assumptions are the same as those indicated above for the PEPFF. For members selecting benefit provisions of the local relief association, the actuarial assumptions used for retirement age and post-retirement increases vary depending upon the provisions of the particular relief association.

Adoption Dates

* 1960	† 1984	‡ 1988
** 1990	†† 1986	‡‡ 1989
*** 1976	††† 1987	‡‡‡ 1994

Actuarial Tables

June 30, 1994

Schedule of Recommended vs. Actual Contribution Rates (Expressed as a percent of Member Payroll)

	Actual Contribution Rate			Recommended Rate*
	Member	Employer	Total	
Public Employees Retirement Fund	4.3%	4.6%	8.9%	9.58%
Public Employees Police and Fire Fund	7.9	11.7	19.6	17.45
Police and Fire Consolidation Fund	7.6	11.4	19.0	19.00**

* The recommended rates scheduled above represent the required rates for fiscal year 1994 contributions as reported in the July 1, 1993 actuarial valuation reports.

**Plus an additional dollar amount determined annually to amortize the unfunded actuarial accrued liability by the year 2010, and to amortize any actuarial losses or gains over a 15-year period. The 1994 amortization amount is \$8,257,287.

Sample Annual Rates per 100 Employees

Public Employees Retirement Fund

Age	Mortality		Disability All Employees	Termination		Salary Increase
	Male	Female		Male	Female	
20	.03	.01	.09	25.42	29.13	7.7%
25	.04	.02	.10	15.36	19.42	7.6
30	.05	.03	.11	10.18	13.94	7.2
35	.06	.03	.12	7.19	10.53	6.9
40	.09	.05	.15	5.32	8.26	6.4
45	.14	.07	.22	4.08	6.67	6.2
50	.22	.10	.33	3.21	5.50	5.7
55	.39	.16	.58	1.95	4.78	5.7
60	.61	.25	1.18	—	—	5.0
65	.91	.42	—	—	—	5.0

Public Employee Police and Fire Fund & Police and Fire Consolidation Fund

Age	Mortality		Disability All Employees	Termination All Employees	*
	Male	Female			
20	.05	.02	.11	8.59	
25	.06	.03	.13	4.63	
30	.07	.04	.16	2.80	
35	.10	.05	.19	1.83	
40	.15	.08	.26	1.26	
45	.27	.12	.36	.91	
50	.49	.18	.69	.50	
55	.78	.27	1.35	.11	
60	1.21	.46	—	—	
65	1.95	.81	—	—	

* The actuarial assumptions for salary increases for the PEPFF and the PFCF have not changed. Future assumption changes will be based on actual experience of the PEPFF. PERA's actuaries are performing an experience study of the PEPFF; results are expected in February, 1995.

Summary of Accrued and Unfunded Accrued Liabilities

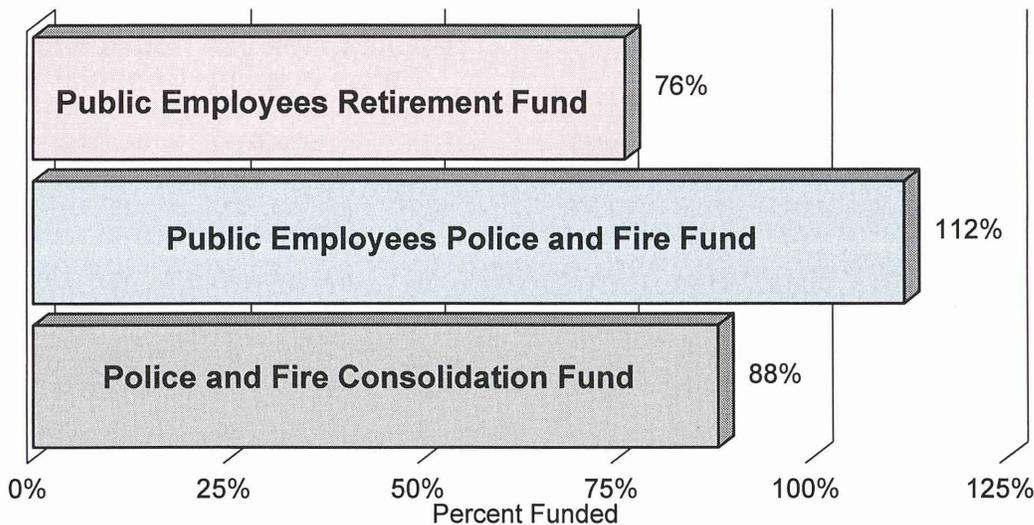
Last Ten Years
(in thousands)

Public Employees Retirement Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES (AAL)	VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	ACTIVE MEMBER PAYROLL	UAAL AS A % OF ACTIVE MEMBER PAYROLL
6-30-85	\$2,457,725	\$1,842,957	75%	\$ 614,768	\$1,295,674	47%
6-30-86	2,925,006	2,148,114	73	776,892	1,457,848	53
6-30-87	3,188,962	2,457,899	77	731,063	1,546,296	47
6-30-88	3,755,608	2,657,038	71	1,098,570	1,659,171	66
6-30-89	4,175,240	2,992,285	72	1,182,955	1,815,433	65
6-30-90	4,560,469	3,297,216	72	1,263,253	1,947,504	65
6-30-91	4,988,671	3,570,304	72	1,418,367	2,147,000	66
6-30-92	5,439,953	3,978,110	73	1,461,843	2,306,000	63
6-30-93	5,784,318	4,374,459	76	1,409,859	2,421,000	58
6-30-94	6,223,622	4,747,128	76	1,476,494	2,595,000	57

Funding Ratios

(Ratio of Assets to Actuarial Accrued Liabilities for FY94)



The Public Employees Police and Fire Fund, while not required to reach full funding until 2020, has already achieved that goal. The Public Employees Retirement Fund is 76 percent funded while the Consolidation Fund has achieved 88 percent funding.

Summary of Accrued and Unfunded Accrued Liabilities

Last Ten Years
(in thousands)

Public Employees Police and Fire Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES (AAL)	VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	ACTIVE MEMBER PAYROLL	UAAL AS A % OF ACTIVE MEMBER PAYROLL
6-30-85	\$357,742	\$338,400	95%	\$19,342	\$128,518	15%
6-30-86	447,742	424,936	95	22,806	144,392	16
6-30-87	486,674	506,153	104	-0-	154,906	-0-
6-30-88	574,133	557,669	97	16,464	167,857	10
6-30-89	651,776	656,654	101	-0-	185,899	-0-
6-30-90	715,963	755,204	105	-0-	202,838	-0-
6-30-91	794,295	839,560	106	-0-	219,913	-0-
6-30-92	888,826	979,981	110	-0-	239,692	-0-
6-30-93	1,009,226	1,118,342	111	-0-	254,281	-0-
6-30-94	1,099,221	1,234,959	112	-0-	277,269	-0-

Police and Fire Consolidation Fund (Created in 1987)

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES (AAL)	VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	MEMBER PAYROLL	UAAL AS A % OF ACTIVE MEMBER PAYROLL
6-30-88	\$ 35,221	\$ 22,648	64%	\$12,573	\$ 2,554	492%
6-30-89	40,605	29,895	74	10,710	3,455	310
6-30-90	122,045	86,702	71	35,343	10,221	346
6-30-91	201,882	143,370	71	58,512	15,154	386
6-30-92	227,080	178,169	78	48,911	16,699	293
6-30-93	444,721	357,161	80	87,560	32,678	268
6-30-94	726,611	636,766	88	89,845	56,445	159

Solvency Test

Last Ten Years
(in thousands)

Public Employees Retirement Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES FOR:			VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY VALUATION ASSETS		
	ACTIVE MEMBER CONTRIBUTION (1)	RETIRANTS AND BENEFICIARIES (2)	ACTIVE MEMBERS (EMPLOYER FINANCED) PORTION (3)		(1)	(2)	(3)
6-30-85	\$391,294	\$ 936,995	\$1,129,435	\$ 1,842,957	100%	100%	45.6%
6-30-86	421,678	1,153,359	1,349,969	2,148,114	100	100	42.5
6-30-87	452,560	1,370,653	1,365,749	2,457,899	100	100	46.5
6-30-88	484,819	1,633,391	1,637,398	2,657,038	100	100	20.3
6-30-89	534,906	1,800,411	1,839,923	2,992,285	100	100	35.7
6-30-90	588,793	1,970,629	2,001,047	3,297,216	100	100	36.9
6-30-91	649,046	2,163,472	2,176,153	3,570,304	100	100	34.8
6-30-92	711,803	2,354,095	2,374,055	3,978,110	100	100	38.4
6-30-93	780,125	2,540,063	2,464,130	4,374,459	100	100	42.8
6-30-94	834,418	3,027,086	2,362,118	4,747,128	100	100	37.5

Public Employees Police and Fire Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES FOR:			VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY VALUATION ASSETS		
	ACTIVE MEMBER CONTRIBUTIONS (1)	RETIRANTS AND BENEFICIARIES (2)	ACTIVE MEMBERS (EMPLOYER FINANCED) PORTION (3)		(1)	(2)	(3)
6-30-85	\$ 66,628	\$ 92,676	\$198,438	\$ 338,400	100%	100%	90.3%
6-30-86	76,534	118,926	252,282	424,936	100	100	91.0
6-30-87	85,542	141,324	259,808	506,153	100	100	107.5
6-30-88	95,440	174,131	304,562	557,669	100	100	94.6
6-30-89	107,659	196,269	347,848	656,654	100	100	101.4
6-30-90	120,005	222,683	373,275	755,204	100	100	110.5
6-30-91	133,299	249,780	411,216	839,560	100	100	111.0
6-30-92	148,562	279,421	460,843	979,981	100	100	119.8
6-30-93	164,516	309,982	534,728	1,118,342	100	100	120.4
6-30-94	180,499	364,944	553,778	1,234,959	100	100	124.5

Police and Fire Consolidation Fund (Created in 1987)

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES FOR:			VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY VALUATION ASSETS		
	ACTIVE MEMBER CONTRIBUTIONS (1)	RETIRANTS AND BENEFICIARIES (2)	ACTIVE MEMBERS (EMPLOYER FINANCED) PORTION (3)		(1)	(2)	(3)
6-30-88	\$ 2,522	\$ 18,204	\$ 17,017	\$ 22,648	100%	100%	11.3%
6-30-89	2,806	21,708	16,089	29,895	100	100	33.4
6-30-90	8,383	69,549	44,113	86,702	100	100	19.8
6-30-91	12,429	119,717	69,736	143,370	100	100	16.1
6-30-92	14,047	139,439	73,594	178,169	100	100	33.5
6-30-93	29,020	273,301	142,400	357,161	100	100	38.5
6-30-94	49,176	424,962	252,473	636,766	100	100	64.4

Schedule of Active Member Valuation Data

Last Ten Years

Public Employees Retirement Fund

<u>VALUATION DATE</u>	<u>NUMBER</u>	<u>ANNUAL PAYROLL</u>	<u>ANNUAL AVERAGE PAY</u>	<u>% INCREASE IN AVERAGE PAY</u>
6-30-85	86,344	\$1,295,674,181	\$15,006	2.5%
6-30-86	89,336	1,457,848,000	16,319	8.7
6-30-87	92,497	1,546,296,000	16,717	2.4
6-30-88	95,224	1,659,171,000	17,424	4.2
6-30-89	99,515	1,815,433,000	18,243	4.7
6-30-90	102,664	1,947,504,000	18,970	4.0
6-30-91	107,025	2,147,000,000	20,060	5.7
6-30-92	110,100	2,306,000,000	20,945	4.4
6-30-93	114,932	2,421,000,000	21,066	0.6
6-30-94	120,199	2,595,000,000	21,592	2.5

