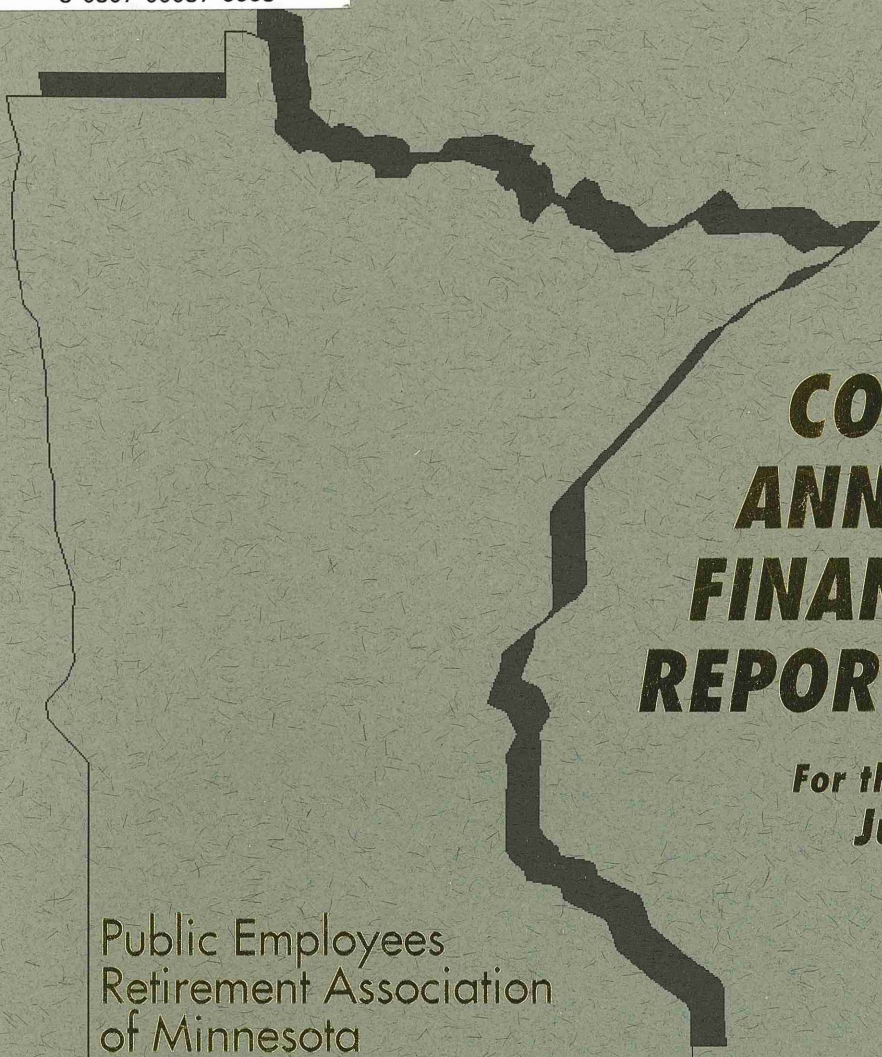


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COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 1996*

Public Employees
Retirement Association
of Minnesota



A Component Unit of the State of Minnesota

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Public
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of Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 1996*

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A Component Unit of the State of Minnesota

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Acting Executive Director

Mary Most Vanek

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

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Achievement Awards

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 11th time in the last 12 years PERA has been so honored.

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, 1995

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.



Arthur R. Lynch
President

Jeffrey L. Esser
Executive Director



Public Pension Coordinating Council Public Pension Principles 1994 Achievement Award

Presented to

Public Employees Retirement Association of Minnesota

In recognition of instituting professional standards for public employee retirement systems as established by the Public Pension Principles.

Presented by the Public Pension Coordinating Council, a confederation of
Government Finance Officers Association (GFOA)
National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Purvis W. Collins
Purvis W. Collins
Chairman

PPCC

PERA received the Public Pension Principles Achievement Award from the Public Pension Coordinating Council (PPCC) for FY'94 and FY'95. The award recognizes public pension systems that maintain high standards in the areas of benefit protection, actuarial valuations, finances, investment policies, financial reporting and disclosure of information.

