



# ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

For Fiscal Year Ended June 30, 2004

***INTERACTIVE  
TABLE OF  
CONTENTS***

Public Employees  
Retirement Association  
of Minnesota

Public  
Employees  
Retirement  
Association  
of Minnesota

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

For the Fiscal Year Ended June 30, 2004

**73**  
Years of  
Service  
to  
Minnesota's  
Public  
Employees



Pension Trust Funds of the State of Minnesota

**BOARD OF TRUSTEES**

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**Ross E. Arneson** — Elected Membership Representative  
**Marcia Farinacci** — Annuitant Representative  
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**Terry A. Martinson** — School Board Representative  
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**EXECUTIVE DIRECTOR**

**Mary Most Vanek**

**REPORT PREPARED BY:**

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

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**INTRODUCTORY**  
**SECTION**

Public Employees  
Retirement Association  
of Minnesota

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Public Employees Retirement  
Association of Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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



*Nancy L. Zjelle*

President

*Jeffrey R. Emer*

Executive Director

**GFOA**

The Government Finance Officers Association (GFOA) recognizes public retirement systems that meet its rigorous standards for financial reporting with its annual Certificate of Achievement for Excellence in Financial Reporting. It is the highest form of recognition for accounting and financial reporting in the public pension sector. This is the 19th time in the last 20 years PERA has been so honored.

# President's Report

Public Employees Retirement Association of Minnesota  
60 Empire Drive, Suite 200  
Saint Paul, Minnesota 55103-2088  
Member Information Services: 651-296-7460 or 1-800-652-9026  
Employer Response Lines: 651-296-3636 or 1-888-892-7372  
PERA Fax Number: 651-297-2547  
PERA Website: [www.mnpera.org](http://www.mnpera.org)



**Dawn Hulmer**  
Board President

January 19, 2005

**Dear Members, Annuitants, Beneficiaries and Governmental Employers:**

This 73rd 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, 2004, PERA's net assets available for benefits at fair value exceeded \$14.2 billion. This reflects an annual increase of approximately 12.8%, the largest increase in six years.

Fiscal year 2004 was an outstanding year at PERA. The stock market dramatically enhanced investment performance during the year. The total rate of return for the assets of the active employees covered by PERA was 16.6% for the 12 months ended June 30, 2004. For the past 10 years, these investments outperformed the composite market return benchmark by two-tenths (0.2) of one percent, with a favorable annualized return of 9.8%. This rate of return is well above the fund's actuarial assumed annual rate of return of 8.5%.

As the active employees of PERA retire, assets required to cover expected benefits are transferred to the Minnesota Post Retirement Investment Fund (MPRIF) in which PERA has a pooled interest with other Minnesota statewide pension systems. The MPRIF supports the annuities payable to retirees and their joint annuitants. The market value of this pool of assets increased to \$18.4 billion at fiscal year end. PERA's share of that pool increased to \$6.9 billion. Over the past 10 years, the MPRIF has outperformed the composite market return benchmark by three-tenths (0.3) of one percentage point, with an annualized return of 9.4 percent.

In order to better serve our out-state members, PERA opened a satellite office in Duluth this year. Thousands of our members live and work in the northeast part of the state and find it difficult to drive to the Twin Cities for counseling sessions. We now have a full-time counselor available to meet with those members in downtown Duluth, a location much more convenient for them. We are leasing an office with the Minnesota State Retirement System, which keeps our costs down and provides one-stop shopping for our members who also have state service or participate in the Deferred Compensation Program.

During the year we were able to roll out the beginning phases of a web-based program for our employers. The program, named ERIS, allows employers to securely enroll new members, maintain contact information, and see if a new hire is already a PERA benefit recipient. In the future, employers will be able to update personal and employment

information about their employees and report contribution information using ERIS. This year we also provided the ability for employers to process contribution payments securely over the Internet.

As always, our commitment as trustees of the association is the preservation and growth of the assets of PERA's funds, and the protection and furtherance of the interests of our members, annuitants, beneficiaries, employer units and the State of Minnesota. I believe our efforts over the past year have amply illustrated this continuing dedication as fiduciaries of the public employee retirement funds.

Sincerely,

**Dawn M. Hulmer**  
President  
PERA Board of Trustees

# Letter of Transmittal

Public Employees Retirement Association of Minnesota  
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Saint Paul, Minnesota 55103-2088  
Member Information Services: 651-296-7460 or 1-800-652-9026  
Employer Response Lines: 651-296-3636 or 1-888-892-7372  
PERA Fax Number: 651-297-2547  
PERA Website: www.mnpera.org



**Mary Most Vanek**  
**Executive Director**

January 18, 2005

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

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, 2004—our 73rd 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 five 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, and a description of the administrative organization and Board of Trustees.

**Financial Section:** Includes the basic financial statements, supplementary information, supporting schedules, management's discussion and analysis of PERA's financial activities, and the independent auditor's report on the financial statements.

**Investment Section:** Contains a summary of investment returns, asset allocation, list of largest assets and asset cost and market values.

**Actuarial Section:** Includes the independent actuary's certification letter, summaries of the actuarial assumptions and methods used in the annual valuation, and results of the July 1, 2004 actuarial valuation.

**Statistical Section:** Contains tables and schedules of significant data pertaining to the Association and identifies affiliated employers.

Responsibility for the contents of this report, including the financial statements, rests solely with the management of the association. This transmittal letter is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A begins on page 17 in the Financial Section of this report.

# Letter of Transmittal

(Continued)

## PLAN OVERVIEW

PERA was established in 1931 by the Minnesota legislature. For financial reporting purposes, PERA is considered a pension trust fund of the State of Minnesota. The State acts as a trustee of the pension plan, and reports our assets in the State's annual report as pension trust fund assets. The Plan is funded on an actuarial reserve basis, with money being set aside for benefits while the benefits are being earned and before they are paid.

PERA serves over 2,000 separate local governmental entities. These participating employers include cities, counties, townships, and school districts located throughout the state. At June 30, 2004, PERA's membership included 151,470 current, active employees and 61,190 retirees and beneficiaries.

## ACCOUNTING SYSTEMS AND REPORTS

All financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and reporting guidelines set forth by the Governmental Accounting Standards Board (GASB). This CAFR also complies with Minnesota Statutes, Section 356.20. PERA's transactions of its Public Employees Retirement Fund (PERF), Public Employees Police and Fire Fund (PEPFF), Public Employees Correctional Fund (PECF) and Public Employees Defined Contribution Plan (PEDCP) are reported on the accrual basis of accounting. Contributions from employers and members are recognized as revenue when due, pursuant to formal commitments and statutory requirements. Expenses are recorded when corresponding liabilities are incurred, regardless of when the payment is made.

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 have audited the accompanying financial statements and reviewed our internal control structure. They reported no material weaknesses in our internal controls. Management believes that an adequate system of internal control is in place and that the accompanying statements, schedules and tables are fairly presented.

## 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 Tim Pawlenty; State Auditor Patricia Anderson; Secretary of State Mary Kiffmeyer; and State Attorney General Mike Hatch.

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 SBI 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 investment consultants to monitor and evaluate investment management firms' performance and to evaluate or suggest various alternatives for asset allocation and other investment policy matters.

## Active Funds

Pension assets of the currently working members of the Association 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 statewide retirement funds into the Basic Retirement Fund. The greatest share of these assets, approximately 63 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, 2004, the Basic Retirement Funds produced a 16.6 percent rate of return on active member assets.

The SBI has one overriding responsibility in 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

### Fair Value of Investments, June 30, 2004 (in thousands)

| Fund          | Active Members     | Retired Members    |
|---------------|--------------------|--------------------|
| PERF          | \$4,920,323        | \$5,163,084        |
| PEPFF         | 2,298,446          | 1,779,062          |
| PECF          | 73,749             | 1,848              |
| <b>Totals</b> | <b>\$7,292,518</b> | <b>\$6,943,994</b> |



weighted to reflect the long-term asset allocation policy over a ten-year period. Performance is measured net of all fees and costs to assure the SBI's focus is on true net return. The Basic Funds' ten-year annualized rate of return at June 30, 2004 was 9.8 percent, above its target index of 9.6 percent.

### Post Retirement Investment Fund

The SBI 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 Fund to the MPRIF. Assets of the retired members of the Association and their joint annuitants are pooled in the MPRIF. These assets are also managed externally, sharing the same domestic stock, domestic bond, and international stock managers as the Basic Funds.

The SBI adopted a revised asset allocation strategy for the MPRIF in fiscal year 1993 to reflect the goals associated with the new post-retirement benefit increase formula. In order to maximize long-term rates of return in the equity markets, the SBI gradually allocated 50 percent of the assets to domestic stocks, and added allocations to international stocks and alternative assets. As of June 30, 2004, approximately 67 percent of the assets were invested in domestic and international stocks.

In contrast to the investment goals of the Basic Fund, invested for current working members, the MPRIF's goal is to ensure returns are adequate to meet the actuarially assumed return of 6 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 ten-year period. Similar to the Basic Fund, MPRIF performance is reported net of all fees and costs to assure the SBI's focus is on true net return. For the ten-year period ending June 30, 2004, the MPRIF outperformed its composite index by three-tenths of one percent with an annualized return of 9.4 percent.

This is the tenth year of experience using the new asset allocation and formula for determining annual benefit increases. Benefit increases are granted based on two components: an inflation component and an investment component. This year the MPRIF will provide a benefit increase of 2.5 percent, payable January 1, 2005.

- Inflation adjustment of 2.5%. This equals 100 percent of the reported Consumer Price Index for wage earners (CPI-W) for the 12 months ended June 30, 2004 with a cap of 2.5 percent in order 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 6 percent return assumption for the MPRIF. This inflation component is always granted, regardless of investment performance.

- Investment adjustment of 0%. This represents a portion of the investment gains that exceed the amount needed to finance the actuarial assumed rate of return (6%) and the inflation component (2.5%). 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. Since investment returns were below 8.5 percent for three years in a row, there are no excess investment gains to apply toward a benefit increase. In fact, accumulated investment losses now exceed \$4 billion and must be recovered before any future investment adjustment is given.

Over the last 10 years (including this year), annual benefit increases have averaged 6.2 percent while inflation has averaged 2.4 percent.

## ECONOMIC CONDITIONS AND OUTLOOK

In fiscal year 2004 the economy finally picked up steam as it continued to recover from the 2001 recession. The economy created 1.5 million jobs and the unemployment rate fell from 6.4 percent in June 2003 to 5.6 percent in June 2004. There were still 1 million fewer jobs at the end of the fiscal year than we had before the recession, however, making this the weakest job recovery since the 1930s. In 2003 the nation's poverty rate increased from 12.1 percent to 12.5 percent. Uncertainty caused by the war in Iraq increased oil prices, which threatened to re-ignite inflation. The CPI, which had been below 3 percent in 7 of the last 8 years, rose 3.2 percent in fiscal year 2004 and the Federal Reserve appeared ready to begin increasing interest rates.

There were many positive economic signs, however. Personal income grew 3.4 percent in 2003. Real median household income remained above \$43,000. Interest rates remained low. The Fed Funds rate remained targeted at 1 percent, the lowest level in 45 years, until it was increased ¼ percent at the end of June 2004. 30-year mortgage rates remained low, swinging ½ percent on either side of 6 percent during the fiscal year. Durable goods spending increased by 11 percent. U.S. factories ran at their fastest operating rate in more than 3 years. GDP increased 4.3 percent.

# Letter of Transmittal

(Continued)

The stock market, sensing that the economy had rebounded, took off. The S&P 500 returned 19.1 percent. PERA's Basic Retirement Fund and the MPRIF, made up of both equities and fixed assets, had annualized rates of return of 16.6 percent and 16.3 percent, net of fees, in fiscal year 2004.

Minnesota's economy continued to outperform the nation with 4.4 percent unemployment at the end of the fiscal year. Minnesota's employment was up by over 34,000 jobs in the year ending June 30. Minnesota had a greater share of the total population in the labor force than any other state. The overall labor force participation rate was 72.1 percent in 2003, compared to 66 percent for the nation. The median household income was \$50,100, the twelfth best in the country. Per capita personal income was \$34,309, the eighth best in the country. Personal income grew 25.4 percent between 1993 and 2003, the fifth highest nationwide. The median price of a home in Minnesota increased over 9 percent during the year, creating additional wealth for homeowners.

The economic outlook for Minnesota and the rest of the country is positive, though it seems to have hit a "soft spot" during the summer of 2004. Despite high energy costs and rising interest rates, interest rates remain close to historical lows; inflation remains in check; business profits are rising and jobs are being added to the payroll; the government continues to pump money into the economy; consumer confidence is rising; and foreign economies are emerging from recessions. Stock markets are rebounding as companies report positive earnings, which will bode well for public pension plans.

## 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 plan 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. 11, requires that the PECF be fully funded by the year 2023.

Legislation enacted in 2001 changed the amortization period for the PERF. The full funding target date was extended from the year 2020 to 2031. This will allow increases in contributions to be kept to a minimum and

allows PERA more time to become fully funded while adhering to generally accepted government accounting standards.

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 toward meeting the full funding objective is displayed on the Schedule of Funding Progress on page 30. This report shows the funding levels using the entry age normal actuarial cost method. At the end of fiscal year 2004, the ratio of assets to liabilities of the PERF was 76.7 percent. For the PEPF and the PECF, the ratios were 101.2 percent and 88.6 percent, respectively.

## ASSOCIATION'S STATUS REPORT

Along with the good news about investment returns this fiscal year, we also have good news about projects we have been working on. During the year we joined with the Minnesota State Retirement System (MSRS) to open a satellite office in Duluth to serve the members in the northeast region of the state. By partnering with MSRS we are able to keep our costs down yet be available to our thousands of northeast Minnesota members at a location that is convenient to them. The Duluth office is staffed full time and is located on the skyway level of the Medical Arts Building in downtown Duluth.

During the year we completed the first two releases of a web-based tool that allows participating employers to securely enroll their eligible employees into PERA's plans online. This "self-serve" tool also allows employers to maintain their contact information online, receive automatic e-mail notification at various times, and search our records to see if a new hire is already a PERA benefit recipient. During the year we worked on the next release, due this next winter, which will allow employers to update personal and employment information about their employees. By allowing employers to enter information directly, we no longer have to re-key that data ourselves. We believe the result will be cleaner data and a much more efficient process. We have already been able to move staff from data entry positions into direct customer service positions, and employers have been able to update information quickly and accurately with less paperwork.

The 2004 Legislative Session was noteworthy in that we were able to get approval for our recommendations to change some administrative procedures related to the Police and Fire disability benefit provisions. We continue

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to work with our members and employers to ensure that the integrity of our disability benefits can be preserved for the members who dedicate their careers to protecting the safety of all of Minnesota's citizens.

The Board continued to study PERA's benefit structure and contribution needs, especially for the Coordinated Plan and the Police and Fire Plan. The Board also met with the boards of the Teachers Retirement Association (TRA) and MSRS to discuss the Post Retirement Fund. Various discussions were held throughout the year, and legislation is expected to be introduced in 2005 to address concerns the boards have about the Post Fund.

We began work on several other projects during the year as well. Those projects include updating our disaster recovery plan; upgrading our hardware and software; planning for a new phone system; and converting some of our imaging applications. We look forward to the next fiscal year, knowing that our hard work in 2004 will yield results in 2005. We strongly believe that preparation and planning are paramount to the success of any initiative we seek to undertake in order to deliver benefits and services that members can value and trust for years to come.

## PROFESSIONAL SERVICES

The FY03 actuarial valuation of the PERA defined benefit plans was conducted by Milliman USA, and completed in November 2003. Actuarial consulting services during the fiscal year were provided by Mercer Human Resources. In addition to providing a thorough review of Milliman's FY03 actuarial valuation, Mercer also developed cost estimates for a variety of legislative proposals. Benefacts, Inc. handled the production and mailing of our annual Pension Benefit Statements.

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 PERA's funds. Finally, the State's Legislative Auditor continued to provide professional financial auditing services. The comments of the Legislative Auditor are found on page 16 of this report.

## MEMBERSHIP REPORT

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, including annuity and benefit recipients. In addition, this report is reproduced, in its entirety, on PERA's website, [www.mnpera.org](http://www.mnpera.org).

## NATIONAL RECOGNITION

Finally, PERA is justly proud of the abilities, knowledge, drive and dedication of its employees. PERA recently received national recognition as a leader in pension fund

administration and disclosure of financial information. 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 comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. PERA has received this honor for 19 of the last 20 years.

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 government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the certificate requirements and we are submitting it to the GFOA.

## ACKNOWLEDGMENTS

As a compendium of financial, investment, 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,

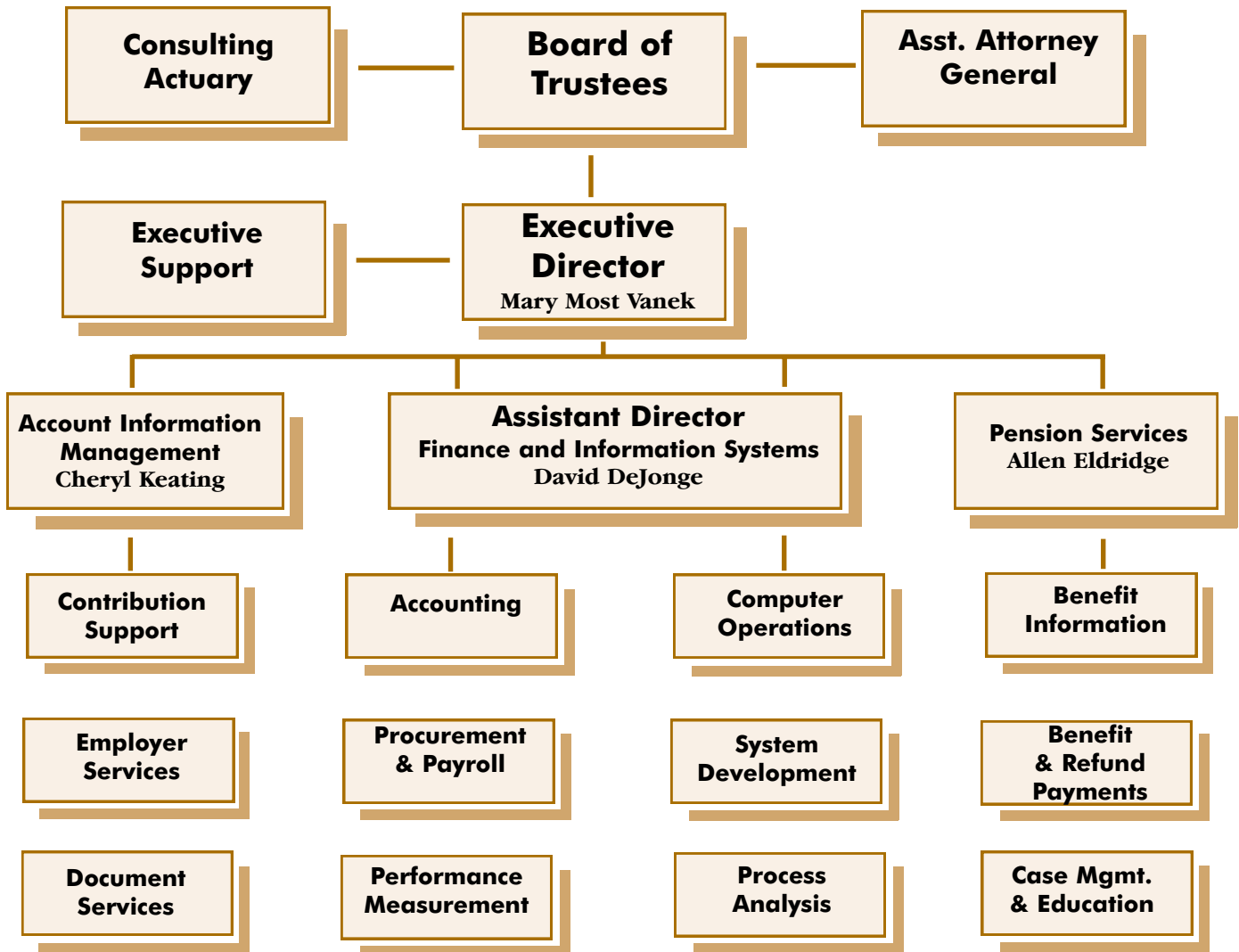


Mary Most Vanek  
Executive Director



David DeJonge  
Assistant Executive Director,  
Finance and IS

# 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 will provide on-demand access to reliable pension information and superior customer service.**

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# Board of Trustees

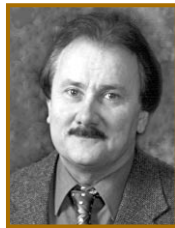
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## BOARD PRESIDENT



**Dawn M. Hulmer**  
General Membership Representative  
City of Duluth, Treasurer's Office  
Duluth City Hall, Room 105  
Duluth, Minnesota 55802  
(218) 730-5057

## BOARD VICE PRESIDENT



**Steven L. Devich**  
General Membership Representative  
City of Richfield  
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**Patricia Anderson**  
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**Dennis Hegberg**  
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Police and Fire Representative  
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**Terry A. Martinson**  
School Board Representative  
PO Box 332, 527 Whiteside Ave.  
Buhl, Minnesota 55713



**Gary R. Norstrom**  
Retiree/Disabilitant Representative  
5619 Portland Ave.  
White Bear Lake, Minnesota 55110

**The PERA Board consists of 11 trustees as follows:** The State Auditor is a trustee by virtue of office. The governor appoints five trustees to represent counties, cities, school boards, retired annuitants, and the general public. PERA active members elect five representatives—three general membership, one retiree/disabilitant, and one Police and Fire trustee—to serve four-year terms.

# Retirement System Plan Summary

Public Employees Retirement Association of Minnesota

## NOTE:

- \* A listing of employers participating in PERA can be found in the Statistical Section of this report.
- \*\* PERA's Basic Plan was closed to new membership in 1968 with the creation of the Coordinated Plan. At that time, Basic members had the option of remaining in that plan or transferring to the new Coordinated Plan. Today, less than 100 Basic members remain active public employees.

## PURPOSE

Established by the Minnesota Legislature in 1931, the Public Employees Retirement Association (PERA) of Minnesota administers pension funds that serve approximately 200,000 county, school and local public employees, benefit recipients, their survivors, and dependents.

Funds administered by the Association provide a variety of retirement pensions, and survivor and disability benefits. In the case of the Coordinated and Correctional plans, these benefits are in addition to those provided by Social Security.

PERA's 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, their governmental employers, the state, and its taxpayers.

## ADMINISTRATION

PERA's Board of Trustees is composed of 11 members. The State Auditor is a member by statute. Five trustees are appointed by the Governor. Serving four-year terms, these five trustees represent cities, counties, school boards, retired annuitants, and the general public, respectively.

The remaining five board members are elected by the PERA membership at large to serve four-year terms. Three trustees represent the general active membership, one represents Police and Fire Fund members, and one represents annuitants and benefit recipients. The next membership election is scheduled for January 2007.

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

PERA has approximately 150,000 active members. With certain statutory exceptions, an employee performing personal services for a governmental employer whose salary is paid, in whole or in part, from revenues derived from taxation, fees, assessments, or other sources, is a member of PERA. Plan participation is dependent on the occupation of the member.

## FUNDS

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

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

The **Public Employees Police and Fire Fund** was created in 1959 for police officers and firefighters not covered by a local relief association. It also encompasses all paid Minnesota police officers and firefighters hired since 1980. In 1999, legislation merged members of PERA's former Police and Fire Consolidation Plan into this plan.

The **Local Government Correctional Service Retirement Fund** was established in 1999 for correctional officers serving in county and regional adult and juvenile corrections facilities. Participants must be responsible for the security, custody and control of the facilities and their inmates.

Also administered by PERA is the **Public Employees Defined Contribution Plan (DCP)**. Created in 1987 to provide a retirement plan for personnel employed by public ambulance services, the plan has been expanded to include physicians and 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, 2004. Rates are applied to total salary and are set by statute.

| <u>Fund</u>                                  | <u>Employee Contribution</u> | <u>Employer Contribution</u> |
|--|------------------------------|------------------------------|
| <b>Public Employees Retirement Fund</b>      |                              |                              |
| Coordinated**                                | 5.10%                        | 5.53%                        |
| Basic  | 9.10%                        | 11.78%                       |
| <b>Public Employees Police and Fire Fund</b> | 6.20%                        | 9.30%                        |
| <b>Local Government Correctional Fund**</b>  | 5.83%                        | 8.75%                        |
| <b>Defined Contribution Plan</b>             | 5.00%                        | 5.00%***                     |

## CREDITED SERVICE AND SALARY

Members of PERA's defined benefit plans receive one service credit for each month for which they are paid. Individuals may earn a maximum of 12 service credits per year. Salary used in retirement and disability benefit calculations is the average monthly salary over an individual's highest-paid 60 consecutive months of public service, or all months of service if less than 60 (high-five salary).

## RETIREMENT BENEFITS

### Eligibility and Annuity Formulas

#### Basic and Coordinated Members

Two methods are used to compute benefits for Coordinated and Basic Plan members—a step-rate benefit accrual formula (Method 1) and a level accrual formula (Method 2). Members hired prior to July 1, 1989 receive the higher of the two calculated amounts. Only Method 2 is used for members hired after June 30, 1989.

**Method 1:** Coordinated members accrue 1.2 percent of the high-five salary for each of the first 10 years of public employment, and 1.7 percent of that average salary for each successive year. Basic members receive 2.2 percent of their high-five salary for each of their first 10 years of service and 2.7 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 retirement annuity is payable as early as age 55 with three or more years of service. The reduction is .25 percent for each month under age 65. A member with 30 or more years of service may retire at any age with the .25 percent reduction made from age 62 rather than 65.

**Method 2:** Coordinated members earn 1.7 percent of their high-five salary for every year of public service while Basic members earn 2.7 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, capped at age 66, 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 full retirement age.

#### Police and Fire Members

Members receive 3 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 (if first hired prior to 7/1/89).

A reduced retirement annuity is available to members between the ages of 50 and 55. There is a 1.2 percent reduction in benefits for each year a member retires prior to qualifying for an unreduced retirement benefit.\*

## NOTE:

\* Officials elected to a governing body, such as a city council or county board, may only participate in the Defined Contribution Plan if their first term began after June 30, 2002. Previously, such officials could elect Coordinated Plan participation as an alternative to the DCP.

\*\* In addition to contributions to the funds administered by PERA, Coordinated and Correctional plan members contribute to Social Security and are eligible for benefits earned through those deductions.

\*\*\* This is the rate established for elected public officials and physicians. For ambulance service personnel, participation in the program and contributions made for employees are at the discretion of employers. Salaried employees may match this contribution.

# Summary

(Continued)

**NOTE:**

\* Former Police and Fire Consolidation Fund members who have not elected Police and Fire Plan benefits may do so when they terminate public service. Those who do not are covered under the benefit provisions of their local relief associations.

\*\* Since most Correctional Plan members were previously members of PERA's Coordinated Plan, they may qualify for a pension from both plans following retirement. However, they must meet the age requirements of each plan and begin benefits within a year of each other to qualify for combined service.

\*\*\* Selection of a Survivor Option will result in a reduction in the amount of the pension from the Single-life pension level. The amount of the reduction depends on the age of both the retiring member and the survivor.

All survivor pension options incorporate an automatic "bounce back" feature. This returns the amount of the pension to the level of the Single-life benefit in the event the designated survivor predeceases the retiree. The cost of this protection is borne by the funds, not by the retiree.

## Correctional Service Members

Correctional Plan members earn 1.9 percent of their average salary for every year of public service under the plan.

A full, unreduced pension, is earned at:

- Age 55 with three or more years of service; or
- Age plus years of service total at least 90 (if hired prior to 7/1/89).

An actuarial reduction with augmentation is made in a member's benefit for retirement prior to qualification for an unreduced pension.\*\*

## Defined Contribution Plan Members

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 PENSIONS AVAILABLE

Members of the PERA Coordinated, Basic, Correctional, and Police and Fire plans may select from several types of retirement benefits.

**Single-life Pension** — A Single-life Pension is a lifetime annuity that ceases upon the death of the retiree. No survivor benefit is payable.

**Survivor Options** — Upon retirement, members may choose from one of four Survivor Options. All these pensions are payable for the lifetime of the retiree. At the time of the retiree's death, the designated survivor continues to receive monthly benefit payments at varying levels for his or her lifetime. Depending on the 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 Increase** — This pension 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 benefit amount is then reduced by at least \$100 at age 62.

**Deferred Pension** — A vested member who terminates public service may leave contributions in the fund(s) in which he or she participated and qualify for a pension at age 55 or over. The benefit 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.

## Combined Service and Proportionate Pensions

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 benefit from each fund in which they participated. These funds are designated by statute. Members with three or more years of total service qualify for a combined service pension if they have six or more months of service in each fund and have not begun to receive a benefit from any of the designated funds.

Pensions 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 11 designated funds may qualify for a proportionate pension. Benefits 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.

## EARNINGS LIMITATION

Retirees who return to work in a PERA-covered position are subject to the same earnings limitations as Social Security recipients. Benefit reductions are escrowed, earning 6 percent interest compounded annually. At age 65 or a year after leaving the position, whichever is later, the retiree may request repayment of these funds.

The earnings limitation only applies to PERA-covered employment. Self- or private employment and elected service will result in no benefit reduction for retirees.



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## 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 high-five salary for Coordinated and Basic members. The same is true for Police and Fire and Correctional plan members disabled outside the line of duty. In the case of Police and Fire members, there is a minimum non-duty disability benefit of 45 percent of that salary. The minimum benefit for Correctional Plan members is 19 percent of salary.

For Police and Fire members disabled in the line of duty, the minimum benefit is 60 percent of salary, while the minimum duty-related disability benefit for Correctional members is 47.5 percent.\*

Basic and Coordinated members qualify for disability with three or more years of service and by meeting the statutory definition. Police and Fire and Correctional 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.

## SURVIVOR BENEFITS

PERA also provides survivor (death) benefits for families of members who qualify for such coverage. The qualifications and types of benefits vary with each plan.

A Lifetime Survivor Benefit is available to the surviving spouse of a Basic, Coordinated, Correctional, or Police and Fire member. For Police and Fire, and Basic members, this benefit is based on either 50 percent of the member's average salary during the six months prior to death or a formula using the member's total years of service, high-five salary, age at death and age of the spouse. The surviving spouse benefit for Coordinated and Correctional members is only based on the formula. This benefit is payable to the spouse of a deceased member for life, even upon remarriage.\*\*

For the surviving spouse of a Basic or Coordinated member, there are alternative term-certain benefits of 5, 10, 15, or 20 years duration. The monthly payment, however,

may not exceed 75 percent of the member's average high five-year salary. The same alternative benefits are available to the surviving spouse of a Correctional member, with the exception of the 5-year duration option.

Survivor benefits are immediately suspended for any survivor charged with causing the death of an association member. The benefit is permanently revoked upon conviction of such a crime.

Dependent children of active or disabled Basic, and Police and Fire members are eligible for benefits until age 18, or age 23 if full-time students. In this case, the maximum family benefit is 70 percent of the member's average monthly salary. If a Coordinated or Correctional member dies and there is no surviving spouse, any children under age 20 qualify to receive a monthly term-certain benefit.

Instead of a monthly 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. However, a refund may not be elected if there are dependent children who are eligible for benefits.

## REFUNDS

Refunds of contributions are available at any time to members who leave public service and have not yet begun receiving a pension. The refund includes employee contributions plus 6 percent interest, 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 survivor, if any, die before all employee contributions are paid in the form of a pension 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 was receiving retirement benefits.

## NOTE:

\* Minimum non-duty disability benefits for Police and Fire members are equivalent to unreduced pensions for 15 years of service, and 10 years of service for Correctional members. Duty-related minimum benefits are equivalent to unreduced pensions for 20 years of service for Police and Fire members and 25 years for Correctional members.

\*\* Lifetime Survivor Benefits are also available to the spouse of disabled Basic, and Police and Fire Fund members, and to survivors of disabled Coordinated and Correctional members who choose a Survivor Option to their disability benefit.