Public Employees Police and Fire Fund

<u>VALUATION DATE</u>	<u>NUMBER</u>	<u>ANNUAL PAYROLL</u>	<u>ANNUAL AVERAGE PAY</u>	<u>% INCREASE IN AVERAGE PAY</u>
6-30-85	4,928	\$128,518,325	\$26,079	5.0%
6-30-86	5,127	144,392,000	28,163	8.0
6-30-87	5,385	154,906,000	28,766	2.1
6-30-88	5,611	167,857,000	29,916	4.0
6-30-89	5,891	185,899,000	31,556	5.5
6-30-90	6,136	202,838,000	33,057	4.8
6-30-91	6,309	219,913,000	34,857	5.4
6-30-92	6,521	239,692,000	36,757	5.5
6-30-93	6,785	254,281,000	37,477	2.0
6-30-94	7,043	277,269,000	39,368	5.0

Police and Fire Consolidation Fund (Created in 1987)

<u>VALUATION DATE</u>	<u>NUMBER</u>	<u>ANNUAL PAYROLL</u>	<u>ANNUAL AVERAGE PAY</u>	<u>% INCREASE IN AVERAGE PAY</u>
6-30-88	93	\$ 2,553,569	\$27,458	0.0 %
6-30-89	102	3,454,608	33,869	23.3
6-30-90	287	10,220,881	35,613	5.1
6-30-91	394	15,154,000	38,462	8.0
6-30-92	402	16,699,000	41,540	8.0
6-30-93	732	32,678,000	44,642	7.5
6-30-94	1,117	56,445,000	50,533	13.2

Schedule of Retirants and Beneficiaries

Last Ten Years

Public Employees Retirement Fund

YEAR ENDED	NUMBER ADDED	NUMBER REMOVED	YEAR-END TOTAL		% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
			NUMBER	ANNUAL ALLOWANCES		
6-30-85	2,534	865	21,790	\$ 93,826,168	23.4%	\$4,306
6-30-86	2,505	973	23,322	109,613,000	16.8	4,700
6-30-87	2,750	1,057	25,015	130,745,000	19.3	5,227
6-30-88	2,780	1,095	26,700	150,527,000	15.1	5,638
6-30-89	2,221	1,049	27,872	165,706,000	10.1	5,945
6-30-90	2,614	1,050	29,436	181,514,000	9.5	6,166
6-30-91	2,655	1,165	30,926	198,975,000	9.6	6,434
6-30-92	2,754	1,121	32,559	216,053,000	8.6	6,635
6-30-93	2,653	1,244	33,968	233,782,000	8.2	6,882
6-30-94	3,745	1,337	36,376	269,786,000	15.4	7,417

Public Employees Police and Fire Fund

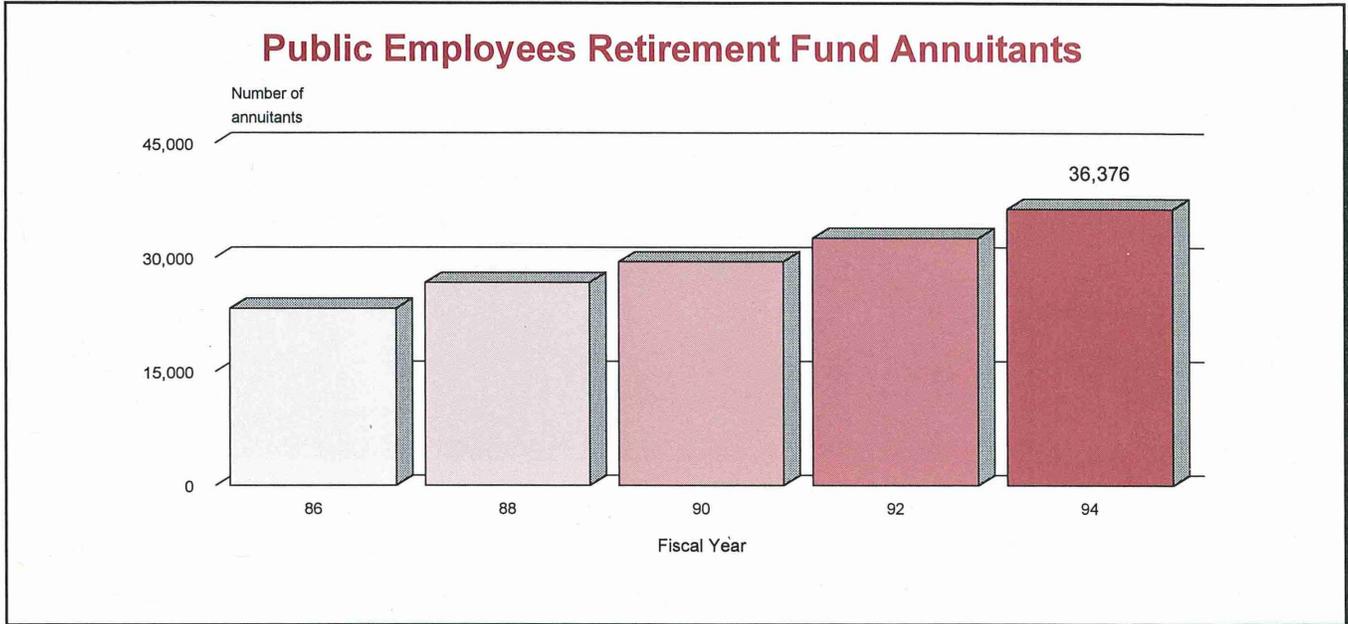
YEAR ENDED	NUMBER ADDED	NUMBER REMOVED	YEAR-END TOTAL		% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
			NUMBER	ANNUAL ALLOWANCES		
6-30-85	120	46	1,087	\$ 8,004,954	21.4%	\$ 7,364
6-30-86	150	39	1,198	9,554,000	19.4	7,975
6-30-87	143	70	1,271	11,788,000	23.4	9,275
6-30-88	152	60	1,363	14,090,000	19.5	10,337
6-30-89	98	49	1,412	15,831,000	12.4	11,212
6-30-90	142	61	1,493	17,939,000	13.3	12,015
6-30-91	142	53	1,582	20,688,000	15.3	13,077
6-30-92	142	61	1,663	23,120,000	11.8	13,902
6-30-93	148	73	1,738	25,549,000	10.5	14,700
6-30-94	191	55	1,874	30,064,000	17.7	16,043

Police and Fire Consolidation Fund (Created in 1987)

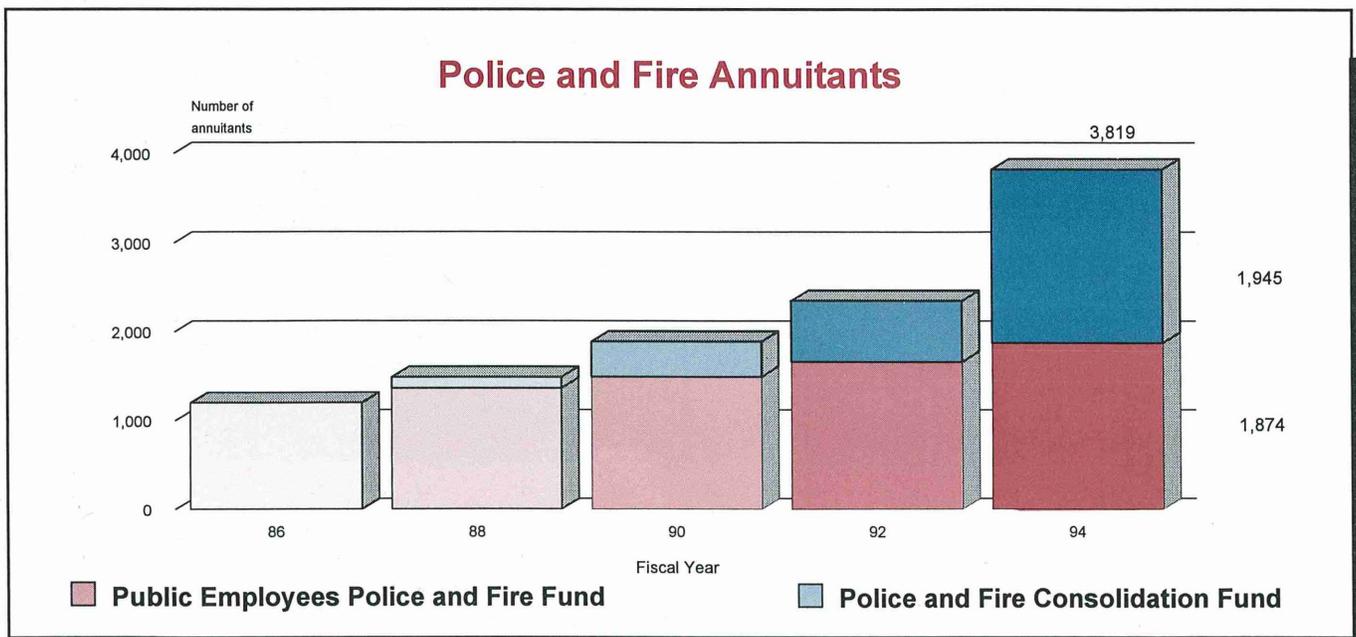
YEAR ENDED	NUMBER ADDED	NUMBER REMOVED	YEAR-END TOTAL		% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
			NUMBER	ANNUAL ALLOWANCES		
6-30-88	138	12	126	\$ 1,682,000	0.0 %	\$13,349
6-30-89	18	4	140	1,978,000	17.6	14,127
6-30-90	265	12	393	5,579,000	182.0	14,196
6-30-91	268	29	632	9,451,000	69.4	14,954
6-30-92	85	34	683	10,885,000	15.2	15,937
6-30-93	652	21	1,314	23,521,000	116.1	17,900
6-30-94	703	72	1,945	37,091,000	57.7	19,070

Schedule of Retirants and Beneficiaries

Last Ten Years

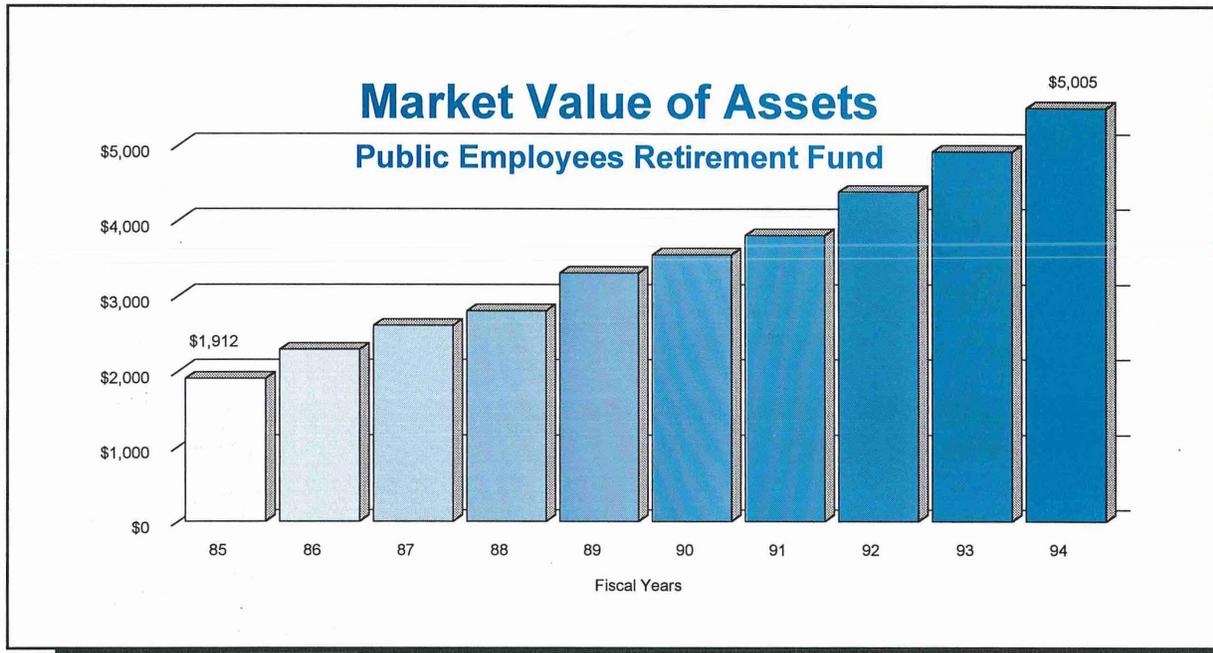


The number of people receiving retirement annuities from the Public Employees Retirement Fund increased nearly 67 percent over the past 10 fiscal years, growing from 21,790 in 1985 to 36,376 in 1994. Average annual payments increased over 72 percent during the same period.