President's Report

Public Employees Retirement Association of Minnesota
514 St. Peter Street, Suite 200
St. Paul, Minnesota 55102
(OFFICE) 612 296-7460
(TOLL FREE) 1 800 652-9026
(FAX) 612 297-2547



December 6, 1996

Dear Members, Annuitants, Beneficiaries and Governmental Employers:

This 65th 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, 1996, PERA's total assets exceeded \$8 billion. This reflects a \$950 million, or 13.4 percent, increase over total assets at the beginning of the fiscal year.

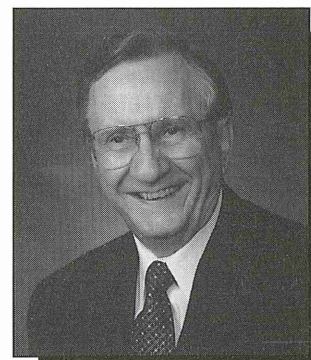
We celebrated our 65th year of service in the State of Minnesota with an outstanding year financially. While annual plan asset increases continue to reflect positive growth in membership and funds, the tremendous growth in domestic and international stock prices during fiscal year 1996 dramatically enhanced investment performance. The total rate of return for the assets of the active employees covered by PERA was 18.8 percent for the 12 months ended June 30, 1996. For the past five years, these investments outperformed the 12.6 percent composite market return benchmark by a sizable margin, with a favorable annualized return of 13.0 percent. This rate of return is well above the fund's actuarial assumed interest rate of 8.5 percent per year. During this same period, the increased value of the portfolio resulted from above index performance and the positive impact of the Minnesota State Board of Investment's periodic rebalancing of the portfolio back to its long-term asset allocation targets. This asset allocation has allowed SBI to benefit from the tremendous run of the equity markets.

The Minnesota Post Retirement Investment Fund (MPRIF) in which PERA has a pooled interest with other Minnesota statewide pension systems, increased the market value of its assets to \$11.8 billion at fiscal year end. The MPRIF supports the annuities payable to retirees and their joint annuitants, and also finances the annual post-retirement increases from investment earnings in excess of 5 percent. Since July 1, 1993, the MPRIF has outperformed the composite market return benchmark by one-tenth (0.1) of one percentage point, with an annualized return of 11.6 percent.

This is the fourth year of experience with a new formula that provides annual post-retirement benefit increases to annuitants. The formula, which bases increases on both inflation and investment returns of the MPRIF, provided an impressive 8.0395 percent annual increase payable on January 1, 1997. This is the largest annual benefit increase awarded in the past nine years. Over the past 15 years, post-retirement benefits have increased an average of 6.4 percent annually. The fund can safely pay an annual increase primarily because excess investment earnings are now being spread out over a 5-year period rather than being paid out entirely in the fiscal year in which they were earned. This new post-retirement increase formula is intended to even out the peaks and valleys of year-to-year investment returns and resulting benefit increases.

While PERA sought to advance rather dynamic pension legislation during the 1996 session of the Minnesota Legislature, the short session precluded serious action on the measure. Our proposal, entitled the Pension Uniformity and Reform Bill, would have increased the formula multiplier used to calculate benefits under our Coordinated, Basic, and Police and Fire plans and given our retirees a one-time permanent increase. This would have resulted in substantially larger pensions early in retirement, placing us closer to the national average for public pension systems. Funding for the improvement would have been provided by a 1 percent decrease in future post-retirement pension increases. (After-retirement increases presently awarded by the Post Retirement Investment Fund are among the highest in the country.) This trade-off would have provided our members and retirees with greater control over their retirement futures because they would start retirement with a quantifiably larger pension rather than relying on sizable future increases to bring them on par with other public pension plans. We will continue to pursue this legislation in 1997.

Customer service and technological advances were high priorities within the PERA office this year. A pilot project utilizing integrated telephone and computer systems that ended early this year will become a permanent reality at PERA in early 1997. The board has also approved the creation of



Lyle R. Olson
Board President

an in-house training center to meet the educational requirements for our broadening outreach programs. The center should become operational next April.

In conjunction with our technological advances, PERA has begun the process of reorganization of its staff. Our Information Services department has already undergone this change and our Pension Services staff will begin the process of transition in early 1997. The two-year process focuses on outcome and service to all our constituents.

Finally, I feel we must recognize the contributions of our former executive director, Laurie Fiori Hacking. She worked tirelessly in advancing our pension legislation during the past five years. Laurie Hacking was also instrumental in developing PERA's strategic plan and staff redeployment efforts. But most importantly, she was a staunch defender of the association's integrity in our legal and procedural struggles with those who would take unfair advantage of the retirement system. Hacking left PERA in October to become Assistant to the Commissioner of the Illinois Department of Revenue, where she will specialize in strategic planning. We wish her the best.