**F**INANCIAL  
SECTION

Public Employees  
Retirement Association  
of Minnesota

*PENSION TRUST FUNDS OF THE STATE OF MINNESOTA*

## Legislative Auditor's Report



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

### Independent Auditor's Report

Members of the Board of Trustees  
Public Employees Retirement Association of Minnesota, and  
Ms. Mary Most Vanek, Executive Director  
Public Employees Retirement Association of Minnesota

We have audited the accompanying basic financial statements of the Public Employees Retirement Association of Minnesota (PERA) as of and for the year ended June 30, 2004, as listed in the Table of Contents. These financial statements are the responsibility of PERA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PERA as of June 30, 2004, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 12, 2005, on our consideration of PERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the other required supplementary information, as listed in the Table of Contents, are not a required part of PERA's basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Room 140 Centennial Building, 658 Cedar Street, Saint Paul, Minnesota 55155 • Tel: 651/296-4708 • Fax:  
E-mail: auditor@state.mn.us • TDD Relay: 651/297/5353 • Website: www.auditor.leg.state.mn.us

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise PERA's basic financial statements. The Supporting Schedules in the Financial Section and the Introductory, Investment, Actuarial and Statistical Sections listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supporting Schedules in the Financial Section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory, Investment, Actuarial, and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

James R. Nobles  
Legislative Auditor

Claudia J. Gudvangen, CPA  
Deputy Legislative Auditor

January 12, 2005

As management of Minnesota's Public Employees Retirement Association (PERA), we present this discussion and analysis of the financial activities for the year ended June 30, 2004 (FY04). This narrative is intended to supplement the financial statements which follow this discussion, and should be read in conjunction with the transmittal letter, which begins on page 5 of this annual report.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report (CAFR) contains two basic financial statements: the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets. These financial statements, in conjunction with the accompanying Notes to the Financial Statements, report information about PERA's financial condition in an attempt to answer the question: "Is PERA better off or worse off as a result of this year's activities?" These statements are prepared using the accrual basis of accounting as is required by generally accepted accounting principles laid out in statements issued by the Government Accounting Standards Board (GASB).

The Statement of Plan Net Assets provides a snapshot of account balances at year-end. It reports the assets available for future payments to benefit recipients, along with any liabilities that are owed as of the statement date. The difference between assets and liabilities, called "Net Assets," represents the value of assets held in trust for future benefit payments. Over time, increases and decreases in Net Assets can be one measurement of whether PERA's financial position is increasing or decreasing.

The Statement of Changes in Plan Net Assets, on the other hand, shows additions and deductions to Net Assets during the year. The increase or decrease in Net Assets reflects the change in Net Assets found on the Statement of Plan Net Assets from the prior year to the current year.

The Notes to the Financial Statements are an integral part of the financial statements and provide additional information that is essential for a comprehensive understanding of the data provided in the financial statements. The Notes describe the accounting and administrative policies under which PERA operates, and provide additional levels of detail for selected financial statement items.

These financial statements should be reviewed along with the Schedule of Funding Progress and Schedule of Employer Contributions to determine whether PERA is becoming financially stronger or weaker over time. PERA's funding objective is to meet long-term benefit obligations through contributions received and the income derived by investing those contributions during

# Management Discussion and Analysis

the working career of our members. These two schedules, created by an actuary, show the ratio of the actuarial value of assets to the actuarial accrued liability, and to what extent contributions needed to fully fund the plan are being received.

## FINANCIAL HIGHLIGHTS

- ▶ PERA's Net Assets increased 12% during the year from \$12.6 billion in fiscal year 2003 (FY03) to \$14.2 billion in FY04.
- ▶ Total additions for FY04 were 2,580,948,000 comprised of contributions of \$549,577,000, investment income of \$2,024,197,000 and other income of \$7,174,000. Total additions for fiscal year 2003 were \$816,307,000.
- ▶ Total deductions for the year increased from \$922,005,000 in fiscal year 2003 to \$963,387,000 due to an increase in the number of benefit recipients.
- ▶ Total administrative expenses totaled \$9,805,000, an amount equal to less than 7/100 of 1 percent of Net Assets.
- ▶ As of June 30, 2004 the Public Employees Retirement Fund is actuarially funded at 76.7%. PERA's Police and Fire Fund is actuarially funded at 101.2%, and PERA's Correctional Fund is 88.6% funded.

## FINANCIAL ANALYSIS OF PERA'S FUNDS

PERA is the administrator of three defined benefit plans and one defined contribution plan. In a defined benefit plan, pension benefits are determined by a member's salary and credited years of service, regardless of contribution amounts and investment returns for those contributions over the working career of a member. PERA administers three such plans: the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPF), and the Public Employees Local Government Correctional Services Retirement Fund (which we call the Public Employees Correctional Fund or PECF). In a defined contribution plan, pension benefits are determined by contributions made to a member's account and investment returns for those contributions. PERA administers one such plan: the Public Employees Defined Contribution Plan (PEDCP).

# Discussion and Analysis

(Continued)

## PERF

Total assets as of June 30, 2004 were \$11.2 billion in the PERF, an increase of \$1.6 billion or 16.9 percent from the prior year. The increase is due to strong investment earnings. Total liabilities as of June 30, 2004 were \$1.2 billion, an increase of \$460 million from the prior year, mostly due to securities lending collateral on the books at year end. Total net assets, the difference between total assets and total liabilities, increased about \$1.16 billion, or roughly 13 percent from the prior year.

As a mature fund, the PERF relies heavily on investment earnings to help pay benefits. Contributions coming into the fund are not enough to cover cash leaving the fund (i.e. benefits, refunds and administrative expenses). This year we received roughly \$441 million in contributions, but spent \$721 million in benefits, refunds and administrative costs. Investment gains of \$1.4 billion covered the difference and added to the net assets held in trust for future pension benefits.

### Additions to Plan Net Assets

The reserves needed to finance retirement are accumulated through the collection of member and employer contributions and through earnings on investments. Contributions and net investment income for FY04 totaled \$1,880,532,000.

Employer contributions and member contributions increased from the previous year by a total of \$14 million, largely due to an increase in military service and forfeited service purchased. Net investment income in FY04 totaled \$1.4 billion as our portfolio returned approximately 16.5 percent, much better than our assumed earnings rate of 8.5 percent. The Investment Section of this report reviews results of investment activity for 2004.

### Deductions from Plan Net Assets

The largest deduction was for retirement benefits to members and beneficiaries. Total benefits increased 3.4 percent to \$687 million in FY04. The increase in benefits resulted from an increase in the number of benefit

recipients and a 2.103 percent cost of living increase for most retirees effective January 1, 2004. The amount of refunds increased \$4 million in FY04 due to more people taking refunds. Administrative expenses increased slightly in FY04 to \$8.8 million.

### Overall Financial Position

Because of three years of investment returns well below our required 8.5 percent (FY01, FY02 and FY03), the PERF is now 76.7% funded. In general, this indicates that for every dollar of benefits we expect to pay out, we already have 76 cents in our reserves to cover it. Since we smooth investment gains and losses over 5 years for actuarial purposes, however, some of the investment loss is yet to be recognized in our actuarial funding ratio. Our actuary also tells us that our contributions are not sufficient to get the plan 100% funded by July 1, 2031 as is required by law.

## PEPFF

Total assets as of June 30, 2004 were \$4.6 billion in the Public Employees Police and Fire Fund, an increase of \$535 million, or 13 percent from the prior year. The increase is due to strong investment earnings and a much larger amount of securities lending collateral on the books at year end. Total liabilities as of June 30, 2004 were \$459 million, an increase of \$105 million. A large accounts payable from FY03, a payment due to the Post Retirement Fund to cover the cost of new actuarial assumptions, was paid during the year, decreasing our liabilities by \$60 million at the end of FY04. Our liabilities were increased, however, by the larger securities lending collateral.

Total net assets, the difference between total assets and total liabilities, increased \$430 million or roughly 11.6 percent from the prior year.

### Additions to Plan Net Assets

Contributions and net investment income for FY04 totaled \$670 million. Employer contributions and Member contributions each increased \$2 million, largely due to an increase in the number of members. Net investment

### Net Assets—Defined Benefit Plans (Dollars in Thousands)

|                               | PERF                      |                           | PEPFF                     |                           | PECF                   |                        |
|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------|------------------------|
|                               | 2004                      | 2003                      | 2004                      | 2003                      | 2004                   | 2003                   |
| <b>ASSETS</b>                 |                           |                           |                           |                           |                        |                        |
| Cash and Receivables          | \$ 8,331                  | \$ 9,352                  | \$ 62,813                 | \$ 33,821                 | \$ 151                 | \$ 352                 |
| Investments                   | 10,083,407                | 8,871,997                 | 4,077,508                 | 3,735,141                 | 75,597                 | 51,015                 |
| Securities Lending Collateral | 1,119,166                 | 709,423                   | 456,990                   | 292,843                   | 8,014                  | 3,931                  |
| Capital Assets and Other      | 12,273                    | 12,692                    | -                         | -                         | -                      | -                      |
| <b>Total Assets</b>           | <b>\$11,223,177</b>       | <b>\$9,603,464</b>        | <b>\$4,597,311</b>        | <b>\$4,061,805</b>        | <b>\$83,762</b>        | <b>\$55,298</b>        |
| <b>LIABILITIES</b>            |                           |                           |                           |                           |                        |                        |
| Accounts Payable              | \$ 97,255                 | \$ 46,382                 | \$ 1,817                  | \$ 60,942                 | \$ 272                 | \$ 167                 |
| Accrued Compensated Absences  | 665                       | 676                       | -                         | -                         | -                      | -                      |
| Securities Lending Collateral | 1,119,166                 | 709,423                   | 456,990                   | 292,843                   | 8,014                  | 3,931                  |
| Bonds Payable                 | 11,005                    | 11,194                    | -                         | -                         | -                      | -                      |
| <b>Total Liabilities</b>      | <b>\$1,228,091</b>        | <b>\$ 767,675</b>         | <b>\$ 458,807</b>         | <b>\$ 353,785</b>         | <b>\$ 8,286</b>        | <b>\$ 4,098</b>        |
| <b>Total Net Assets</b>       | <b><u>\$9,995,086</u></b> | <b><u>\$8,835,789</u></b> | <b><u>\$4,138,504</u></b> | <b><u>\$3,708,020</u></b> | <b><u>\$75,476</u></b> | <b><u>\$51,200</u></b> |

income in FY04 totaled \$578 million, an increase of \$500 from the year before. The Investment Section of this report reviews results of investment activity for 2004.

### Deductions from Plan Net Assets

Retirement benefits to members and beneficiaries made up over 99 percent of our total deductions. The amount of benefits paid increased 5 percent in FY04 to \$237 million. The increase in benefits resulted from an increase in the number of benefit recipients (especially disabilitants) and a 2.103 percent cost of living increase for most retirees effective January 1, 2004. The amount of refunds remained roughly the same, while administrative expenses increased by \$37,000.

### Overall Financial Position

The Police and Fire Plan was 101.2 funded as of July 1, 2004. In FY03 we strengthened several actuarial assumptions based on an experience study we conducted during that fiscal year. The change increased our actuarial liability by over \$250 million and, coupled with poor investment returns in 3 of the past 5 years, depleted excess assets that had been used to keep contribution rates lower than what was required to cover normal costs. We now have a 7 percent contribution deficiency that will need to be addressed in future years in order for the plan to become fully funded once again.

### Additions to Plan Net Assets

Contributions and net investment income for FY04 totaled \$25 million.

Employer and member contributions increased roughly 3.9 percent to \$10 million and \$6.7 million respectively, due to an increase in the number of members. Net investment income in FY04 totaled \$9.1 million, an increase of over \$7.7 million from FY03, due to the strong markets. The Investment Section of this report reviews results of investment activity for 2004.

### Deductions from Plan Net Assets

Expenses for this plan are still quite small. Retirement benefits increased 44% from \$559,000 in fiscal year 2003 to \$805,000 in FY04 as more members became eligible to retire. Refunds increased 43% to \$588,000. Administrative expenses increased \$13,000 and represent less than three-tenths of one percent of total net assets.

### Overall Financial Position

The Public Employees Correctional Fund is 88.6% funded, a decrease from last year's 90.32%. With only five years of experience it is difficult to know if our long-term assumptions are accurate, but we believe contribution levels are sufficient to fully fund this plan within the next 19 years.

## PECF

In the Public Employees Correctional Fund, total assets as of June 30, 2004 were \$83 million, an increase of \$28 million or 50% from the prior year. The PECF is a very new fund, and brings in more cash through contributions than it spends paying benefits and refunds. Total liabilities as of June 30, 2004 were \$8.2 million, an increase of \$4 million from the prior year, due to more securities being loaned out at year end. Total net assets, the difference between total assets and total liabilities, increased \$24 million in fiscal year 2004.

## AGENCY SUMMARY

PERA's combined net assets have increased consistently over the last three decades, with the exception of the economic downturn of fiscal years 2001 and 2002. FY04 was an excellent year for PERA's investments. Since we smooth market returns over five years, however, those good returns are still being offset by the losses we experienced in 2001 and 2002. Unless future investment returns exceed our assumed earnings rate of 8.5 percent, our contribution rates for the PERF and PEPFF will most likely not be enough to increase our funding ratio. We will be asking the legislature to increase contribution rates during the next session.

This financial report is designed to provide a general overview of PERA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088.

### Changes in Net Assets—Defined Benefit Plan Funds (Dollars in Thousands)

|  | PERF               |                   | PEPFF            |                   | PECF            |                 |
|--|--------------------|-------------------|------------------|-------------------|-----------------|-----------------|
|  | 2004               | 2003              | 2004             | 2003              | 2004            | 2003            |
| <b>ADDITIONS</b>                         |                    |                   |                  |                   |                 |                 |
| Employer Contributions                   | \$ 225,744         | \$ 221,689        | \$ 52,769        | \$ 50,917         | \$ 10,029       | \$ 9,645        |
| Member Contributions                     | 215,697            | 205,963           | 36,313           | 34,751            | 6,672           | 6,430           |
| Investment Income (Loss)                 | 1,434,654          | 199,769           | 578,008          | 76,117            | 9,131           | 1,386           |
| Other                                    | 4,437              | 3,609             | 2,733            | 3,281             | 4               | 11              |
| <b>Total Additions</b>                   | <b>\$1,880,532</b> | <b>\$631,030</b>  | <b>\$669,823</b> | <b>\$165,066</b>  | <b>\$25,836</b> | <b>\$17,472</b> |
| <b>DEDUCTIONS</b>                        |                    |                   |                  |                   |                 |                 |
| Retirement Benefits                      | \$ 687,124         | \$ 664,459        | \$ 237,442       | \$ 225,434        | \$ 805          | \$ 559          |
| Refund of Contributions                  | 22,556             | 18,242            | 644              | 643               | 588             | 409             |
| Administrative Expenses                  | 8,830              | 8,628             | 712              | 675               | 162             | 149             |
| Other                                    | 2,725              | 1,374             | 541              | 301               | 5               | 2               |
| <b>Total Deductions</b>                  | <b>\$ 721,235</b>  | <b>\$692,703</b>  | <b>\$239,339</b> | <b>\$227,053</b>  | <b>\$ 1,560</b> | <b>\$ 1,119</b> |
| <b>Increase (Decrease) in Net Assets</b> | <b>\$1,159,297</b> | <b>\$(61,673)</b> | <b>\$430,484</b> | <b>\$(61,987)</b> | <b>\$24,276</b> | <b>\$16,353</b> |

# Statement of Plan Net Assets

As of June 30, 2004 (in thousands)

|   | <u>Defined Benefit Funds</u>            |  |   |   | <u>Total</u>        |
|---|---|--|---|---|---------------------|
|   | <u>Public Employees Retirement Fund</u> | <u>Public Employees Police and Fire Fund</u> | <u>Public Employees Correctional Fund</u> | <u>Public Employees Defined Contribution Plan</u> |                     |
| <b>ASSETS</b>                                 |   |  |   |   |                     |
| Cash  | \$ 350                                  | \$ 0   | \$ 0                                      | \$ 0  | \$ 350              |
| Receivables                                   |   |  |   |   |                     |
| Accounts Receivable                           | \$ 7,005                                | \$ 62,334                                    | \$ 144                                    | \$ 67   | \$ 69,550           |
| Due from Other Funds                          | 976                                     | 479  | 7   | 15  | 1,477               |
| <b>Total Receivables</b>                      | <b>\$ 7,981</b>                         | <b>\$ 62,813</b>                             | <b>\$ 151</b>                             | <b>\$ 82</b>                                      | <b>\$ 71,027</b>    |
| Investments at fair value                     |   |  |   |   |                     |
| Equity in Minnesota Post                      |   |  |   |   |                     |
| Retirement Investment Fund                    | \$ 5,163,084                            | \$ 1,779,062                                 | \$ 1,848                                  | \$ 0  | \$ 6,943,994        |
| External Domestic Equity                      | 1,598,592                               | 745,491                                      | 23,471                                    |   | 2,367,554           |
| Fixed Income                                  | 1,037,787                               | 483,667                                      | 15,238                                    |   | 1,536,692           |
| Passive Domestic Equity                       | 763,542                                 | 356,820                                      | 11,207                                    |   | 1,131,569           |
| Global Equity                                 | 751,727                                 | 350,565                                      | 11,037                                    |   | 1,113,329           |
| SBI Alternative                               | 616,936                                 | 290,023                                      | 9,052                                     |   | 916,011             |
| Short-Term Cash Equivalent                    | 151,739                                 | 71,880                                       | 3,744                                     | 321   | 227,684             |
| Investments for Defined Contrib.              | 0                                       | 0  | 0   | 20,633  | 20,633              |
| <b>Total Investments</b>                      | <b>\$10,083,407</b>                     | <b>\$4,077,508</b>                           | <b>\$75,597</b>                           | <b>\$20,954</b>                                   | <b>\$14,257,466</b> |
| Securities Lending Collateral                 | \$ 1,119,166                            | \$ 456,990                                   | \$ 8,014                                  | \$ 1,280  | \$ 1,585,450        |
| Capital Assets                                |   |  |   |   |                     |
| Equipment Net of Accumulated Depreciation     | \$ 1,082                                | \$ 0   | \$ 0                                      | \$ 0  | \$ 1,082            |
| Property Net of Accumulated Depreciation      | 11,048                                  | 0  | 0   | 0   | 11,048              |
| <b>Total Capital Assets</b>                   | <b>\$ 12,130</b>                        | <b>\$ 0</b>                                  | <b>\$ 0</b>                               | <b>\$ 0</b>                                       | <b>\$ 12,130</b>    |
| Prepaid Expenses                              | \$ 13                                   | \$ 0   | \$ 0                                      | \$ 0  | \$ 13               |
| Deferred Bond Charges                         | \$ 130                                  | \$ 0   | \$ 0                                      | \$ 0  | \$ 130              |
| <b>Total Assets</b>                           | <b>\$11,223,177</b>                     | <b>\$4,597,311</b>                           | <b>\$83,762</b>                           | <b>\$22,316</b>                                   | <b>\$15,926,566</b> |
| <b>LIABILITIES</b>                            |   |  |   |   |                     |
| Accounts Payable                              | \$ 96,754                               | \$ 1,133                                     | \$ 110                                    | \$ 0  | \$ 97,997           |
| Payable to Other Funds                        | 501                                     | 684  | 162                                       | 130   | 1,477               |
| Securities Lending Collateral                 | 1,119,166                               | 456,990                                      | 8,014                                     | 1,280   | 1,585,450           |
| Accrued Compensated Absences                  | 665                                     | 0  | 0   | 0   | 665                 |
| Bonds Payable                                 | 11,005                                  | 0  | 0   | 0   | 11,005              |
| <b>Total Liabilities</b>                      | <b>\$ 1,228,091</b>                     | <b>\$ 458,807</b>                            | <b>\$ 8,286</b>                           | <b>\$ 1,410</b>                                   | <b>\$ 1,696,594</b> |
| Net Assets held in trust for Pension Benefits | <b>\$ 9,995,086</b>                     | <b>\$4,138,504</b>                           | <b>\$75,476</b>                           | <b>\$20,906</b>                                   | <b>\$14,229,972</b> |

(A schedule of funding progress for each plan is presented on page 30.)

# Statement of Changes in Plan Net Assets

For the Fiscal Year Ended June 30, 2004 (in thousands)

|  | Public<br>Employees<br>Retirement<br>Fund | Public<br>Employees<br>Police and<br>Fire Fund | Public<br>Employees<br>Correctional<br>Fund | Public<br>Employees<br>Defined<br>Contribution<br>Plan | Total                      |
|--|---|--|---|--|----------------------------|
| <b>ADDITIONS</b>   |   |  |   |  |                            |
| <b>Contributions</b>   |   |  |   |  |                            |
| Employer   | \$ 225,744                                | \$ 52,769                                      | \$ 10,029                                   | \$ 1,238   | \$ 289,780                 |
| Plan member  | <u>215,697</u>                            | <u>36,313</u>                                  | <u>6,672</u>                                | <u>1,115</u>   | <u>259,797</u>             |
| <b>Total Contributions</b>   | <b>\$ 441,441</b>                         | <b>\$ 89,082</b>                               | <b>\$16,701</b>                             | <b>\$ 2,353</b>  | <b>\$ 549,577</b>          |
| <b>Investments</b>   |   |  |   |  |                            |
| Net appreciation (depreciation)<br>in fair value                       | \$ 842,489                                | \$ 355,681                                     | \$ 7,465                                    | \$ 2,305   | \$ 1,207,940               |
| Interest   | 55,265                                    | 26,512   | 740   | 97   | 82,614                     |
| Dividends  | 65,765                                    | 31,591   | 873   | 0  | 98,229                     |
| Distributed income of the Minnesota<br>Post Retirement Investment Fund | <u>480,751</u>                            | <u>168,239</u>                                 | <u>112</u>                                  | <u>0</u>   | <u>649,102</u>             |
| <b>Total investment activity Income</b>                                | <b>\$1,444,270</b>                        | <b>\$ 582,023</b>                              | <b>\$ 9,190</b>                             | <b>\$ 2,402</b>  | <b>\$ 2,037,885</b>        |
| Less investment expense  | <u>(12,899)</u>                           | <u>(5,359)</u>                                 | <u>(82)</u>                                 | <u>0</u>   | <u>(18,340)</u>            |
| <b>Net income from investment activity</b>                             | <b>\$1,431,371</b>                        | <b>\$ 576,664</b>                              | <b>\$ 9,108</b>                             | <b>\$ 2,402</b>  | <b>\$ 2,019,545</b>        |
| <i>From securities lending activities:</i>                             |   |  |   |  |                            |
| Securities lending income  | \$ 11,849                                 | \$ 4,842                                       | \$ 85                                       | \$ 8   | \$ 16,784                  |
| Securities lending expenses:   |   |  |   |  |                            |
| Borrower rebates   | (7,571)                                   | (3,091)  | (54)  | (5)  | (10,721)                   |
| Management fees  | <u>(995)</u>                              | <u>(407)</u>                                   | <u>(8)</u>                                  | <u>(1)</u>   | <u>(1,411)</u>             |
| <b>Net income from securities lending</b>                              | <b>\$ 3,283</b>                           | <b>\$ 1,344</b>                                | <b>\$ 23</b>                                | <b>\$ 2</b>  | <b>\$ 4,652</b>            |
| <b>Total Net Investment Income</b>                                     | <b>\$1,434,654</b>                        | <b>\$ 578,008</b>                              | <b>\$ 9,131</b>                             | <b>\$ 2,404</b>  | <b>\$ 2,024,197</b>        |
| <b>Other additions</b>   | <b>\$ 4,437</b>                           | <b>\$ 2,733</b>                                | <b>\$ 4</b>                                 | <b>\$ 0</b>  | <b>\$ 7,174</b>            |
| <b>Total Additions</b>   | <b><u>\$1,880,532</u></b>                 | <b><u>\$ 669,823</u></b>                       | <b><u>\$25,836</u></b>                      | <b><u>\$ 4,757</u></b>                                 | <b><u>\$ 2,580,948</u></b> |
| <b>DEDUCTIONS</b>  |   |  |   |  |                            |
| <b>Benefits</b>  | \$ 687,124                                | \$ 237,442                                     | \$ 805                                      | \$ 0   | \$ 925,371                 |
| <b>Refunds of contributions</b>  | 22,556                                    | 644  | 588   | 1,152  | 24,940                     |
| <b>Administrative expenses</b>   | 8,830                                     | 712  | 162   | 101  | 9,805                      |
| <b>Other deductions</b>  | <u>2,725</u>                              | <u>541</u>                                     | <u>5</u>                                    | <u>0</u>   | <u>3,271</u>               |
| <b>Total Deductions</b>  | <b><u>\$ 721,235</u></b>                  | <b><u>\$ 239,339</u></b>                       | <b><u>\$ 1,560</u></b>                      | <b><u>\$ 1,253</u></b>                                 | <b><u>\$ 963,387</u></b>   |
| <b>Net Increase (Decrease)</b>   | <b><u>\$1,159,297</u></b>                 | <b><u>\$ 430,484</u></b>                       | <b><u>\$24,276</u></b>                      | <b><u>\$ 3,504</u></b>                                 | <b><u>\$ 1,617,561</u></b> |
| <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>                   |   |  |   |  |                            |
| <b>Beginning of year</b>   | <b><u>\$8,835,789</u></b>                 | <b><u>\$3,708,020</u></b>                      | <b><u>\$51,200</u></b>                      | <b><u>\$17,402</u></b>                                 | <b><u>\$12,612,411</u></b> |
| <b>End of year</b>   | <b><u>\$9,995,086</u></b>                 | <b><u>\$4,138,504</u></b>                      | <b><u>\$75,476</u></b>                      | <b><u>\$20,906</u></b>                                 | <b><u>\$14,229,972</u></b> |

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

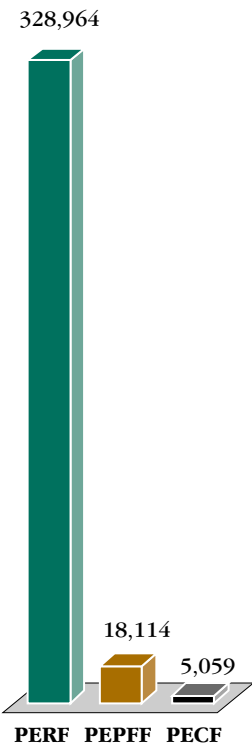


# Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2004

**P**ERA is the administrator of three cost-sharing, multiple-employer retirement plans and one multiple-employer deferred compensation plan.

**Plan Participation**  
(Total Membership)



## A. PLAN DESCRIPTION

### 1. Organization

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

### 2. Participating Employers

PERA serves approximately 2000 separate units of government in the PERF, 500 units of government in the PEPFF, 80 counties in the PECF, and 1000 units in the PEDCP. These units of government are made up of counties, cities, 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 firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and fire-fighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA. The PECF covers employees in county correctional institutions who have direct contact with inmates. Coverage under the PEDCP is open to elected local government officials (except elected county sheriffs), emergency medical service personnel employed by or providing service to any of the participating ambulance services, and physicians employed at public facilities. 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, 2004, there were 6,284 members in the plan.

Shown in **Figure 1** below are the membership totals in the PERA defined benefit plans as of June 30, 2004.

### 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. 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

**Fig.1 PERA Membership — Defined Benefit Plans**

|   | <u>PERF</u>           | <u>PEPFF</u>         | <u>PECF</u>         | <u>Total</u>          |
|---|-----------------------|----------------------|---------------------|-----------------------|
| Retirees and beneficiaries receiving benefits                                 | 54,620                | 6,431                | 139                 | 61,190                |
| Terminated employees entitled to benefits/refunds but not yet receiving them: |                       |                      |                     |                       |
| Vested  | 33,915                | 878                  | 758                 | 35,551                |
| Non-Vested  | 102,265               | 750                  | 911                 | 103,926               |
| Current, active employees:  |                       |                      |                     |                       |
| Vested  | 102,642               | 8,536                | 2,042               | 113,220               |
| Non-Vested  | <u>35,522</u>         | <u>1,519</u>         | <u>1,209</u>        | <u>38,250</u>         |
| <b>Total</b>  | <b><u>328,964</u></b> | <b><u>18,114</u></b> | <b><u>5,059</u></b> | <b><u>352,137</u></b> |

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 Basic members is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. For a Coordinated member, the annuity accrual rate is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent for each remaining year. Under **Method 2**, the annuity accrual rate is 2.7 percent of average salary for Basic members and 1.7 percent for Coordinated members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For PERF members whose annuity is calculated using Method 1, and for all PEPFF and PECF members, a full annuity is available when age plus years of service equal at least 90. A reduced retirement annuity is also available to eligible members seeking early retirement. The annuity accrual rate for PECF members is 1.9 percent of average salary for each year of service in that plan.

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 last terminated their public service.

- b) Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Current

contribution rates for the PERA defined benefit plans are set by Minnesota Statutes, Chapters 353, 353A, 353B, 353E, and 356, and are shown in **Figure 2** below.

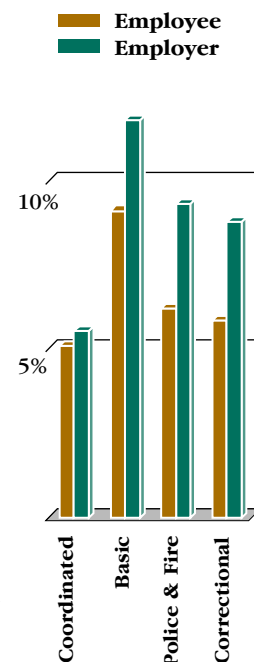
### 5. Benefit Provisions and Contribution Rates — Defined Contribution Plan

The Public Employees Defined Contribution Plan (PEDCP) is a multiple-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.) The plan is established and administered in accordance with Minnesota Statutes, Chapter 353D.

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 or physician who decides to participate contributes 5 percent of salary, which is matched by the 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 seven accounts of the Minnesota Supplemental Investment Fund.

Investment options include the Income Share, Growth Share, Common Stock Index, Bond Market, Money Market, International Share, and the Fixed Interest (formerly the Guaranteed Return) accounts.

**Contribution Rates**



**P**lan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses.

**Fig 2. Retirement Plan Contribution Rates 6/30/04**

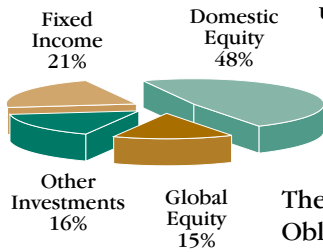
|  | Employee | Employer | Additional Employer |
|--|----------|----------|---------------------|
| <i>Public Employees Retirement Fund:</i>       |          |          |                     |
| Basic Plan                                     | 9.10%    | 9.10%    | 2.68%               |
| Coordinated Plan                               | 5.10%    | 5.10%    | 0.43%               |
| <i>Public Employees Police &amp; Fire Fund</i> |          |          |                     |
|  | 6.20%    | 9.30%    | n/a                 |
| <i>Public Employees Correctional Fund</i>      |          |          |                     |
|  | 5.83%    | 8.75%    | n/a                 |

**Notes**

(Continued)

**Active Funds Pooled Accounts**

(Portfolio Allocation)



For administering the plan, PERA receives 2 percent of employer contributions paid during the year, plus four-tenths of one percent (0.4%) of the assets in each member’s account each year.

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 a pension trust fund. Obligations under the plan include an amount payable to other funds of \$101,000 to cover administrative expenses that were paid during the year by the PERF.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS**

**1. Reporting Entity**

PERA functions as a separate statutory entity. The association maintains rights to sue or be sued in its own name and to hold property in its own name. For financial reporting purposes, PERA is considered a pension trust fund of the State of Minnesota and is included in the State’s Comprehensive Annual Financial Report with its fiduciary funds. PERA does not have any component units.

**2. Basis of Accounting**

PERA financial statements for all funds are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments and statutory requirements. Expenses are recorded when the liability is incurred. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**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 (SBI). As of June 30, 2004, the participation shares in the pooled accounts at fair value, excluding the Minnesota Post Retirement Investment Fund (MPRIF), totaled 26.09 percent for the PERF, 12.19 percent for the PEPFF and 0.39 percent for the PECF. The funds’ shares of net assets of the Minnesota Post Retirement Investment Fund, at fair value, totaled 27.53 percent, 9.85 percent and 0.01 percent, respectively.
- 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) Investments are categorized to give an indication of the level of risk that is assumed. 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

**P**ERA functions as a separate statutory entity. The association maintains rights to sue or be sued in its own name and to hold property in its own name. For financial reporting purposes, PERA is considered a pension trust fund of the State of Minnesota.