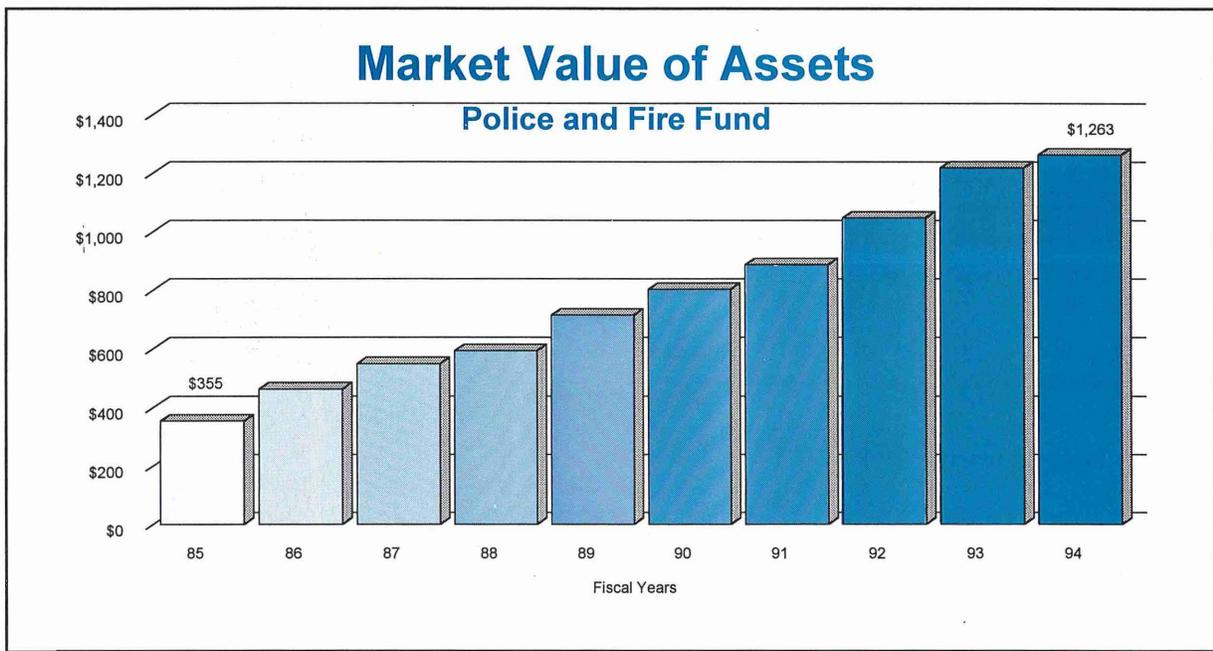


The addition of the Police and Fire Consolidation Fund in 1988 and its dramatic growth to date has more than tripled the number of police and fire annuitants receiving benefits since fiscal year 1985.

Market Value of Assets



Over the past 10 years, the market value of the Public Employees Retirement Fund has grown from \$1.9 billion in 1985 to \$5 billion in 1994.



Market value of Police and Fire Fund assets increased from \$355 million in 1985 to \$1.3 billion in 1994.

Revenue Ratios by Source of Revenue

Excluding Other Income
Last Ten Years

Public Employees Retirement Fund

<u>FISCAL YEAR</u>	<u>MEMBER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL REVENUES</u>
1985	20.1%	22.7%	57.2%	100.0%
1986	16.7	18.4	64.9	100.0
1987	14.9	16.4	68.7	100.0
1988	18.1	19.8	62.1	100.0
1989	15.4	16.8	67.8	100.0
1990	16.8	18.2	65.0	100.0
1991	19.3	20.8	59.9	100.0
1992	15.8	17.0	67.2	100.0
1993	17.1	18.1	64.8	100.0
1994	15.9	16.8	67.3	100.0

Public Employees Police and Fire Fund

<u>FISCAL YEAR</u>	<u>MEMBER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL REVENUES</u>
1985	18.7%	28.0%	53.3%	100.0%
1986	14.6	21.8	63.6	100.0
1987	13.6	20.3	66.1	100.0
1988	18.3	27.5	54.2	100.0
1989	13.6	20.4	66.0	100.0
1990	13.4	20.0	66.6	100.0
1991	16.6	24.9	58.5	100.0
1992	11.7	17.5	70.8	100.0
1993	13.2	19.7	67.1	100.0
1994	12.9	19.2	67.9	100.0

Police and Fire Consolidation Fund (Created in 1987)

<u>FISCAL YEAR</u>	<u>MEMBER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL REVENUES</u>
1988	6.7%	10.1%	83.2%	100.0%
1989	5.3	38.2	56.5	100.0
1990	5.8	52.4	41.8	100.0
1991	4.9	45.5	49.6	100.0
1992	4.7	30.5	64.8	100.0
1993	4.5	21.3	74.2	100.0
1994	5.5	27.4	67.1	100.0

Benefit Expense by Type

Last Ten Years
(in thousands)

Public Employees Retirement Fund

<u>FISCAL YEAR</u>	<u>RETIREMENT</u>	<u>SURVIVOR</u>	<u>DISABILITY</u>	<u>REFUND</u>	<u>TOTAL</u>
1985	\$ 79,476	\$ 7,631	\$3,281	\$13,158	\$103,546
1986	96,584	8,174	3,375	12,566	120,699
1987	115,903	8,712	3,394	13,356	141,365
1988	135,602	9,302	3,683	14,175	162,762
1989	148,601	9,709	3,820	12,463	174,593
1990	165,740	12,566	4,057	12,711	195,074
1991	178,971	15,029	4,325	11,678	210,003
1992	198,849	13,120	4,984	11,881	228,834
1993	217,703	13,360	5,357	11,779	248,199
1994	244,913	13,360	5,960	11,336	275,569

Public Employees Police and Fire Fund

<u>FISCAL YEAR</u>	<u>RETIREMENT</u>	<u>SURVIVOR</u>	<u>DISABILITY</u>	<u>REFUND</u>	<u>TOTAL</u>
1985	\$ 6,328	\$ 860	\$ 427	\$ 1,032	\$ 8,647
1986	7,750	943	504	906	10,103
1987	9,662	1,023	629	1,055	12,369
1988	11,842	1,115	864	693	14,514
1989	13,142	1,217	1,087	969	16,415
1990	14,985	1,467	1,179	1,038	18,669
1991	16,750	1,611	1,311	1,204	20,876
1992	19,038	1,648	1,478	636	22,800
1993	21,237	1,866	1,516	1,004	25,623
1994	24,099	2,135	1,892	760	28,886

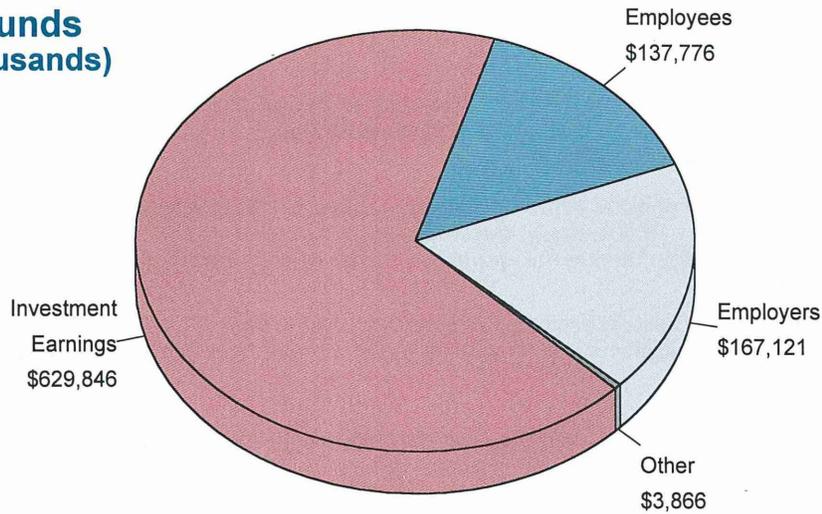
Police and Fire Consolidation Fund (Created in 1987)

<u>FISCAL YEAR</u>	<u>RETIREMENT</u>	<u>SURVIVOR</u>	<u>DISABILITY</u>	<u>REFUND</u>	<u>TOTAL</u>
1988	\$ 655	\$ 155	\$ 36	\$ 0	\$ 864
1989	1,744	75	25	64	1,908
1990	3,377	216	151	183	3,927
1991	6,822	450	352	35	7,659
1992	9,079	576	502	33	10,190
1993	13,555	743	706	65	15,069
1994	25,044	1,367	894	255	27,560

Revenues

Revenue by Source

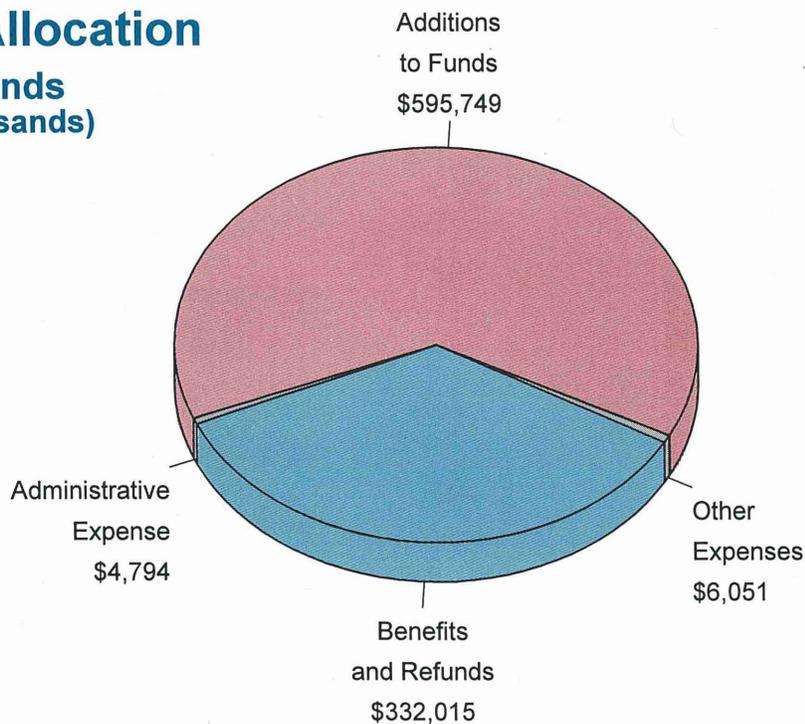
All Funds
(In Thousands)



Investment earnings make up 67 percent of PERA's revenues, while employee and employer contributions total 32 percent of the association's income.