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, our employer units and the State of Minnesota. I believe our efforts over the past year have amply illustrated this continuing dedication.

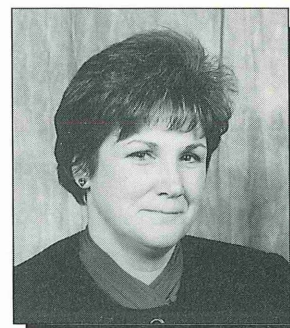
Sincerely,

Lyle R. Olson, President
PERA Board of Trustees

LO/jp

Letter of Transmittal

Public Employees Retirement Association of Minnesota
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(FAX) 612 297-2547



Mary Most Vanek
Acting Executive Director

December 5, 1996

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

Dear Trustee:

We are pleased to present this Comprehensive Annual Financial Report of the Public Employees Retirement Association (PERA) for the fiscal year ended June 30, 1996—our 65th year of operation. The information contained in this report is accurate in all material respects and is intended to present fairly the financial status and results of operations of the association. The report consists of four sections:

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

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

Actuarial Section contains the independent actuary's certification letter, summaries of the actuarial assumptions and methods used in the annual valuation, results of the July 1, 1996 actuarial valuation, and other actuarial information; and

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

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

Reporting Entity

For financial reporting purposes, PERA is considered a component unit of the State of Minnesota, since the state is financially accountable for PERA. Although the PERA Board of Trustees has significant independence in the operations and management of the association, the state auditor, serving on the board by virtue of elected office, and five trustees appointed by the governor of the state comprise a voting majority of the board and may significantly influence agency operations. The governor can further impose his will on PERA with his ability to remove an appointed member at any time for just cause.

PERA serves more than 2,000 separate governmental entities. These participating employers include cities, counties, townships, and school districts located throughout the state. At June 30, 1996, PERA's membership included 138,114 current, active employees and 43,591 retirees and beneficiaries.

Letter of Transmittal

(Continued)

Accounting Systems and Reports

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

PERA's internal accounting controls are designed to provide reasonable assurance for the safekeeping of assets and the reliability of all financial records. Our independent auditors reported no material weaknesses in our internal control structure and no departures from finance-related legal provisions for fiscal year 1995.

Revenue

Employer and employee contributions, income from investments and income from other miscellaneous sources provide the funds needed to cover the liability for present and future benefits. Income for the fiscal year (FY) ended June 30, 1996 totaled \$1,351,717,000. This represents a 52.9 percent increase from FY95 revenues, as shown in the table below.

The increase in employee and employer contributions resulted primarily from an increase in average annual earnings and in the number of members contributing to the PERF and PEPFF (see schedule on page 47). Statutory contribution rates for both employers and employees of the PERF remain unchanged from the prior year.

Realized investment income of the PERA funds accounted for the largest share—approximately 75 percent—of total fund income. Annualized rates of return soared in 1995 and again in the first half of 1996. As the stock market continued to make record highs, the market value of PERA's portfolio grew tremendously. Most of those capital gains were realized in FY96.

The decrease in other income was due to a change in the process of collecting and distributing excess police state aid. This responsibility has been moved to the Department of Revenue, so PERA is no longer involved in this process.

Revenue Source (in thousands)	FY 1996	FY 1995	Percent Inc./Dec.
Member Contributions	\$ 149,651	\$142,579	5.0%
Employer Contributions	180,894	174,380	3.7
Realized Investment Income	1,019,809	563,929	80.8
Other Income	1,363	3,263	(58.2)
Totals	\$1,351,717	\$884,151	52.9%

Expenses

The annual expenses of PERA's defined benefit funds reflect the aggregate cost of monthly annuity and benefit payments to retired or disabled members and their survivors, refunds of employee contributions (plus interest) to terminated former members, and the cost of administration. Operating expenses during the fiscal year totaled \$420,423,000, an increase of 8.3 percent over such expenses for FY95, as shown below:

Expense Type (in thousands)	FY 1996	FY 1995	Percent Inc./Dec.
Benefits	\$391,484	\$361,304	8.3%
Refunds	15,607	12,650	23.3
Investment Managers	6,155	5,350	15.0
Administrative	6,048	5,259	15.0
Other	1,128	3,428	(67.1)
Totals	\$420,422	\$387,991	8.3%

The increase in benefits reported for the fiscal year resulted mainly from the growth in the total number of benefit recipients and the higher average benefit payments (see schedules on pages 48-49). The increase in fees paid to investment managers is related directly to the performance of the external money managers who are paid performance-based fees. The decrease in other expenses is due to the change in responsibility of collecting and distributing excess police state aid. This responsibility is now handled by the Department of Revenue.