**Fig 3. PERA Investments — All Funds (in thousands)**

|   | Cost<br>June 30, 2004      | Fair Value<br>June 30, 2004 |
|---|----------------------------|-----------------------------|
| <b>Pooled Accounts</b>                                  |                            |                             |
| External Domestic Equity                                | \$ 2,516,768               | \$ 2,367,554                |
| Fixed Income  | 1,582,721                  | 1,536,692                   |
| Global Equity   | 1,071,541                  | 1,113,329                   |
| Passive Domestic Equity                                 | 1,081,667                  | 1,131,569                   |
| SBI Alternative   | <u>899,686</u>             | <u>916,011</u>              |
| <b>Total Pooled Accounts</b>                            | <b>\$7,152,383</b>         | <b>\$7,065,155</b>          |
| <b>Short Term Pooled Cash</b>                           | <b>\$ 227,363</b>          | <b>\$ 227,363</b>           |
| <b>Post Retirement Investment Account</b>               | <b>\$8,497,582</b>         | <b>\$6,943,994</b>          |
| <b>Cash and Investments for Deferred Comp. Benefits</b> | <b>\$ 20,954</b>           | <b>\$ 20,954</b>            |
| <b>Totals</b>   | <b><u>\$15,898,282</u></b> | <b><u>\$14,257,466</u></b>  |

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 or by its trust department or agent, but not in the state's name. PERA does not own any investments that are considered securities for purposes of assessing credit risk. All PERA investments are held in Minnesota State Board of Investment-administered pools or open-end mutual funds. These investments are not considered securities for purposes of credit risk classification. The investments in any one organization do not represent 5 percent or more of plan net assets for any of the plans PERA administers.

- d) In accordance with Minnesota Statutes, SBI has the authority to enter into, and has entered into, derivative transactions including put and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. Any agreements for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or security. As of June 30, 2004, PERA's exposure to market risk is minimal.
- e) Information about the primary government's (State of Minnesota) investments, including credit risk classification, can be obtained from the Minnesota Department of Finance, 400 Centennial Building, 658 Cedar Street, St. Paul, Minnesota 55155. Information on specific investments owned by the pooled accounts can be obtained from the

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

#### 4. Method Used to Value Investments

- a) Investments in the pooled accounts, including assets of the PEDCP, are reported at fair value. **Figure 3** provides a summary of cost and fair values of the investments as of June 30, 2004 as reported on the Statement of Plan Net Assets. The fair value of investments is based upon valuations provided by a recognized pricing service. Securities traded on a national or international exchange are valued using the last reported trade price. Short-term investments are reported at cost, which approximates fair value. The fair value of real estate investments is based on independent yearly appraisals. Investments that do not have an established market are reported at estimated fair value.
- 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

Information about the primary government's investments can be obtained from the Minnesota Department of Finance. Information on specific investments owned by the pooled accounts can be obtained from the Minnesota State Board of Investment.

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.

**Fig 4. Capital Assets**

|  | <u>Balance</u><br><u>July 1, 2003</u> | <u>Additions</u>          | <u>Deductions</u>        | <u>Balance</u><br><u>June 30, 2004</u> |
|--|---------------------------------------|---------------------------|--------------------------|--|
| <b>Capital assets not being depreciated:</b>                 |                                       |                           |                          |  |
| Land   | \$ 170,308                            | \$ 0                      | \$ 0                     | \$ 170,308                             |
| <b>Capital assets being depreciated:</b>                     |                                       |                           |                          |  |
| Building   | \$ 11,729,998                         | \$ 28,457                 | \$ 0                     | \$ 11,758,455                          |
| Furniture & Fixtures   | 521,525                               | 0                         | 0                        | 521,525                                |
| Data Processing Equipment                                    | 1,512,564                             | 16,337                    | (18,005)                 | 1,510,896                              |
| Office Equipment   | 107,793                               | 65,921                    | (15,809)                 | 157,905                                |
| Automobile   | <u>14,533</u>                         | <u>0</u>                  | <u>(14,533)</u>          | <u>0</u>                               |
| <b>Total capital assets being depreciated</b>                | <b>\$13,886,413</b>                   | <b>\$ 110,715</b>         | <b>\$(48,347)</b>        | <b>\$13,948,781</b>                    |
| <b>Less accumulated depreciation for:</b>                    |                                       |                           |                          |  |
| Building   | \$ (586,500)                          | \$ (293,999)              | \$ 0                     | \$ (880,499)                           |
| Equipment, Furniture & Fixtures                              | (913,599)                             | (227,570)                 | 32,753                   | (1,108,416)                            |
| Automobile   | <u>(14,533)</u>                       | <u>0</u>                  | <u>14,533</u>            | <u>0</u>                               |
| <b>Total accumulated depreciation</b>                        | <b>\$(1,514,632)</b>                  | <b>\$(521,569)</b>        | <b>\$ 47,286</b>         | <b>\$(1,988,915)</b>                   |
| <b>Total capital assets, net of accumulated depreciation</b> | <b><u>\$12,542,089</u></b>            | <b><u>\$(410,854)</u></b> | <b><u>\$ (1,061)</u></b> | <b><u>\$12,130,174</u></b>             |

**Notes**

(Continued)

pooled investment accounts. PERA's share of these expenses totaled \$12,899,000 for PERF, \$5,359,000 for PEPFF, and \$82,000 for PECF. Information on fees, commissions, and brokerage firms can be obtained from the Minnesota State Board of Investment, Retirement Systems of Minnesota Building, 60 Empire Drive, Suite 355, St. Paul, Minnesota 55103.

Legislation was passed in 1999 allowing PERA, the Minnesota Teacher's Retirement Association and the Minnesota State Retirement System to purchase land and construct a 130,000 square foot building to house all three retirement systems. The systems moved into the facility in September 2001.

**5. Capital Assets**

Capital 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.

Capital assets are presented on the June 30, 2004 Statement of Plan Net Assets at historical cost, net of accumulated depreciation, as summarized in **Figure 4**.

**6. Building and Land**

Legislation was passed in 1999 allowing PERA, the Minnesota Teacher's Retirement Association and the Minnesota State Retirement System to purchase land and construct a 130,000 square foot building to house all three retirement systems. The systems moved into the facility in September 2001. Ownership of the facility is pro-rated based on the amount of square footage each retirement system occupies in the building. PERA's ownership share is 39.8 percent. PERA's share of construction costs is \$11,758,455. PERA's share of the cost to purchase the 4.3 acres of land is \$170,308.

In June 2000 the State of Minnesota, under the authority of the Commissioner of Finance, issued revenue bonds totaling \$29 million on behalf of the three retirement systems to pay for the construction of the facility. Those bonds are backed by the assets of the three retirement systems, excluding equity in the Minnesota Post Retirement Investment Fund and assets

in the Defined Contribution Plans, and both principal and interest payments are made by the retirement systems using the same ownership ratio to determine amounts. At year end, PERA's share of the bonds payable is \$11,004,700. We are depreciating the facility over 40 years. PERA's share of bond issuance costs are shown on the Statement of Plan Net Assets as Deferred Bond Charges and are being amortized over 30 years, the life of the bonds. The bond repayment schedule is shown in **Figure 5**.

**7. Accrued Compensated Absences**

PERA's employees 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. We estimate that \$33,138 is considered a short-term liability and the remainder of \$630,900 is considered a long-term liability. The total is shown on the Statement of Plan Net Assets.

**Fig 5. Remaining Revenue Bond Repayment Schedule (In dollars)**

| Fiscal Year   | PERA                       |                            | Total P & I                |
|---------------|----------------------------|----------------------------|----------------------------|
|               | Principal                  | Interest                   |                            |
| 2005          | \$ 199,000                 | \$ 634,410                 | \$ 833,410                 |
| 2006          | 208,950                    | 623,713                    | 832,663                    |
| 2007          | 218,900                    | 612,482                    | 831,382                    |
| 2008          | 228,850                    | 600,716                    | 829,566                    |
| 2009          | 238,800                    | 588,416                    | 827,216                    |
| 2010          | 248,750                    | 575,580                    | 824,330                    |
| 2011          | 268,650                    | 562,210                    | 830,860                    |
| 2012          | 278,600                    | 547,703                    | 826,303                    |
| 2013          | 298,500                    | 532,519                    | 831,019                    |
| 2014          | 308,450                    | 516,102                    | 824,552                    |
| 2015          | 328,350                    | 498,983                    | 827,333                    |
| 2016          | 348,250                    | 480,595                    | 828,845                    |
| 2017          | 368,150                    | 460,919                    | 829,069                    |
| 2018          | 388,050                    | 439,934                    | 827,984                    |
| 2019          | 417,900                    | 417,621                    | 835,521                    |
| 2020          | 437,800                    | 393,592                    | 831,392                    |
| 2021          | 467,650                    | 368,200                    | 835,850                    |
| 2022          | 497,500                    | 340,725                    | 838,225                    |
| 2023          | 527,350                    | 311,497                    | 838,847                    |
| 2024          | 557,200                    | 280,515                    | 837,715                    |
| 2025          | 597,000                    | 247,780                    | 844,780                    |
| 2026          | 626,850                    | 212,706                    | 839,556                    |
| 2027          | 666,650                    | 175,879                    | 842,529                    |
| 2028          | 716,400                    | 136,713                    | 853,113                    |
| 2029          | 756,200                    | 93,729                     | 849,929                    |
| 2030          | 805,950                    | 48,357                     | 854,307                    |
| <b>Totals</b> | <b><u>\$11,004,700</u></b> | <b><u>\$10,701,596</u></b> | <b><u>\$21,706,296</u></b> |

## 8. Securities Lending

PERA does not own specific securities, but instead owns shares in pooled funds invested by the State Board of Investment (SBI). The SBI is authorized to enter into securities lending transactions in accordance with Minnesota Statutes, Chapter 356A.06, subd. 7 and has, pursuant to a Custodial Trust Agreement, authorized State Street Bank and Trust Company to act as agent in lending securities to broker-dealers and banks.

During the fiscal year State Street lent, at the direction of the SBI, certain securities held by State Street as custodian and received cash (both United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt of foreign countries, and irrevocable bank letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than 102% of the market value of the loaned securities.

The SBI did not impose any restrictions during the fiscal year on the amount of the loans that State Street made on its behalf. There were no failures by any borrower to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or State Street.

During the fiscal year, the SBI and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of June 30, 2004, the investment pool had an average duration of 52 days and an average weighted maturity of 344 days. Because the loans were

terminable at will their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2004 SBI had no credit risk exposure to borrowers. PERA's portion of the collateral held and the fair value of securities on loan from the SBI as of June 30, 2004 were \$1,697,363,895 and \$1,654,508,564 respectively. Cash collateral of \$1,585,450,654 is reported on the Statement of Plan Net Assets as an asset. Liabilities resulting from these securities lending transactions are also reported on the Statement of Plan Net Assets.

## C. CHANGES IN ASSUMPTIONS AND PROVISIONS

There were no 2004 benefit provision changes or actuarial assumption changes that had a material affect on the actuarial accrued liability of the funds.

## D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Minnesota Statutes, Chapters 353, 353A, 353B, 353E and 356 set the rates for employer and employee contributions. Contribution rates are shown in Figure 2. Minnesota Statutes require the PERF to be fully funded by the year 2031, the PECF by the year 2023, and the PEPFF by 2020. Unfunded actuarial accrued liabilities are calculated using the formula shown in Figure 6. As part of the annual actuarial valuation, PERA's actuary determines the sufficiency of the statutory contribution rates toward meeting the required full funding deadlines. The actuary compares the actual

PERA does not own specific securities, but instead owns shares in pooled funds invested by the State Board of Investments (SBI). The SBI is authorized to enter into securities lending transactions and has authorized State Street Bank and Trust Company to act as agent in lending securities to broker-dealers and banks.

Minnesota Statutes require the PERF to be fully funded by the year 2031 and the PECF to be fully funded by the year 2023.

**Fig 6. Unfunded Actuarial Accrued Liability (in thousands)**

|  | PERF                       | PEPFF                     | PECF                   |
|--|----------------------------|---------------------------|------------------------|
| Fair Value of Assets Available for Benefits        | \$ 11,140,746              | \$ 4,546,172              | \$ 75,735              |
| Less (Plus) Unrecognized Asset Return Adjustment   | (337,215)                  | (200,662)                 | (183)                  |
| <b>Actuarial Value of Assets</b>                   | <b><u>\$11,477,961</u></b> | <b><u>\$4,746,834</u></b> | <b><u>\$75,918</u></b> |
| Actuarial Accrued Liability                        | \$ 14,959,465              | \$ 4,692,190              | \$ 85,693              |
| Less Actuarial Value of Assets                     | <u>11,477,961</u>          | <u>4,746,834</u>          | <u>75,918</u>          |
| <b>Unfunded Accrued Liability/(Surplus Assets)</b> | <b><u>\$ 3,481,504</u></b> | <b><u>\$ (54,644)</u></b> | <b><u>\$ 9,775</u></b> |

**Notes**

(Continued)

Legislation passed in 1999 closed the Police and Fire Consolidation Fund and moved members and necessary assets to the PEPFF.

contribution rate to an actuarially derived “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 administrative expenses.

As shown in **Figure 7**, there is a projected contribution deficiency on June 30, 2004 of \$67,329,585 in the PERE, a contribution deficiency of \$38,924,723 in the PEPFF, and a sufficiency of \$1,904,632 in the PECF. Significant actuarial assumptions used to compute contribution requirements are listed in the notes to the schedules of trend information on page 32. Six-year historical trend information designed to provide information about PERA’s funding progress and employer contributions can be found on pages 30 and 31.

Legislation passed in 1999 closed the Police and Fire Consolidation Fund and moved members and necessary assets to the PEPFF. Some consolidation units were not fully funded at the time, and an amortization schedule was created that allowed those units to pay off the unfunded liability over a 10-year period. The method for calculating yearly payments was set forth in Minnesota Statutes and calculated by an actuary. Payments are due by January 31st each year through the year 2009. In fiscal year 2004 we received

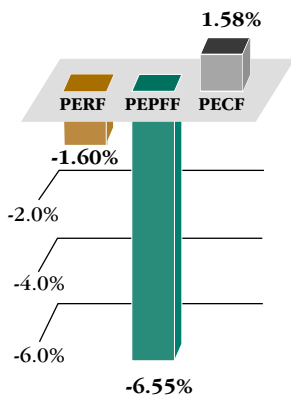
\$6,428,330 in principal and interest payments. Future principal payments of \$26,386,398 are shown on the Statement of Plan Net Assets as a receivable. Of that amount, \$4,453,117 is due by January 31, 2005.

**E. MINNESOTA POST RETIREMENT INVESTMENT FUND (MPRIF) RESERVE**

For all retiring members, except those in the PEPFF who have not elected to have their post retirement adjustments determined by the MPRIF formula, the reserves required to pay the cost of the member’s annuity are transferred to the MPRIF where the funds are invested along with funds from the other statewide retirement systems. Increases in annuities are based upon CPI and earnings of the MPRIF, as defined in Minnesota Statutes, Section 11.18, Subd. 9.

The MPRIF is a legally required reserve account, and is by definition fully funded. PERA’s share of the MPRIF investments is shown at fair value, and is calculated based on each fund’s level of participation in the pooled investments. Participation in the MPRIF is determined by the actuarially determined required reserves level in accordance with Minnesota Statutes, Section 11A.18, Subd. 7. It includes a 6 percent assumed income distribution and any mortality gains or losses incurred during the year. As of June 30, 2004, the Public Employees Retirement Fund’s share of net

**Funding Surplus (Deficiency)**



**Fig. 7 Funding Surplus (in thousands)**

|  | PERE               | % of FY05 Estimated Covered Payroll | PEPFF              | % of FY05 Estimated Covered Payroll | PECF             | % of FY05 Estimated Covered Payroll |
|--|--------------------|-------------------------------------|--------------------|-------------------------------------|------------------|-------------------------------------|
| <b>Contributions statutorily required:</b>     |                    |                                     |                    |                                     |                  |                                     |
| Employee share                                 | \$ 215,426         | 5.10%                               | \$ 36,825          | 6.20%                               | \$ 7,026         | 5.83%                               |
| Employer share                                 | 233,675            | 5.54%                               | 55,237             | 9.30%                               | 10,544           | 8.75%                               |
| <b>Subtotal—Actual</b>                         | <b>\$ 449,101</b>  | <b>10.64%</b>                       | <b>\$ 92,062</b>   | <b>15.50%</b>                       | <b>\$ 17,570</b> | <b>14.58%</b>                       |
| <b>Contributions actuarially required:</b>     |                    |                                     |                    |                                     |                  |                                     |
| Normal Cost                                    | \$ 328,196         | 7.78%                               | \$ 132,887         | 22.37%                              | \$ 14,834        | 12.31%                              |
| Supplemental contribution amortization of UAAL | 179,372            | 4.25%                               | (2,613)            | -0.44%                              | 663              | 0.55%                               |
| Allowance for administrative expenses          | 8,863              | 0.21%                               | 713                | 0.12%                               | 169              | 0.14%                               |
| <b>Subtotal—Actuarially Required</b>           | <b>\$ 516,431</b>  | <b>12.24%</b>                       | <b>\$130,987</b>   | <b>22.05%</b>                       | <b>\$ 15,666</b> | <b>13.00%</b>                       |
| <b>Funding surplus (deficiency)</b>            | <b>\$ (67,330)</b> | <b>-1.60%</b>                       | <b>\$ (38,925)</b> | <b>-6.55%</b>                       | <b>\$ 1,904</b>  | <b>1.58%</b>                        |
| <b>Estimated FY05 Covered Payroll</b>          | <b>\$4,220,503</b> |                                     | <b>\$593,945</b>   |                                     | <b>\$120,511</b> |                                     |

assets of the MPRIF, at participation, is \$6,308,742,962 and at fair value is \$5,163,083,781. The Public Employees Police and Fire Fund's share of net assets of the MPRIF, at participation, is \$2,186,730,998 and at fair value is \$1,779,062,731. The Public Employees Correctional Fund's share of net assets of the MPRIF, at participation, is \$2,108,265 and at fair value is \$1,847,735.

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. 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, 2003 are eligible to receive the following January 1, 2005 benefit increase:

|                                   |                      |
|-----------------------------------|----------------------|
| Inflation Based Benefit Increase  | 2.500%               |
| Investment Based Benefit Increase | <u>0.000%</u>        |
| <b>Total Benefit Increase</b>     | <b><u>2.500%</u></b> |

## 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 2004, the combined depository insurance and collateral was sufficient to meet legal requirements and secure all PERA deposits.

### 2. Administrative Expenses

Administrative expenses of the Public Employees Retirement Association are paid during the year 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 Public Employees Correctional Fund, based on membership counts. The PEDCP reimburses the PERF to the extent of fees collected for recovery of administrative costs. The applicable amounts are reported as expenses of the four funds and reported on the Statement of Plan Net Assets as a payable to other funds or due from other funds. Administrative costs are funded from investment income for the defined benefit plans.

For fiscal year 2004, administrative expenses allocated to PERF, PEPFF, PECF, and PEDCP totaled \$8,830,000, \$712,000, \$162,000, and \$101,000 respectively.

### 3. Participating Pension Plan

All employees of the Public Employees Retirement Association are covered by the PERF Coordinated Plan and eligible for the plan provisions described in Note A, 4. Minnesota Statute 353.27 sets the rates for employee and employer contributions. These statutes are established and amended by the state legislature. Total covered payroll for PERA employees during fiscal year 2004 was approximately \$4.46 million.

Employer pension contributions for PERA employees for the years ending June 30, 2004, 2003 and 2002 were \$246,802, \$237,781 and \$221,206 respectively, equal to the required contributions for each year as set by state statute.

The MPRIF income available for distribution is determined using a post-retirement benefit increase formula based on total investment return. This formula contains both an inflation adjustment and an investment component.



# Schedule of Funding Progress

(last six years, in thousands, unaudited)

## ***PUBLIC EMPLOYEES RETIREMENT FUND***

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL)-Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u> |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| 6/30/1999                       | \$ 8,489,177                         | \$ 9,443,678   | \$ 954,501                       | 89.9%                     | \$3,302,808                | 28.9%  |
| 6/30/2000                       | 9,609,367                            | 11,133,682   | 1,524,315                        | 86.3%                     | 3,437,954                  | 44.3%  |
| 6/30/2001                       | 10,527,270                           | 12,105,337   | 1,578,067                        | 87.0%                     | 3,466,587                  | 45.5%  |
| 6/30/2002                       | 11,017,414                           | 12,958,105   | 1,940,691                        | 85.0%                     | 3,809,864                  | 50.9%  |
| 6/30/2003                       | 11,195,902                           | 13,776,198   | 2,580,296                        | 81.3%                     | 4,387,649                  | 58.8%  |
| 6/30/2004                       | 11,477,961                           | 14,959,465   | 3,481,504                        | 76.7%                     | 3,968,034                  | 87.7%  |

## ***PUBLIC EMPLOYEES POLICE AND FIRE FUND\****

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL)-Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u> |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| 6/30/1999                       | \$ 2,626,817                         | \$ 1,956,263   | \$ (670,554)                     | 134.2%                    | \$ 352,066                 | -190.5%  |
| 6/30/2000                       | 4,145,351                            | 3,383,187  | (762,164)                        | 122.5%                    | 392,796                    | -194.0%  |
| 6/30/2001                       | 4,510,134                            | 3,712,360  | (797,774)                        | 121.5%                    | 500,839                    | -159.3%  |
| 6/30/2002                       | 4,707,255                            | 3,886,311  | (820,944)                        | 121.1%                    | 522,153                    | -157.2%  |
| 6/30/2003                       | 4,713,606                            | 4,390,953  | (322,653)                        | 107.3%                    | 560,503                    | - 57.6%  |
| 6/30/2004                       | 4,746,834                            | 4,692,190  | (54,644)                         | 101.2%                    | 551,266                    | - 9.9%   |

## ***POLICE AND FIRE CONSOLIDATION FUND (TERMINATED 7/1/99)\****

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL)-Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u> |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| 6/30/1999                       | \$ 1,092,684                         | \$ 1,030,917   | \$ (61,767)                      | 106.0%                    | \$ 45,086                  | -137.0%  |

## ***PUBLIC EMPLOYEES CORRECTIONAL FUND (ESTABLISHED 7/1/99)***

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL)-Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u> |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| 6/30/2000                       | \$ 11,116                            | \$ 10,195  | \$ (921)                         | 109.0%                    | \$ 70,690                  | -1.3%  |
| 6/30/2001                       | 25,014                               | 25,453   | 439                              | 98.3%                     | 91,025                     | 0.5%   |
| 6/30/2002                       | 40,105                               | 42,144   | 2,039                            | 95.2%                     | 101,309                    | 2.0%   |
| 6/30/2003                       | 56,487                               | 62,542   | 6,055                            | 90.3%                     | 110,296                    | 5.5%   |
| 6/30/2004                       | 75,918                               | 85,693   | 9,775                            | 88.6%                     | 109,600                    | 8.9%   |

\* Members and assets from the Police and Fire Consolidation Plan were transferred to the Public Employees Police and Fire Fund on 7/1/99.

# Schedule of Employer Contributions

(last six years, in thousands, unaudited)

## ***PUBLIC EMPLOYEES RETIREMENT FUND***

| <u>Year Ended<br/>June 30</u> | <u>Actuarially<br/>Required<br/>Contribution Rate*</u><br>(a) | <u>Actual<br/>Covered<br/>Payroll</u><br>(b) | <u>Actual<br/>Member<br/>Contributions</u><br>(c) | <u>Annual<br/>Required<br/>Contribution</u><br>[(a) x (b)] - (c) | <u>Actual<br/>Employer<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
|-------------------------------|---|--|---|--|---|-----------------------------------|
| 1999                          | 9.63%   | \$3,302,808                                  | \$158,475   | \$159,585  | \$173,370                                   | 108.64%                           |
| 2000                          | 9.22%   | 3,437,954                                    | 171,073   | 145,906  | 186,637                                     | 127.92%                           |
| 2001                          | 11.84%  | 3,466,587                                    | 173,380   | 237,064  | 188,208                                     | 79.39%                            |
| 2002                          | 11.85%  | 3,809,864                                    | 191,422   | 260,047  | 206,982                                     | 79.59%                            |
| 2003                          | 11.52%  | 4,387,649                                    | 205,963   | 299,494  | 221,689                                     | 74.02%                            |
| 2004                          | 12.25%  | 3,968,034                                    | 215,697   | 270,387  | 225,745                                     | 83.49%                            |

## ***PUBLIC EMPLOYEES POLICE AND FIRE FUND\*\****

| <u>Year Ended<br/>June 30</u> | <u>Actuarially<br/>Required<br/>Contribution Rate*</u><br>(a) | <u>Actual<br/>Covered<br/>Payroll</u><br>(b) | <u>Actual<br/>Member<br/>Contributions</u><br>(c) | <u>Annual<br/>Required<br/>Contribution</u><br>[(a) x (b)] - (c) | <u>Actual<br/>Employer<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
|-------------------------------|---|--|---|--|---|-----------------------------------|
| 1999                          | 12.32%  | \$ 352,066                                   | \$ 30,897   | \$ 12,478  | \$ 46,280                                   | 370.89%                           |
| 2000                          | 12.87%  | 392,796                                      | 31,214  | 19,339   | 53,178                                      | 274.98%                           |
| 2001                          | 12.21%  | 500,839                                      | 31,341  | 29,811   | 52,960                                      | 177.65%                           |
| 2002                          | 12.61%  | 522,153                                      | 33,801  | 32,042   | 90,664                                      | 282.95%                           |
| 2003                          | 12.52%  | 560,503                                      | 34,751  | 35,424   | 50,917                                      | 143.74%                           |
| 2004                          | 19.47%  | 551,266                                      | 36,313  | 71,018   | 52,769                                      | 74.30%                            |

## ***POLICE AND FIRE CONSOLIDATION FUND (TERMINATED 7/1/99)\*\****

| <u>Year Ended<br/>June 30</u> | <u>Actuarially<br/>Required<br/>Contribution Rate*</u><br>(a) | <u>Actual<br/>Covered<br/>Payroll</u><br>(b) | <u>Actual<br/>Member<br/>Contributions</u><br>(c) | <u>Annual<br/>Required<br/>Contribution</u><br>[(a) x (b)] - (c) | <u>Actual<br/>Employer<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
|-------------------------------|---|--|---|--|---|-----------------------------------|
| 1999                          | -4.20%  | \$ 45,086                                    | \$ 3,429  | \$ (5,323)   | \$ 11,569                                   | NA                                |

## ***PUBLIC EMPLOYEES CORRECTIONAL FUND (ESTABLISHED 7/1/99)***

| <u>Year Ended<br/>June 30</u> | <u>Actuarially<br/>Required<br/>Contribution Rate*</u><br>(a) | <u>Actual<br/>Covered<br/>Payroll</u><br>(b) | <u>Actual<br/>Member<br/>Contributions</u><br>(c) | <u>Annual<br/>Required<br/>Contribution</u><br>[(a) x (b)] - (c) | <u>Actual<br/>Employer<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
|-------------------------------|---|--|---|--|---|-----------------------------------|
| 2000                          | 15.03%  | \$ 70,690                                    | \$ 4,382  | \$ 6,243   | \$ 6,487                                    | 103.91%                           |
| 2001                          | 14.36%  | 91,025                                       | 5,308   | 7,763  | 8,054                                       | 103.75%                           |
| 2002                          | 14.21%  | 101,309                                      | 5,882   | 8,514  | 8,830                                       | 103.71%                           |
| 2003                          | 14.10%  | 110,296                                      | 6,430   | 9,122  | 9,645                                       | 105.74%                           |
| 2004                          | 14.15%  | 109,600                                      | 6,672   | 8,836  | 10,029                                      | 113.50%                           |

\* Actuarially Required Contribution Rate is calculated according to parameters of GASB 25 with no assumption for growth of covered population.

\*\* Members and assets from the Police and Fire Consolidation Plan were transferred to the Public Employees Police and Fire Fund on 7/1/99.

# Required Supplementary Information Notes

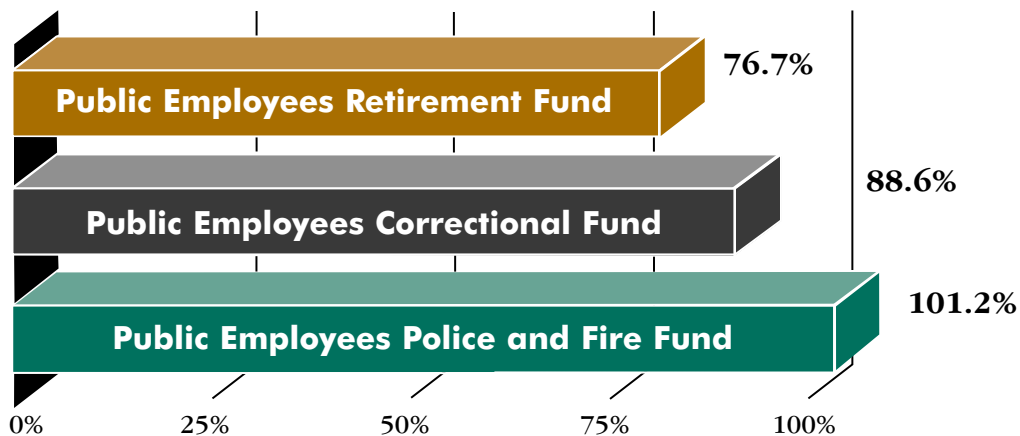
(unaudited)

|                                      | <u>Public Employees Retirement Fund</u> | <u>Public Employees Police &amp; Fire Fund</u> | <u>Public Employees Correctional Fund</u> |
|--------------------------------------|---|--|---|
| <b>Valuation Date</b>                | 6/30/2004                               | 6/30/2004                                      | 6/30/2004                                 |
| <b>Actuarial Cost Method</b>         | Entry Age                               | Entry Age                                      | Entry Age                                 |
| <b>Amortization Method</b>           | Level Percent Closed                    | Level Percent Closed                           | Level Percent Closed                      |
| <b>Remaining Amortization Period</b> | 27 years                                | 30 years                                       | 19 years                                  |
| <b>Asset Valuation Method</b>        | Fair Market Value Smoothed Over 5 Years | Fair Market Value Smoothed Over 5 Years        | Fair Market Value Smoothed Over 5 Years   |

**Actuarial Assumptions:**

|                            |  |                              |                                    |
|----------------------------|--|------------------------------|------------------------------------|
| Investment Rate of Return  | 8.5%   | 8.5%                         | 8.5%                               |
| Projected Salary Increases | 5.0% - 6.40%   | 5.25% - 11.5%                | 5.25% - 7.75%                      |
| Assumed Inflation Rate     | 5.0%   | 5.0%                         | 5.0%                               |
| Payroll Growth Rate        | 6.0%   | 6.0%                         | 6.0%                               |
| Mortality Table - Active   | 1983 GAM<br>Set Back 8 Years, Males;<br>7 Years, Females | 1983 GAM<br>Set Back 6 Years | 1983 GAM<br>Set Back 1 Year, Males |
| Mortality Table - Retired  | 1983 GAM<br>Set Back 1 Year                              | 1983 GAM<br>Set Back 1 Year  | 1983 GAM<br>Set Forward 2 Years    |
| Cost of Living Adjustment  | No Assumption  | No Assumption                | No Assumption                      |

**FUNDING RATIOS**  
(Percent Funded)



The chart above reflects funding ratios for the three defined benefit funds administered by PERA, as reported on page 30.