Revenue Allocation

All Funds
(In Thousands)



Over 63 percent of PERA's revenues were added to the association's funds in fiscal year 1994.

Investment Results

Description of Funds

To understand the comparisons on the next two pages, it is important to become familiar with the two funds administered by the State Board of Investment (SBI) for PERA as well as the Combined Funds.*

Basic Funds— This represents pension contributions of employers and employees to the defined benefit plans administered by PERA, the Minnesota State Retirement System (MSRS) and Teachers Retirement Association (TRA) during the employees' years of active service.

Post Funds— (MPRIF) The Minnesota Post Retirement Investment Fund represents the reserves for retirement benefits to be paid to retired employees participating in the defined benefit plans administered by PERA, MSRS and TRA.

Combined Funds— This fund, while it does not exist under statute, represents the assets of both the active and retired public employees who participate in the defined benefit plans administered by PERA, MSRS and TRA. It is used by the SBI for comparison purposes only, since most public pension plans do not separate the assets of their active employees and retirees.

* Caution should be exercised in making comparisons of SBI's returns for each of these funds with other market indicators since treatment of management fees, asset allocations and investment portfolio objectives may differ significantly.

Asset Allocations (at June 30, 1994)*

Asset allocation will have a dominant effect on returns. SBI has focused considerable attention on the selection of the appropriate long-term asset allocation policy for the Basic and MPRIF Funds.

Investment Type	Basic		MPRIF	
	Actual Asset Mix	Long-term Policy Target	Actual Asset Mix	Long-term Policy Target
Domestic Stocks	49.1%	50.0%	50.3%	50.0%
International Stocks	10.6	10.0	11.2	10.0
Domestic Bonds	28.1	24.0	36.7	32.0
Alternative Assets**	10.4	15.0	0.0***	5.0
Cash	1.8	1.0	1.8	3.0
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

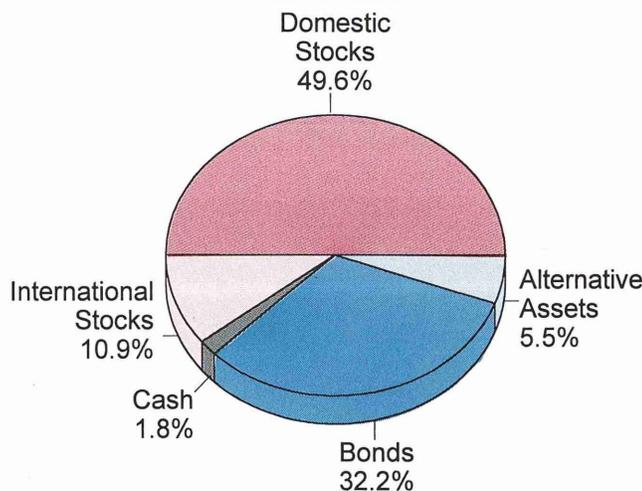
* Source: Minnesota State Board of Investment (SBI) FY 1994 Annual Report.

** Alternative assets include real estate, venture capital and resource (oil, gas, etc.) funds.

*** Less than 0.1%

Combined Funds

Actual Asset Mix

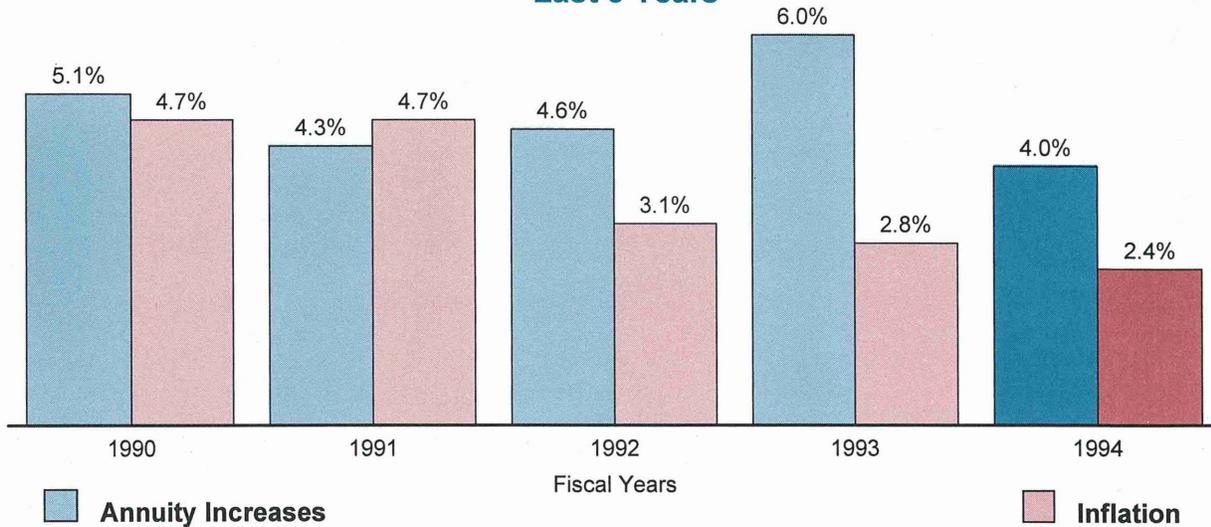


The chart above shows the asset allocation used by the SBI for the Combined Funds at June 30, 1994. This fund helps SBI compare PERA's investment performance with that of other pension funds which do not divide their assets between active and retiree funds.

Investments

Annuity Increases vs. Inflation

Last 5 Years



Increases awarded to PERA retirees under the MPRIF have outpaced inflation four out of the past past five years. Increases and inflation are both measured as of June 30, the end of PERA's fiscal year. Increases are then paid January 1 of the following year.

Fund Performance

Fund	Rates of Return (Annualized)		
	FY 1994	3-Year	5-Year
Basic Funds (Active Accounts)	2.1%	10.1%	9.6%
Basic Composite Market Index*	2.4	9.4	9.1
MPRIF Fund (Retiree Accounts)	1.6%	Not Available	
MPRIF Composite Market Index*	1.6		
Combined Funds (Active/Retiree)	1.8%	10.1	9.5%
Combined Composite Market Index**	2.1	9.2	9.0
Trust Universal Comparison Service (TUCS) Median	2.4	9.8	9.4

* The composite is adjusted to reflect SBI's restriction on liquor and tobacco stocks.

** Percentages are net of all management fees. Amounts include Basic Funds only through 6/30/93, and Basic and MPRIF funds thereafter.

Note: All composite indices are composed of the following market indicators, weighted according to asset allocation: Stocks—Wilshire 5000; Int'l. Stocks—EAFE; Domestic Bonds—Salomon BIG; Alternative Assets—Wilshire Real Estate Index, Venture Capital Funds, Resource Funds; Unallocated Cash—91 Day T-Bills.

Schedule of Retired Members

by Amount and Type of Benefit

Public Employees Retirement Fund

Amount of Monthly Benefit	Annuitant	Optional Annuitant	Disabilitant	Survivor	Total
\$ 1- 200	8,768	792	252	329	10,141
201- 400	6,842	714	218	1,223	8,997
401- 600	3,993	422	151	132	4,698
601- 800	2,547	288	67	171	3,073
801-1,000	1,635	226	41	154	2,056
1,001-1,200	1,361	148	23	94	1,626
1,201-1,400	1,034	103	29	42	1,208
1,401-1,600	911	65	26	15	1,017
1,601-1,800	774	53	19	10	856
1,801-2,000	639	29	15	4	687
Over 2,000	1,910	76	30	1	2,017
	<u>30,414</u>	<u>2,916</u>	<u>871</u>	<u>2,175</u>	<u>36,376</u>

Public Employees Police and Fire Fund

Amount of Monthly Benefit	Annuitant	Optional Annuitant	Disabilitant	Survivor	Total
\$ 1- 200	78	18	1	5	102
201- 400	73	19	2	84	178
401- 600	75	28	4	18	125
601- 800	103	33	7	20	163
801-1,000	98	22	8	23	151
1,001-1,200	110	18	21	26	175
1,201-1,400	113	16	19	15	163
1,401-1,600	106	13	18	5	142
1,601-1,800	136	4	15	9	164
1,801-2,000	96	6	7	10	119
Over 2,000	359	9	14	10	392
	<u>1,347</u>	<u>186</u>	<u>116</u>	<u>225</u>	<u>1,874</u>

Police and Fire Consolidation Fund

Amount of Monthly Benefit	Annuitant	Optional Annuitant	Disabilitant	Survivor	Total
\$ 1- 200	3	4		7	14
201- 400	8	17	1	11	37
401- 600	4	3		6	13
601- 800	5	18	1	7	31
801-1,000	6	127	1	55	189
1,001-1,200	14	201	2	87	304
1,201-1,400	26	9	6	5	46
1,401-1,600	205	2	11		218
1,601-1,800	200		14	1	215
1,801-2,000	421	2	7	1	431
Over 2,000	441		5	1	447
	<u>1,333</u>	<u>383</u>	<u>48</u>	<u>181</u>	<u>1,945</u>

Average Benefit Payments

Last Five Years

Public Employees Retirement Fund

Retirement Effective Dates July 1, 1989 to June 30, 1994	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/89 to 6/30/90:							
Average Monthly Benefit	\$81.32	\$150.46	\$248.76	\$390.00	\$699.78	\$1,242.53	\$1,909.73
Number of Active Retirants	128	252	428	467	372	155	153
Period 7/1/90 to 6/30/91:							
Average Monthly Benefit	\$84.56	\$194.55	\$239.82	\$379.89	\$614.33	\$1,276.42	\$1,943.87
Number of Active Retirants	164	246	410	450	384	201	158
Period 7/1/91 to 6/30/92:							
Average Monthly Benefit	\$84.62	\$153.96	\$246.22	\$374.71	\$575.67	\$1,181.62	\$2,015.59
Number of Active Retirants	143	253	431	447	436	247	207
Period 7/1/92 to 6/30/93:							
Average Monthly Benefit	\$86.22	\$155.65	\$259.77	\$382.34	\$533.76	\$1,135.91	\$1,953.37
Number of Active Retirants	170	245	384	408	411	246	219
Period 7/1/93 to 6/30/94:							
Average Monthly Benefit	\$98.23	\$166.67	\$288.98	\$454.65	\$549.32	\$1,157.48	\$2,106.54
Number of Active Retirants	278	329	450	433	558	539	486
Period 7/1/89 to 6/30/94:							
Average Monthly Benefit	\$88.72	\$164.30	\$257.11	\$396.11	\$589.13	\$1,184.67	\$2,018.08
Number of Active Retirants	883	1,325	2,103	2,205	2,161	1,388	1,223

Average Benefit Payments

Last Five Years

Public Employees Police and Fire Fund

Retirement Effective Date July 1, 1989 to June 30, 1994	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/89 to 6/30/90:							
Average Monthly Benefit	\$132.89	\$545.35	\$687.08	\$1,226.06	\$1,591.79	\$2,283.26	\$2,514.57
Number of Active Retirants	7	10	8	16	20	26	6
Period 7/1/90 to 6/30/91:							
Average Monthly Benefit	\$238.57	\$578.23	\$815.97	\$1,131.07	\$1,714.24	\$1,837.54	\$2,828.15
Number of Active Retirants	8	7	6	23	22	15	16
Period 7/1/91 to 6/30/92:							
Average Monthly Benefit	\$202.66	\$455.48	\$1,163.78	\$1,074.27	\$1,782.42	\$1,997.01	\$2,788.37
Number of Active Retirants	8	7	10	13	29	26	8
Period 7/1/92 to 6/30/93:							
Average Monthly Benefit	\$139.88	\$613.41	\$653.48	\$1,172.34	\$1,584.66	\$2,082.36	\$2,376.66
Number of Active Retirants	6	9	7	12	24	26	15
Period 7/1/93 to 6/30/94:							
Average Monthly Benefit	\$223.71	\$516.70	\$852.12	\$1,253.48	\$1,879.55	\$2,486.71	\$2,883.73
Number of Active Retirants	16	9	8	10	27	40	14
Period 7/1/89 to 6/30/94:							
Average Monthly Benefit	\$197.30	\$548.15	\$856.96	\$1,164.86	\$1,721.46	\$2,198.94	\$2,689.27
Number of Active Retirants	45	42	39	74	122	133	59