Investments

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

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

The IAC has formed four committees organized around broad investment subjects relevant to the board's decision making: asset allocation, domestic managers, international 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 the investment management firms' performance and to

evaluate or suggest various alternatives for asset allocation and other investment policy matters.

Pension assets of the currently working members of the Association (see table below) are managed externally by private money managers retained under contract with the SBI. These assets are pooled with the assets of other active members of state-wide retirement funds into the Basic Retirement Funds. The greatest share of these assets, over 65 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, 1996, the Basic Retirement Funds produced a total rate of return on active member assets of 18.8 percent.

Market Value of Investments, June 30, 1995
(in thousands)

Fund	Active Members	Retired Members
PERF	\$2,811,747	\$3,815,391
PEPFF	1,323,736	473,629
PFCF	387,635	461,793
Totals	<u>\$4,523,118</u>	<u>\$4,750,813</u>

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 weighted to reflect the long-term asset allocation policy over a five-year period. Performance is measured net of all fees and costs to assure the SBI's focus is on true net return. The Basic Funds' five-year annualized rate of return at June 30, 1996 was 13.0 percent, four-tenth a percentage point above its target of 12.6 percent.

The SBI also has responsibility for investment of the assets of the Minnesota Post Retirement Investment Fund (MPRIF). When a member retires, a sum of money sufficient to finance a fixed monthly annuity is transferred from the Basic Retirement Funds to the MPRIF. Assets of the retired members of the Association and their joint annuitants (see table above) are pooled in the MPRIF. These assets 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 (FY93) to reflect the goals associated with the new post-retirement benefit increase formula. Throughout FY93 the actual asset mix of the MPRIF moved gradually toward a 50 percent allocation to common stocks. In fiscal years 1994 and 1995, the SBI added allocations to international stocks and alternative investments. At June 30, 1996, the greatest portion of the retired members' assets, over 65 percent, included domestic and international common stocks to maximize long-term rates of return.

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

The SBI measures performance of the MPRIF against a composite of market indices that is weighted to reflect its long-term asset allocation policy. The MPRIF is expected to exceed the composite index over a five-year period. Similar to the Basic Funds, MPRIF performance is reported net of all fees and costs to assure the SBI's focus is on true net return. Since the asset allocation changed dramatically beginning in 1993, performance against this standard is available only for fiscal years 1994-1996. For the three-year period since July 1, 1993, the MPRIF outperformed its composite index by one-tenth of one percentage point with an annualized return of 11.6 percent.

For the fourth year of experience with the new formula, we are pleased to announce the MPRIF will provide a benefit increase of 8.0395 percent for fiscal year 1996, payable January 1, 1997. This increase is comprised of two components:

- **Inflation adjustment of 2.8 %.** This equals 100 percent of the reported Consumer Price Index increase for wage earners (CPI-W) for the 12 months ended June 30, 1996. This inflation component is always granted, regardless of investment performance. The formula sets a maximum, or cap, of 3.5 percent to maintain the actuarial soundness of the plan. This amount is the difference between the 8.5 percent return assumption for the Basic Funds and the 5 percent return assumption for the MPRIF.
- **Investment adjustment of 5.2395%.** This represents a portion of the investment gains that exceed the amount needed to finance the actuarial assumed rate of return (5%) and the inflation component (2.8%). 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.

Economic Conditions and Outlook

Economic growth in the State of Minnesota continued to outpace the rest of the nation during fiscal year 1996. Minnesota ranked first in the Great Lakes region in terms of average weekly earnings growth. While inflation grew 2.8 percent, average weekly earnings in Minnesota grew 3.6 percent. Minnesota's 3.7 percent unemployment rate in June 1996 was well below the national unemployment rate of 5.3 percent.