# Schedule of Investment Expenses

For the Fiscal Year Ended June 30, 2004 (in thousands)

| <u>Source of Expenses</u>           | <u>Public<br/>Employees<br/>Retirement<br/>Fund</u> | <u>Public<br/>Employees<br/>Police and Fire<br/>Fund</u> | <u>Public<br/>Employees<br/>Correctional<br/>Fund</u> | <u>Total</u>           |
|-------------------------------------|---|--|---|------------------------|
| Outside Money Managers—Equities     | \$10,323  | \$4,292  | \$66  | \$14,681               |
| Outside Money Managers—Bonds        | 2,038   | 842  | 13  | 2,893                  |
| Minnesota State Board of Investment | 465   | 194  | 3   | 662                    |
| Financial Control Systems           | <u>73</u>   | <u>31</u>  | <u>0</u>  | <u>104</u>             |
| <b>Total</b>                        | <b><u>\$12,899</u></b>                              | <b><u>\$5,359</u></b>                                    | <b><u>\$82</u></b>                                    | <b><u>\$18,340</u></b> |

# Schedule of Commissions and Payments to Consultants

For the Fiscal Year Ended June 30, 2004 (in thousands)

| <u>Individual or Firm Name</u>                     | <u>Nature of Service</u> | <u>Fee Paid</u>     |
|--|--------------------------|---------------------|
| Benefacts, Inc.                                    | Management               | \$120               |
| Richards & Tierney                                 | Investment               | 112                 |
| Mercer Human Resources Consulting                  | Actuarial                | 98                  |
| First Data Corp.                                   | Management               | 37                  |
| Independent Medical Consultants (8)                | Medical Services         | 33                  |
| Van Wagner Consulting Services                     | Medical Services         | 19                  |
| Pension Consulting Alliance                        | Investment               | 15                  |
| Page Technologies Inc.                             | System Development       | 4                   |
| Seminar Speakers (4)                               | Management               | 4                   |
| Berwyn Group                                       | Management               | 4                   |
| RJ Johnson Architect & Interior, Inc               | Management               | 2                   |
| Segal Company                                      | Management               | 2                   |
| Internal Revenue Service                           | Management               | 2                   |
| <br><b>State of Minnesota —</b>                    |                          |                     |
| Department of Health                               | Medical Services         | 88                  |
| Attorney General                                   | Legal                    | 64                  |
| Legislative Commission<br>on Pensions & Retirement | Actuarial                | 43                  |
| Administrative Law Judge                           | Medical Services         | 20                  |
| Management Analysis Division                       | Management               | <u>2</u>            |
| <b>Total</b>                                       |                          | <b><u>\$669</u></b> |

# Schedule of Administrative Expenses

For the Fiscal Year Ended June 30, 2004 (in thousands)

**PERSONAL SERVICES:**

|                                |           |                |
|--------------------------------|-----------|----------------|
| Staff Salaries                 | \$5,770   |                |
| Part-Time, Seasonal Labor      | 123       |                |
| Other Benefits                 | <u>87</u> |                |
| <b>Total Personal Services</b> |           | <b>\$5,980</b> |

**PROFESSIONAL SERVICES:**

|                                    |          |            |
|------------------------------------|----------|------------|
| Actuarial                          | \$ 141   |            |
| Legal                              | 64       |            |
| Investment Consultants             | 127      |            |
| Management Consultants             | 173      |            |
| Medical Evaluations                | 160      |            |
| System Development                 | <u>4</u> |            |
| <b>Total Professional Services</b> |          | <b>669</b> |

**COMMUNICATIONS:**

|                            |            |            |
|----------------------------|------------|------------|
| Printing & Advertising     | \$ 164     |            |
| Mail & Telephone Services  | <u>550</u> |            |
| <b>Total Communication</b> |            | <b>714</b> |

**MAINTENANCE & SUPPLIES:**

|   |            |            |
|---|------------|------------|
| Maintenance                             | \$ 36      |            |
| Supplies and Materials                  | <u>441</u> |            |
| <b>Total Maintenance &amp; Supplies</b> |            | <b>477</b> |

**OTHER:**

|                       |            |                     |
|-----------------------|------------|---------------------|
| Operating Costs       | \$ 40      |                     |
| Travel                | 78         |                     |
| Employee Development  | 68         |                     |
| Indirect Costs        | 129        |                     |
| Depreciation          | 522        |                     |
| Building Expenses     | 484        |                     |
| Bond Interest Expense | <u>644</u> |                     |
| <b>Total Other</b>    |            | <b><u>1,965</u></b> |

**Total Administrative Expense** **\$9,805**

**ALLOCATION OF ADMINISTRATIVE EXPENSE:**

|                                       |  |          |
|---------------------------------------|--|----------|
| <b>Defined Benefit Plans</b>          |  |          |
| Public Employees Retirement Fund      |  | \$ 8,830 |
| Public Employees Police and Fire Fund |  | 712      |
| Public Employees Correctional Fund    |  | 162      |

|  |  |            |
|--|--|------------|
| <b>Defined Contribution Plans</b>          |  |            |
| Public Employees Defined Contribution Plan |  | <u>101</u> |

**Total Administrative Expenses** **\$9,805**



**INVESTMENT  
SECTION**

Public Employees  
Retirement Association  
of Minnesota

### MINNESOTA STATE BOARD OF INVESTMENT



#### Board Members:

Governor  
Tim Pawlenty

State Auditor  
Pat Anderson

Secretary of State  
Mary Kiffmeyer

Attorney General  
Mike Hatch

#### Executive Director:

Howard J. Bicker

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An Equal Opportunity  
Employer

### Investment Authority

The assets of the Public Employees Retirement Association are invested under the direction and authority of the State Board of Investment (SBI) in accordance with Minnesota Statutes, Chapters 11A and 356A. The SBI is made up of the State Governor, State Auditor, Secretary of State, and the Attorney General. The Legislature has also established a 17-member Investment Advisory Council to advise the SBI and its staff on investment-related matters. The Executive Director of PERA is a permanent member of this Council.

### Investment Policy

Investment policy states that the SBI will operate within standard investment practices of the prudent person. The SBI is to "exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom." The SBI is authorized to own government obligations, corporate obligations, various short-term obligations, corporate stocks, venture capital interests, mutual funds, resource investments, and real estate interests subject to specific parameters. Above all, pension fund assets are to be invested for the exclusive benefit of the members of the fund.

### Investment Objectives

Pension fund assets are managed and accounted for separately in the Basic Funds and the Post Fund. The SBI reviews the performance of all the assets in the Combined Funds.

Pension contributions of PERA members are invested in the Basic Funds along with pension contributions from active members in seven other statewide retirement funds. PERA does not own any underlying assets, but instead owns a participation in these pooled Basic Funds. Because these assets normally accumulate in the Basic Funds for thirty to forty years, SBI's objective is to take advantage of the long investment time horizon offered by equities and alternative assets in order to meet its actuarial return target of 8.5 percent per year and ensure that sufficient funds are available to finance promised benefits at the time of retirement.

When a member retires, PERA transfers assets on behalf of the member to the Minnesota Post Retirement Investment Fund (MPRIF). The assets of the Post Fund, which include the eight plans which participate in the Basic Funds as well as the Legislative and Survivors Retirement Fund, finance monthly annuity payments paid to retirees. Investments in the Post Fund are generally invested a bit more conservatively, but still invest heavily in equities to take advantage of the 15-20 year time horizon associated with the length of time a typical retiree can be expected to draw benefits. The actuarial return target for the Post Fund is 6 percent.

The Combined Funds, while not existing under statute, represents the assets of both the active and retired public employees who participate in the defined benefit plans administered by PERA, the Minnesota State Retirement System, and the Teachers Retirement Association. They are used by the SBI for comparison purposes only, since most public pension plans do not separate the assets of their active employees and retirees. The long term objectives of the Combined Funds are:

- (1) provide returns that are 3-5 percentage points greater than inflation over the latest 20-year period;
- (2) outperform a composite market index weighted in a manner that reflects the actual asset mix of the Combined funds over the latest 10-year period; and
- (3) provide returns that are ranked in the top half of a universe of public and corporate plans over the latest 10-year period.

The Combined Funds returned 8.1 percentage points above the CPI over the last 20 years. The Combined Funds outperformed the Composite Index by 0.2 percentage points over the past 10 years, and ranked in the 69th percentile, below the median fund in the Trust Universe Comparison Service.

### Investment Presentation

Data reported in the investment section of this CAFR is presented in conformance with the presentation standards of the Association for Investment Management and Research (AIMR). Investment returns were prepared using a time-weighted rate of return methodology in accordance with those standards.

A handwritten signature in black ink that reads "Howard J. Bicker".

**Howard Bicker**  
Executive Director  
State Board of  
Investment

# Investment Results

## FUND PERFORMANCE

| Fund                                    | Rates of Return (Annualized) |               |               |                |
|---|------------------------------|---------------|---------------|----------------|
|   | <u>FY 2004</u>               | <u>3-Year</u> | <u>5-Year</u> | <u>10-Year</u> |
| <b>Basic Funds</b> (Active Accounts)    | 16.6%                        | 3.0%          | 2.3%          | 9.8%           |
| Basic Composite Market Index            | 16.3                         | 3.0           | 2.1           | 9.6            |
| <b>MPRIF Fund</b> (Retiree Accounts)    | 16.3%                        | 3.3%          | 2.2%          | 9.4%           |
| MPRIF Composite Market Index            | 15.7                         | 3.4           | 2.0           | 9.1            |
| <b>Combined Funds</b> (Active/Retiree)* | 16.5%                        | 3.1%          | 2.2%          | 9.6%           |
| Combined Composite Market Index         | 16.0                         | 3.2           | 2.1           | 9.4            |

\* Percentages are net of all management fees. Amounts include Basic and MPRIF funds.

Note: All composite indices are composed of the following market indicators, weighted according to asset allocation:

**Domestic Stocks**—Russell 3000 measures the performance of the largest 3,000 US companies;

**Int'l. Stocks**—Morgan Stanley Capital International All Country World Index measures equity market performance in the global developed and emerging markets. There are 48 countries included in this index. It does not include the United States;

**Bonds**—Lehman Bros. Aggregate Bond Index reflects the performance of the broad bond market for investment grade (Baa or higher) bonds, US Treasury and agency securities, and mortgage obligations with maturities greater than one year.

## INVESTMENT RETURNS BY SECTOR

### Performance of Asset Pools (Net of Fees)

|  | Rates of Return (Annualized) |               |               |                |
|--|------------------------------|---------------|---------------|----------------|
|  | <u>FY 2004</u>               | <u>3-Year</u> | <u>5-Year</u> | <u>10-Year</u> |
| <b>Domestic Stock Pool</b>                   | 20.3%                        | -0.3%         | -1.9%         | 10.9%          |
| Russell 3000                                 | 20.6                         | 0.2           | -1.7          | 11.2           |
| <b>Bond Pool</b>                             | 1.5%                         | 6.7%          | 7.3%          | 7.7%           |
| Lehman Agg.                                  | 0.3                          | 6.4           | 6.9           | 7.4            |
| <b>International Stock Pool</b>              | 30.9%                        | 4.5%          | 0.8%          | 5.0%           |
| MSCI ACWI Free ex US (net)                   | 32.1                         | 4.5           | 0.2           | 3.7            |
| <b>Alternative Investments</b>               | 16.6%                        | 5.1%          | 9.2%          | 13.3%          |
| <b>Real Estate Pool</b> (Equity Emphasis)    | 11.8%                        | 7.2%          | 9.3%          | 10.8%          |
| <b>Private Equity Pool</b> (Equity Emphasis) | 21.2%                        | 2.6%          | 7.5%          | 15.2%          |
| <b>Resource Pool</b> (Equity Emphasis)       | 4.4%                         | 2.0%          | 13.0%         | 11.4%          |
| <b>Yield Oriented Pool</b> (Debt Emphasis)   | 16.3%                        | 9.7%          | 12.0%         | 12.3%          |

Note: Investment returns were prepared using a time-weighted rate of return in accordance with AIMR standards.



# Asset Allocation

## ASSET ALLOCATION (AT JUNE 30, 2004)\*

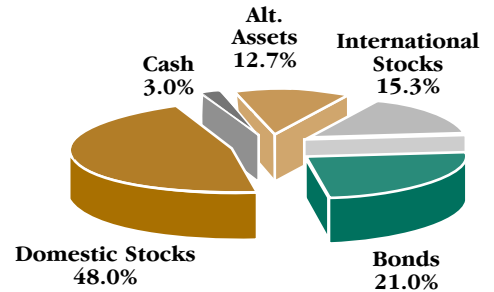
Asset allocation will have a dominant effect on returns. SBI has focused considerable attention on the selection of the appropriate long-term asset allocation policy for the Basic and MPRIF funds.

| Investment Type      | Basic            |                         | MPRIF            |                         |
|----------------------|------------------|-------------------------|------------------|-------------------------|
|                      | Actual Asset Mix | Long-term Policy Target | Actual Asset Mix | Long-term Policy Target |
| Domestic Stocks      | 48.0%            | 45.0%                   | 51.4%            | 45.0%                   |
| International Stocks | 15.3             | 15.0                    | 15.5             | 15.0                    |
| Bonds                | 21.0             | 24.0                    | 24.6             | 25.0                    |
| Alternative Assets** | 12.7             | 15.0                    | 4.3              | 12.0                    |
| Cash                 | 3.0              | 1.0                     | 4.2              | 3.0                     |
| Total                | 100%             | 100%                    | 100%             | 100%*                   |

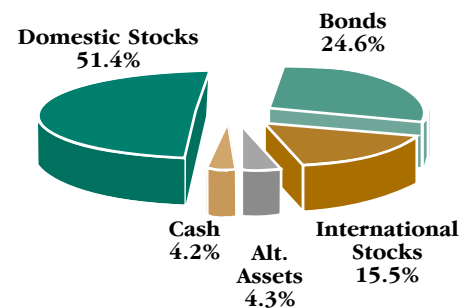
\* Source: Minnesota State Board of Investment (SBI) FY2004 Annual Report.

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

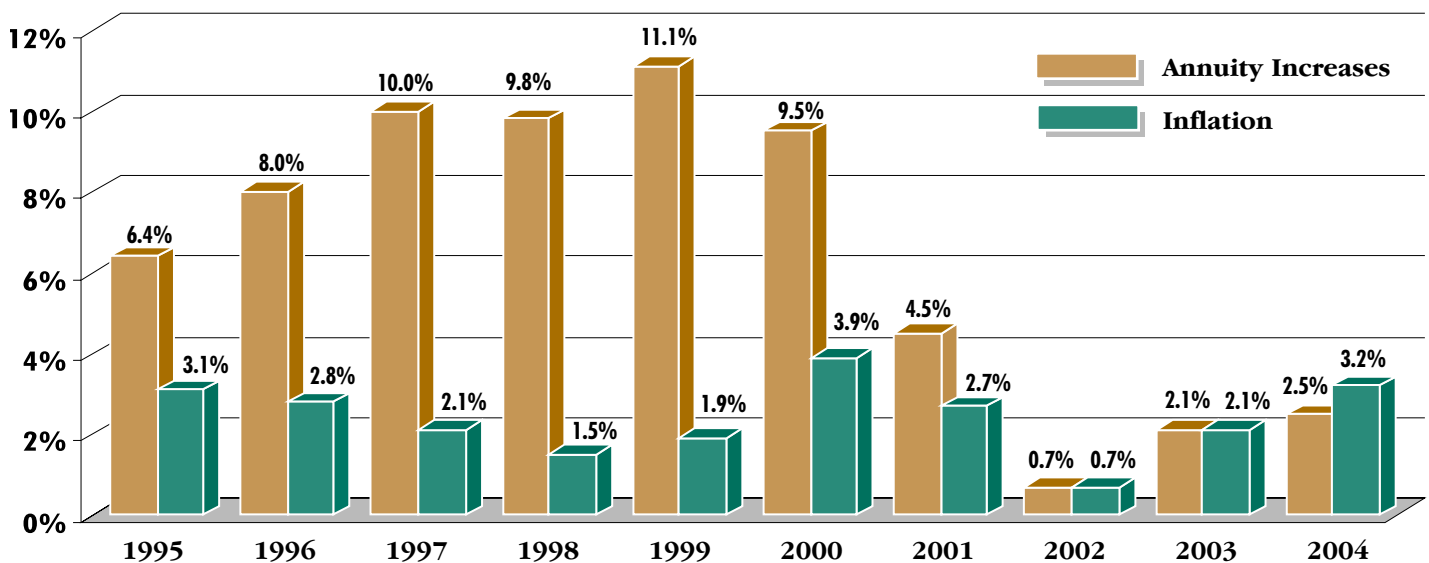
### BASIC FUNDS



### POST RETIREMENT INVESTMENT FUND



## ANNUITY INCREASE VS. INFLATION (LAST 10 YEARS)



Increases awarded to PERA retirees under the MPRIF have greatly outpaced inflation over the past 10 years. Increases and inflation are both measured as of June 30, the end of PERA's fiscal year. This year's increase failed to match inflation, the first such occurrence since FY1991.

# List of Largest Assets Held

June 30, 2004

## COMPOSITE OF TOP TEN EQUITY HOLDINGS (BY FAIR VALUE)

| <b>Security</b>            | <b>Fair Value<br/>(In thousands)</b> | <b>% of<br/>Portfolio</b> |
|----------------------------|--------------------------------------|---------------------------|
| Citigroup Inc.             | \$188,628                            | 1.33%                     |
| General Electric Co.       | 166,535                              | 1.17                      |
| Microsoft Corp.            | 163,926                              | 1.15                      |
| Exxon Mobil Corp.          | 155,601                              | 1.10                      |
| Pfizer Inc.                | 148,749                              | 1.05                      |
| Intel Corp.                | 117,920                              | 0.83                      |
| Johnson & Johnson          | 110,525                              | 0.78                      |
| Cisco Systems Inc.         | 106,115                              | 0.75                      |
| Bank America Corp          | 102,207                              | 0.72                      |
| American Intl. Group, Inc. | 90,630                               | 0.64                      |

## COMPOSITE OF TOP TEN BOND HOLDINGS (BY FAIR VALUE)

| <b>Security</b>              | <b>Coupon</b> | <b>Rating</b> | <b>Fair Value<br/>(In thousands)</b> | <b>% of<br/>Portfolio</b> |
|------------------------------|---------------|---------------|--------------------------------------|---------------------------|
| United States Treasury Notes | 2.500%        | AAA           | \$53,975                             | 0.38%                     |
| FNMA                         | 6.500         | AAA           | 52,115                               | 0.37                      |
| FNMA                         | 5.500         | AAA           | 48,224                               | 0.34                      |
| GNMA                         | 6.000         | AAA           | 47,014                               | 0.33                      |
| FNMA                         | 5.000         | AAA           | 45,980                               | 0.32                      |
| FHLMC                        | 6.500         | AAA           | 45,400                               | 0.32                      |
| FNMA                         | 5.500         | AAA           | 33,395                               | 0.24                      |
| United States Treasury Bonds | 6.000         | AAA           | 29,265                               | 0.21                      |
| United States Treasury Bonds | 8.125         | AAA           | 28,565                               | 0.20                      |
| United States Treasury Bonds | 3.875         | AAA           | 26,260                               | 0.18                      |

PERA's assets are commingled in various pooled investment accounts administered by the State Board of Investment. PERA does not own specific values of the underlying assets. Amounts shown above are approximate. The percentages shown are those of the total pooled accounts. Information on investment activity, a listing of specific investments owned by the pooled accounts and a schedule of fees and commissions can be obtained from the Minnesota State Board of Investment.

# Investment Summary at Cost

For the Fiscal Year Ended June 30, 2004 (in thousands)

## ***PUBLIC EMPLOYEES RETIREMENT FUND***

| <b>Pooled Accounts</b>       | <b>Cost<br/>June 30, 2003</b> | <b>Total<br/>Acquisitions</b> | <b>Total<br/>Dispositions</b> | <b>Cost<br/>June 30, 2004</b> |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Equity in MPRIF              | \$ 5,994,477                  | \$ 969,566                    | \$ 655,300                    | \$ 6,308,743                  |
| External Domestic Equity     | 1,591,339                     | 295,977                       | 196,044                       | 1,691,272                     |
| Passive Domestic Equity      | 656,260                       | 75,168                        | 12,664                        | 718,764                       |
| Global Equity                | 708,221                       | 97,616                        | 84,137                        | 721,700                       |
| Fixed Income                 | 998,490                       | 98,045                        | 28,781                        | 1,067,754                     |
| SBI Alternative              | 0                             | 724,760                       | 119,218                       | 605,542                       |
| Real Estate                  | 128,469                       | 1,931                         | 130,400                       | 0                             |
| Resources                    | 69,926                        | 858                           | 70,784                        | 0                             |
| Venture Capital              | 479,903                       | 4,600                         | 484,503                       | 0                             |
| Short-term Cash Equivalents  | 30,046                        | 752,209                       | 630,516                       | 151,739                       |
| <b>Total Pooled Accounts</b> | <b><u>\$10,657,131</u></b>    | <b><u>\$3,020,730</u></b>     | <b><u>\$2,412,347</u></b>     | <b><u>\$11,265,514</u></b>    |

## ***PUBLIC EMPLOYEES POLICE AND FIRE FUND***

| <b>Pooled Accounts</b>       | <b>Cost<br/>June 30, 2003</b> | <b>Total<br/>Acquisitions</b> | <b>Total<br/>Dispositions</b> | <b>Cost<br/>June 30, 2004</b> |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Equity in MPRIF              | \$ 2,108,662                  | \$ 277,595                    | \$ 199,526                    | \$ 2,186,731                  |
| External Domestic Equity     | 796,497                       | 145,138                       | 138,075                       | 803,560                       |
| Passive Domestic Equity      | 340,275                       | 33,895                        | 21,736                        | 352,434                       |
| Global Equity                | 351,744                       | 48,979                        | 60,340                        | 340,383                       |
| Fixed Income                 | 492,177                       | 49,642                        | 42,557                        | 499,262                       |
| SBI Alternative              | 0                             | 353,896                       | 68,625                        | 285,271                       |
| Real Estate                  | 64,762                        | 723                           | 65,485                        | 0                             |
| Resources                    | 34,015                        | 323                           | 34,338                        | 0                             |
| Venture Capital              | 238,636                       | 1,741                         | 240,377                       | 0                             |
| Short-term Cash Equivalents  | 15,371                        | 254,909                       | 198,400                       | 71,880                        |
| <b>Total Pooled Accounts</b> | <b><u>\$ 4,442,139</u></b>    | <b><u>\$1,166,841</u></b>     | <b><u>\$1,069,459</u></b>     | <b><u>\$ 4,539,521</u></b>    |

## ***PUBLIC EMPLOYEES CORRECTIONAL FUND***

| <b>Pooled Accounts</b>       | <b>Cost<br/>June 30, 2003</b> | <b>Total<br/>Acquisitions</b> | <b>Total<br/>Dispositions</b> | <b>Cost<br/>June 30, 2004</b> |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Equity in MPRIF              | \$ 1,212                      | \$ 1,057                      | \$ 161                        | \$ 2,108                      |
| External Domestic Equity     | 15,198                        | 8,440                         | 1,702                         | 21,936                        |
| Passive Domestic Equity      | 7,329                         | 3,140                         | 0                             | 10,469                        |
| Global Equity                | 6,781                         | 3,476                         | 799                           | 9,458                         |
| Fixed Income                 | 11,394                        | 4,311                         | 0                             | 15,705                        |
| SBI Alternative              | 0                             | 10,440                        | 1,567                         | 8,873                         |
| Real Estate                  | 1,592                         | 70                            | 1,662                         | 0                             |
| Resources                    | 766                           | 31                            | 797                           | 0                             |
| Venture Capital              | 4,502                         | 167                           | 4,669                         | 0                             |
| Short-term Cash Equivalents  | 1,731                         | 34,191                        | 32,178                        | 3,744                         |
| <b>Total Pooled Accounts</b> | <b><u>\$ 50,505</u></b>       | <b><u>\$ 65,323</u></b>       | <b><u>\$ 43,535</u></b>       | <b><u>\$ 72,293</u></b>       |

# Investment Summary at Fair Value

For the Fiscal Year Ended June 30, 2004 (in thousands)

## **PUBLIC EMPLOYEES RETIREMENT FUND**

| <b>Pooled Accounts</b>       | <b>Fair Value<br/>June 30, 2003</b> | <b>Fair Value<br/>June 30, 2004</b> | <b>Percent of<br/>Portfolio</b> |
|------------------------------|-------------------------------------|-------------------------------------|---------------------------------|
| Equity in MPRIF              | \$ 4,590,235                        | \$ 5,163,084                        | 51%                             |
| External Domestic Equity     | 1,429,102                           | 1,598,592                           | 16                              |
| Passive Domestic Equity      | 615,026                             | 763,542                             | 8                               |
| Global Equity                | 616,764                             | 751,727                             | 7                               |
| Fixed Income                 | 1,004,999                           | 1,037,787                           | 10                              |
| SBI Alternative              | 0                                   | 616,936                             | 6                               |
| Real Estate                  | 152,779                             | 0                                   | 0                               |
| Resources                    | 67,941                              | 0                                   | 0                               |
| Venture Capital              | 365,105                             | 0                                   | 0                               |
| Short-term Cash Equivalent   | 30,046                              | 151,739                             | 2                               |
| <b>Total Pooled Accounts</b> | <b><u>\$8,871,997</u></b>           | <b><u>\$10,083,407</u></b>          | <b><u>100%</u></b>              |

## **PUBLIC EMPLOYEES POLICE AND FIRE FUND**

| <b>Pooled Accounts</b>       | <b>Fair Value<br/>June 30, 2003</b> | <b>Fair Value<br/>June 30, 2004</b> | <b>Percent of<br/>Portfolio</b> |
|------------------------------|-------------------------------------|-------------------------------------|---------------------------------|
| Equity in MPRIF              | \$ 1,627,904                        | \$ 1,779,062                        | 44%                             |
| External Domestic Equity     | 702,495                             | 745,491                             | 18                              |
| Passive Domestic Equity      | 302,709                             | 356,820                             | 8                               |
| Global Equity                | 303,118                             | 350,565                             | 9                               |
| Fixed Income                 | 494,455                             | 483,667                             | 12                              |
| SBI Alternative              | 0                                   | 290,023                             | 7                               |
| Real Estate                  | 75,398                              | 0                                   | 0                               |
| Resources                    | 33,528                              | 0                                   | 0                               |
| Venture Capital              | 180,163                             | 0                                   | 0                               |
| Short-term Cash Equivalents  | 15,371                              | 71,880                              | 2                               |
| <b>Total Pooled Accounts</b> | <b><u>\$3,735,141</u></b>           | <b><u>\$ 4,077,508</u></b>          | <b><u>100%</u></b>              |

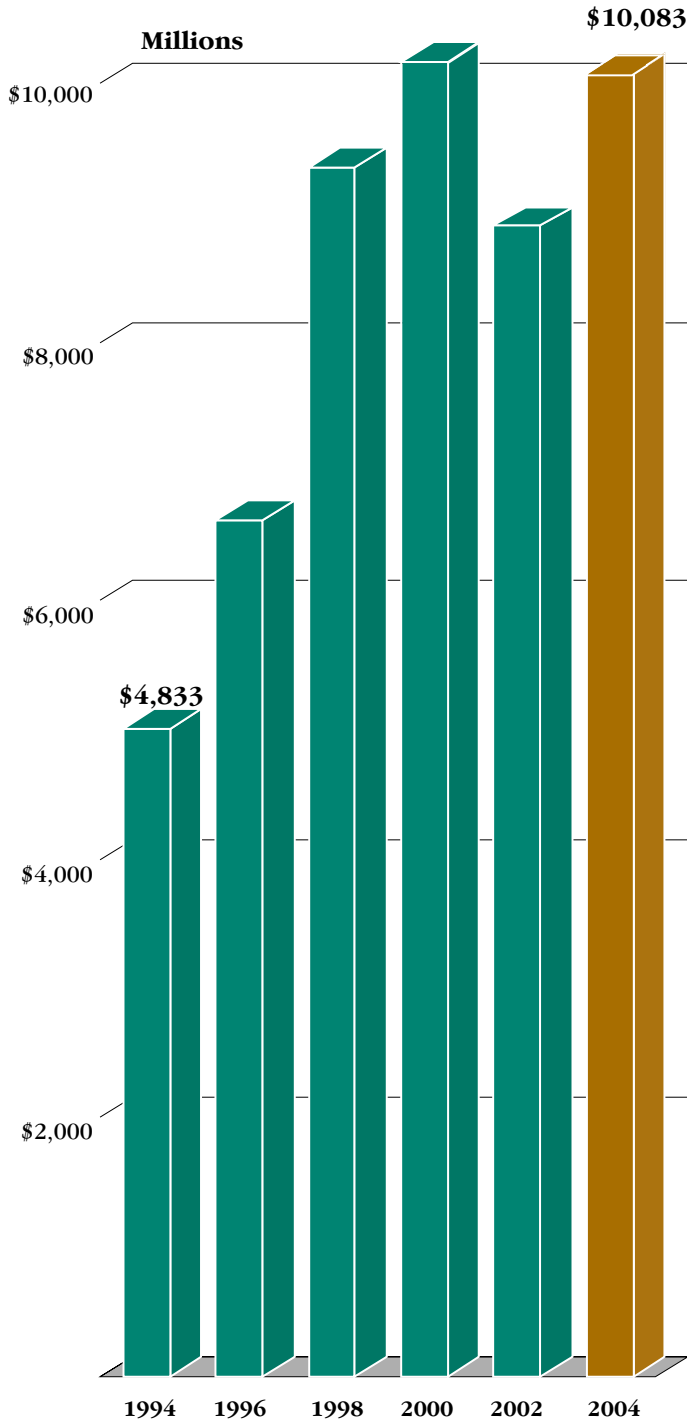
## **PUBLIC EMPLOYEES CORRECTIONAL FUND**

| <b>Pooled Accounts</b>       | <b>Fair Value<br/>June 30, 2003</b> | <b>Fair Value<br/>June 30, 2004</b> | <b>Percent of<br/>Portfolio</b> |
|------------------------------|-------------------------------------|-------------------------------------|---------------------------------|
| Equity in MPRIF              | \$ 1,028                            | \$ 1,848                            | 2%                              |
| External Domestic Equity     | 16,224                              | 23,471                              | 31                              |
| Passive Domestic Equity      | 6,979                               | 11,207                              | 15                              |
| Global Equity                | 7,002                               | 11,037                              | 15                              |
| Fixed Income                 | 11,407                              | 15,238                              | 20                              |
| SBI Alternative              | 0                                   | 9,052                               | 12                              |
| Real Estate                  | 1,733                               | 0                                   | 0                               |
| Resources                    | 770                                 | 0                                   | 0                               |
| Venture Capital              | 4,141                               | 0                                   | 0                               |
| Short-term Cash Equivalents  | 1,731                               | 3,744                               | 5                               |
| <b>Total Pooled Accounts</b> | <b><u>\$ 51,015</u></b>             | <b><u>\$ 75,597</u></b>             | <b><u>100%</u></b>              |

# Fair Value of Investments

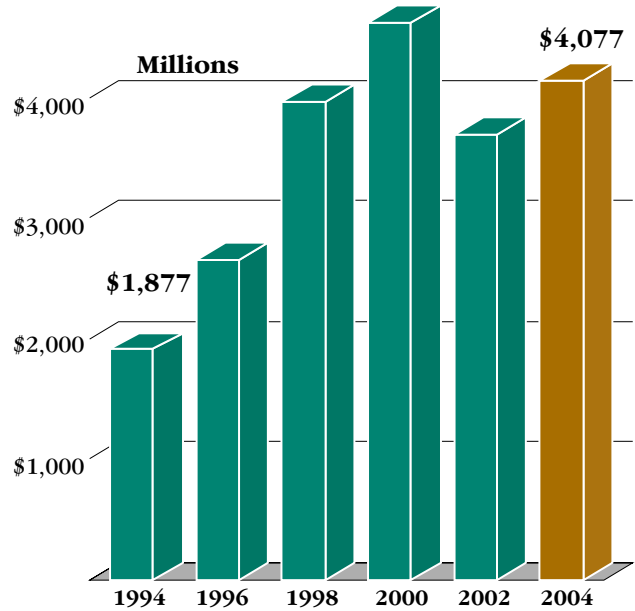
Last 10 Years

## PUBLIC EMPLOYEES RETIREMENT FUND\*



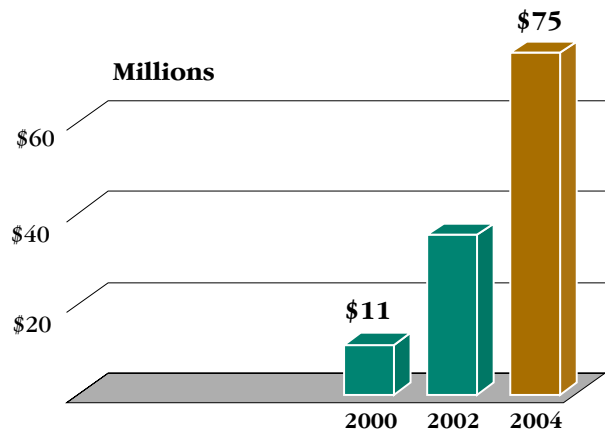
Over the past 10 years, the value of investments of the Public Employees Retirement Fund has grown from \$5 billion to \$10 billion.