Average Benefit Payments

Last Five Years

Police and Fire Consolidation Fund

Retirement Effective Date July 1, 1989 to June 30, 1994	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/89 to 6/30/90:							
Average Monthly Benefit	\$0.00	\$0.00	\$953.61	\$1,450.43	\$1,533.89	\$1,800.74	\$1,983.42
Number of Active Retirants	0	0	4	10	49	52	28
Period 7/1/90 to 6/30/91:							
Average Monthly Benefit	\$0.00	\$1,502.26	\$1,290.83	\$1,639.12	\$1,609.38	\$1,780.04	\$1,656.51
Number of Active Retirants	0	1	4	17	62	55	28
Period 7/1/91 to 6/30/92:							
Average Monthly Benefit	\$1,025.85	\$1,259.03	\$1,220.45	\$1,313.93	\$1,696.73	\$1,925.38	\$2,759.53
Number of Active Retirants	2	3	1	5	18	14	6
Period 7/1/92 to 6/30/93:							
Average Monthly Benefit	\$1,669.78	\$1,911.65	\$1,376.33	\$1,575.41	\$1,779.67	\$1,959.04	\$2,143.86
Number of Active Retirants	1	2	5	23	99	158	142
Period 7/1/93 to 6/30/94:							
Average Monthly Benefit	\$1,730.15	\$1,174.58	\$1,581.71	\$1,575.14	\$1,749.97	\$1,951.05	\$2,236.33
Number of Active Retirants	4	2	10	38	148	144	123
Period 7/1/89 to 6/30/94:							
Average Monthly Benefit	\$1,520.29	\$1,431.47	\$1,370.70	\$1,559.45	\$1,730.90	\$1,912.47	\$2,134.47
Number of Active Retirants	7	8	24	93	376	423	327

Participating Employers

Employers listed below have employees in PERA's Basic, Coordinated or Police and Fire benefit plans

CITIES AND TOWNSHIPS

ADA	BATTLE LAKE	BROWNSDALE	CLEVELAND	DODGE CENTER	FOREST LAKE
ADAMS	BAUDETTE	BROWNSVILLE	CLIMAX	DONNELLY	FORESTON
ADRIAN	BAXTER	BROWNTON	CLINTON TWP.	DOVRAY	FOSSTON
AFTON	BAYPORT	BUFFALO	CLINTON	DRESBACH TWP.	FOUNTAIN
AITKIN	BEARDSLEY	BUFFALO LAKE	CLONTARF	DRYDEN	FRANCONIA TWP.
AKELEY	BEAVER BAY	BUHL	CLOQUET	DULUTH	FRANKFORT TWP.
ALBANY	BEAVER CREEK TWP.	BURNS TWP.	COKATO TWP.	DULUTH TWP.	FRANKLIN TWP.
ALBERT LEA	BEAVER CREEK	BURNSVILLE	COKATO	DUNDAS	FRANKLIN
ALBERT LEA TWP.	BECKER	BUTTERFIELD	COLD SPRING	DUNDEE	FRAZEE
ALBERTVILLE	BELGRADE TWP.	BYRON	COLERAINE	DUNN TWP.	FREDENBE
ALBION TWP.	BELGRADE	CALEDONIA	COLOGNE	DUNNELL	FRENCH TWP.
ALDEN	BELLE CREEK TWP.	CALLAWAY	COLUMBIA HEIGHTS	EAGAN	FRENCH LAKE TWP.
ALEXANDRIA	BELLE PLAIN	CALUMET	COLUMBUS TWP.	EAGLE BEND	FRIBERG TWP.
ALPHA C	BELLEVUE TWP.	CAMBRIDGE	COMFREY	EAGLE LAKE	FRIDLEY
ALTON TWP.	BELLINGHAM	CAMBRIDGE TWP.	CONCORD TWP.	EAST BETHEL	FROST
ALTURA	BEL VIEW	CAMDEN TWP.	CONGER	EAST GRAND FORKS	FULDA
ALVARADO	BEMIDJI	CAMP TWP.	COOK	ECHO	GARDEN CITY
AMBOY	BENSON	CAMPBELL	COON RAPIDS	EDEN PRAIRIE	GARFIELD
ANDOVER	BENTON TWP.	CANBY	CORCORAN	EDEN VALLEY	GARFIELD TWP.
AMHERST TWP.	BERTHA	CANNON FALLS	CORINNA TWP.	EDGERTON	GARRISON TWP.
ANNANDALE	BIG FALLS	CANNON FALLS TWP.	COSMOS	EDINA	GARVIN
ANOKA	BIG LAKE	CANOSA TWP.	COTTAGE GROVE	EITZEN	GARY
ANTRIM TWP.	BIG LAKE TWP.	CANTON TWP.	COTTONWOOD	ELBOW LAKE	GAYLORD
APPLETON	BIGELOW	CANTON	CROMWELL	ELGIN	GHENT
APPLE VALLEY	BIGFORK	CARIMONA TWP.	CROOKED LAKE TWP.	ELIZABETH	GIBBON
ARBO TWP.	BIRCHWOOD	CARLOS	CROOKSTON	ELIZABETH TWP.	GILBERT
ARDEN HILLS	BIRD ISLAND	CARLTON	CROSBY	ELK RIVER	GILMAN
ARENDAHL TWP.	BISCAJ	CARROLTON TWP.	CROSLAKE	ELKO	GIRARD TWP.
ARGYLE	BIWABIK	CARVER	CROW RIVER TWP.	ELKTON	GLENCOE
ARLINGTON	BIWABIK TWP.	CASS LAKE	CRYSTAL	ELLENDALE	GLENVILLE
ARTHUR TWP.	BLACKDUCK	CENTER CITY	CRYSTAL BAY TWP.	ELLSWORTH	GLENWOOD
ASHBY	BLAINE	CENTER TWP.	CULDRUM TWP.	ELM DALE TWP.	GLYNDON
ASKOV	BLOOMING PRARIE	CENTERVILLE	CURRIE	ELMORE	GNESEN TWP.
ATWATER	BLOOMINGTON	CEYLON	CYRUS	ELY	GOLDEN VALLEY
AUDUBON	BLUE EARTH	CHAMPLIN	DAHLGREN TWP.	ELYSIAN	GONVICK
AURORA	BOVEY	CHANHASSEN	DALBO TWP.	EMBARRASS TWP.	GOOD THUNDER
AUSTIN	BRAHAM	CHASKA	DALTON	EMILY	GOODHUE
AVOCA	BRAINERD	CHATFIELD	DANUBE	EMMONS	GOODRIDGE
AVON	BRANCH	CHATHAM TWP.	DANVERS	EMPIRE TWP.	GOODVIEW
BABBITT	BRANDON	CHERRY GROVE TWP.	DARWIN	ERHARD	GRACEVILLE
BACKUS	BRANDON	CHISAGO CITY	DASSEL	ERSKINE	GRANADA
BADGER	BRECKENRIDGE	CHISAGO LAKE TWP.	DAWSON	EVANSVILLE	GRAND MARAIS
BAGLEY	BREEZY POINT	CHISHOLM	DAYTON	EVELETH	GRAND MEADOW
BALATON	BREITUNG TWP.	CHOKIO	DECORIA TWP.	EXCELSIOR	GRAND RAPIDS TWP.
BALKAN TWP.	BREWSTER	CIRCLE PINES	DEEPHAVEN	EYOTA	GRAND RAPIDS
BANDON TWP.	BRICELYN	CLARA CITY	DEER CREEK	FAIRFAX	GRANITE FALLS
BARNESVILLE	BRISTOL TWP.	CLAREMONT	DEER RIVER	FAIR HAVEN TWP.	GRANT TWP.
BARNUM	BROOKLYN CENTER	CLARISSA	DEERWOOD	FAIRMONT	GREAT SCOTT TWP.
BARRETT	BROOKLYN PARK	CLARKFIELD	DE GRAFF	FALCON HEIGHTS	GREENBUSH
BASS BROOK	BROOTEN	CLARKS GROVE	DELANO	FALL LAKE TWP.	GREENFIELD
	BROWERVILLE	CLEAR LAKE	DELLAVAN	FARIBAULT	GREENWAY TWP.
	BROWNS VALLEY	CLEARBROOK	DELLWOOD	FARMINGTON	GREENWOOD TWP.
		CLEARWATER TWP.	DETROIT LAKES	FAYAL TWP.	GREY EAGLE
		CLEARWATER	DEXTER	FERGUS FALLS	GROVE CITY
		CLEMENTS	DILWORTH	FERTILE	GRYGLA
				FIFTY LAKES	HACKENSACK
				FINLAYSON	HADLEY
				FISH LAKE TWP.	HALLOCK
				FLENSBURG	HALSTAD
				FLOODWOOD	HAM LAKE
				FOLEY	HAMBURG
				FOREST LAKE TWP.	HANCOCK