FY96 was a stellar year for stock markets worldwide. Stock and bond prices rose in tandem during the first half of the year as the economy seemed to be slowing down and the chances of a balanced budget seemed to increase. The economy surprisingly picked up steam in the latter half of the fiscal year, however, leading to inflation fears. In the fourth quarter of FY96, real GDP growth was 4.7 percent, well above the long-term equilibrium rate. This growth proved to be positive for earnings growth and the domestic stock market continued to improve. This market performance carried over to the Basic Retirement Funds and the MPRIF, which produced annualized rates of return of 18.8 percent and 17.2 percent, respectively. This performance also reflects the asset allocation changes made by the Minnesota State Board of Investment over the past few years.

Letter of Transmittal

(Continued)

The economic outlook for fiscal year 1997 continues to be optimistic. The worldwide inflation rate continues to fall to the best levels in 25 years due to committed central banks, privatization, technology advances, global competition, cost cutting and restructuring. The U.S. is operating near full capacity. Low unemployment is often a catalyst for wage gains, but improving productivity and modest growth in fringe benefit costs should restrain a growth in inflation. The consumer remains confident and willing to spend, so earnings should continue to grow. Domestic stocks, which many feel are in need of a temporary correction, should do well in a slow, steady growth environment. A jittery bond market, however, will react quickly to changes in inflation expectations, causing interest rates to move quickly in either direction. SBI's policy of diversification is designed to provide some insulation against high inflationary or deflationary environments, and to avoid excessive return volatility. As long as the Basic Retirement Funds earn the assumed annual rate of return of 8.5 percent, PERA's funding status will improve.

The continued strength and stability of the state's economy should translate to increased revenues for local governments. Consequently, the general fiscal well-being of the local public sector employees should yield a constant, rather than downsized, work force. As payroll growth and salary increases remain low, the association's obligation for future retirement benefits will be minimized, thus positively impacting PERA's funding status.

Current Funding Ratios

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

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

The Association's progress towards meeting the full funding objective is displayed on two schedules in this report. The first, the Summary of Accrued and Unfunded Accrued Liabilities, on

pages 44-45, shows the funding levels using the entry age normal actuarial cost method. At the end of FY96, the ratio of assets to liabilities of the Public Employees Retirement Fund was 80 percent. For the Public Employees Police and Fire Fund and the Police and Fire Consolidation Fund, the ratios were 122 percent and 95 percent, respectively. The second display of funding progress, the Analysis of Funding Progress, is on page 24 of this report, and presents a standardized measure of projected plan liabilities called the pension benefit obligation. This measure, a disclosure required by the Governmental Accounting Standards Board, allows readers to make comparisons among public employee retirement systems and to assess the progress made by PERA in accumulating sufficient assets to pay benefits when due. This measure of benefits is independent of the actuarial funding method discussed above.

Association's Status Report

Fiscal year 1996 represented the second year of progress toward realizing the vision set out in PERA's five-year strategic plan. Two years ago, this strategic plan set in motion:

- a comprehensive reengineering of PERA's fragmented and inefficient business processes;
- an evolution to a totally new information technology infrastructure to support new work processes; and
- the redesign of our management systems and organizational structure to reflect and enable PERA's new businesses processes.

In presenting its bold strategic plan to the PERA Board of Trustees, PERA staff stated: "PERA is at a major crossroads . . . Either we continue to struggle with a rapidly growing membership, increasing workloads, outdated technology and inefficient work processes—all of which have been requiring us to increase staff just to maintain current, and often inadequate, service levels, or PERA moves boldly forward with its strategic plan by making a significant investment in new technology and the total reengineering of its work operations." In September 1995, the PERA board chose this latter strategy, which we believe will vastly increase our future efficiency and enable us to achieve our vision of "exceptional customer services."

The unusually large investment made for new technology and business processes was caused by PERA's need to "catch up." For the last decade, PERA attempted to keep expenses to a minimum, and thus neglected to invest in advanced technology. Industry experts state that the effective life of a technology system is five to seven years, yet more than three-fourths of PERA's systems were more than seven years old and a majority were 10 to 15 years old. In the previous decade, our expenditures for computer technology were extremely small, averaging less than 2 percent of our annual budget.