## POLICE AND FIRE FUND\*



Fair value of Police and Fire Fund investments increased from \$1.9 billion in 1994 to \$4.1 billion in 2004.

## PUBLIC EMPLOYEES CORRECTIONAL FUND\*



Created in 1999, the Public Employees Correctional Fund now has investments valued at \$75 million.

\* Charts indicate value of both Active and MPRIF holdings.



**A**CTUARIAL  
SECTION

Public Employees  
Retirement Association  
of Minnesota

*PENSION TRUST FUNDS OF THE STATE OF MINNESOTA*

## Certification Letter



THE SEGAL COMPANY  
6300 S. Syracuse Way, Suite 750 Englewood, CO 80111-7302  
T 303.714.9900 F 303.714.9990 www.segalco.com

January 12, 2005

Board of Trustees  
Public Employees Retirement  
Association of Minnesota  
60 Empire Drive, Suite 200  
St. Paul, Minnesota 55103-2088

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 Public Employees Correctional Fund (PECF) as of June 30, 2004.

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 PERF is 76.7% funded, and the contributions are deficient by 1.60% of payroll to meet the target of full funding by 2031. The PEPFF is just above full funding, and since surplus assets are not available to offset normal costs, contributions are deficient by 6.8% of payroll to make the plan fully funded within 30 years. The PECF is ahead of schedule to be fully funded by 2023.

The actuarial valuation was based upon applicable GASB 25 and statutory provisions and the Standards for Actuarial Work in effect on July 1, 2004. 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 and preparing trend data schedules. It is our understanding that the data has subsequently been audited with no significant changes made. We are responsible for providing the numbers for each of the supporting schedules in the Actuary section of PERA's comprehensive annual financial report. We are also responsible for preparing both of the Required Supplementary Information schedules found in the Financial section of this annual report.

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.

The following table shows the funding percentages for the 2004 valuation. The funding percentage expresses current actuarial assets as a percentage of the actuarial accrued liability determined on the entry age normal cost method.

| <u>Fund</u> | <u>Funding Percentage</u> |
|-------------|---------------------------|
| PERF        | 76.7%                     |
| PEPFF       | 101.2%                    |
| PECF        | 88.6%                     |

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,

Leslie L. Thompson,  
FSA, MAAAA, EA  
Senior Vice President  
and Actuary

Benefits, Compensation and HR Consulting ATLANTA BOSTON CHICAGO DENVER HARTFORD HOUSTON LOS ANGELES MINNEAPOLIS  
NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX SAN FRANCISCO SEATTLE TORONTO WASHINGTON, DC

Multinational Group of Actuaries and Consultants AMSTERDAM BARCELONA GENEVA HAMBURG LONDON MELBOURNE MEXICO CITY OSLO

# Summary of Actuarial Assumptions and Methods

## PUBLIC EMPLOYEES RETIREMENT FUND

|                                 |  |
|---------------------------------|--|
| <b>Actuarial Cost Method</b>    | Entry Age Normal, with costs allocated as a level percentage of payroll. Actuarial gains (losses) reduce (increase) the unfunded actuarial accrued liability.* |
| <b>Actuarial Assumptions</b>    |  |
| 1. Mortality                    |  |
| a. Active                       | 1983 GAM Mortality Table set back 8 years for males and 7 years for females.†††  |
| b. Retired                      | 1983 GAM Mortality Table set back 1 year.††††  |
| c. Disabled                     | 1965 Railroad Workers Select Mortality Table through age 54. 1983 GAM Table set back 1 year after age 64. Graded rates from age 55 to 64.†††                   |
| 2. Retirement Age               | Age related table from age 55 to 70.††††   |
| 3. Disability                   | Graded rates.†††   |
| 4. Termination                  | Select & Ultimate Table with select rates applicable to the first 3 years of employment.††††   |
| 5. Allowance for Expenses       | Prior year expenses expressed as a percentage of prior year payroll.***  |
| 6. Earnings Progression         | Select & Ultimate Table incorporating a 5.0% base inflation assumption.††††  |
| 7. Active Member Payroll Growth | 6.0% per year.**   |
| 8. Investment Return            | 8.5% compounded annually, pre-retirement.***<br>6.0% compounded annually, post-retirement.†  |
| <b>Asset Valuation Method</b>   | Market value smoothed over 5 years.†††   |

## PUBLIC EMPLOYEES POLICE & FIRE FUND

|                                 |   |
|---------------------------------|---|
| <b>Actuarial Cost Method</b>    | Entry Age Normal, with costs allocated as a level percentage of payroll. Actuarial gains (losses) reduce (increase) the unfunded actuarial accrued liability. * |
| <b>Actuarial Assumptions</b>    |   |
| 1. Mortality                    |   |
| a. Active                       | 1983 GAM Mortality Table set back 6 years.‡   |
| b. Retired                      | 1983 GAM Mortality Table set back 1 year.‡  |
| c. Disabled                     | 1965 Railroad Workers Select Mortality Table through age 40. 1983 GAM set back 1 year after age 59. Graded rates from age 41 to 59.‡                            |
| 2. Retirement Age               | Age related table from age 50 to 70.‡   |
| 3. Disability                   | Graded rates.‡  |
| 4. Termination                  | Select & Ultimate Table with select rates applicable to the first 3 years of employment.‡   |
| 5. Allowance for Expenses       | Prior year expenses expressed as a percentage of prior year payroll.***   |
| 6. Earnings Progression         | Age related table which incorporates a 5% base inflation assumption.†   |
| 7. Active Member Payroll Growth | 6.0% per year.†   |
| 8. Investment Return            | 8.5% compounded annually, pre-retirement.***<br>6.0% compounded annually, post-retirement.†   |
| <b>Asset Valuation Method</b>   | Market value smoothed over 5 years.†††  |

### Adoption Dates

|         |          |          |           |
|---------|----------|----------|-----------|
| * 1960  | *** 1989 | †† 1999  | †††† 2002 |
| ** 1984 | † 1997   | ††† 2000 | ‡ 2003    |



# Summary of Actuarial Assumptions and Methods

(Continued)

## **PUBLIC EMPLOYEES CORRECTIONAL FUND**

**Actuarial Cost Method** Entry Age Normal, with costs allocated as a level percentage of payroll. Actuarial gains (losses) reduce (increase) the unfunded actuarial accrued liability.\*

**Actuarial Assumptions**

1. Mortality
    - a. Active 1983 GAM Mortality Table set back 1 year for males.††
    - b. Retired 1983 GAM Mortality Table set forward 2 years for retirees.††
    - c. Disabled Graded rates.††
  2. Retirement Age Age related table from age 50 to 70.††
  3. Disability Graded rates.††
  4. Termination Graded rates.††
  5. Allowance for Expenses Prior year expenses expressed as a percentage of prior year payroll.††
  6. Earnings Progression Age related table incorporating a 5.0% base inflation assumption.†††
  7. Active Member Payroll Growth 6.0% per year.††
  8. Investment Return 8.5% compounded annually, preretirement.††  
6.0% compounded annually, post-retirement.††
- Asset Valuation Method** Market value smoothed over 5 years.†††

**Adoption Dates**

\* 1960 †† 1999 ††† 2000

## **OTHER ASSUMPTIONS**

### Salary Increases

PERF uses Select Table for first 10 years— $[0.3\% \times (10-T)]$  where T is completed years of service—added to the ultimate rate.

### Separation

PERF uses Select Table for first three years.

| <u>Year</u> | <u>Percent</u> | <u>Year</u> | <u>Percent</u> | <u>Year</u> | <u>Percent</u> |
|-------------|----------------|-------------|----------------|-------------|----------------|
| 1           | 40%            | 2           | 15%            | 3           | 10%            |

PEPFF also uses Select Table for first three years.

| <u>Year</u> | <u>Percent</u> | <u>Year</u> | <u>Percent</u> | <u>Year</u> | <u>Percent</u> |
|-------------|----------------|-------------|----------------|-------------|----------------|
| 1           | 3.50%          | 2           | 3.50%          | 3           | 3.50%          |

### Family Composition

85% of males and 65% of female members are married. Female is four years younger than male.

### Special Consideration

Married members are assumed to elect the following forms of annuities:

#### **PUBLIC EMPLOYEES RETIREMENT FUND**

| <u>Gender</u> | <u>Benefit Option (% chosen)</u> |            |            |            |             |
|---------------|----------------------------------|------------|------------|------------|-------------|
|               | <u>Single-life</u>               | <u>25%</u> | <u>50%</u> | <u>75%</u> | <u>100%</u> |
| Male          | 30%                              | 10%        | 20%        | 10%        | 30%         |
| Female        | 70                               | 5          | 5          | 5          | 15          |

#### **PUBLIC EMPLOYEES POLICE AND FIRE FUND**

| <u>Gender</u> | <u>Benefit Option (% chosen)</u> |            |            |            |             |
|---------------|----------------------------------|------------|------------|------------|-------------|
|               | <u>Single-life</u>               | <u>25%</u> | <u>50%</u> | <u>75%</u> | <u>100%</u> |
| Male          | 15%                              |            | 40%        |            | 45%         |
| Female        | 70                               |            | 15         |            | 15          |

#### **PUBLIC EMPLOYEES CORRECTIONAL FUND**

| <u>Gender</u> | <u>Benefit Option (% chosen)</u> |            |            |            |             |
|---------------|----------------------------------|------------|------------|------------|-------------|
|               | <u>Single-life</u>               | <u>25%</u> | <u>50%</u> | <u>75%</u> | <u>100%</u> |
| Male          | 50%                              |            | 25%        |            | 25%         |
| Female        | 90                               |            | 5          |            | 5           |

# Actuarial Tables

Sample Annual Rates per 10,000 Employees, June 30, 2004

## ***PUBLIC EMPLOYEES RETIREMENT FUND***

| <u>Age</u> | <u>Mortality</u> |               | <u>Disability</u> |               | <u>Termination</u> |               | <u>Salary Increase</u> |
|------------|------------------|---------------|-------------------|---------------|--------------------|---------------|------------------------|
|            | <u>Male</u>      | <u>Female</u> | <u>Male</u>       | <u>Female</u> | <u>Male</u>        | <u>Female</u> |                        |
| 20         | 3                | 1             | 1                 | 1             | 840                | 840           | 6.40%                  |
| 25         | 3                | 2             | 1                 | 1             | 690                | 690           | 6.40%                  |
| 30         | 4                | 2             | 2                 | 2             | 540                | 540           | 6.20%                  |
| 35         | 5                | 3             | 5                 | 4             | 390                | 420           | 6.00%                  |
| 40         | 7                | 4             | 9                 | 6             | 300                | 350           | 5.80%                  |
| 45         | 10               | 6             | 14                | 9             | 250                | 300           | 5.60%                  |
| 50         | 15               | 8             | 23                | 16            | 200                | 250           | 5.40%                  |
| 55         | 28               | 14            | 49                | 26            | -                  | -             | 5.20%                  |
| 60         | 48               | 21            | 82                | 46            | -                  | -             | 5.00%                  |
| 65         | 71               | 35            | -                 | -             | -                  | -             | 5.00%                  |
| 70         | 111              | 58            | -                 | -             | -                  | -             | 5.00%                  |

## ***PUBLIC EMPLOYEES POLICE AND FIRE FUND***

| <u>Age</u> | <u>Mortality</u> |               | <u>Disability</u> |               | <u>Termination</u> |               | <u>Salary Increase</u> |
|------------|------------------|---------------|-------------------|---------------|--------------------|---------------|------------------------|
|            | <u>Male</u>      | <u>Female</u> | <u>Male</u>       | <u>Female</u> | <u>Male</u>        | <u>Female</u> |                        |
| 20         | 3                | 1             | 11                | 11            | 601                | 601           | 11.50%                 |
| 25         | 4                | 2             | 13                | 13            | 324                | 324           | 9.50%                  |
| 30         | 4                | 2             | 16                | 16            | 190                | 190           | 8.00%                  |
| 35         | 6                | 3             | 19                | 19            | 146                | 146           | 7.00%                  |
| 40         | 8                | 4             | 29                | 29            | 126                | 126           | 6.00%                  |
| 45         | 11               | 6             | 54                | 54            | 91                 | 91            | 5.50%                  |
| 50         | 19               | 9             | 104               | 104           | 50                 | 50            | 5.25%                  |
| 55         | 35               | 15            | 203               | 203           | 11                 | 11            | 5.25%                  |
| 60         | 57               | 23            | -                 | -             | -                  | -             | 5.25%                  |
| 65         | 84               | 38            | -                 | -             | -                  | -             | 5.25%                  |
| 70         | 139              | 64            | -                 | -             | -                  | -             | 5.25%                  |

## ***PUBLIC EMPLOYEES CORRECTIONAL PLAN***

| <u>Age</u> | <u>Mortality</u> |               | <u>Disability</u> |               | <u>Termination</u> |               | <u>Salary Increase</u> |
|------------|------------------|---------------|-------------------|---------------|--------------------|---------------|------------------------|
|            | <u>Male</u>      | <u>Female</u> | <u>Male</u>       | <u>Female</u> | <u>Male</u>        | <u>Female</u> |                        |
| 20         | 4                | 2             | 4                 | 4             | 2,400              | 1,600         | 7.75%                  |
| 25         | 4                | 3             | 6                 | 6             | 1,470              | 1,420         | 7.00%                  |
| 30         | 6                | 3             | 8                 | 8             | 910                | 1,350         | 7.00%                  |
| 35         | 8                | 5             | 11                | 11            | 600                | 1,290         | 7.00%                  |
| 40         | 11               | 7             | 18                | 18            | 440                | 1,040         | 6.50%                  |
| 45         | 19               | 10            | 29                | 29            | 340                | 640           | 5.75%                  |
| 50         | 35               | 16            | 50                | 50            | 240                | 470           | 5.50%                  |
| 55         | 57               | 25            | 88                | 88            | 140                | 330           | 5.25%                  |
| 60         | 84               | 42            | 141               | 141           | -                  | -             | 5.25%                  |
| 65         | 129              | 71            | -                 | -             | -                  | -             | 5.25%                  |
| 70         | 248              | 124           | -                 | -             | -                  | -             | 5.25%                  |

# Solvency Test

Last Six Years (in Thousands)

## ***PUBLIC EMPLOYEES RETIREMENT FUND***

| Valuation Date | Actuarial Accrued Liability For: |                                       |  | Valuation Assets | Portion of Accrued Liabilities Covered by Valuation Assets |      |       |
|----------------|----------------------------------|---------------------------------------|--|------------------|--|------|-------|
|                | Active Member Contribution (1)   | Current Retirees and Beneficiaries(2) | Active Members (Employer Financed) Portion (3) |                  | 1  | 2    | 3     |
| 6-30-99        | \$1,248,385                      | \$4,788,636                           | \$3,406,657                                    | \$ 8,489,177     | 100%   | 100% | 71.9% |
| 6-30-00        | 1,351,224                        | 5,757,420                             | 4,025,038                                      | 9,609,367        | 100  | 100  | 62.1  |
| 6-30-01        | 1,459,256                        | 6,354,527                             | 4,291,554                                      | 10,527,270       | 100  | 100  | 63.2  |
| 6-30-02        | 1,572,688                        | 6,946,877                             | 4,438,540                                      | 11,017,414       | 100  | 100  | 56.3  |
| 6-30-03        | 1,734,500                        | 7,168,247                             | 4,873,451                                      | 11,195,902       | 100  | 100  | 47.1  |
| 6-30-04        | 1,603,208                        | 7,959,035                             | 5,397,222                                      | 11,477,961       | 100  | 100  | 35.5  |

## ***PUBLIC EMPLOYEES POLICE AND FIRE FUND\****

| Valuation Date | Actuarial Accrued Liability For: |                                       |  | Valuation Assets | Portion of Accrued Liabilities Covered by Valuation Assets |      |        |
|----------------|----------------------------------|---------------------------------------|--|------------------|--|------|--------|
|                | Active Member Contribution (1)   | Current Retirees and Beneficiaries(2) | Active Members (Employer Financed) Portion (3) |                  | 1  | 2    | 3      |
| 6-30-99        | \$ 260,239                       | \$ 867,514                            | \$ 828,510                                     | \$2,626,817      | 100%   | 100% | 180.9% |
| 6-30-00        | 304,430                          | 1,983,413                             | 1,095,344                                      | 4,145,351        | 100  | 100  | 169.6  |
| 6-30-01        | 323,110                          | 2,225,362                             | 1,163,188                                      | 4,510,134        | 100  | 100  | 168.6  |
| 6-30-02        | 328,635                          | 2,357,578                             | 1,200,098                                      | 4,707,255        | 100  | 100  | 168.4  |
| 6-30-03        | 343,817                          | 2,605,846                             | 1,441,290                                      | 4,713,606        | 100  | 100  | 122.4  |
| 6-30-04        | 342,112                          | 2,725,088                             | 1,624,990                                      | 4,746,834        | 100  | 100  | 103.4  |

## ***POLICE AND FIRE CONSOLIDATION FUND (TERMINATED 7/1/99)\****

| Valuation Date | Actuarial Accrued Liability For: |                                       |  | Valuation Assets | Portion of Accrued Liabilities Covered by Valuation Assets |      |        |
|----------------|----------------------------------|---------------------------------------|--|------------------|--|------|--------|
|                | Active Member Contribution (1)   | Current Retirees and Beneficiaries(2) | Active Members (Employer Financed) Portion (3) |                  | 1  | 2    | 3      |
| 6-30-99        | \$ 45,620                        | \$ 777,960                            | \$ 207,337                                     | \$1,092,684      | 100%   | 100% | 129.0% |

## ***PUBLIC EMPLOYEES CORRECTIONAL FUND (ESTABLISHED 7/1/99)***

| Valuation Date | Actuarial Accrued Liability For: |                                       |  | Valuation Assets | Portion of Accrued Liabilities Covered by Valuation Assets |      |        |
|----------------|----------------------------------|---------------------------------------|--|------------------|--|------|--------|
|                | Active Member Contribution (1)   | Current Retirees and Beneficiaries(2) | Active Members (Employer Financed) Portion (3) |                  | 1  | 2    | 3      |
| 6-30-00        | \$ 4,055                         | \$ 473                                | \$ 5,667                                       | \$ 11,116        | 100%   | 100% | 116.3% |
| 6-30-01        | 9,241                            | 2,726                                 | 13,486   | 25,014           | 100  | 100  | 96.7   |
| 6-30-02        | 14,757                           | 6,734                                 | 20,653   | 40,105           | 100  | 100  | 90.1   |
| 6-30-03        | 20,661                           | 12,321                                | 29,560   | 56,487           | 100  | 100  | 79.5   |
| 6-30-04        | 23,610                           | 17,241                                | 44,842   | 75,918           | 100  | 100  | 78.2   |

\* Members and assets from the Police and Fire Consolidation Plan were transferred to the Public Employees Police and Fire Fund on 7/1/99.

# Schedule of Active Members Valuation Data

Last Six Years

## ***PUBLIC EMPLOYEES RETIREMENT FUND***

| <u>Valuation Date</u> | <u>Number</u> | <u>Valuation Payroll</u> | <u>Annual Average Pay</u> | <u>% Increase in Average Pay</u> |
|-----------------------|---------------|--------------------------|---------------------------|----------------------------------|
| 6-30-99               | 137,528       | \$3,350,000,000          | \$24,355                  | 3.5%                             |
| 6-30-00               | 135,560       | 3,416,000,000            | 25,202                    | 3.4                              |
| 6-30-01               | 138,759       | 3,614,000,000            | 26,042                    | 3.3                              |
| 6-30-02               | 137,817       | 3,728,000,000            | 27,050                    | 3.9                              |
| 6-30-03               | 140,066       | 3,978,000,000            | 28,398                    | 5.0                              |
| 6-30-04               | 138,164       | 4,220,503,000            | 30,547                    | 7.6                              |

## ***PUBLIC EMPLOYEES POLICE AND FIRE FUND\****

| <u>Valuation Date</u> | <u>Number</u> | <u>Valuation Payroll</u> | <u>Annual Average Pay</u> | <u>% Increase in Average Pay</u> |
|-----------------------|---------------|--------------------------|---------------------------|----------------------------------|
| 6-30-99               | 8,778         | \$ 403,619,000           | \$45,980                  | 4.1%                             |
| 6-30-00               | 9,627         | 465,186,000              | 48,321                    | 4.8                              |
| 6-30-01               | 9,858         | 497,070,000              | 50,423                    | 4.4                              |
| 6-30-02               | 9,940         | 508,550,000              | 51,162                    | 1.5                              |
| 6-30-03               | 9,948         | 546,533,000              | 54,939                    | 7.4                              |
| 6-30-04               | 10,055        | 593,949,000              | 59,070                    | 7.5                              |

## ***POLICE AND FIRE CONSOLIDATION FUND (TERMINATED 7/1/99)***

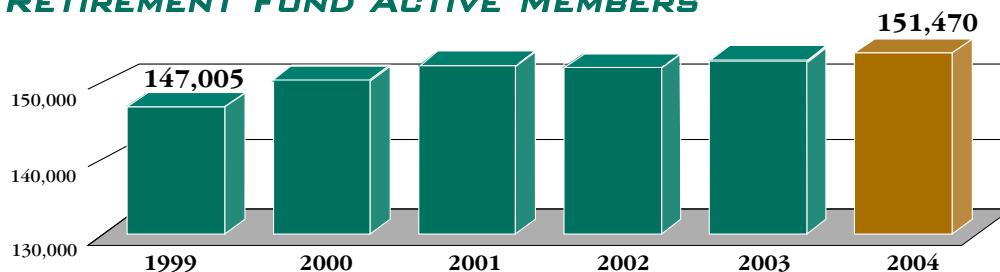
| <u>Valuation Date</u> | <u>Number</u> | <u>Valuation Payroll</u> | <u>Annual Average Pay</u> | <u>% Increase in Average Pay</u> |
|-----------------------|---------------|--------------------------|---------------------------|----------------------------------|
| 6-30-99               | 699           | \$ 41,753,000            | \$59,733                  | 5.7%                             |

## ***PUBLIC EMPLOYEES CORRECTIONAL FUND (ESTABLISHED 7/1/99)***

| <u>Valuation Date</u> | <u>Number</u> | <u>Valuation Payroll</u> | <u>Annual Average Pay</u> | <u>% Increase in Average Pay</u> |
|-----------------------|---------------|--------------------------|---------------------------|----------------------------------|
| 6-30-00               | 2,781         | \$ 76,427,000            | \$27,482                  | n/a                              |
| 6-30-01               | 3,238         | 94,737,000               | 29,258                    | 6.5%                             |
| 6-30-02               | 3,270         | 100,801,000              | 30,826                    | 5.4                              |
| 6-30-03               | 3,155         | 109,456,000              | 34,693                    | 12.5                             |
| 6-30-04               | 3,251         | 120,511,000              | 37,069                    | 6.8                              |

\* Members and assets from the Police and Fire Consolidation Plan were transferred to the Public Employees Police and Fire Fund on 7/1/99.

## ***RETIREMENT FUND ACTIVE MEMBERS***



The number of active employees participating in PERA's three defined benefit plans has increased a total of 4 percent during the past six fiscal years.

# Schedule of Retirees and Beneficiaries

Last Six Years

## ***PUBLIC EMPLOYEES RETIREMENT FUND***

| <u>Year Ended</u> | <u>Number Added</u> | <u>Number Removed</u> | <u>Year-End Total</u> |                          | <u>% Increase in Annual Allowances</u> | <u>Average Annual Allowances</u> |
|-------------------|---------------------|-----------------------|-----------------------|--------------------------|--|----------------------------------|
|                   |                     |                       | <u>Number</u>         | <u>Annual Allowances</u> |  |                                  |
| 6-30-99           | 3,714               | 1,597                 | 45,259                | \$475,555,000            | 12.7%                                  | \$10,507                         |
| 6-30-00           | 3,778               | 1,690                 | 47,347                | 538,720,000              | 13.3                                   | 11,378                           |
| 6-30-01           | 3,760               | 1,693                 | 49,414                | 598,709,000              | 11.1                                   | 12,116                           |
| 6-30-02           | 3,428               | 1,964                 | 50,878                | 629,052,000              | 5.1                                    | 12,364                           |
| 6-30-03           | 3,533               | 1,848                 | 52,563                | 642,269,000              | 2.1                                    | 12,219                           |
| 6-30-04           | 4,060               | 2,003                 | 54,620                | 690,178,000              | 7.5                                    | 12,636                           |

## ***PUBLIC EMPLOYEES POLICE AND FIRE FUND\****

| <u>Year Ended</u> | <u>Number Added</u> | <u>Number Removed</u> | <u>Year-End Total</u> |                          | <u>% Increase in Annual Allowances</u> | <u>Average Annual Allowances</u> |
|-------------------|---------------------|-----------------------|-----------------------|--------------------------|--|----------------------------------|
|                   |                     |                       | <u>Number</u>         | <u>Annual Allowances</u> |  |                                  |
| 6-30-99           | 338                 | 90                    | 2,772                 | \$ 74,656,000            | 21.9%                                  | \$26,932                         |
| 6-30-00           | 601                 | 182                   | 5,678                 | 178,965,000              | 19.9                                   | 31,519                           |
| 6-30-01           | 505                 | 185                   | 5,998                 | 203,033,000              | 13.4                                   | 33,850                           |
| 6-30-02           | 368                 | 395                   | 5,971                 | 218,719,000              | 7.7                                    | 36,630                           |
| 6-30-03           | 406                 | 169                   | 6,208                 | 229,405,000              | 4.9                                    | 36,953                           |
| 6-30-04           | 406                 | 183                   | 6,431                 | 243,458,000              | 6.1                                    | 37,857                           |

## ***POLICE AND FIRE CONSOLIDATION FUND (TERMINATED 7/1/99)\****

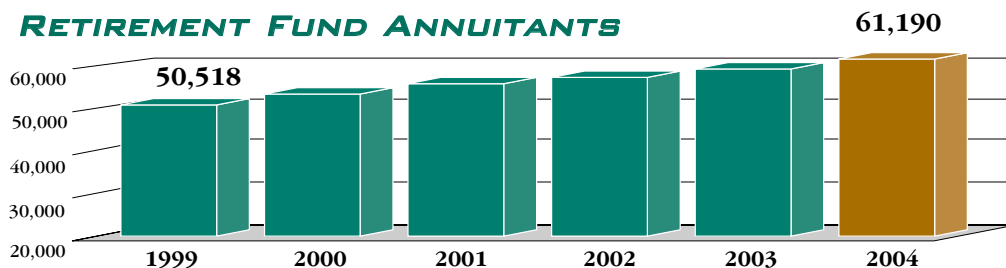
| <u>Year Ended</u> | <u>Number Added</u> | <u>Number Removed</u> | <u>Year-End Total</u> |                          | <u>% Increase in Annual Allowances</u> | <u>Average Annual Allowances</u> |
|-------------------|---------------------|-----------------------|-----------------------|--------------------------|--|----------------------------------|
|                   |                     |                       | <u>Number</u>         | <u>Annual Allowances</u> |  |                                  |
| 6-30-99           | 177                 | 107                   | 2,487                 | \$ 74,564,533            | 13.4%                                  | \$29,982                         |

## ***PUBLIC EMPLOYEES CORRECTIONAL FUND (ESTABLISHED 7/1/99)***

| <u>Year Ended</u> | <u>Number Added</u> | <u>Number Removed</u> | <u>Year-End Total</u> |                          | <u>% Increase in Annual Allowances</u> | <u>Average Annual Allowances</u> |
|-------------------|---------------------|-----------------------|-----------------------|--------------------------|--|----------------------------------|
|                   |                     |                       | <u>Number</u>         | <u>Annual Allowances</u> |  |                                  |
| 6-30-00           | 12                  | 0                     | 12                    | \$ 35,100                | n/a                                    | \$2,925                          |
| 6-30-01           | 25                  | 0                     | 37                    | 179,997                  | 412.8%                                 | 4,865                            |
| 6-30-02           | 27                  | 1                     | 63                    | 377,187                  | 109.6                                  | 5,987                            |
| 6-30-03           | 43                  | 6                     | 100                   | 621,483                  | 64.8                                   | 6,215                            |
| 6-30-04           | 40                  | 1                     | 139                   | 910,728                  | 46.0                                   | 6,552                            |

\* Members and assets from the Police and Fire Consolidation Plan were transferred to the Public Employees Police and Fire Fund on 7/1/99.

### ***RETIREMENT FUND ANNUITANTS***



The number of annuitants from PERA's three defined benefit plans has increased at an annualized rate of 4 percent since 1999.