HANLEY FALLS	KARLSTAD	LIVONIA TWP.	MONTEVIDEO	ORION TWP.	RICE LAKE TWP.
HANOVER	KASOTA	LONG LAKE	MONTGOMERY	ORONO	RICHFIELD
HANSKA	KASSON	LONG LAKE TWP.	MONTICELLO TWP.	ORONOCO	RICHMOND
HARDWICK	KEEWATIN	LONG PRAIRIE	MONTICELLO	ORR	ROBBINSDALE
HARMONY	KELLIHER	LONGVILLE	MONTROSE	ORROCK TWP.	ROCHESTER
HARRIS	KELLOGG	LONSDALE	MOORHEAD	ORTON TWP.	ROCHESTER TWP.
HARRIS TWP.	KENNEDY	LORETTO	MOOSE LAKE	OSAKIS	ROCK CREEK
HARTLAND	KENSINGTON	LUCAN	MORA	OSLO	ROCKFORD TWP.
HASSAN TWP.	KENYON	LUVERNE	MORGAN	OSSEO	ROCKFORD
HASTINGS	KERKHOVEN	LYLE	MORRIS	OTSEGO	ROGERS
HAWLEY	KETTLE RIVER TWP.	LYLE TWP.	MORRISTOWN	OSTRANDER	ROLLING GREEN TWP.
HAYFIELD	KETTLE RIVER	LYND	MORSE TWP.	OWATONNA	ROLLINGSTONE
HAYWARD	KIESTER	MABEL	MORTON	PALISADE	ROOSEVELT TWP.
HECTOR	KIMBALL	MADELIA	MOTLEY	PARK RAPIDS	ROSE CREEK
HELEN TWP.	KINNEY	MADISON	MOUND	PARKERS PRAIRIE	ROSEAU
HENDERSON	KRAIN TWP.	MADISON LAKE	MOUNDS VIEW C	PAYNESVILLE	ROSEMOUNT
HENDRICKS	LA CRESCENT	MAGNOLIA TWP.	MOUNTAIN IRON	PELICAN RAPIDS	ROSEVILLE
HENDRUM	LAFAYETTE TWP.	MAHNOMEN	MOUNTAIN LAKE TWP.	PENN TWP.	ROTHSAY
HENNING	LAFAYETTE	MAHTOMEDI	MOUNTAIN LAKE	PEQUOT LAKES	ROUND LAKE
HERMANTOWN	LA GRANDE TWP.	MANKATO	MURDOCK	PERHAM	ROYALTON TWP.
HERMAN	LAKE BENTON	MANKATO TWP.	NASHWAUK TWP.	PETERSON	ROYALTON
HERON LAKE	LAKE BRONSON	MANTORVILLE TWP.	NASHWAUK	PIERZ	RUSH CITY
HEWITT	LAKE CITY	MANTORVILLE	NESSSEL TWP.	PILOT MOUND TWP.	RUSHFORD
HIBBING	LAKE CRYSTAL	MAPLE GROVE	NEVIS	PILLAGER	RUSHFORD VILLAGE
HILL CITY	LAKE EDWARD TWP.	MAPLE LAKE TWP.	NEVIS TWP.	PIKE CREEK TWP.	RUSHMORE
HILLS	LAKE ELMO	MAPLE LAKE	NEW AUBURN	PINE CITY TWP.	RUSSELL
HILLTOP	LAKE LILLIAN	MAPLE PLAIN	NEW BRIGHTON	PINE CITY	SACRED HEART
HINCKLEY	LAKE PARK	MAPLETON	NEW HOPE	PINE ISLAND	ST. ANTHONY
HITTERDAL	LAKE SHORE	MAPLEVIEW	NEW LONDON	PINE RIVER TWP.	ST. AUGUSTA TWP.
HOFFMAN	LAKE ST. CROIX BEACH	MAPLEWOOD	NEW MUNICH	PINE RIVER	ST. BONIFACIUS
HOKAH	LAKE VIEW TWP.	MARBLE	NEW PRAGUE	PIPESTONE	ST. CHARLES
HOLDEN TWP.	LAKE WILSON	MARCELL TWP.	NEW RICHLAND	PLAINVIEW TWP.	ST. CLAIR
HOLDING TWP.	LAKEFIELD	MARIETTA	NEW SCANDIA TWP.	PLAINVIEW	ST. CLOUD
HOLDINGFORD	LAKELAND	MARINE ON ST CROIX	NEW ULM	PLATO	ST. CLOUD TWP.
HOLLAND	LAKELAND	MARSHALL	NEW YORK MILLS	PLUMMER	ST. FRANCIS
HOLLOWAY	LAKETOWN TWP.	MARTIN TWP.	NEWBURG TWP.	PLYMOUTH	ST. HILAIRE
HOLLY TWP.	LAKEVILLE	MARYSVILLE TWP.	NEWFOLDEN	POKEGAMA TWP.	ST. JAMES
HOLLYWOOD TWP.	LAKIN TWP.	MAY TWP.	NEWPORT	POWERS TWP.	ST. JOSEPH
HOPKINS	LAMBERTON	MAYER	NICOLLET	PREBLE TWP.	ST. JOSEPH TWP.
HOUSTON	LANCASTER	MAYNARD	NISSWA	PRESTON	ST. LEO
HOWARD LAKE	LANESBORO	MAZEPPA	NORDLAND TWP.	PRINCETON TWP.	ST. LOUIS PARK
HOYT LAKES	LANESBURGH TWP.	MC GREGOR	NORTH BRANCH	PRINCETON	ST. MICHAEL
HUGO	LAPRAIRIE	MCINTOSH	NORTH MANKATO	PRINSBURG	ST. PAUL
HUTCHINSON	LAUDERDALE	MEDFORD	NORTH OAKS	PRIOR LAKE	ST. PAUL PARK
IDEAL TWP.	LE CENTER	MEDINA	NO. ST. PAUL	PROCTOR	ST. PETER
INDEPENDENCE	LEON TWP.	MELROSE	NORTHERN TWP.	QUINCY TWP.	SANBORN
INTERNATIONAL FALLS	LEROY	MENAHGA	NORTHFIELD	RACINE TWP.	SANDSTONE
INVER GROVE HEIGHTS	LE SAUK TWP.	MENDOTA HEIGHTS	NORTHFIELD TWP.	RACINE	SARTELL
IRON RANGE TWP.	LESUEUR	MENTOR	NORTHHOME	RAMSEY	SAUK CENTRE
IRONDALE TWP.	LESTER PRAIRIE	MIDDLE RIVER	NORTHROP	RANDALL	SAUK RAPIDS
IRONTON	LEWISTON	MIDDLEVILLE TWP.	NORWAY TWP.	RANDOLPH	SAVAGE
ISANTI	LEWISVILLE	MIDWAY TWP.	NORWOOD	RANIER	SCANDIA VALLEY
ISLE	LEXINGTON	MILACA	OAK GROVE TWP.	RAYMOND	SCANLON
IVANHOE	LIDA TWP.	MILAN	OAK LAWN TWP.	RED LAKE FALLS	SEBEKA
JACKSON	LILYDALE	MILLERVILLE	OAK PARK HEIGHTS	RED WING	SHAFER
JANESVILLE	LINDSTROM	MILROY	OAKDALE	REDWOOD FALLS	SHAKOPEE
JASPER	LINO LAKES	MILTONA	ODESSA	REMER	SHAMROCK TWP.
JEFFERS	LINWOOD TWP.	MINNEAPOLIS	OGEMA	RENVILLE	SHELLY
JENKINS	LISMORE	MINNEOTA	OGILVIE	RICE	SHERBURN
JORDAN	LITCHFIELD	MINNESOTA LAKE	OKABENA		
KANDIYOHI	LITTLE CANADA	MINNETONKA	OKLEE		
	LITTLE FALLS	MINNETONKA BEACH	OLIVIA		
	LITTLEFORK	MINNETRISTA	ONAMIA		

Statistical Section

SHETEK TWP.	VERMILLION	WOODBURY	MCLEOD	AURORA-HOYT LKS.-BIWABIK #2711	CLARA CITY #126
SHINGOBBE TWP.	VERNDALE	WOODLAND TWP.	MEEKER	AUSTIN #492	CLARKFIELD #892
SHOREVIEW	VERNON CENTER	WORTHINGTON	MILLE LACS	BABBITT #692	CLEARBROOK #161
SIBLEY TWP.	VESTA	WRENSHALL	MORRISON	BADGER #676	CLEVELAND #391
SILVER BAY	VICTOR TWP.	WYANETT TWP.	MOWER	BAGLEY #162	CLIMAX #592
SILVER CREEK TWP.	VICTORIA	WYKOFF	MURRAY	BALATON #411	CLINTON-GRACEVILLE #55
SILVER LAKE	VIRGINIA	WYOMING TWP.	NICOLLET	BARNESVILLE #146	CLOQUET #94
SLAYTON	WABASHA	WYOMING	NOBLES	BARNUM #91	COKATO-DASSEL #466
SLEEPY EYE	WABASSO	YORK TWP.	NORMAN	BARRETT #262	COLD SPRING #750
SOLWAY TWP.	WACONIA	YNG. AMERICA TWP.	OLMSTED	BATTLE LAKE #542	COLERAINE #316
SO. ST. PAUL	WACONIA TWP.	YOUNG AMERICA	OTTERTAIL	BEARDSLEY #57	COLUMBIA HEIGHTS #13
SOUTH BEND TWP.	WADENA	YUCATAN TWP.	PENNINGTON	BECKER #726	COMFREY #81
SOUTH HAVEN	WAHKON	ZIMMERMAN	PINE	BELGRADE #736	COOK COUNTY #166
SPICER	WAITE PARK	ZUMBROTA	PIPESTONE	BELLE PLAINE #716	COSMOS #461
SPRING GROVE	WALDORF		POLK	BELLINGHAM #371	COTTONWOOD #412
SPRING LAKE PARK	WALKER		POPE	BELVIEW #631	CROMWELL #95
SPRING PARK	WALNUT GROVE		RAMSEY	BEMIDJI #31	CROOKSTON #593
SPRING VALLEY	WALTHAM TWP.	COUNTIES	RED LAKE	BENSON #777	CROSBY-IRONTON #182
SPRINGDALE TWP.	WANAMINGO TWP.	AITKIN	REDWOOD	BERTHA-HEWITT #786	CYRUS #611
SPRINGFIELD	WANAMINGO	ANOKA	RENVILLE	BIG LAKE #727	DAKOTA CO. TECH. COLLEGE #917
STACY	WANDA	BECKER	RICE	BIRD ISLAND-OLIVIA #2534	DANUBE #648
STANFORD TWP.	WARREN	BELTRAMI	ROCK	BLACKDUCK #32	DEER RIVER #317
STANTON TWP.	WARROAD	BENTON	ROSEAU	BLOOMING PRAIRIE #756	DELANO #879
STAPLES	WARSAW TWP.	BIG STONE	ST LOUIS	BLOOMINGTON #271	DELAVAN #218
STARBUCK	WASECA	BLUE EARTH	SCOTT	BLUE EARTH #240	DETROIT LAKES #22
STEPHEN	WATERTOWN TWP.	BROWN	SHERBURNE	BORUP #522	DILWORTH #147
STEWART	WATERTOWN	CARLTON	SIBLEY	BOYD-DAWSON #378	DODGE CENTER-CLAREMONT-W. CONCORD #2125
STEWARTVILLE	WATERVILLE	CARVER 1	STEARNS	BRAHAM #314	DULUTH #709
STILLWATER	WATKINS	CASS	STEELE	BRAINERD #181	EAGLE BEND #790
STILLWATER TWP.	WATSON	CHIPPEWA	STEVENS	BRAINERD-STAPLES REG. TECH. COLLEGE #2190	EAST CHAIN-GRANADA #2536
STOCKHOLM TWP.	WAUBUN	CHISAGO	SWIFT	BRANDON #207	EAST GRAND FORKS #595
STOCKTON	WAVERLY	CLAY	TODD	BRECKENRIDGE #846	EAST GRAND FORKS NORTHWEST TECH. COLLEGE
STORDEN	WAYZATA	CLEARWATER	TRAVERSE	BREWSTER #513	ECHO #893
SVERDRUP TWP.	WEBSTER TWP.	COOK	WABASHA	BRICELYN #217	EDEN PRAIRIE #272
SWAN RIVER TWP.	WELCOME	COTTONWOOD	WADENA	BROOKLYN CNTR. #286	EDEN VALLEY-WATKINS #463
SWANVILLE TWP.	WELLS	CROW WING	WASECA	BROOTEN #737	EDGERTON #581
SWANVILLE	WENDELL	DAKOTA	WASHINGTON	BROWERVILLE #787	EDINA #273
SYLVAN TWP.	WEST CONCORD	DODGE	WATONWAN	BROWNS VALLEY #801	ELGIN-MILLVILLE #806
TACONITE	WEST ST. PAUL	DOUGLAS	WILKIN	BROWNTON #421	ELK RIVER #728
TAYLORS FALLS	WESTBROOK	FARIBAULT	WRIGHT	BUFFALO #877	ELLENDALE #762
THIEF RIVER FALLS	WESTBROOK TWP.	FILLMORE	YELLOW MEDICINE	BUFFALO LAKE #647	ELLSWORTH #514
THOMSON TWP.	WHEATON	FREEBORN		BURNSVILLE #191	ELMORE #219
TINTAH	WHITE TWP.	GOODHUE		BUTTERFIELD #836	ELY #696
TONKA BAY	WHITE BEAR TWP.	GRANT		BYRON #531	EMMONS #243
TOWER	WHITE BEAR LAKE	HENNEPIN		CALEDONIA #299	ESKO #99
TRACY	WILLIAMS	HOUSTON	SCHOOL DISTRICTS	CAMBRIDGE-ISANTI #911	EVANSVILLE #208
TRIMONT	WILLERNIE	HUBBARD	ADA #521	CAMPBELL-TINTAH #852	EVELETH #697
TRUMAN	WILLMAR	ISANTI	ADRIAN #511	CANBY #891	EVELETH-HIBBING RANGE TECH. COLLEGE
TURTLE LAKE TWP.	WILMONT	ITASCA	AITKIN #1	CANNON FALLS #252	EYOTA-DOVER #533
TWIN VALLEY	WINDOM	JACKSON	ALBANY #745	CARLTON #93	FAIRFAX-GIBBON-WINTHROP #2365
TWO HARBORS	WINGER	KANABEC	ALBERT LEA #241	CASS LAKE #115	FAIRMONT #454
TWO RIVERS TWP.	WINNEBAGO	KANDIYOH1	ALDEN-CONGER #242	CENTENNIAL #12	FARIBAULT #656
TYLER	WINONA	KITTSO1	ALEXANDRIA #206	CEYLON #451	FARMINGTON #192
ULEN	WINSTED	KOOCHICHING	ALVARADO #436	CHASKA #112	FERGUS FALLS #544
UNDERWOOD	WINTHROP	LAC QUI PARLE	AMBOY-GOOD THUNDER #79	CHATFIELD #227	
UPSALA	WINTON	LAKE	ANNANDALE #876	CHISHOLM #695	
VADNAIS HEIGHTS	WOLF LAKE	LAKE OF THE WOODS	ANOKA-HENNEPIN #11	CHOKIO-ALBERTA #771	
VASA TWP.	WOLVERTON	LE SUEUR	ARGYLE #437	CHOSEN VALLEY #227	
VERGAS	WOOD LAKE	LINCOLN	ARLINGTON-GREEN ISLE #731		
		LYON	ASHBY #261		
		MAHNOMEN	ATWATER #341		
		MARSHALL	AUDUBON #21		
		MARTIN			