# Schedule of Changes in Unfunded Actuarial Accrued Liabilities (UAAL)

(in thousands)

|   | <u>PERF</u>               | <u>PEPF</u>              | <u>PECF</u>           |
|---|---------------------------|--------------------------|-----------------------|
| <b>A. UAAL at Beginning of Year (7/1/03)</b>  | \$2,580,296               | \$(322,653)              | \$6,055               |
| <b>B. Change Due to Interest Requirements and Current Rate of Funding</b>   |                           |                          |                       |
| 1. Normal Cost and Expenses   | 364,657                   | 128,469                  | 15,866                |
| 2. Contributions  | (441,441)                 | (89,082)                 | (16,701)              |
| 3. Interest on A, B1 and B2   | <u>231,560</u>            | <u>(20,292)</u>          | <u>1,154</u>          |
| <b>C. Expected UAAL at End of Year (A+B)</b>  | <b>\$2,735,072</b>        | <b>\$(303,558)</b>       | <b>\$6,374</b>        |
| <b>D. Increase (Decrease) Due to Actuarial Losses (Gains) Because of Experience Deviations from Expected</b>                      |                           |                          |                       |
| 1. <b>Salary Increases.</b> If there are smaller salary increases than assumed, there is a gain; if larger, a loss.               | (20,388)                  | 18                       | 208                   |
| 2. <b>Investment Return.</b> If there is greater investment return than assumed, there is a gain; if less, a loss.                | 449,749                   | 166,753                  | 1,725                 |
| 3. <b>MPRIF Mortality.</b> If Post Fund annuitants live longer than assumed, there is a loss; if not as long, a gain.             | 93,878                    | (33,449)                 | 85                    |
| 4. <b>Mortality of Other Benefit Recipients.</b> If annuitants live longer than assumed, there is a loss; if not as long, a gain. | (6,249)                   | 4                        | 9                     |
| 5. <b>Other Items.</b> Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.     | <u>229,442</u>            | <u>115,588</u>           | <u>1,374</u>          |
| <b>E. UAAL at End of Year Before Plan Amendments and changes in Actuarial Assumption (C+D)</b>                                    | <b>\$3,481,504</b>        | <b>\$(54,644)</b>        | <b>\$9,775</b>        |
| <b>F. Change in Actuarial Accrued Liability Due to Plan Amendments</b>  | 0                         | 0                        | 0                     |
| <b>G. Change in Actuarial Accrued Liability Due to Changes in Actuarial Assumptions</b>   | <u>0</u>                  | <u>0</u>                 | <u>0</u>              |
| <b>H. UAAL at End of Year 6/30/04 (E+F+G)</b>   | <b><u>\$3,481,504</u></b> | <b><u>\$(54,644)</u></b> | <b><u>\$9,775</u></b> |



**S** *STATISTICAL*  
*SECTION*

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Public Employees  
Retirement Association  
of Minnesota

*PENSION TRUST FUNDS OF THE STATE OF MINNESOTA*

## Schedule of Revenue by Source

(in thousands)

### ***PUBLIC EMPLOYEES RETIREMENT FUND***

| <u>Fiscal Year</u> | <u>Member Contribution</u> | <u>Employer Contribution</u> |                                   | <u>Net Investment Income</u> | <u>Other</u> | <u>Total</u> |
|--------------------|----------------------------|------------------------------|-----------------------------------|------------------------------|--------------|--------------|
|                    |                            | <u>Amount</u>                | <u>Percent of Covered Payroll</u> |                              |              |              |
| 1999               | \$158,475                  | \$173,370                    | 5.2%                              | \$1,052,303                  | \$ 2,405     | \$1,386,553  |
| 2000               | 171,073                    | 186,637                      | 5.4%                              | 914,574                      | 1,299        | 1,273,583    |
| 2001               | 173,380                    | 188,208                      | 5.4%                              | (754,349)                    | 1,907        | (390,854)    |
| 2002               | 191,422                    | 206,982                      | 5.4%                              | (765,319)                    | 3,692        | (363,223)    |
| 2003               | 205,963                    | 221,689                      | 5.1%                              | 199,769                      | 3,609        | 631,030      |
| 2004               | 215,697                    | 225,744                      | 5.7%                              | 1,434,654                    | 4,437        | 1,880,532    |

### ***PUBLIC EMPLOYEES POLICE AND FIRE FUND\****

| <u>Fiscal Year</u> | <u>Member Contribution</u> | <u>Employer Contribution</u> |                                   | <u>Net Investment Income</u> | <u>Other</u> | <u>Total</u> |
|--------------------|----------------------------|------------------------------|-----------------------------------|------------------------------|--------------|--------------|
|                    |                            | <u>Amount</u>                | <u>Percent of Covered Payroll</u> |                              |              |              |
| 1999               | \$ 30,897                  | \$ 46,280                    | 13.1%                             | \$ 323,707                   | \$ 310       | \$ 401,194   |
| 2000               | 31,213                     | 53,178**                     | 13.5%                             | 439,566                      | 503          | 524,460      |
| 2001               | 31,341                     | 52,960**                     | 10.6%                             | (334,406)                    | 2,744        | (247,361)    |
| 2002               | 33,801                     | 90,664**                     | 17.4%                             | (328,160)                    | 1,937        | (201,758)    |
| 2003               | 34,751                     | 50,917                       | 9.1%                              | 76,117                       | 3,281        | 165,066      |
| 2004               | 36,313                     | 52,769                       | 9.6%                              | 578,008                      | 2,733        | 669,823      |

### ***POLICE AND FIRE CONSOLIDATION FUND (TERMINATED 7/1/99)\****

| <u>Fiscal Year</u> | <u>Member Contribution</u> | <u>Employer Contribution</u> | <u>Net Investment Income</u> | <u>Other</u> | <u>Total</u> |
|--------------------|----------------------------|------------------------------|------------------------------|--------------|--------------|
| 1999               | \$ 3,429                   | 11,569                       | \$ 136,094                   | \$ 2,077     | \$ 153,169   |

### ***PUBLIC EMPLOYEES CORRECTIONAL FUND (ESTABLISHED 7/1/99)***

| <u>Fiscal Year</u> | <u>Member Contribution</u> | <u>Employer Contribution</u> |                                   | <u>Net Investment Income</u> | <u>Other</u> | <u>Total</u> |
|--------------------|----------------------------|------------------------------|-----------------------------------|------------------------------|--------------|--------------|
|                    |                            | <u>Amount</u>                | <u>Percent of Covered Payroll</u> |                              |              |              |
| 2000               | \$ 4,382                   | \$ 6,487                     | 9.2%                              | \$ 253                       | \$ 32        | \$ 11,154    |
| 2001               | 5,308                      | 8,054                        | 8.8%                              | (750)                        | 20           | 12,632       |
| 2002               | 5,882                      | 8,830                        | 8.7%                              | (2,290)                      | 12           | 12,434       |
| 2003               | 6,430                      | 9,645                        | 8.7%                              | 1,386                        | 11           | 17,472       |
| 2004               | 6,672                      | 10,029                       | 9.2%                              | 9,131                        | 4            | 25,836       |

\* Members and assets from the Police and Fire Consolidation Plan were transferred to the Public Employees Police and Fire Fund on 7/1/99.

\*\* Includes additional municipal contributions for former Police and Fire Consolidation Fund cities that were underfunded when the fund was terminated.



# Schedule of Expense by Type

Last Six Years (in thousands)

## ***PUBLIC EMPLOYEES RETIREMENT FUND***

| <u>Fiscal Year</u> | <u>Benefits</u> | <u>Refunds</u> | <u>Administrative Expenses</u> | <u>Other</u> | <u>Total</u> |
|--------------------|-----------------|----------------|--------------------------------|--------------|--------------|
| 1999               | \$467,601       | \$17,219       | \$9,631                        | \$1,618      | \$496,069    |
| 2000               | 527,119         | 19,366         | 8,329                          | 1,527        | 556,341      |
| 2001               | 592,210         | 18,768         | 8,344                          | 2,441        | 621,763      |
| 2002               | 642,088         | 16,267         | 8,680                          | 2,356        | 669,391      |
| 2003               | 664,459         | 18,242         | 8,628                          | 1,374        | 692,703      |
| 2004               | 687,124         | 22,556         | 8,830                          | 2,725        | 721,235      |

## ***PUBLIC EMPLOYEES POLICE AND FIRE FUND\****

| <u>Fiscal Year</u> | <u>Benefits</u> | <u>Refunds</u> | <u>Administrative Expenses</u> | <u>Other</u> | <u>Total</u> |
|--------------------|-----------------|----------------|--------------------------------|--------------|--------------|
| 1999               | \$ 68,672       | \$ 1,076       | \$ 737                         | \$ 222       | \$ 70,707    |
| 2000               | 165,719         | 94,754         | 679                            | 1,549        | 262,701      |
| 2001               | 192,246         | 3,358          | 639                            | 447          | 196,690      |
| 2002               | 212,405         | 711            | 647                            | 255          | 214,018      |
| 2003               | 225,434         | 643            | 675                            | 301          | 227,053      |
| 2004               | 237,442         | 644            | 712                            | 541          | 239,339      |

## ***POLICE AND FIRE CONSOLIDATION FUND (TERMINATED 7/1/99)\****

| <u>Fiscal Year</u> | <u>Benefits</u> | <u>Refunds</u> | <u>Administrative Expenses</u> | <u>Other</u> | <u>Total</u> |
|--------------------|-----------------|----------------|--------------------------------|--------------|--------------|
| 1999               | \$ 70,780       | \$ 30          | \$ 278                         | \$ 188       | \$ 71,276    |

## ***PUBLIC EMPLOYEES CORRECTIONAL FUND (ESTABLISHED 7/1/99)***

| <u>Fiscal Year</u> | <u>Benefits</u> | <u>Refunds</u> | <u>Administrative Expenses</u> | <u>Other</u> | <u>Total</u> |
|--------------------|-----------------|----------------|--------------------------------|--------------|--------------|
| 2000               | \$ 20           | \$ 30          | \$ 111                         | \$ 0         | \$ 161       |
| 2001               | 173             | 160            | 130                            | 1            | 464          |
| 2002               | 338             | 272            | 137                            | 1            | 748          |
| 2003               | 559             | 409            | 149                            | 2            | 1,119        |
| 2004               | 805             | 588            | 162                            | 5            | 1,560        |

\* Members and assets from the Police and Fire Consolidation Plan were transferred to the Public Employees Police and Fire Fund on 7/1/99.

# Benefit Expense by Type

Last Six 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> |
|--------------------|-------------------|-----------------|-------------------|---------------|--------------|
| 1999               | \$439,892         | \$16,603        | \$11,106          | \$17,219      | \$484,820    |
| 2000               | 497,357           | 17,282          | 12,480            | 19,366        | 546,485      |
| 2001               | 559,482           | 18,650          | 14,078            | 18,768        | 610,978      |
| 2002               | 609,849           | 16,719          | 15,520            | 16,267        | 658,355      |
| 2003               | 633,640           | 14,438          | 16,381            | 18,242        | 682,701      |
| 2004               | 656,072           | 13,625          | 17,427            | 22,556        | 709,680      |

## ***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> |
|--------------------|-------------------|-----------------|-------------------|---------------|--------------|
| 1999               | \$ 57,470         | \$ 3,702        | \$ 7,500          | \$ 1,076      | \$ 69,748    |
| 2000               | 140,927           | 9,858           | 14,934            | 94,754        | 260,473      |
| 2001               | 162,863           | 11,149          | 18,234            | 3,358         | 195,604      |
| 2002               | 178,965           | 11,691          | 21,749            | 711           | 213,116      |
| 2003               | 189,640           | 11,698          | 24,096            | 643           | 226,077      |
| 2004               | 199,722           | 11,814          | 25,906            | 644           | 238,086      |

## ***POLICE AND FIRE CONSOLIDATION FUND (TERMINATED 7/1/99)\****

| <u>Fiscal Year</u> | <u>Retirement</u> | <u>Survivor</u> | <u>Disability</u> | <u>Refund</u> | <u>Total</u> |
|--------------------|-------------------|-----------------|-------------------|---------------|--------------|
| 1999               | \$ 61,797         | \$ 4,927        | \$ 4,056          | \$ 30         | \$ 70,810    |

## ***PUBLIC EMPLOYEES CORRECTIONAL FUND (ESTABLISHED 7/1/99)***

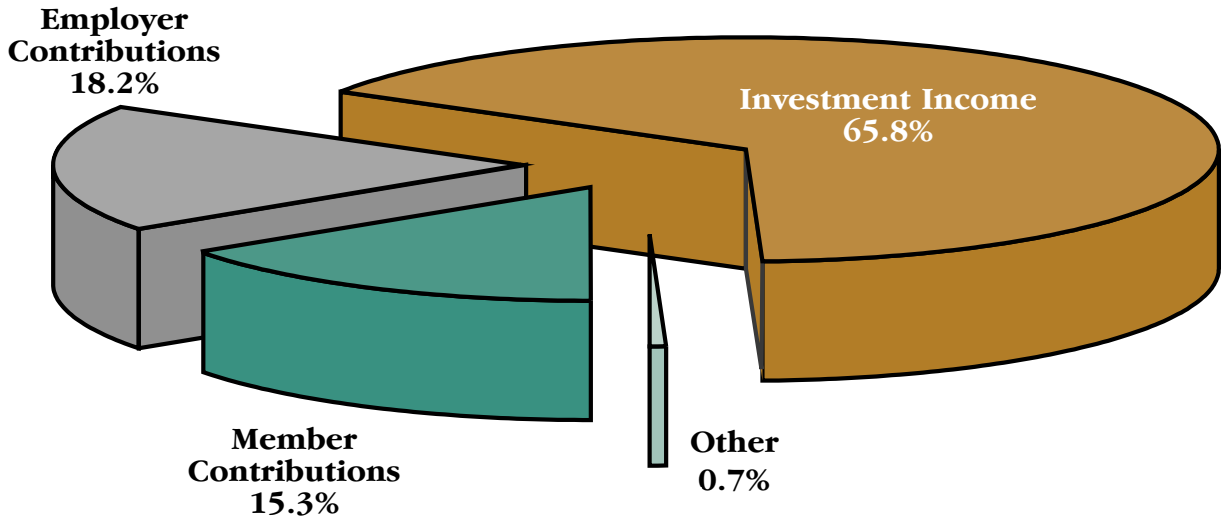
| <u>Fiscal Year</u> | <u>Retirement</u> | <u>Survivor</u> | <u>Disability</u> | <u>Refund</u> | <u>Total</u> |
|--------------------|-------------------|-----------------|-------------------|---------------|--------------|
| 2000               | \$ 2              | \$ 0            | \$ 18             | \$ 30         | \$ 50        |
| 2001               | 12                | 0               | 161               | 160           | 333          |
| 2002               | 32                | 0               | 306               | 272           | 610          |
| 2003               | 74                | 1               | 484               | 409           | 968          |
| 2004               | 160               | 1               | 644               | 588           | 1,393        |

# Revenues and Expenses

Average over last 20 years

## REVENUES BY SOURCE (FY1985 - FY2004)

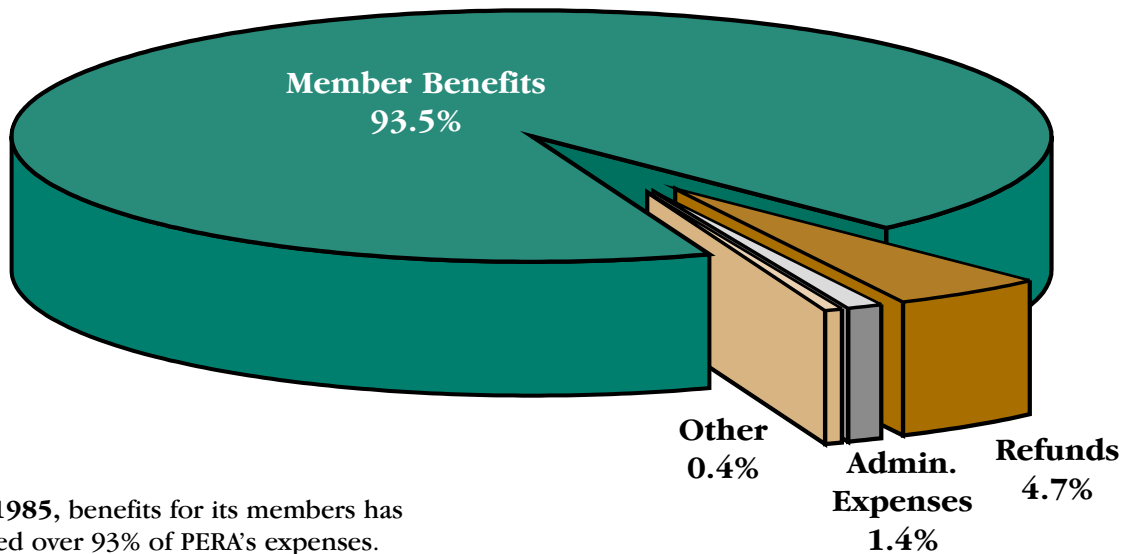
All Funds



Over the past 20 years, investment earnings have been responsible for approximately 64 percent of PERA's revenues.

## EXPENSE BY TYPE (FY1985 - FY2004)

All Funds



Since FY1985, benefits for its members has represented over 93% of PERA's expenses.

# Schedule of Retired Members

by Amount and Type of Benefit

## ***PUBLIC EMPLOYEES RETIREMENT FUND***

| <u>Amount of<br/>Monthly Benefit</u> | <u>Annuitant</u> | <u>Optional<br/>Annuitant</u> | <u>Disabilitant</u> | <u>Survivor</u> | <u>Total</u>  |
|--------------------------------------|------------------|-------------------------------|---------------------|-----------------|---------------|
| \$ 1- 500                            | 19,954           | 1,618                         | 645                 | 870             | 23,087        |
| 501-1,000                            | 10,739           | 1,179                         | 557                 | 408             | 12,883        |
| 1,001-1,500                          | 5,566            | 636                           | 304                 | 206             | 6,712         |
| 1,501-2,000                          | 2,766            | 435                           | 148                 | 173             | 3,522         |
| 2,001-3,000                          | 3,404            | 460                           | 65                  | 149             | 4,078         |
| 3,001-4,000                          | 1,910            | 225                           | 13                  | 34              | 2,182         |
| 4,001-5,000                          | 1,022            | 91                            | 6                   | 9               | 1,128         |
| 5,001-6,000                          | 515              | 44                            | 1                   | 1               | 561           |
| 6,001-7,000                          | 242              | 18                            | 3                   | 4               | 267           |
| 7,001-8,000                          | 94               | 8                             | 0                   | 0               | 102           |
| Over 8,000                           | <u>89</u>        | <u>7</u>                      | <u>2</u>            | <u>0</u>        | <u>98</u>     |
| <b>Total</b>                         | <b>46,301</b>    | <b>4,721</b>                  | <b>1,744</b>        | <b>1,854</b>    | <b>54,620</b> |

## ***PUBLIC EMPLOYEES POLICE AND FIRE FUND***

| <u>Amount of<br/>Monthly Benefit</u> | <u>Annuitant</u> | <u>Optional<br/>Annuitant</u> | <u>Disabilitant</u> | <u>Survivor</u> | <u>Total</u> |
|--------------------------------------|------------------|-------------------------------|---------------------|-----------------|--------------|
| \$ 1- 500                            | 181              | 37                            | 2                   | 44              | 264          |
| 501-1,000                            | 123              | 54                            | 7                   | 31              | 215          |
| 1,001-1,500                          | 157              | 116                           | 16                  | 114             | 403          |
| 1,501-2,000                          | 199              | 154                           | 61                  | 154             | 568          |
| 2,001-3,000                          | 715              | 194                           | 162                 | 131             | 1,202        |
| 3,001-4,000                          | 1,604            | 59                            | 220                 | 71              | 1,954        |
| 4,001-5,000                          | 996              | 20                            | 125                 | 47              | 1,188        |
| 5,001-6,000                          | 361              | 6                             | 51                  | 2               | 420          |
| 6,001-7,000                          | 144              | 1                             | 14                  | 0               | 159          |
| 7,001-8,000                          | 38               | 0                             | 3                   | 0               | 41           |
| Over 8,000                           | <u>17</u>        | <u>0</u>                      | <u>0</u>            | <u>0</u>        | <u>17</u>    |
| <b>Total</b>                         | <b>4,535</b>     | <b>641</b>                    | <b>661</b>          | <b>594</b>      | <b>6,431</b> |

## ***PUBLIC EMPLOYEES CORRECTIONAL FUND\****

| <u>Amount of<br/>Monthly Benefit</u> | <u>Annuitant</u> | <u>Optional<br/>Annuitant</u> | <u>Disabilitant</u> | <u>Survivor</u> | <u>Total</u> |
|--------------------------------------|------------------|-------------------------------|---------------------|-----------------|--------------|
| \$ 1- 500                            | 81               | 4                             | 2                   | 3               | 90           |
| 501-1,000                            | 0                | 0                             | 22                  | 0               | 22           |
| 1,001-1,500                          | 0                | 1                             | 5                   | 0               | 6            |
| 1,501-2,000                          | 0                | 0                             | 14                  | 0               | 14           |
| 2,001-3,000                          | 0                | 0                             | 6                   | 0               | 6            |
| 3,001-4,000                          | 0                | 0                             | 1                   | 0               | 1            |
| 4,001-5,000                          | 0                | 0                             | 0                   | 0               | 0            |
| 5,001-6,000                          | 0                | 0                             | 0                   | 0               | 0            |
| 6,001-7,000                          | 0                | 0                             | 0                   | 0               | 0            |
| 7,001-8,000                          | 0                | 0                             | 0                   | 0               | 0            |
| Over 8,000                           | <u>0</u>         | <u>0</u>                      | <u>0</u>            | <u>0</u>        | <u>0</u>     |
| <b>Total</b>                         | <b>81</b>        | <b>5</b>                      | <b>50</b>           | <b>3</b>        | <b>139</b>   |

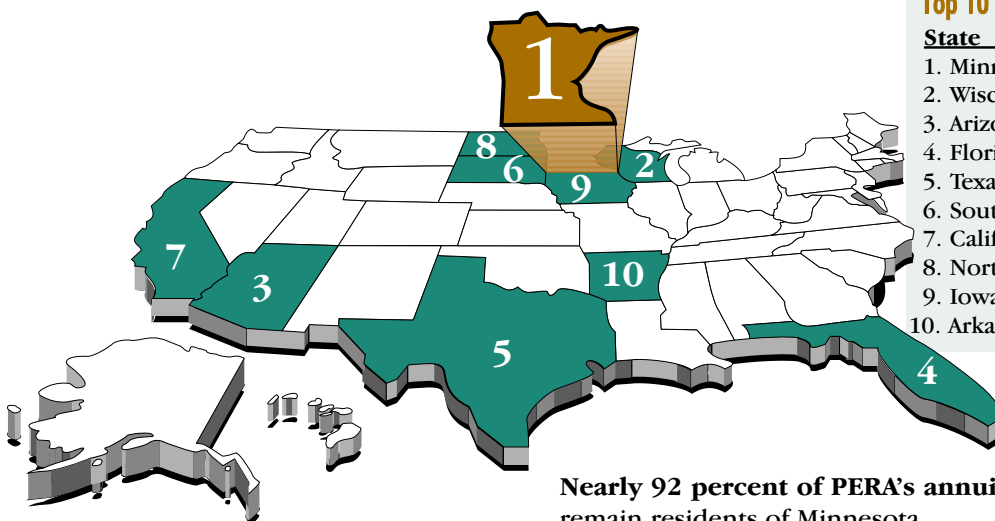
# Average Benefit Payments

Last 5 Years

## **PUBLIC EMPLOYEES RETIREMENT FUND**

| Retirement Effective Dates<br><u>July 1, 1999 to June 30, 2004</u> | Years of Service |             |              |              |              |              |            |
|--|------------------|-------------|--------------|--------------|--------------|--------------|------------|
|  | <u>0-5</u>       | <u>5-10</u> | <u>10-15</u> | <u>15-20</u> | <u>20-25</u> | <u>25-30</u> | <u>30+</u> |
| <b>Period 7/1/99 to 6/30/00:</b>                                   |                  |             |              |              |              |              |            |
| Average Monthly Benefit  | \$89             | \$195       | \$348        | \$571        | \$788        | \$1,202      | \$2,290    |
| Number of Current Retirees   | 286              | 449         | 541          | 467          | 448          | 415          | 389        |
| <b>Period 7/1/00 to 6/30/01:</b>                                   |                  |             |              |              |              |              |            |
| Average Monthly Benefit  | \$87             | \$192       | \$349        | \$539        | \$794        | \$1,107      | \$2,169    |
| Number of Current Retirees   | 257              | 401         | 474          | 446          | 488          | 374          | 389        |
| <b>Period 7/1/01 to 6/30/02:</b>                                   |                  |             |              |              |              |              |            |
| Average Monthly Benefit  | \$92             | \$190       | \$364        | \$526        | \$781        | \$1,089      | \$2,036    |
| Number of Current Retirees   | 257              | 338         | 441          | 385          | 413          | 380          | 346        |
| <b>Period 7/1/02 to 6/30/03:</b>                                   |                  |             |              |              |              |              |            |
| Average Monthly Benefit  | \$85             | \$186       | \$379        | \$565        | \$861        | \$1,186      | \$2,006    |
| Number of Current Retirees   | 333              | 387         | 445          | 436          | 450          | 393          | 424        |
| <b>Period 7/1/03 to 6/30/04:</b>                                   |                  |             |              |              |              |              |            |
| Average Monthly Benefit  | \$106            | \$207       | \$403        | \$605        | \$874        | \$1,207      | \$2,114    |
| Number of Current Retirees   | 260              | 330         | 404          | 507          | 414          | 398          | 530        |
| <b>Period 7/1/99 to 6/30/04:</b>                                   |                  |             |              |              |              |              |            |
| Average Monthly Benefit  | \$92             | \$194       | \$367        | \$570        | \$819        | \$1,160      | \$2,122    |
| Number of Current Retirees   | 1,393            | 1,905       | 2,305        | 2,241        | 2,213        | 1,960        | 2,078      |

## **PERA ANNUITANT RESIDENCY**



### **Top 10 States by PERA Annuitant Population**

| <u>State</u>    | <u>Population</u> | <u>6/1/04 Payments</u> |
|-----------------|-------------------|------------------------|
| 1. Minnesota    | 55,705            | \$70,259,214           |
| 2. Wisconsin    | 1,012             | 1,403,964              |
| 3. Arizona      | 970               | 1,423,513              |
| 4. Florida      | 766               | 1,265,262              |
| 5. Texas        | 347               | 538,873                |
| 6. South Dakota | 221               | 239,631                |
| 7. California   | 198               | 229,411                |
| 8. North Dakota | 180               | 190,046                |
| 9. Iowa         | 168               | 164,863                |
| 10. Arkansas    | 132               | 170,910                |

Nearly 92 percent of PERA's annuitants remain residents of Minnesota.

# Average Benefit Payments

Last Five Years

## PUBLIC EMPLOYEES POLICE AND FIRE FUND

| Retirement Effective Dates<br>July 1, 1999 to June 30, 2004 | Years of Service |       |         |         |         |         |         |
|---|------------------|-------|---------|---------|---------|---------|---------|
|   | 0-5              | 5-10  | 10-15   | 15-20   | 20-25   | 25-30   | 30+     |
| <b>Period 7/1/99 to 6/30/00:</b>                            |                  |       |         |         |         |         |         |
| Average Monthly Benefit                                     | \$222            | \$898 | \$949   | \$1,852 | \$2,748 | \$3,792 | \$4,510 |
| Number of Current Retirees                                  | 10               | 8     | 9       | 18      | 73      | 188     | 77      |
| <b>Period 7/1/00 to 6/30/01:</b>                            |                  |       |         |         |         |         |         |
| Average Monthly Benefit                                     | \$246            | \$929 | \$1,297 | \$1,725 | \$2,798 | \$3,576 | \$4,283 |
| Number of Current Retirees                                  | 13               | 6     | 6       | 14      | 59      | 134     | 37      |
| <b>Period 7/1/01 to 6/30/02:</b>                            |                  |       |         |         |         |         |         |
| Average Monthly Benefit                                     | \$275            | \$960 | \$1,810 | \$1,867 | \$2,843 | \$3,568 | \$4,222 |
| Number of Current Retirees                                  | 4                | 10    | 11      | 14      | 47      | 115     | 27      |
| <b>Period 7/1/02 to 6/30/03:</b>                            |                  |       |         |         |         |         |         |
| Average Monthly Benefit                                     | \$273            | \$802 | \$1,362 | \$1,908 | \$2,908 | \$3,661 | \$4,576 |
| Number of Current Retirees                                  | 11               | 10    | 12      | 24      | 50      | 113     | 51      |
| <b>Period 7/1/03 to 6/30/04:</b>                            |                  |       |         |         |         |         |         |
| Average Monthly Benefit                                     | \$473            | \$702 | \$1,664 | \$2,219 | \$2,929 | \$3,822 | \$4,784 |
| Number of Current Retirees                                  | 5                | 9     | 11      | 22      | 32      | 127     | 39      |
| <b>Period 7/1/99 to 6/30/04:</b>                            |                  |       |         |         |         |         |         |
| Average Monthly Benefit                                     | \$277            | \$853 | \$1,447 | \$1,938 | \$2,829 | \$3,695 | \$4,501 |
| Number of Current Retirees                                  | 43               | 43    | 49      | 92      | 261     | 677     | 231     |

## PUBLIC EMPLOYEES CORRECTIONAL FUND\*

| Retirement Effective Dates<br>July 1, 1999 to June 30, 2004 | Years of Service |      |       |       |       |       |     |
|---|------------------|------|-------|-------|-------|-------|-----|
|   | 0-5              | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| <b>Period 7/1/99 to 6/30/00:</b>                            |                  |      |       |       |       |       |     |
| Average Monthly Benefit                                     | \$28             | \$0  | \$0   | \$0   | \$0   | \$0   | \$0 |
| Number of Current Retirees                                  | 10               | 0    | 0     | 0     | 0     | 0     | 0   |
| <b>Period 7/1/00 to 6/30/01:</b>                            |                  |      |       |       |       |       |     |
| Average Monthly Benefit                                     | \$69             | \$0  | \$0   | \$0   | \$0   | \$0   | \$0 |
| Number of Current Retirees                                  | 12               | 0    | 0     | 0     | 0     | 0     | 0   |
| <b>Period 7/1/01 to 6/30/02:</b>                            |                  |      |       |       |       |       |     |
| Average Monthly Benefit                                     | \$168            | \$0  | \$0   | \$0   | \$0   | \$0   | \$0 |
| Number of Current Retirees                                  | 15               | 0    | 0     | 0     | 0     | 0     | 0   |
| <b>Period 7/1/02 to 6/30/03:</b>                            |                  |      |       |       |       |       |     |
| Average Monthly Benefit                                     | \$187            | \$0  | \$0   | \$0   | \$0   | \$0   | \$0 |
| Number of Current Retirees                                  | 21               | 0    | 0     | 0     | 0     | 0     | 0   |
| <b>Period 7/1/03 to 6/30/04:</b>                            |                  |      |       |       |       |       |     |
| Average Monthly Benefit                                     | \$254            | \$0  | \$0   | \$0   | \$0   | \$0   | \$0 |
| Number of Current Retirees                                  | 23               | 0    | 0     | 0     | 0     | 0     | 0   |
| <b>Period 7/1/99 to 6/30/04:</b>                            |                  |      |       |       |       |       |     |
| Average Monthly Benefit                                     | \$165            | \$0  | \$0   | \$0   | \$0   | \$0   | \$0 |
| Number of Current Retirees                                  | 81               | 0    | 0     | 0     | 0     | 0     | 0   |

# Participating Employers

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

## CITIES

|              |                  |                  |                  |               |                     |
|--------------|------------------|------------------|------------------|---------------|---------------------|
| ADA          | BIG FALLS        | CHOKIO           | DODGE CENTER     | FRANKLIN      | HARTLAND            |
| ADAMS        | BIG LAKE         | CIRCLE PINES     | DONNELLY         | FRAZEE        | HASTINGS            |
| ADRIAN       | BIGELOW          | CLARA CITY       | DOVER            | FREEBORN      | HAWLEY              |
| AFTON        | BIGFORK          | CLARA CITY       | DULUTH           | FREEPORT      | HAYFIELD            |
| AITKIN       | BINGHAM LAKE     | CARE CENTER      | DUMONT           | FRIDLEY       | HAYWARD             |
| AKELEY       | BIRCHWOOD        | CLAREMONT        | DUNDAS           | FROST         | HECTOR              |
| ALBANY       | BIRD ISLAND      | CLARISSA         | DUNDEE           | FULDA         | HENDERSON           |
| ALBERT LEA   | BISCAY           | CLARKFIELD       | DUNNELL          | GARFIELD      | HENDRICKS           |
| ALBERTA      | BIWABIK          | CLARKS GROVE     | EAGAN            | GARRISON      | HENDRUM             |
| ALBERTVILLE  | BLACKDUCK        | CLEAR LAKE       | EAGLE BEND       | GARVIN        | HENNING             |
| ALDEN        | BLAINE           | CLEARBROOK       | EAGLE LAKE       | GARY          | HERMAN              |
| ALEXANDRIA   | BLOOMING PRAIRIE | CLEARWATER       | EAST BETHEL      | GAYLORD       | HERMANTOWN          |
| ALPHA        | BLOOMINGTON      | CLEMENTS         | EAST GRAND FORKS | GENEVA        | HERON LAKE          |
| ALTURA       | BLUE EARTH       | CLEVELAND        | EAST GULL LAKE   | GEORGETOWN    | HEWITT              |
| ALVARADO     | BOVEY            | CLIMAX           | EASTON           | GHENT         | HIBBING             |
| AMBOY        | BOYD             | CLINTON          | ECHO             | GIBBON        | HILL CITY           |
| ANDOVER      | BRAHAM           | CLONTARF         | EDEN PRAIRIE     | GILBERT       | HILLS               |
| ANNANDALE    | BRAINERD         | CLOQUET          | EDEN VALLEY      | GILMAN        | HILLTOP             |
| ANOKA        | BRANDON          | COATES           | EDGERTON         | GLENCOE       | HINCKLEY            |
| APPLE VALLEY | BRECKENRIDGE     | COHASSET         | EDINA            | GLENVILLE     | HITTERDAL           |
| APPLETON     | BREEZY POINT     | COKATO           | EITZEN           | GLENWOOD      | HOFFMAN             |
| ARDEN HILLS  | BREWSTER         | COLD SPRING      | ELBOW LAKE       | GLYNDON       | HOKAH               |
| ARGYLE       | BRICELYN         | COLERAINE        | ELGIN            | GOLDEN VALLEY | HOLDINGFORD         |
| ARLINGTON    | BROOK PARK       | COLOGNE          | ELIZABETH        | GONVICK       | HOLLAND             |
| ASHBY        | BROOKLYN CENTER  | COLUMBIA HEIGHTS | ELK RIVER        | GOOD THUNDER  | HOLLANDALE          |
| ASKOV        | BROOKLYN PARK    | COMFREY          | ELKO             | GOODHUE       | HOLLOWAY            |
| ATWATER      | BROOTEN          | CONGER           | ELKTON           | GOODRIDGE     | HOPKINS             |
| AUDUBON      | BROWERVILLE      | COOK             | ELLENDALE        | GOODVIEW      | HOUSTON             |
| AURORA       | BROWNS VALLEY    | COON RAPIDS      | ELLSWORTH        | GRACEVILLE    | HOWARD LAKE         |
| AUSTIN       | BROWNSDALE       | CORCORAN         | ELMORE           | GRANADA       | HOYT LAKES          |
| AVOCA        | BROWNSVILLE      | CORRELL          | ELY              | GRAND MARAIS  | HUGO                |
| AVON         | BROWNTON         | COSMOS           | ELYSIAN          | GRAND MEADOW  | HUTCHINSON          |
| BABBITT      | BUFFALO          | COTTAGE GROVE    | EMILY            | GRAND RAPIDS  | INDEPENDENCE        |
| BACKUS       | BUFFALO LAKE     | COTTONWOOD       | EMMONS           | GRANITE FALLS | INTERNATIONAL FALLS |
| BADGER       | BUHL             | COURTLAND        | ERHARD           | GRANT         | INVER GROVE HEIGHTS |
| BAGLEY       | BURNSVILLE       | CROMWELL         | ERSKINE          | GRASSTON      | IONA                |
| BALATON      | BUTTERFIELD      | CROOKSTON        | EVANSVILLE       | GREEN ISLE    | IRONTON             |
| BARNESVILLE  | BYRON            | CROSSLAKE        | EVELETH          | GREENBUSH     | ISANTI              |
| BARNUM       | CALEDONIA        | CRYSTAL          | EXCELSIOR        | GREENFIELD    | ISLE                |
| BARRETT      | CALLAWAY         | CURRIE           | EYOTA            | GREENWOOD     | IVANHOE             |
| BATTLE LAKE  | CALUMET          | CYRUS            | FAIRFAX          | GREY EAGLE    | JACKSON             |
| BAUDETTE     | CAMBRIDGE        | DALTON           | FAIRMONT         | GROVE         | JANESVILLE          |
| BAXTER       | CAMPBELL         | DANUBE           | FALCON HEIGHTS   | GRYGLA        | JASPER              |
| BAYPORT      | CANBY            | DANVERS          | FARIBAULT        | HACKENSACK    | JEFFERS             |
| BEARDSLEY    | CANNON FALLS     | DARWIN           | FARMINGTON       | HADLEY        | JENKINS             |
| BEAVER BAY   | CANTON           | DASSEL           | ELTON            | HALLOCK       | JORDAN              |
| BEAVER CREEK | CARLOS           | DAWSON           | FERGUS FALLS     | HALSTAD       | KANDIYOHI           |
| BECKER       | CARLTON          | DAYTON           | FERTILE          | HAM LAKE      | KARLSTAD            |
| BEJOU        | CARVER           | DE GRAFF         | FIFTY LAKES      | HAMBURG       | KASOTA              |
| BELGRADE     | CASS LAKE        | DEEPHAVEN        | FINLAYSON        | HAMPTON       | KASSON              |
| BELLE PLAINE | CEDAR MILLS      | DEER CREEK       | FLENSBURG        | HANCOCK       | KEEWATIN            |
| BELLECHESTER | CENTER CITY      | DEER RIVER       | FLOODWOOD        | HANLEY FALLS  | KELLIHER            |
| BELLINGHAM   | CENTERVILLE      | DEERWOOD         | FOLEY            | HANOVER       | KELLOGG             |
| BELVIEW      | CEYLON           | DELANO           | FOREST LAKE      | HANSAKA       | KENNEDY             |
| BEMIDJI      | CHAMPLIN         | DELAVAN          | FORESTON         | HARDWICK      | KENSINGTON          |
| BENA         | CHANDLER         | DELLWOOD         | FOSSTON          | HARMONY       | KENT                |
| BENSON       | CHANHASSEN       | DENT             | FOUNTAIN         | HARRIS        |                     |
| BERTHA       | CHASKA           | DETROIT LAKES    |                  |               |                     |
| BETHEL       | CHATFIELD        | DEXTER           |                  |               |                     |
|              | CHISAGO          | DILLWORTH        |                  |               |                     |
|              | CHISHOLM         |                  |                  |               |                     |

# STATISTICAL SECTION

|                     |                    |                  |                  |                   |                 |
|---------------------|--------------------|------------------|------------------|-------------------|-----------------|
| KENYON              | MAPLETON           | NEW YORK MILLS   | RED WING         | ST PAUL PARK      | WEST ST PAUL    |
| KERKHOVEN           | MAPLEVIEW          | NEWOLDEN         | REDWOOD FALLS    | ST PETER          | WESTBROOK       |
| KETTLE RIVER        | MAPLEWOOD          | NEWPORT          | REMER            | ST STEPHEN        | WHEATON         |
| KIESTER             | MARBLE             | NICOLLET         | RENDSVILLE       | STACY             | WHITE BEAR LAKE |
| KIMBALL             | MARIETTA           | NIELSVILLE       | RENVILLE         | STAPLES           | WILLERNIE       |
| KINNEY              | MARINE ON ST CROIX | NISSWA           | RICE             | STARBUCK          | WILLIAMS        |
| LA CRESCENT         | MARSHALL           | NORTH BRANCH     | RICHFIELD        | STEPHEN           | WILLMAR         |
| LAFAYETTE           | MAYER              | NORTH MANKATO    | RICHMOND         | STEWART           | WILMONT         |
| LAKE BENTON         | MAYNARD            | NORTH OAKS       | ROBBINSDALE      | STEWARTVILLE      | WINDOM          |
| LAKE BRONSON        | MAZEPPA            | NORTH ST PAUL    | ROCHESTER        | STILLWATER        | WINGER          |
| LAKE CITY           | MC GRATH           | NORTHFIELD       | ROCK CREEK       | STOCKTON          | WINNEBAGO       |
| LAKE CRYSTAL        | MC GREGOR          | NORTHHOME        | ROCKFORD         | STORDEN           | WINONA          |
| LAKE ELMO           | MC INTOSH          | NORTHROP         | ROCKVILLE        | STURGEON LAKE     | WINSTED         |
| LAKE LILLIAN        | MC KINLEY          | NORWOOD          | ROGERS           | SWANVILLE         | WINTHROP        |
| LAKE PARK           | MEADOWLANDS        | YOUNG AMERICA    | ROLLINGSTONE     | TACONITE          | WINTON          |
| LAKE SHORE          | MEDFORD            | OAK GROVE        | ROSE CREEK       | TAYLORS FALLS     | WOLF LAKE       |
| LAKE ST CROIX BEACH | MEDINA             | OAK PARK HEIGHTS | ROSEAU           | THIEF RIVER FALLS | WOLVERTON       |
| LAKE WILSON         | MELROSE            | OAKDALE          | ROSEMOUNT        | THOMSON           | WOOD LAKE       |
| LAKEFIELD           | MENAHGA            | ODESSA           | ROSEVILLE        | TINTAH            | WOODBURY        |
| LAKELAND            | MENDOTA HEIGHTS    | OGEMA            | ROTHSAY          | TONKA BAY         | WOODLAND        |
| LAKEVILLE           | MENTOR             | OGILVIE          | ROUND LAKE       | TOWER             | WORTHINGTON     |
| LAMBERTON           | MIDDLE RIVER       | OKABENA          | ROYALTON         | TRACY             | WRENSHALL       |
| LANCASTER           | MILACA             | OKLEE            | RUSH             | TRIMONT           | WYKOFF          |
| LANDFALL            | MILAN              | OLVIA            | RUSHFORD         | TRUMAN            | WYOMING         |
| LANESBORO           | MILLERVILLE        | ONAMIA           | RUSHMORE         | TWIN LAKES        | ZIMMERMAN       |
| LAPRAIRIE           | MILLVILLE          | ORONO            | RUSSELL          | TWIN VALLEY       | ZUMBRO FALLS    |
| LAUDERDALE          | MILROY             | ORONOCO          | RUTHTON          | TWO HARBORS       | ZUMBROTA        |
| LE CENTER           | MILTON             | ORR              | SACRED HEART     | TYLER             |                 |
| LE SUEUR            | MILTONA            | ORTONVILLE       | SANBORN          | ULEN              |                 |
| LENGBY              | MINNEAPOLIS        | OSAKIS           | SANDSTONE        | UNDERWOOD         |                 |
| LEROY               | MINNEOTA           | OSLO             | SARTELL          | UPSALA            |                 |
| LESTER PRAIRIE      | MINNESOTA LAKE     | OSSEO            | SAUK CENTRE      | VADNAIS HEIGHTS   |                 |
| LEWISTON            | MINNETONKA         | OSTRANDER        | SAUK RAPIDS      | VENTURA           | ACOMA           |
| LEWISVILLE          | MINNETONKA BEACH   | OTSEGO           | SAVAGE           | VERGAS            | ADAMS           |
| LEXINGTON           | MINNETRISTA        | OWATONNA         | SCANLON          | VERMILLION        | ADRIAN          |
| LILYDALE            | MONTEVIDEO         | PALISADE         | SEBEKA           | VERNDALE          | AETNA           |
| LINDSTROM           | MONTGOMERY         | PARK RAPIDS      | SHAFER           | VERNON CENTER     | AITKIN          |
| LINO LAKES          | MONTICELLO         | PARKERS PRAIRIE  | SHAKOPEE         | VESTA             | ALBA            |
| LISMORE             | MONTROSE           | PAYNESVILLE      | SHELLY           | VICTORIA          | ALBERT LEA      |
| LITCHFIELD          | MOORHEAD           | PELICAN RAPIDS   | SHERBURN         | VIKING            | ALBION          |
| LITTLE CANADA       | MOOSE LAKE         | PEMBERTON        | SHOREVIEW        | VILLARD           | ALDRICH         |
| LITTLE FALLS        | MORA               | PENNOCK          | SHOREWOOD        | VIRGINIA          | ALTON           |
| LITTLEFORK          | MORGAN             | PEQUOT LAKES     | SILVER BAY       | WABASHA           | ALVWOOD         |
| LONG BEACH          | MORRIS             | PERHAM           | SILVER LAKE      | WABASSO           | AMHERST         |
| LONG LAKE           | MORRISTOWN         | PETERSON         | SLAYTON          | WACONIA           | ANDOVER         |
| LONG PRAIRIE        | MORTON             | PIERZ            | SLEEPY EYE       | WADENA            | ANN LAKE        |
| LONGVILLE           | MOTLEY             | PILLAGER         | SOUTH HAVEN      | WAHKON            | ANTRIM          |
| LONSDALE            | MOUND              | PINE CITY        | SOUTH ST PAUL    | WAITE PARK        | ARBO            |
| LORETTO             | MOUNDS VIEW        | PINE ISLAND      | SPICER           | WALDORF           | ARDENHURST      |
| LUCAN               | MOUNTAIN IRON      | PINE RIVER       | SPRING GROVE     | WALKER            | ARENDAHL        |
| LUVERNE             | MOUNTAIN LAKE      | PIPESTONE        | SPRING LAKE PARK | WALNUT GROVE      | ARLINGTON       |
| LYLE                | MURDOCK            | PLAINVIEW        | SPRING PARK      | WANAMINGO         | ARNA            |
| LYND                | NASHWALK           | PLATO            | SPRING VALLEY    | WANDA             | ARTHUR          |
| MABEL               | NERSTRAND          | PLUMMER          | SPRINGFIELD      | WARREN            | ASHLAND         |
| MADELIA             | NEVIS              | PLYMOUTH         | ST ANTHONY       | WARROAD           | ATHENS          |
| MADISON             | NEW AUBURN         | PRESTON          | ST BONIFACIUS    | WASECA            | ATKINSON        |
| MADISON LAKE        | NEW BRIGHTON       | PRINCETON        | ST CHARLES       | WATERTOWN         | AVON            |
| MAHNOMEN            | NEW GERMANY        | PRINSBURG        | ST CLAIR         | WATERVILLE        | BADOURA         |
| MAHTOMEDI           | NEW HOPE           | PRIOR LAKE       | ST CLOUD         | WATKINS           | BAKER           |
| MANKATO             | NEW LONDON         | PROCTOR          | ST FRANCIS       | WATSON            | BALDWIN         |
| MANTORVILLE         | NEW MUNICH         | RACINE           | ST HILAIRE       | WAUBUN            | BALKAN          |
| MAPLE GROVE         | NEW PRAGUE         | RAMSEY           | ST JAMES         | WAVERLY           | BALL BLUFF      |
| MAPLE LAKE          | NEW RICHLAND       | RANDALL          | ST JOSEPH        | WAYZATA           | BALSAM          |
| MAPLE PLAIN         | NEW ULM            | RANDOLPH         | ST LEO           | WELCOME           | BANDON          |
|                     |                    | RANIER           | ST LOUIS PARK    | WELLS             | BARCLAY         |
|                     |                    | RAYMOND          | ST MICHAEL       | WENDELL           | BARRY           |
|                     |                    | RED LAKE FALLS   | ST PAUL          | WEST CONCORD      | BARTLETT        |

## TOWNSHIPS

ACOMA  
ADAMS  
ADRIAN  
AETNA  
AITKIN  
ALBA  
ALBERT LEA  
ALBION  
ALDRICH  
ALTON  
ALVWOOD  
AMHERST  
ANDOVER  
ANN LAKE  
ANTRIM  
ARBO  
ARDENHURST  
ARENDAHL  
ARLINGTON  
ARNA  
ARTHUR  
ASHLAND  
ATHENS  
ATKINSON  
AVON  
BADOURA  
BAKER  
BALDWIN  
BALKAN  
BALL BLUFF  
BALSAM  
BANDON  
BARCLAY  
BARRY  
BARTLETT



|                  |                  |             |                   |                |               |
|------------------|------------------|-------------|-------------------|----------------|---------------|
| BASHAW           | CARLOS           | DUNN        | GLENDORADO        | HONNER         | LEEDS         |
| BASS BROOK       | CARPENTER        | EAGLE LAKE  | GNESEN            | HOUSTON        | LENT          |
| BASSETT          | CARROLTON        | EAGLE VIEW  | GOOD HOPE         | IDA            | LEON          |
| BAY LAKE         | CARSON           | EAGLES NEST | GOOSE PRAIRIE     | IDEAL          | LERAY         |
| BEARVILLE        | CASCADE          | EAST SIDE   | GRACEVILLE        | IDUN           | LIBERTY       |
| BEATTY           | CASTLE ROCK      | EASTERN     | GRAHAM            | INDUSTRIAL     | LIDA          |
| BEAULIEU         | CEDAR            | EDEN LAKE   | GRAHAM LAKES      | INGUADONA      | LIME          |
| BEAVER CREEK     | CEDAR MILLS      | EDNA        | GRANBY            | INMAN          | LIME LAKE     |
| BEAVER FALLS     | CENTER           | EFFINGTON   | GRAND LAKE        | IONA           | LINCOLN       |
| BECKER           | CHANARAMBIE      | ELDORADO    | GRAND MEADOW      | IRON RANGE     | LINDEN        |
| BELGRADE         | CHARLESTOWN      | ELGIN       | GRAND PRAIRIE     | IRONDALE       | LINWOOD       |
| BELLE CREEK      | CHASKA           | ELIZABETH   | GRAND RAPIDS      | IRVING         | LITCHFIELD    |
| BELLE PLAINE     | CHATHAM          | ELK LAKE    | GRANITE FALLS     | ISANTI         | LITTLE ELBOW  |
| BELLE PRAIRIE    | CHENGWATANA      | ELLINGTON   | GRANT VALLEY      | ISLAND LAKE    | LITTLE FALLS  |
| BELLE RIVER      | CHERRY           | ELLSBURG    | GREAT SCOTT       | JANESVILLE     | LITTLE PINE   |
| BELLEVUE         | CHERRY GROVE     | ELM CREEK   | GREENBUSH         | JAY            | LIVONIA       |
| BELMONT          | CHESTER          | ELM DALE    | GREENLEAF         | JO DAVIS       | LONE PINE     |
| BELVIDERE        | CHIPPEWA FALLS   | ELMER       | GREENVALE         | JOHNSONVILLE   | LONE TREE     |
| BEMIDJI          | CHISAGO LAKE     | ELMIRA      | GREENWAY          | KANABEC        | LONG LAKE     |
| BENTON           | CLAYTON          | EMBARRASS   | GREENWOOD         | KANARANZI      | LOUISVILLE    |
| BERGEN           | CLEAR LAKE       | EMPIRE      | GREY CLOUD ISLAND | KANDIYOHI      | LUXEMBURG     |
| BERNADOTTE       | CLEARWATER       | ERIN        | GREY EAGLE        | KASOTA         | LYLE          |
| BIG LAKE         | CLIFTON          | ESPELIE     | GULLY             | KATHIO         | LYNDEN        |
| BIG STONE        | CLOVER           | EVANSVILLE  | GUTHRIE           | KEGO           | LYNN          |
| BIRCH CREEK      | COKATO           | EVERGREEN   | HALDEN            | KENYON         | MACVILLE      |
| BISMARCK         | COLLEGEVILLE     | FAIR HAVEN  | HALSTAD           | KETTLE RIVER   | MAGNOLIA      |
| BIWABIK          | COLUMBIA         | FAIRBANKS   | HAMMER            | KIESTER        | MAINE         |
| BLACKBERRY       | COLUMBUS         | FAIRFIELD   | HAMPTON           | KILKENNY       | MAINE PRAIRIE |
| BLACKHOOF        | COLVIN           | FAIRMONT    | HARMONY           | KIMBERLY       | MANANNAH      |
| BLAKELEY         | COMPTON          | FAIRVIEW    | HARRIS            | KING           | MANFRED       |
| BLIND LAKE       | CONCORD          | FALL LAKE   | HARRISON          | KINGSTON       | MANKATO       |
| BLOOMFIELD       | COON CREEK       | FALUN       | HASSAN            | KNIFE LAKE     | MANTORVILLE   |
| BLOOMING GROVE   | CORINNA          | FARM ISLAND | HAUGEN            | KNUTE          | MANTRAP       |
| BLUE HILL        | CORMORANT        | FARMINGTON  | HAVANA            | KRAGERO        | MAPLE LAKE    |
| BOGUS BROOK      | COSMOS           | FAYAL       | HAVEN             | KRAIN          | MAPLE RIDGE   |
| BONDIN           | COTTON           | FENTON      | HAVERHILL         | KROSCHER       | MARBLE        |
| BOWSTRING        | COTTONWOOD       | FILLMORE    | HAWLEY            | LA CRESCENT    | MARCELL       |
| BOY LAKE         | CRATE            | FISH LAKE   | HAY CREEK         | LA CROSSE      | MARION        |
| BRADFORD         | CREDIT RIVER     | FLEMING     | HAYLAND           | LA GARDE       | MARSHALL      |
| BRANDON          | CROOKED LAKE     | FLOODWOOD   | HAYWARD           | LA GRANDE      | MARSHAN       |
| BREITUNG         | CROW RIVER       | FLORENCE    | HAZELTON          | LAFAYETTE      | MARTIN        |
| BREMEN           | CROW WING        | FLORIDA     | HEGBERT           | LAKE ANDREW    | MARYSVILLE    |
| BRIGHTON         | CROW WING LAKES  | FOLDAHL     | HEIGHT OF LAND    | LAKE EDWARD    | MASON         |
| BRISTOL          | CRYSTAL BAY      | FOREST      | HELEN             | LAKE ELIZABETH | MAXWELL       |
| BROCKWAY         | CULDRUM          | FOREST CITY | HELENA            | LAKE EMMA      | MAY           |
| BROWNS VALLEY    | CULVER           | FOREST LAKE | HELGA             | LAKE FREMONT   | MAYHEW LAKE   |
| BROWNSVILLE      | DAGGETT BROOK    | FORESTVILLE | HENDERSON         | LAKE GEORGE    | MAYVILLE      |
| BRUNSWICK        | DAHLGREN         | FOX LAKE    | HENRIETTA         | LAKE HANSKA    | MAZEPPA       |
| BUFFALO          | DALBO            | FRAMNAS     | HERON LAKE        | LAKE MARSHALL  | MCDAVITT      |
| BUH              | DARLING          | FRANCONIA   | HIGDEM            | LAKE PLEASANT  | MEADOWLANDS   |
| BURNHAMVILLE     | DARWIN           | FRANKFORT   | HIGH FOREST       | LAKE SARAH     | MEHURIN       |
| BURNS            | DEAD LAKE        | FRANKLIN    | HIGHWATER         | LAKESIDE       | MERTON        |
| BURTON           | DECORIA          | FRASER      | HINES             | LAKETOWN       | MICKINOCK     |
| BUTTERFIELD      | DEERWOOD         | FREDENBERG  | HIRAM             | LAKEVIEW       | MIDDLETOWN    |
| BUTTERNUT VALLEY | DELL GROVE       | FREEDOM     | HOBART            | LAKESIDE       | MIDDLEVILLE   |
| BUZZLE           | DENVER           | FREEMAN     | HOFF              | LAKIN          | MIDWAY        |
| BYRON            | DERRYNANE        | FRENCH      | HOKAH             | LAND           | MILACA        |
| CAIRO            | DES MOINES RIVER | FRENCH LAKE | HOLDEN            | LANESBURGH     | MILFORD       |
| CALEDONIA        | DEWALD           | FRIBERG     | HOLDING           | LANGOLA        | MILLERVILLE   |
| CAMBRIA          | DEXTER           | GARDEN CITY | HOLLAND           | LAWRENCE       | MILO          |
| CAMBRIDGE        | DORA             | GARFIELD    | HOLLY             | LE SAUK        | MINDEN        |
| CAMDEN           | DOUGLAS          | GARNES      | HOLLYWOOD         | LEAF LAKE      | MINNEOTA      |
| CAMP             | DOVER            | GARRISON    | HOLT              | LEAF RIVER     | MINNEWASKA    |
| CANNON FALLS     | DOVRAY           | GENNESSEE   | HOLYOKE           | LEECH LAKE     | MISSION       |
| CANOSIA          | DRESBACH         | GETTY       | HOME              |                |               |
| CANTON           | DRYDEN           | GIRARD      | HOMEBROOK         |                |               |
| CARIMONA         | DULUTH           | GLEN        | HOMESTEAD         |                |               |

|                 |                  |                |                 |                   |                 |
|-----------------|------------------|----------------|-----------------|-------------------|-----------------|
| MOE             | PELICAN          | SAUK RAPIDS    | THOMSON         | WOLF LAKE         | MARTIN          |
| MOLTKE          | PELICAN LAKE     | SAVANNAH       | THUNDER LAKE    | WOLFORD           | MCLEOD          |
| MONEY CREEK     | PEMBINA          | SCANDIA VALLEY | TRANSIT         | WOOD LAKE         | MEEKER          |
| MONTGOMERY      | PENN             | SCHROEDER      | TRELIPE         | WOODLAND          | MILLE LACS      |
| MONTICELLO      | PETERSBURG       | SCOTT          | TROUT LAKE      | WOODROW           | MORRISON        |
| MOONSHINE       | PIKE BAY         | SEAVEY         | TUMULI          | WOODSIDE          | MOWER           |
| MORAN           | PIKE CREEK       | SEVERANCE      | TURNER          | WOODVILLE         | MURRAY          |
| MORANVILLE      | PILOT MOUND      | SHAMROCK       | TURTLE CREEK    | WORKMAN           | NICOLLET        |
| MORKEN          | PINE CITY        | SHELBURNE      | TURTLE LAKE     | WRENSHALL         | NOBLES          |
| MORRISON        | PINE ISLAND      | SHELBY         | TWIN LAKES      | WRIGHT            | NORMAN          |
| MORSE           | PINE LAKE        | SHELL LAKE     | TWO RIVERS      | WUORI             | OLMSTED         |
| MOTLEY          | PINE RIVER       | SHERIDAN       | URNES           | WYANETT           | OTTERTAIL       |
| MOUNT VERNON    | PLAINVIEW        | SHETEK         | VAIL            | WYOMING           | PENNINGTON      |
| MOUNTAIN LAKE   | PLEASANT PRAIRIE | SHIELDSVILLE   | VAN BUREN       | YORK              | PINE            |
| MUNSON          | PLINY            | SHINGOBBE      | VASA            | YOUNG AMERICA     | PIPESTONE       |
| NASHVILLE       | POKEGAMA         | SIBLEY         | VERDI           | YUCATAN           | POLK            |
| NASHWAUK        | POPPEL GROVE     | SILVER BROOK   | VERMILLION      | ZUMBRO            | POPE            |
| NELSON          | POSEN            | SILVER CREEK   | VERNON          | ZUMBROTA          | RAMSEY          |
| NESSSEL         | POWERS           | SILVER LAKE    | VESTA           |                   | RED LAKE        |
| NEVADA          | PRAIRIE VIEW     | SINCLAIR       | VICTOR          |                   | REDWOOD         |
| NEVIS           | PREBLE           | SIOUX AGENCY   | VIKING          | <b>COUNTIES</b>   | RENVILLE        |
| NEW AUBURN      | PRESTON          | SKANDIA        | VILLARD         | AITKIN            | RICE            |
| NEW HAVEN       | PRINCETON        | SKELTON        | VINELAND        | ANOKA             | ROCK            |
| NEW LONDON      | PRIOR            | SOLEM          | VIVIAN          | BECKER            | ROSEAU          |
| NEW PRAIRIE     | PROVIDENCE       | SOLWAY         | WABEDO          | BELTRAMI          | ST LOUIS        |
| NEW RICHLAND    | PULASKI          | SOUTH BEND     | WACONIA         | BENTON            | SCOTT           |
| NEW SCANDIA     | QUEEN            | SOUTH BRANCH   | WACOUTA         | BIG STONE         | SHERBURNE       |
| NEW SOLUM       | QUINCY           | SOUTH HARBOR   | WAKEFIELD       | BLUE EARTH        | SIBLEY          |
| NEWBURG         | RABBIT LAKE      | SOUTHFORK      | WALDEN          | BROWN             | STEARNS         |
| NOKAY LAKE      | RACINE           | SOUTHSIDE      | WALTHAM         | CARLTON           | STEELE          |
| NORA            | RANDOLPH         | SPARTA         | WANAMINGO       | CARVER            | STEVENS         |
| NORDLAND        | RANSOM           | SPENCER        | WANG            | CASS              | SWIFT           |
| NORMAN          | RAPIDAN          | SPENCER BROOK  | WARD            | CHIPPEWA          | TODD            |
| NORTH HERO      | RAVENNA          | SPRING GROVE   | WARREN          | CHISAGO           | TRAVERSE        |
| NORTH STAR      | RED LAKE FALLS   | SPRING LAKE    | WARSAW          | CLAY              | WABASHA         |
| NORTHERN        | RICE LAKE        | SPRINGDALE     | WASIOJA         | CLEARWATER        | WADENA          |
| NORTHFIELD      | RICH VALLEY      | SPRINGHILL     | WATAB           | COOK              | WASECA          |
| NORWAY          | RICHARDSON       | SPRINGVALE     | WATERBURY       | COTTONWOOD        | WASHINGTON      |
| NORWEGIAN       | RICHMOND         | SPRINGWATER    | WATERTOWN       | CROW WING         | WATONWAN        |
| GROVE           | RIVER FALLS      | SPRUCE GROVE   | WATERVILLE      | DAKOTA            | WILKIN          |
| OAK LAWN        | RIVERSIDE        | ST JAMES       | WATOPA          | DODGE             | WINONA          |
| OAK PARK        | ROCHESTER        | ST JOSEPH      | WAWINA          | DOUGLAS           | WRIGHT          |
| OAK VALLEY      | ROCK DELL        | ST MARTIN      | WEBSTER         | FARIBAULT         | YELLOW MEDICINE |
| OAKLAND         | ROCKFORD         | ST OLAF        | WEIMER          | FILLMORE          |                 |
| ODESSA          | ROCKSBURY        | STANCHFIELD    | WELCH           | FREEBORN          |                 |
| ORION           | ROCKWOOD         | STANFORD       | WELLINGTON      | GOODHUE           |                 |
| ORROCK          | ROGERS           | STANTON        | WELLS           | GRANT             |                 |
| ORTON           | ROLLING GREEN    | STAPLES        | WEST HERON LAKE | HENNEPIN          |                 |
| OSAGE           | ROLLINGSTONE     | STAR LAKE      | WEST NEWTON     | HOUSTON           |                 |
| OSBORNE         | ROOSEVELT        | STERLING       | WESTBROOK       | HUBBARD           |                 |
| OSHKOSH         | ROSEHILL         | STILLWATER     | WHEATLAND       | ISANTI            |                 |
| OTENEAGEN       | ROSENDALE        | STOCKHOLM      | WHITE           | ITASCA            |                 |
| OTISCO          | ROSEVILLE        | STONY RUN      | WHITE BEAR      | JACKSON           |                 |
| OTREY           | ROSS             | STORDEN        | WHITE OAK       | KANABEC           |                 |
| OTTERTAIL       | ROSS LAKE        | STURGEON       | WILKINSON       | KANDIYOHI         |                 |
| PENINSULA       | ROUND GROVE      | STURGEON LAKE  | WILLIAMS        | KITTSO            |                 |
| OTTO            | ROUND LAKE       | SUMMIT         | WILMINGTON      | KOOCHICHING       |                 |
| OWATONNA        | ROYALTON         | SUMNER         | WILMONT         | LAC QUI PARLE     |                 |
| OXFORD          | RUSHEBA          | SUMTER         | WILSON          | LAKE              |                 |
| PALMYRA         | RUTLAND          | SUNDOWN        | WINDEMERE       | LAKE OF THE WOODS |                 |
| PARKERS PRAIRIE | SALEM            | SUNRISE        | WING RIVER      | LE SUEUR          |                 |
| PAXTON          | SAND LAKE        | SVERDRUP       | WINNEBAGO       | LINCOLN           |                 |
| PAYNESVILLE     | SANTIAGO         | SWAN RIVER     | WINONA          | LYON              |                 |
| PEACE           | SARGEANT         | SWANVILLE      | WINSOR          | MAHNOMEN          |                 |
|                 |                  | SWEET          | WINSTED         | MARSHALL          |                 |
|                 |                  | SYLVAN         | WISCOY          |                   |                 |
|                 |                  | TANSEM         |                 |                   |                 |

## SCHOOLS

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|--|
| ACORN DUAL LANGUAGE COMMUNITY ISD-4018 |
| ADA-BORUP ISD-2854                     |
| ADRIAN ISD-511                         |
| AITKIN ISD-1                           |
| AKELEY-HACKENSACK-WALKER ISD 113       |
| ALBANY ISD-745                         |
| ALBERT LEA ISD-241                     |
| ALBERTA-CHOKIO ISD-771                 |
| ALDEN-CONGER ISD-242                   |
| ALEXANDRIA ISD-206                     |
| ANNANDALE ISD-876                      |
| ANOKA-HENNEPIN ISD-11                  |
| ARROWHEAD REGIONAL COMPUTING           |
| ASHBY ISD-261                          |
| ATWATER-COSMOS-GROVE CITY ISD-2396     |
| AURORA CHARTER SCHOOL                  |