FERTILE #599	IVANHOE #403	MAZEPPA- ZUMBROTA #2805	OWATONNA #761	SAUK RAPIDS #47	WABASHA- KELLOGG #811
FINLAYSON #570	JACKSON #324	MC GREGOR #4	PARK RAPIDS #309	SEBEKA #820	WABASSO #640
FISHER #600	JANESVILLE- PEMBERTON- WALDORF #2835	MEDFORD #763	PARKERS PRAIRIE #547	SHAKOPEE #720	WACONIA #110
FLOODWOOD #698	JASPER #582	MELROSE #740	PAYNESVILLE #741	SHERBURN-TRIMONT- WELCOME #2372	WADENA #819
FOLEY #51	JEFFERS- STORDEN #178	MENAHGA #821	PELICAN RAPIDS #548	SIBLEY COUNTY- RIVER BEND #6049	WADENA TECH. INSTITUTE
FOREST LAKE #831	JORDAN #717	MENTOR #604	PEQUOT LAKES #186	SILVER LAKE #425	WALKER- HACKENSACK- AKELEY #113
FOSSTON #601	KARLSTAD- STRANDQUIST #2358	MIDDLE RIVER #440	PERHAM #549	SIoux VALLEY #328	WALNUT GROVE #641
FRANKLIN #650	KASSON- MANTORVILLE #204	MID-STATE #6979	PIERZ #484	SLAYTON #504	WANAMINGO #258
FRAZEE #23	KELLIHER #36	MILACA #912	PILLAGER #116	SLEEPY EYE #84	WARREN #446
FREEBORN #244	KENNEDY #354	MILROY #635	PINE CITY #578	SOUTHLAND #500	WARROAD #690
FRIDLEY #14	KENSINGTON #209	MINNEAPOLIS #1	PINE CITY TECH. COLLEGE #579	SO. ST. PAUL #6	WASECA #829
FULDA #505	KENYON #254	MINNEOTA #414	PINE ISLAND #255	SO. WASHINGTON COUNTY #833	WATERTOWN- MAYER #111
GARY #523	KERKHOVEN- MURDOCK- SUNBURG #775	MINNESOTA LAKE #223	PINE RIVER- BACKUS #117	SOUTHWESTERN TECH. COLLEGE #900	WATERVILLE- ELYSIAN #395
GAYLORD #732	KIESTER #222	MINNETONKA #276	PIPESTONE #583	SPRING GROVE #297	WAYZATA #284
GILBERT #699	KIMBALL #739	MONTEVIDEO #129	PLAINVIEW #810	SPRING LK. PARK #16	WELLS-EASTON#224
GLENCOE #422	KOOCHICHING COUNTY #363	MONTGOMERY- LONSDALE #394	PLUMMER #628	SPRING VALLEY #237	WESTBROOK #175
GLENVILLE #245	LA CRESCENT #300	MONTICELLO #882	PRESTON- FOUNTAIN #233	SPRINGFIELD #85	WEST CENTRAL #263
GLYNDON- FELTON #145	LAKE BENTON #404	MOORHEAD #152	PRINCETON #477	STAPLES #793	WESTONKA #277
GONVICK-TRAIL #158	LAKE CITY #813	MOOSE LAKE #97	PRIOR LAKE #719	STEPHEN #443	WEST ST. PAUL #197
GOODHUE #253	LAKE CRYSTAL #2071	MORA #332	PROCTOR #704	STEWART #426	WHEATON #803
GOODHUE CO. #6051	LAKE PARK #24	MORGAN #636	RANDOLPH #195	STEWARTVILLE #534	WHITE BEAR LAKE #624
GOODRIDGE #561	LAKE SUPERIOR #381	MORRIS #769	RAYMOND #346	STILLWATER #834	WHITE EARTH- OGEMA-WAUBUN #435
GRAND MEADOW #495	LAKE WILSON- CHANDLER #918	MORRISTOWN #657	RED LAKE #38	SWANVILLE #486	WILLMAR #347
GRAND RAPIDS #318	LAKE OF THE WOODS #390	MORTON #652	RED LAKE FALLS #630	TAYLORS FALLS #140	WILLMAR-HUTCHINSON TECH. COLLEGE
GRANITE FALLS #894	LAKEFIELD #325	MOTLEY #483	RED WING #256	THIEF RIVER FALLS #564	WILLOW RIVER #577
GREENBUSH #678	LAKEVILLE #194	MOUNDS VIEW #621	REDWOOD FALLS #637	THIEF RIVER FALLS NORTHWEST TECH. COLLEGE	WINDOM #177
GREY EAGLE #791	LAMBERTON #633	MOUNTAIN IRON- BUHL #712	REMER #118	TOWER-SOUDAN #708	WIN-E-MAC #2609
GROVE CITY #464	LANCASTER #356	MOUNTAIN LAKE #173	RENVILLE #654	TRACY #417	WINNEBAGO #225
GRYGLA #447	LANESBORO #229	NASHWAUK- KEEWATIN #319	RICHFIELD #280	TRUMAN #458	WINONA #861
HALLOCK- HUMBOLDT #2359	LAPORTE #306	NETT LAKE #707	ROBBINSDALE #281	TWIN VALLEY #526	WINONA-RED WING TECH. COLLEGE
HALSTAD- HENDRUM #2527	LE CENTER #392	NEVIS #308	ROCHESTER #535	TYLER #409	WINSTED #427
HANCOCK #768	LERoy- OSTRANDER #499	NEW LONDON- SPICER #345	LUVERNE #670	ULEN-HITTERDAL #914	WOOD LAKE #896
HARMONY #228	LE SUEUR- HENDERSON #2397	NEW PRAGUE #721	ROCKFORD #883	UNDERWOOD #550	WORTHINGTON #518
HASTINGS #200	LESTER PRAIRIE #424	MN. RIVER VALLEY #993	ROSEAU #682	UPSALA #487	WRENSHALL #100
HAWLEY #150	LEWISTON #857	NEW RICHLAND- HARTLAND #827	ROSEMOUNT #196	VALLEY & LAKES EDUCATION #6001	WYKOFF #236
HAYFIELD #203	LINSTROM- CHISAGO LAKES #141	NEW ULM #88	ROSEVILLE #623	VERDI #408	
HECTOR #651	LITCHFIELD #465	NEW YORK MILLS #553	ROTHSAY #850	VERNDALE #818	
HENDRICKS #402	LITTLE FALLS #482	MARSHALL CO. CENTRAL #441	ROUND LAKE #516	VIRGINIA #706	
HENNEPIN CO. #287	LITTLEFORK- BIG FALLS #362	NICOLLET #507	ROYALTON #485		
HENNING #545	LONG PRAIRIE #792	NORTH BRANCH #138	RUSH CITY #139		
HERMAN #264	LYLE #497	NORTH CENTRAL TECH. COLLEGE	RUSHFORD- PETERSON #239		
HERMANTOWN #700	LYND #415	NORTHEAST METRO INTERM #916	RUSSELL #418		
HERON LAKE- OKABENA #330	MABEL-CANTON #238	NORTHFIELD #659	RUTHTON #584		
HIAWATHA VALLEY #61-6013	MADELIA #837	NO. ST. PAUL- MAPLEWOOD- OAKDALE #622	SACRED HEART #655		
HIBBING #701	MADISON JOINT POWERS #6011	NORWOOD-YOUNG AMERICA #108	ST. ANTHONY #282		
HILL CITY #2	MAGNOLIA #669	OGILVIE #333	ST. CHARLES #858		
HILLS- BEAVER CREEK #671	MAHNOTOMEDI #832	OKLEE #627	ST. CLAIR #75		
HINCKLEY #573	MANKATO #77	ONAMIA #480	ST. CLOUD #742		
HOFFMAN #265	MAPLE LAKE #881	ORONO #278	ST. FRANCIS #15		
HOLDINGFORD #738	MAPLETON #72	ORTONVILLE #62	ST. JAMES #840		
HOPKINS #270	MARSHALL #413	OSAKIS #213	ST. LOUIS CO. #710		
HUSTON #294	MAYNARD #127	OSLO #442	ST. LOUIS PARK #283		
HOWARD LAKE- WAVERLY #880		OSSEO #279	ST. MICHAEL- ALBERTVILLE #885		
HUTCHINSON #423			ST. PAUL #625		
INTERNATIONAL FALLS #361			ST. PETER #508		
INVER GROVE HEIGHTS #199			SANBORN #638		
ISLE #473			SANDSTONE- ASKOV #2580		
			SARTELL #748		
			SAUK CENTRE #743		

MISCELLANEOUS

ADAMS HEALTH CARE CNTR.
 AITKIN COUNTY SWCD
 ALEXANDRIA LAKE AREA SANITARY DIST.
 ANOKA COUNTY SWCD
 ARROWHEAD LIBRARY SYSTEM
 ARROWHEAD REGIONAL DEVEL. COMM.
 ASSN. OF MN. COUNTIES
 BATTLE LAKE MOTOR PAT. ASSN.
 BECKER COUNTY SWCD
 BELTRAMI COUNTY SWCD
 BEMIDJI R.I.C.
 BENTON COUNTY SWCD