AURORA-HOYT-BIWABIK ISD-2711  
 AUSTIN ISD-492  
 BACKUS-PINE RIVER ISD-2174  
 BADGER ISD-676  
 BAGLEY ISD-162  
 BALATON ISD-411  
 BARNESVILLE ISD-146  
 BARNUM ISD-91  
 BATTLE LAKE ISD-542  
 BECKER ISD-726  
 BELGRADE-BROOTEN ISD-2364  
 BELLE PLAINE ISD-716  
 BELLINGHAM ISD-371  
 BEMIDJI ISD-31  
 BEMIDJI REGIONAL INTERDISTRICT COUNCIL  
 BENSON ISD-777  
 BENTON-STEARN'S SPECIAL EDUCATION  
 BERTHA-HEWITT ISD-786  
 BIG LAKE ISD-727  
 BIRD ISLAND -OLIVIA ISD-2534  
 BLACKDUCK ISD-32  
 BLOOMING PRAIRIE ISD-756  
 BLOOMINGTON ISD-271  
 BLUE EARTH-WINNEBAGO ISD-2860  
 BLUFFVIEW MONTESSORI ISD-4001  
 BORDER REGION ED DIST ISD-6020  
 BOYD-DAWSON ISD-378  
 BRAHAM ISD-314  
 BRAINERD ISD-181  
 BRANDON ISD-207  
 BRECKENRIDGE ISD-846  
 BREWSTER ISD-513  
 BRICELYN-EASTON-REEBORN-WELL ISD-2134  
 BROOKLYN CENTER ISD-286  
 BROWERVILLE ISD-787  
 BROWNS VALLEY ISD-801  
 BUFFALO ISD-877  
 BUFFALO LAKE-HECTOR ISD-2159  
 BUHL-MOUNTAIN IRON ISD-712  
 BURNSVILLE ISD-191  
 BUTTERFIELD ISD-836  
 BYRON ISD-531  
 CALEDONIA ISD-299  
 CAMBRIDGE-ISANTI ISD-911  
 CAMPBELL TINTAH ISD-852  
 CANBY ISD-891  
 CANNON FALLS ISD-252  
 CANTON-MABEL ISD-238  
 CARLTON ISD-93  
 CARVER-SCOTT EDUCATIONAL COOP #930  
 CASS LAKE ISD-115  
 CEDAR-RIVERSIDE COMMUNITY ISD-4004  
 CENTENNIAL ISD-12  
 CENTRAL MINNESOTA E R D C  
 CHASKA ISD-112  
 CHISAGO LAKES ISD-2144  
 CHISHOLM ISD-695  
 CHOSEN VALLEY ISD-227  
 CIRCLE PINES ISD-12  
 CITY ACADEMY ISD-4000  
 CLAREMONT-DODGE CENTER-  
 W CONCORD ISD-2125  
 CLEARBROOK-GONVICK ISD-2311  
 CLEVELAND ISD-391  
 CLIMAX ISD-592  
 CLINTON-GRACEVILLE-BEARDSLEY ISD-2888  
 CLOQUET ISD-94  
 COKATO-DASSEL ISD-466  
 COLD SPRING ISD-750  
 COLERAINE ISD-316  
 COLUMBIA HEIGHTS ISD-13  
 COMFREY ISD-81  
 COMMUNITY OF PEACE ACADEMY ISD-4015  
 CONCORDIA EARLY LEARNING SCHOOL  
 COOK -ISD166  
 COON RAPIDS LEARNING CENTER  
 COTTONWOOD-WOOD LAKE ISD-2167  
 CROMWELL ISD-95  
 CROOKSTON ISD-593  
 CROSBY-IRONTON ISD-182  
 CROSSLAKE COMMUNITY SCHOOL  
 CROSSLAKE TELEPHONE  
 CYBER VILLAGE ACADEMY ISD-4025  
 CYRUS ISD-611  
 DAKOTA INTERMEDIATE DIST-917  
 DEER RIVER ISD-317  
 DELANO ISD-879  
 DETROIT LAKES ISD-22  
 DETROIT LAKES NW TECH COLLEGE ISD-2200  
 DILLWORTH-GLYNDON-FELTON ISD-2164  
 DOVER-EYOTA ISD-533  
 DULUTH ISD-709  
 E CHAIN-GRANADA-HUNTLEY ISD-2536  
 EAGLE BEND ISD-2759  
 EAST CENTRAL ISD 2580  
 EAST GRAND FORKS ISD-595  
 ECI NOOMPA WOONSPE  
 CHARTER SCH ISD-4028  
 EDEN PRAIRIE ISD-272  
 EDEN VALLEY-WATKINS ISD-463  
 EDGERTON ISD-581  
 EDINA ISD-273  
 ELGIN ISD-806  
 ELK RIVER ISD-728  
 ELLSWORTH ISD-514  
 ELY ISD-696  
 EMILY ISD-4012  
 ESKO ISD-99  
 EVANSVILLE ISD-208  
 EVELETH-GILBERT ISD-2154  
 FAIRMONT-CEYLON ISD-2752  
 FARIBAULT ISD-656  
 FARMINGTON ISD-192  
 FERGUS FALLS ISD-544  
 FERGUS FALLS SPECIAL EDUCATION 935  
 FERTILE ISD-599  
 FISHER ISD-600  
 FLOODWOOD ISD-698  
 FOLEY ISD-51  
 FOREST LAKE ISD-831  
 FORT SNELLING ACADEMY  
 FOSSTON ISD-601  
 FOUR DIRECTIONS CHARTER SCHOOL  
 FRAZEE-VERGAS ISD-23  
 FRESHWATER EDUC DIST-6004  
 FRIDLEY ISD-14  
 FULDA ISD-505  
 GFW ISD-2365  
 GLENCOE-SILVER LAKE ISD-2859  
 GLENVILLE ISD-245  
 GOODHUE EDUCATION DISTRICT ISD-6051  
 GOODHUE ISD-253  
 GOODRIDGE ISD-561  
 GRAND MEADOW ISD-495  
 GRAND RAPIDS ISD-318  
 GRANITE FALLS-CLARKFIELD-ECHO ISD-2190  
 GREENBUSH-MIDDLE RIVER ISD-2683  
 GRYGLA ISD-447  
 HALSTAD-HENDRUM ISD-2527  
 HANCOCK ISD-768  
 HARMONY-PRESTON-FOUNTAIN ISD-2198  
 HARTLAND-N RICHLAND-ELLEDALE ISD-2168  
 HASTINGS ISD-200  
 HAWLEY ISD-150  
 HAYFIELD ISD-203  
 HEART OF THE EARTH CENTER,  
 AM INDIAN EDUCATION  
 HENDERSON-LE SUEUR ISD-2397  
 HENDRICKS ISD-402  
 HENNEPIN ISD-287  
 HENNING ISD-545  
 HERMAN ISD-264  
 HERMANTOWN ISD-700  
 HERON LAKE-OKABENA ISD-330  
 HIAWATHA VALLEY ISD-6013  
 HIBBING ISD-701  
 HIGH SCHOOL FOR THE RECORDING ARTS  
 HIGHER GROUND ACADEMY  
 HILL CITY ISD-2  
 HILLS BEAVER CREEK ISD-671  
 HINCKLEY-FINLAYSON ISD-2165  
 HITTERDAL-ULEN ISD-914  
 HOLDINGFORD ISD-738  
 HOPKINS ISD-270  
 HOUSTON ISD-294  
 HOWARD LAKE-WAVERLY-WINSTED ISD-2687  
 HUTCHINSON ISD-423  
 INTERNATIONAL FALLS ISD-361  
 INVER GROVE HEIGHTS ISD-199  
 ISLE ISD-473  
 IVANHOE ISD-403  
 JACKSON CENTRAL ISD-2862  
 JANESVILLE-PEMBERTON-WALDORF ISD-2835  
 JORDAN ISD-717  
 KASSON-MANTORVILLE ISD-204  
 KELLIHER ISD-36  
 KELLOGG-WABASHA ISD-811  
 KENYON-WANAMINGO ISD-2172  
 KERKHOVEN-MURDOCK-SUNBURG ISD-775  
 KIMBALL ISD-739  
 KITTSOON CENTRAL ISD-2171  
 LA CRESCENT ISD-300  
 LA CRESCENT MONTESSORI ACADEMY  
 LAKE ISD-381  
 LAKE AGASSIZ SPECICAL EDUCATION COOP  
 LAKE BENTON ISD-404  
 LAKE CITY ISD-813  
 LAKE COUNTRY SERVICE COOP  
 LAKE CRYSTAL-WELCOME MEMORIAL ISD-2071  
 LAKE OF THE WOODS ISD-390  
 LAKE PARK-AUDUBON ISD-2889  
 LAKE SUPERIOR ISD-381  
 LAKEVILLE ISD-194  
 LANCASTER ISD-356  
 LANESBORO ISD-229  
 LAPORTE ISD-306  
 LEAF RIVER EDUCATIONAL DISTRICT ISD-6961  
 LEARNING ADVENTURES MIDDLE SCHOOL

LECENTER ISD-392  
LEROY-OSTRANDER ISD-499  
LESTER PRAIRIE ISD-424  
LEWISTON ISD-857  
LITCHFIELD ISD-465  
LITTLE FALLS ISD-482  
LITTLEFORK-BIG FALLS ISD-362  
LONG PRAIRIE-GREY EAGLE ISD-2753  
LONSDALE-MONTGOMERY ISD-394  
LUVERNE ISD-2184  
LYLE ISD-497  
LYND ISD-415  
MACCRAY ISD-2180  
MADELIA ISD-837  
MADISON ISD-2853  
MAHNOMEN ISD-432  
MAHTOMEDI ISD-832  
MANKATO ISD-77  
MAPLE LAKE ISD-881  
MAPLE RIVER ISD-2135  
MARSHALL CENTRAL ISD-441  
MARSHALL ISD-413  
MARTIN HUGHES CHARTER ISD-4040  
MATH AND SCIENCE ACADEMY  
MAZEPPA-ZUMBROTA ISD-2805  
MC GREGOR ISD-4  
MCLEOD WEST ISD-2887  
MEDFORD ISD-763  
MEEKER-WRIGHT SPECIAL EDUC COOP  
MELROSE ISD-740  
MENAHA ISD-821  
METRO DEAF CHARTER ISD-4005  
METROPOLITAN ECSU REGION II  
MEXICA MULTICULTURAL EDUCATION  
MID STATE EDUCATION ISD-6979  
MIDWEST SPEC EDUC COOP 398  
MILACA ISD-912  
MILROY ISD-635  
MINNEAPOLIS SPECIAL SD-1  
MINNEOTA ISD-414  
MINNESOTA BUSINESS ACADEMY  
MINNESOTA RIVER VALLEY ISD-6018  
MINNESOTA TECHNOLOGY  
CHARTER DIST 4031  
MINNESOTA TRANSITIONS ISD-4017  
MINNESOTA VALLEY COOP CENTER  
MINNESOTA VALLEY EDUCATIONAL DISTRICT  
MINNETONKA ISD-276  
MINNEWASKA AREA ISD-2149  
MONTEVIDEO ISD-129  
MONTICELLO ISD-882  
MOORHEAD ISD-152  
MOOSE LAKE ISD-97  
MORA ISD-332  
MORGAN-FRANKLIN ISD-2754  
MORRIS ISD-769  
MOUNDS VIEW ISD-621  
MOUNTAIN LAKE ISD-173  
NASHWAUK-KEEWATIN ISD-319  
NETT LAKE ISD-707  
NEVIS ISD-308  
NEW HEIGHTS CHARTER ISD-4003  
NEW LONDON-SPICER ISD-345  
NEW PRAGUE ISD-721  
NEW SPIRIT CHARTER SCHOOL ISD-4029  
NEW ULM ISD-88  
NEW VISIONS CHARTER ISD-4011  
NEW YORK MILLS ISD-553  
NICOLLET ISD-507  
NORTH BRANCH ISD-138  
NORTH CENTRAL SERVICE COOPERATIVE 924  
NORTH LAKES ACADEMY  
NORTH ST PAUL-MAPLEWOOD ISD-622  
NORTHEAST EDUC COOP SERVICE UNIT  
NORTHEAST METRO INTERMEDIATE ISD-916  
NORTHFIELD ISD-659  
NORTHWEST MINNESOTA SERVICE COOP  
NORTHWEST REGIONAL INTERDISTRICT  
NORWOOD-YOUNG AMERICA ISD-108  
ODYSSEY CHARTER ISD-4030  
OGILVIE ISD-333  
OKLEE ISD-627  
ONAMIA ISD-480  
ORONO ISD-278  
ORTONVILLE ISD-62  
OSAKIS ISD-213  
OSSEO ISD-279  
OWATONNA ISD-761  
PACT CHARTER ISD-4008  
PARK RAPIDS ISD-309  
PARKERS PRAIRIE ISD-547  
PAYNESVILLE ISD-741  
PEAKS CHARTER SCHOOL ALEXANDRIA  
PEAKS CHARTER SCHOOL DULUTH  
PEAKS CHARTER SCHOOL SAINT CLOUD  
PELICAN RAPIDS ISD-548  
PEQUOT LAKES ISD-186  
PERHAM/DENT ISD-549  
PETERSON-RUSHFORD ISD-239  
PIERZ ISD-484  
PILLAGER ISD-116  
PINE CITY ISD-578  
PINE ISLAND ISD-255  
PINE POINT EXP SCH 25  
PIPESTONE-JASPER ISD-2689  
PLAINVIEW ISD-810  
PLUMMER ISD-628  
PRINCETON ISD-477  
PRIOR LAKE ISD-719  
PROCTOR ISD-704  
RANDOLPH ISD-195  
RED LAKE FALLS AREA SPEC EDUC COOP  
RED LAKE FALLS ISD-630  
RED LAKE ISD-38  
RED WING ISD-256  
REDROCK CENTRAL ISD-2884  
REDWOOD FALLS ISD-2897  
REGION I ESV  
REMER ISD-118  
RENVLL CO WEST ISD-3001  
RESOURCE TRAINING AND SOLUTIONS  
RICHFIELD ISD-280  
RIGHT STEP ACADEMY  
RIVER BEND ISD-6049  
ROBBINSDALE ISD-281  
ROCHESTER ISD-535  
ROCHESTER OFF-CAMPUS CHARTER ISD-4056  
ROCKFORD ISD-883  
ROOT RIVER EDUC DIST 6042  
ROSEAU ISD-682  
ROSEMOUNT ISD-196  
ROSEVILLE ISD-623  
ROTHSAY ISD-850  
ROUND LAKE ISD-516  
ROYALTON ISD-485  
RUNESTONE AREA LEARNING CENTER 6014  
RUSH CITY ISD-139  
RUSSELL ISD-418  
RUTHTON ISD-584  
SARTELL ISD-748  
SAUK CENTRE ISD-743  
SAUK CENTRE WEST EDUCATION ISD-6026  
SAUK RAPIDS ISD-47  
SCHOOLCRAFT LEARNING COMMUNITY  
SEBEKA ISD-820  
SHAKOPEE ISD-720  
SHERBURNE-TRIMONT-WELCOME ISD-2448  
SIBLEY EAST ISD-2310  
SKILLS FOR TOMORROW JR HIGH ISD-4037  
SKILLS FOR TOMORROW SR HIGH ISD-4006  
SLAYTON-CHANDLER-  
LAKE WILSON ISD-2169  
SLEEPY EYE ISD-84  
SOJOURNER TRUTH ACADEMY  
CHARTER SCHOOL  
SOUTH CENTRAL SERVICE COOPERATIVE  
SOUTH KOOCHICHING ISD-363  
SOUTH ST PAUL SPECIAL ISD-6  
SOUTH WASHINGTON ISD-833  
SOUTHEAST SERVICE COOPERATIVE  
SOUTHLAND ISD-500  
SPRING GROVE ISD-297  
SPRING LAKE PARK ISD-16  
SPRING VALLEY-WYKOFF ISD-2137  
SPRINGFIELD ISD-85  
ST ANTHONY ISD-282  
ST CHARLES ISD-858  
ST CLAIR ISD-75  
ST CLOUD ISD-742  
ST FRANCIS ISD-15  
ST JAMES ISD-840  
ST LOUIS CO ISD-2142  
ST LOUIS PARK ISD-283  
ST MICHAEL-ALBERTVILLE ISD-885  
ST PAUL FAMILY LEARNING CENTER  
ST PAUL ISD-625  
ST PETER ISD-508  
STAPLES/MOTLEY ISD-2170  
STATE COMMUNITY COLLEGES  
STEPHEN-ARGYLE ISD-2856  
STEWARTVILLE ISD-534  
STILLWATER ISD-834  
SW & W CENTRAL EDUC SERVICE 991  
SWANVILLE ISD-486  
THIEF RIVER FALLS ISD-564  
TRACY ISD-417  
TRI DISTRICT ISD-6067  
TRI-COUNTY SCHOOLS ISD-2358  
TRUMAN ISD-458  
TWIN CITIES ACADEMY  
TWIN VALLEY/GARY ISD-2215  
TYLER ISD-409  
UNDERWOOD ISD-550  
UPSALA ISD-487  
VERNDAL ISD-818  
VILLAGE SCHOOL OF NORTHFIELD ISD-4021  
VIRGINIA ISD-706  
WABASSO ISD-640

WACONIA ISD-110  
WADENA ISD-2155  
WARREN ISD-2176  
WARROAD ISD-690  
WASECA ISD-829  
WASIOJA EDUCATION  
TECHNOLOGY COOPERATIVE  
WATERTOWN-MAYER ISD-111  
WATERVILLE-ELYSIAN-MORRISTOWN ISD-2143  
WAUBUN ISD-435  
WAYZATA ISD-284  
WEST CENTRAL AREA ISD-2342  
WEST ST PAUL ISD-197  
WESTBROOK WALNUT GROVE ISD-2898  
WESTONKA ISD-277  
WHEATON ISD-803  
WHITE BEAR LAKE ISD-624  
WILLMAR ISD-347  
WILLOW RIVER ISD-577  
WINDOM ISD-177  
WIN-E-MAC ISD-2609  
WINONA ISD-861  
WORLD LEARNER CHARTER ISD-4016  
WORTHINGTON ISD-518  
WRENSHALL ISD-100  
WRIGHT TECHNICAL CENTER ISD-966  
ZUMBRO ISD-6012

## MISCELLANEOUS

ADAMS HEALTH CARE CENTER  
AFSCME COUNCIL 65  
AITKIN COUNTY SWCD  
ALEXANDRIA LAKE AREA SANITARY DISTRICT  
ANOKA COUNTY SWCD  
AREA II MINNESOTA RIVER BASIN PRODUCTS  
ARROWHEAD LIBRARY SYSTEM  
ARROWHEAD REGIONAL  
DEVELOPMENT COMMISSION  
ASSOCIATION OF MINNESOTA COUNTIES  
BATTLE LAKE AREA LANDFILL ASSOCIATION  
BATTLE LAKE MOTOR PATROL ASSOCIATION  
BATTLE LAKE NURSING HOME  
BECKER COUNTY SWCD  
BELLE CREEK WATERSHED DISTRICT  
BELTRAMI COUNTY SWCD  
BELVIEW PARKVIEW HOME  
BENTON COUNTY SWCD  
BIG STONE COUNTY SWCD  
BLUE EARTH COUNTY SWCD  
BLUE EARTH RIVER BASIN INITIATIVE  
BOARD OF PUBLIC DEFENDERS  
BOIS DE SIOUX WATERSHED DISTRICT  
BOVEY COLERAINE TREATMENT PLANT COMM  
BRAHAM-ISANTI-MILACA JPB  
BROWN COUNTY SWCD  
CALLAWAY OGEMA POLICE DEPARTMENT JPB  
CARLTON COUNTY SWCD  
CARVER COUNTY SWCD  
CASS COUNTY SWCD  
CCLNS JOINT POWERS BOARD #3  
CENTENNIAL LAKES POLICE DEPT  
CENTRAL MINNESOTA COUNTY  
SWCD - CLUSTER 5  
CENTRAL ST CROIX VALLEY CABLE

CHISAGO COUNTY SWCD  
CHISHOLM-HIBBING AIRPORT AUTHORITY  
CITY EMPLOYEES' UNION 363  
CLARKFIELD CARE CENTER  
CLAY COUNTY SWCD  
CLEARWATER COUNTY SWCD  
CLEARWATER RIVER WATERSHED DISTRICT  
COOK COUNTY SWCD  
COON CREEK WATERSHED DISTRICT  
COTTONWOOD COUNTY SWCD  
COTTONWOOD-JACKSON HEALTH SERVICE  
CROW RIVER RECREATION DEPARTMENT  
CROW WING COUNTY SWCD  
DAKOTA COUNTY SWCD  
DASSEL NURSING HOME  
DELAVIN-EASTON PUBLIC SAFETY  
DEPT OF MILITARY AFFAIRS  
DODGE COUNTY SWCD  
DOUGLAS COUNTY SWCD  
DOVER-EYOTA ST CHARLES  
SANITARY DISTRICT  
DULUTH AIRPORT AUTHORITY  
EAST CENTRAL COOPERATIVE CENTER  
EAST CENTRAL REGIONAL  
DEVELOPMENT COMM  
EAST CENTRAL REGIONAL LIBRARY  
EAST OTTER TAIL COUNTY SWCD  
EAST POLK COUNTY SWCD  
EAST RANGE JOINT POWERS BOARD  
EDUCATION MINNESOTA  
EFSO JOINT RECREATION BOARD  
ELLSWORTH PARKVIEW MANOR NURSING  
FARIBAUT COUNTY SWCD  
FERTILE FAIR MEADOW NURSING HOME  
FREEBORN COUNTY SWCD  
GAYLORD LAKEVIEW HOME  
GLENCOE REGIONAL HEALTH CENTER  
GLENWOOD JOINTPOWER SCH DIST  
GOODHUE COUNTY SWCD  
GOVERNMENT TRAINING SERVICE  
GRANT COUNTY SWCD  
GREAT RIVER REGIONAL LIBRARY  
GREENWAY JOINT RECREATION  
ASSOCIATION  
HAWLEY AREA EMS JPB  
HAYFIELD FIELD CREST CARE CENTER  
HEADWATER NUTRITION PROJECT  
HEADWATERS REGIONAL  
DEVELOPMENT COMM  
HERON LAKE WATERSHED DISTRICT  
HIGHLAND VOCATIONAL  
HUBBARD COUNTY SWCD  
HUMAN SERVICE BOARD  
MARTIN-FARIBAUT CO  
IMPACT 6 JOINT POWERS BOARD  
ISANTI COUNTY SWCD  
ITASCA COUNTY SWCD  
JANESVILLE NURSING HOME  
JPB ZONE 10  
KANABEC COUNTY SWCD  
KANDIYOHI AREA TRANSIT JPB  
KANDIYOHI COUNTY SWCD  
KITCHIGAMI REGIONAL LIBRARY  
KITTSOON COUNTY SWCD  
KITTSOON-MARSHALL RURAL WATER SYST  
KOOCHICHING COUNTY SWCD  
LAC QUI PARLE COUNTY SWCD

LAC QUI PARLE/  
YELLOW MEDICINE WATERSHED  
LAKE AGASSIZ REGIONAL LIBRARY  
LAKE COUNTY SWCD  
LAKEFIELD COLONIAL NURSING HOME  
LAKE MINNETONKA  
COMMUNICATION COMMISSION  
LAKE MINNETONKA  
CONSERVATION DISTRICT  
LAKE OF THE WOODS COUNTY SWCD  
LAKES AREA RECREATION  
LAKEVIEW HOME  
LAMBERTON VALLEY VIEW MANOR  
LEAGUE OF MINNESOTA CITIES  
LINCOLN-LYON & MURRAY HUMAN SERVICES  
LINCOLN COUNTY SWCD  
LOCAL 132  
LOCAL GOVERNMENT INFORMATION SYSTEM  
LONG LAKE CONSERVATION CENTER  
LOWER MINNESOTA RIVER  
WATERSHED DISTRICT  
LYON COUNTY SWCD  
MAHNOMEN COUNTY SWCD  
MAHNOMEN HEALTH CENTER JPB  
MN ASSOC OF PROFESSIONAL EMPLOYEES  
MARSHALL COUNTY SWCD  
MARSHALL- POLK RURAL WATER SYSTEM  
MARSHALL-BELTRAMI COUNTY SWCD  
MARTIN COUNTY SWCD  
MARTIN-FARIBAUT CO  
PRAIRIELAND WASTE BD  
MEEKER COUNTY SWCD  
MENAHA NURSING HOME  
METRO INTER-COUNTY ASSOCIATION  
METRO WASTE CONTROL COMMISSION  
METRONET  
METROPOLITAN AIRPORTS COMMISSION  
METROPOLITAN CABLE NETWORK  
METROPOLITAN COUNCIL  
METROPOLITAN COUNCIL TRANSIT OPS  
METROPOLITAN LIBRARY SERVICE AGENCY  
METROPOLITAN MOSQUITO  
CONTROL DISTRICT  
METROPOLITAN SPORTS  
FACILITY COMMISSION  
MIDDLE RIVER/SNAKE RIVER WD  
MID-MINNESOTA DEVELOPMENT  
COMMISSION  
MILLE LACS COUNTY SWCD  
MILLE LACS TRIBAL POLICE  
MINNEAPOLIS YOUTH COOR BOARD  
MINNEHAHA CREEK WD  
MINNESOTA COUNTIES  
COMPUTER COOPERATIVE  
MINNESOTA COUNTIES INS TRUST  
MINNESOTA MUNICIPAL  
UTILITY ASSOCIATION  
MINNESOTA RIVER SOURCE JPB  
MINNESOTA STATE SHERIFFS ASSOCIATION  
MINNESOTA VALLEY REGIONAL LIBRARY  
MINNESOTA VALLEY TRANSIT AUTHORITY  
MOOSE LAKE-WINDEMERE  
MORRISON COUNTY SWCD  
MOWER COUNTY SWCD  
MULTI COUNTY NURSING SERVICE  
NEW RICHLAND CARE CENTER

NICOLLET TRI-CITY JOINT POWERS BD  
 NICOLLET COUNTY SWCD  
 NOBLESCOUNTY SWCD  
 NORMAN COUNTY SWCD  
 NORTH CENTRAL MINNESOTA COUNTY SWCD JPB  
 NORTH COUNTRY LIBRARY COOPERATIVE  
 NORTH COUNTRY VOCATIONAL COOP CENTER  
 NORTH FORK CROW RIVER WATERSHED DISTRICT  
 NORTH KITSON RWS  
 NORTH METRO MAYORS ASSOCIATION  
 NORTH METROPOLITAN TELECOMMUNICATIONS  
 NORTH SHORE COLLABORATIVE JPB  
 NORTH ST LOUISCOUNTY SWCD  
 NORTH SUBURBAN CABLE COMMISSION  
 NORTHEAST MINNESOTA OFFICE JOB TRAINING  
 NORTHERN DAKOTA CABLE COMMISSION  
 NORTHERN LIGHTS LIBRARY NETWORK  
 NORTHWEST HENNEPIN HUMAN SERVICE  
 NORTHWEST REGIONAL DEVELOPMENT COMM  
 NORTHWEST SUBURBAN CABLE COMMUN COMM  
 NORTHWESTERN MINNESOTA JOINT POWER BOARD  
 OAK TERRACE NURSING HOME  
 OLMSTED COUNTY SWCD  
 OTTERTAIL WATER MANAGMENT DIST  
 PACT 4 FAMILIES COLLABORATIVE  
 PELICAN RIVER WD  
 PENNINGTON COUNTY SWCD  
 PENNINGTON-RED LAKE NURSING SERVI  
 PINE COUNTY SWCD  
 PINE RIVER SD  
 PINE TO PRAIRIE COOP CENTER  
 PIONEERLAND LIBRARY SYSTEM  
 PIPESTONE COUNTY SWCD  
 PLAINVIEW-ELGIN WATER DISTRICT  
 PLUM CREEK LIBRARY SYSTEM  
 POLICE DEPT OF SHERBURN AND WELCOME  
 POPE COUNTY SWCD  
 PRAIRIE LAKES DETENTION CENTER  
 PRIME WEST HEALTH SYSTEM JPB  
 PRIOR LAKE-SPRING LAKE WD  
 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
 QUAD CITY CABLE COMMISSION  
 QUAD CITY COOPERATIVE  
 RAINBOW RIDER TRANSIT BOARD  
 RAMSEY-WASHINGTON SUBURBAN CABLE COMM  
 RANGE ASSOCIATION OF MUNICIPALITIES  
 RED LAKE COUNTY SWCD  
 RED LAKE WD  
 RED RIVER VALLEY VOCATIONAL COOP CTNR  
 REDWOOD COUNTY SWCD  
 REDWOOD-COTTONWOOD RIVERS CONTROL AREA  
 REGION IX DEVELOPMENT COMMISSION  
 REGION V DEVELOPMENT COMMISSION  
 RENVILLE COUNTY SWCD  
 RENVILLE NURSING HOME  
 RICE COUNTY SWCD  
 RICE CREEK WD  
 RICE-STEELE CONSOLIDATED DISPATCH  
 RICH PRAIRIE SEWER AND WATER DISTRICT  
 ROCK COUNTY RWS  
 ROSEAU COUNTY SWCD  
 ROSEAU RIVER WATERSHED DISTRICT  
 RUNESTONE COOPERATIVE CENTER  
 RUSHFORD VILLAGE  
 RUSH LAKE AREA SD  
 SAND HILL RIVER WATERSHED DISTRICT  
 SAUK CENTRE WD  
 SCOTT COUNTY SWCD  
 SCOTT JOINT CITY PROSECUTION  
 SERPENT LAKE SANITARY SEWER DISTRICT  
 SERVICE EMPLOYEES LOCAL 63  
 SHERBURNE COUNTY SWCD  
 SIBLEY COUNTY SWCD  
 SOUTH CENTRAL MINNESOTA INTERLIBRARY EXC  
 SOUTH LAKE MINNETONKA POLICE DEPT  
 SOUTH ST LOUIS COUNTY SWCD  
 SOUTH WASHINGTON WATERSHED DISTRICT  
 SOUTHEAST COUNTY SWCD TECH SUPPORT JPB  
 SOUTHERN MN -BASED PURCHASING JPB  
 SOUTHERN MN MUNICIPAL POWER AGENCY  
 SPRING GROVE AMBULANCE CORP  
 SPRING LAKE PARK-BLAINE-MOUNDS VIEW FIRE  
 SPRING LAKE PARK FIRE JPB  
 ST BONIF/MINNISTRITA POLICE COMMISSION  
 ST CLOUD AREA PLAN ORGINIZATION  
 ST CLOUD METRO TRANSIT COMMISSION  
 ST LOUIS & LAKE REGIONAL RAILROAD  
 ST PAUL ARENA COMPANY  
 STATE SUPREME COURT JUDICIAL DISTRICT  
 STEARNS COUNTY SWCD  
 STEELE COUNTY SWCD  
 STEVENS COUNTY SWCD  
 STMA ARENA JPB  
 SUB SCH EMP #284  
 SUNNYSIDE NURSING HOME  
 SW MULTI-CO INTERLIB EXCHG  
 SW REGIONAL DEVEL COMM  
 SWIFT COUNTY SWCD  
 TODD COUNTY SWCD  
 TOWNSHIP MAINTANCE ASSOCIATION  
 TRAILBLAZER JOINT POWERS BOARD  
 TRAVERSE COUNTY SWCD  
 TRAVERSE DES SIOUX REGIONAL LIBRARY  
 TRI-CITY BIOSOLIDS DISPOSAL AUTHORITY  
 TRIMONT HEALTH CARE CENTER  
 TURTLE CREEK WD  
 TWO RIVER WATERSHED DISTRICT  
 ULEN VIKING MANOR  
 UNIVERSITY OF MINNESOTA  
 UPPER MINNESOTA RIVER WD  
 UPPER MINNESOTA VALLEY REG DEVEL COMM  
 UTILITIES PLUS  
 VADNAIS LAKE AREA  
 VIKING LIBRARY SYSTEM  
 WABASHA COUNTY SWCD  
 WADENA COUNTY SWCD  
 WASECA COOPERATIVE CENTER  
 WASECA COUNTY SWCD  
 WASHINGTONCOUNTY SWCD  
 WATONWAN COUNTY SWCD  
 WEST CENTRAL AREA AGENCY ON AGING  
 WEST CENTRAL MINNESOTA JPB  
 WEST HENNEPIN PUBLIC SAFETY  
 WEST METRO FIRE-RESCUE DISTRICT  
 WEST COUNTY SWCD  
 WEST POLK COUNTY  
 WESTERN AREA CITY & COOPERATIVE  
 WESTERN LAKE SUPERIOR SANITARY DISTRICT  
 WHITEWATER WATERSHED PROJECT JPB  
 WILKIN COUNTY SWCD  
 WINONA COUNTY SWCD  
 WORTHINGTON CABLE 3 JOINT POWERS BOARD  
 YELLOW MEDICINE COUNTY SWCD  
 YELLOW MEDICINE RIVER WD