BENTON-STEARNES COUNTY
SPECIAL EDUCATION COOP
BIG STONE COUNTY SWCD
BLUE EARTH COUNTY SWCD
BRAHAM-MORA-PINE CITY JOINT POWERS BD.
BROWN COUNTY SWCD
BOARD OF PUBLIC DEFENDERS
BOIS DE SIOUX WATERSHED DIST.
BOVEY COLERAIN TREATMENT
PLANT COMM.
CARVER-SCOTT COOP CTR.
CASS COUNTY SWCD
CARLTON COUNTY SWCD
CARVER COUNTY SWCD
CENTRAL MN. EDUCATION RESEARCH
DEVELOPEMENT COUNCIL
CENTRAL MN ECSU
CENTRAL ST CROIX VALLEY CABLE
COMMISSION
CIRCLE PINES-LEXINGTON JNT. POLICE COMM.
CHISAGO COUNTY SWCD
CHISHOLM-HIBBING AIRPORT COMM.
CLAY COUNTY SWCD
CLEARWATER COUNTY NURSING SERVICE
CLEARWATER COUNTY SWCD
CLEARWATER RIVER WATERSHED DIST.
COTTONWOOD COUNTY SWCD
CROOKSTON DEVELOPMENT AUTH.
CROW WING COUNTY SWCD
DAKOTA COUNTY SWCD
DELAVIN-EASTON PUBLIC SAFETY
DES MOINES VALLEY NURSING SERVICE
DOUGLAS COUNTY SWCD
DODGE COUNTY SWCD
DOVER-EYOTA-ST. CHARLES
SANITARY DISTRICT
EAST CENTRAL REGIONAL
DEVELOPMENT COMM.
EAST CENTRAL REGIONAL LIBRARY
EAST OTTERTAIL COUNTY SWCD
EAST POLK COUNTY SWCD
ED. COOP SERV UNIT METRO ECSU ISD #920
ED. COOP SERV UNIT 5
ESV REGION 5 COMPUTER SERVICE
FARIBAULT COUNTY SWCD
FERGUS FALLS SPECIAL ED. COOP CENTER
FMC HUMAN SERV BD.
FREEBORN COUNTY SWCD
FRESHWATER EDUCATION DIST.
GOODHUE COUNTY SWCD
GOVERNMENT TRAINING SERVICE
GRANT COUNTY SWCD
GREAT RIVER REGIONAL LIBRARY
GREENWAY JOINT RECREATION ASSOC.
HEADWATER NUTRITION PROJECT
HEADWATERS REG. DEV. COMM.
HENNEPIN CO. PARKS
HUBBARD COUNTY SWCD
HUDSON SANITARY LANDFILL AUTHORITY
ISANTI COUNTY SWCD
ITASCA COUNTY SWCD

JOINT POWERS BOARD #6046-62
KANABEC COUNTY SWCD
KANDIYOHI COUNTY SWCD
KITCHIGAMI REGIONAL LIBRARY
KITTSOON COUNTY SWCD
KITTSOON-MARSHALL RURAL WATER SYSTEM
KOOCHICHING COUNTY SWCD
LAC QUI PARLE COUNTY SWCD
LAC QUI PARLE-YELLOW MEDICINE SWCD
LK. AGASSIZ SPEC. EDUC. COOP
LK. AGASSIZ REGIONAL LIBRARY
LAKE COUNTY SWCD
LAKE MINNETONKA CABLE
COMMUNICATIONS COMM.
LAKE MINNETONKA CONS. DIST.
LAKES COMMUNITY RECREATION
LEAF RIVER ED. DIST. #61-6961
LEAGUE OF MINN. CITIES
LINCOLN COUNTY SWCD
LOCAL GOV. INFO. SYSTEMS
LONG LAKE CONS. CNTR.
LYON COUNTY SWCD
MAHNOMEN COUNTY SWCD
MARSHALL-BELTRAMI CO. SWCD
MARSHALL COUNTY SWCD
MARSHALL-POLK RURAL WATER SYSTEM
MARTIN COUNTY SWCD
MARTIN-FARIBAULT CO. PRAIRIE LAND
SOLID WASTE BD.
MCLEOD COUNTY SWCD
MEEKER COUNTY SWCD
MEEKER-WRIGHT COUNTY SPECIAL ED. COOP
METROPOLITAN AIRPORTS COMM.
METROPOLITAN COUNCIL
METRO INTER CO. ASSN.
METRO LIBRARY SERVICE AGENCY
METRO MOSQUITO CONTROL DIST.
METRONET
METRO SPORTS FAC. COMM.
METRO TRANSIT COMMISSION
METRO WASTE CONTROL COMM.
METRO II
MIDDLE RIVER/SNAKE RIVER
WATERSHED DISTRICT
MID-MINNESOTA DEVELOPMRNT COMM.
MIDWEST SPEC. ED. COOP #398
MILLE LACS COUNTY SWCD
MN. ASSOC. OF URBAN COUNTIES
MN. MUNICIPAL UTILITIES ASSOC.
MN. SCHOOL DIST. DATA PROCESSING JOINT BD.
MN. RIVERLAND TECH. COL.
MN. STATE SHERIFFS ASSOC.
MN. TEAMSTER PUBLIC & LAW LOCAL 320
MN. VALLEY COOP CENTER
MN. VALLEY ED. DIST.
MN. VALLEY REGIONAL LIBRARY
MN. VALLEY TRANSIT AUTHORITY
MOOSE LAKE-WINDEMERE
MORRISON COUNTY SWCD
MOTOR PATROL
MOWER COUNTY SWCD
MULTI COUNTY NURSING SE
NEW RICHLAND CARE CNTR.

NICOLLET COUNTY SWCD
NOBLES COUNTY SWCD
NORMAN COUNTY SWCD
NORTH CENTRAL SUBURBAN CABLE COMM.
NORTH COUNTRY LIBRARY COOP
N COUNTRY VOC. COOP CNTR. BEMIDJI
TECHNICAL COLLEGE
NE ED. COOP SERV UNIT
NORTHEAST ED. DIST. #6033
NORTHEAST MN. OFFICE OF JOB TRAINING
NORTHERN LIGHTS LIBRARY NETWORK
NORTH KITTSOON COUNTY
RURAL WATER SYSTEM
NORTH ST. LOUIS COUNTY SWCD
NORTHWEST ECSU
NW HENNEPIN HUMAN SERVICES
NW MIGRANT REGION
NW REGIONAL DEVEL. COMM.
NW REGIONAL INTERDISTRICT COUNCIL
NW SUB. CABLE COMM.
OLMSTED COUNTY SWCD
OTTERTAIL LAKES AREA SEWER DIST.
PENNINGTON COUNTY SWCD
PENNINGTON-RED LAKE COUNTY INTER
COUNTY NURSING SERVICE
PELICAN RIVER WATERSHED DIST.
PINE COUNTY SWCD
PINE POINT EXP. SCHOOL
PINE RIVER SANITARY DISTRICT
PINE TO PRAIRIE COOPERATIVE CENTER
PIONEERLAND LIBRARY SYSTEM
PIPESTONE COUNTY SWCD
PLAINVIEW-ELGIN WASTEWATER DIST.
PLUM CREEK LIBRARY SYSTEM
POPE COUNTY SWCD
PRIOR LAKE-SPRING LAKE WATERSHED DIST.
PERA
RANGE ASSN. OF MUNICIPALITIES
RED LAKE WATERSHED DISTRICT
REGION 8 SW & W CENTRAL ECSU
RED LAKE COUNTY SWCD
RED LAKE FALLS AREA SPECIAL ED. COOP
RED RIVER VALLEY VOC. COOP CNT.
REDWOOD-COTTONWOOD RIVER CONTROL
AREA
REDWOOD COUNTY SWCD
REGION 5 DEVELOPMENT COMM.
REGION 1 ESV
REGION 9 SOUTH CENTRAL ECSU
RENVILLE COUNTY SWCD
RICE COUNTY SWCD
ROSEAU COUNTY SWCD
RICE CREEK WATERSHED DISTRICT
RIVER BEND SPECIAL ED. COOP
ROCK COUNTY RURAL WATER SYSTEM
RUNESTONE COMM. CENTER
RUNESTONE ED. DIST. #6014
RURAL FIRE ASSN.
ST. BONIFACIUS-MINNESTRISTA POLICE COMM.
ST. CLOUD AREA PLANNING ORGANIZATION
ST. CLOUD METRO TRANSIT COMM.
ST. LOUIS COUNTY NORTHWOODS
SOLID WASTE COMM.
SAUK CENTRE WATERSHED DIST.

SCOTT COUNTY SWCD
SCOTT JOINT CITY PROSECUTION
SHERBURNE COUNTY SWCD
SIBLEY COUNTY SWCD
SO CENTRAL ED. COOP SERV UNIT
SO CENTRAL EDUCATIONAL DIST.
SO CENTRAL MINNESOTA
INTER-LIBRARY EXCHANGE
SE MINN ED. COOP SERVICE UNIT
SOUTHERN MN MUN POWER AGENCY
SO LAKE MINNETONKA PUBLIC SAFETY DEPT.
SO ST. LOUIS COUNTY SOLID
WASTE COMMISSION
SO ST. LOUIS COUNTY SWCD
SW MULTI-CO. INTERLIB EXCHANGE
SW & W CENTRAL ED. COOP SERV UNIT
SW REGIONAL DEVELOPMENT COMM.
SPRING GROVE AMBULANCE CORP.
STATE COMM. COLLEGE BD.
STATE OF MN. MILITARY
AFFAIRS FIREFIGHTERS
STATE SUPREME COURT JUDICIAL DISTRICTS
STEARNS COUNTY SWCD
STEELE COUNTY SWCD
STEVENS COUNTY SWCD
SUB SCHOOL EMP. #284
SUNNYSIDE NURSING HOME
SWIFT COUNTY SWCD
TODD COUNTY SWCD
TOWNSHIP MAIN ASSC.
TRAVERSE COUNTY SWCD
TRAVERSE DES SIOUX LIBRARY SYSTEM
UPPER MN. RIVER WATERSHED DISTRICT
UPPER MN. VALLEY REGIONAL
DEVELOPMENT COMM.
U OF M POLICE OFFICERS
VIKING REGIONAL LIBRARY SYSTEM
WADENA COUNTY SWCD
WASECA COUNTY SWCD
WASHINGTON COUNTY SWCD
WATONWAN COUNTY SWCD
WEST CENTRAL AREA ON AGING
WEST CENTRAL ECSU
WESTERN LAKE SUPERIOR SANUITARY DIST.
WEST HENNEPIN CO. HUMAN SERVICES
WEST HENNEPIN PUBLIC SAFTEY DEPT.
WEST OTTERTAIL COUNTY SWCD
WEST POLK COUNTY SWCD
WILKIN COUNTY SWCD
WINDOM AREA HOSPITAL
WINONA COUNTY SWCD
WRIGHT VOC. CENTER
YELLOW MEDICINE COUNTY SWCD

**POLICE AND FIRE
RELIEF ASSOCIATIONS
CONSOLIDATED WITH PERA**

ALBERT LEA FIRE
ALBERT LEA POLICE
ANOKA POLICE
AUSTIN POLICE
BLOOMINGTON POLICE
BUHL POLICE
CHISHOLM FIRE
CHISHOLM POLICE
COLUMBIA HEIGHTS FIRE
COLUMBIA HEIGHTS POLICE
CROOKSTON FIRE
CRYSTAL POLICE
DULUTH FIRE
DULUTH POLICE
FARIBAULT FIRE
FRIDLEY POLICE
HIBBING FIRE
HIBBING POLICE
MANKATO FIRE
NEW ULM POLICE
RED WING FIRE
RED WING POLICE
RICHFIELD POLICE
ROCHESTER FIRE
ROCHESTER POLICE
ST. PAUL FIRE
ST. PAUL POLICE
ST. CLOUD FIRE
ST. LOUIS PARK FIRE
ST. LOUIS PARK POLICE
SO. ST. PAUL FIRE
WEST ST. PAUL FIRE
WEST ST. PAUL POLICE
WINONA FIRE
WINONA POLICE



Notes



Notes