The board's decision to embark on this ambitious strategic plan yielded the following extensive accomplishments in FY 96:

- PERA successfully completed the Customer Service Center pilot project which tested new work process designs for delivering customer information. By handling over 6,500 customer phone calls, the pilot project allowed us to experiment with the new customer Service Representative (CSR) role, as well as the related technological tools and applications we developed. The pilot helped PERA refine the new process designs, work roles and computer tools prior to full implementation, which is scheduled for December 1996. Over one-quarter of the staff participated in this project.
- To facilitate implementation of the new reengineered customer information work processes, PERA's Information Systems Division put a great deal of effort into determining software applications and database requirements, building the new database and applications systems, installing the technology infrastructure to support the new processes, and developing a migration plan from PERA's mainframe computer to the new system.
- To support its new work processes, PERA's Resource Management Transition Team (REMAP), representing a broad cross-section of employees, developed a new organizational structure designed to improve PERA's effectiveness in delivering customer services by locating complete work processes within single work units. Beginning in 1997, PERA will start to gradually transition to the new organizational structure as the new business processes are implemented.
- During FY96, PERA focused on the human resources and organization cultural aspects of its change process. Several staff training sessions were conducted to ensure progress toward realizing the values that guide our work—mutual respect, open and honest communication, appreciation of employees' contributions and sharing work loads. The revamping of PERA's performance management system was also completed by a team of supervisors with input from employees. A new human resources coordinator position was created in recognition that PERA will need to continue to focus on training and support for its key resource—its employees.
- PERA also turned its focus externally—first, by completing a comprehensive audit of compliance with relevant federal laws and identifying desired changes in state laws and administrative policies; and second, by researching and designing a comprehensive state legislative proposal to improve PERA's funding status and its pension benefit package. This proposed legislation will be pursued in the next legislative session.

The past year has certainly been one marked with intense activity! Fiscal year 1997 promises to be equally as ambitious. The three new major initiatives funded by the board include:

- **Collect and Manage Information Process Reengineering Project**—Collecting and managing information is the next major PERA work process that is in need of total revamping. Our current process for collecting information from our over 2,100 employers is inefficient, consumes a large amount of resources, is very cumbersome for employers and often does not produce reliable data. The processes that will be examined in

this project are fundamental and have a major impact on the quality of services we can provide our members.

- **Document and Work Flow Management (Imaging) Project**—PERA's current work processes are paper intensive, which makes them far more labor intensive and expensive to manage than necessary. We currently maintain over 146,000 paper accounts and 384,000 microfilmed accounts—adding over 13,000 paper accounts per year to the system. There are very large work and space efficiencies that could be gained by moving to imaging technology. This project will assess the cost/benefits of various imaging technology alternatives, identifying PERA's business and technical requirements, and develop an implementation plan.
- **Training Center**—Additional space will be acquired in our current building to provide more appropriate and accommodating meeting space for staff, member and employer educational programs and for PERA board meetings. This will allow us to increase the number of outreach programs while reducing staff travel time and the cost of off-site seminars and training. It will also increase the quality and frequency of seminars, allowing us to initiate a new financial planning seminar targeted on younger members, and permitting the participation of employer groups in our collect and manage information project.

Professional Services

The FY95 actuarial valuation of the PERA defined benefit plans was conducted by Milliman & Robertson, Inc., and completed in November 1995. Actuarial consulting services during the fiscal year were provided by Gabriel, Roeder, Smith & Company of Detroit. In addition to providing a thorough review of Milliman & Robertson's FY95 actuarial valuation, Gabriel Roeder also developed cost estimates for a variety of legislative proposals and recommended actuarial assumption changes pending adoption by the PERA board and state legislature for the Public Employees Police and Fire Fund that were based on the experience study performed last year.

With respect to other professional services, the State's Attorney General continued to provide PERA with legal counsel. The State Board of Investment continued to manage and invest the assets of the PERA funds. CSC Consulting, Inc. assisted in the design of a customer service program and development of an information technology strategic plan. Finally, the State's Legislative Auditor continued to provide professional financial auditing services. The comments of the Legislative Auditor are found on page 17 of this report.

Reports to the Membership

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

Letter of Transmittal

(Continued)

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 by two groups.

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, 1995. PERA has received this honor for 12 of the last 13 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 comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports 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.

PERA was also honored with the Public Pension Principles Achievement Award (displayed on page 3) sponsored by the Public Pension Coordinating Council in 1995. The award, valid for a period of two years, recognizes public pension systems that

maintain high standards in the areas of benefit protection, actuarial valuations, finances, investment policies, financial reporting, and disclosure of information.

Acknowledgments

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

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

Respectfully submitted,

Mary Most Vanek

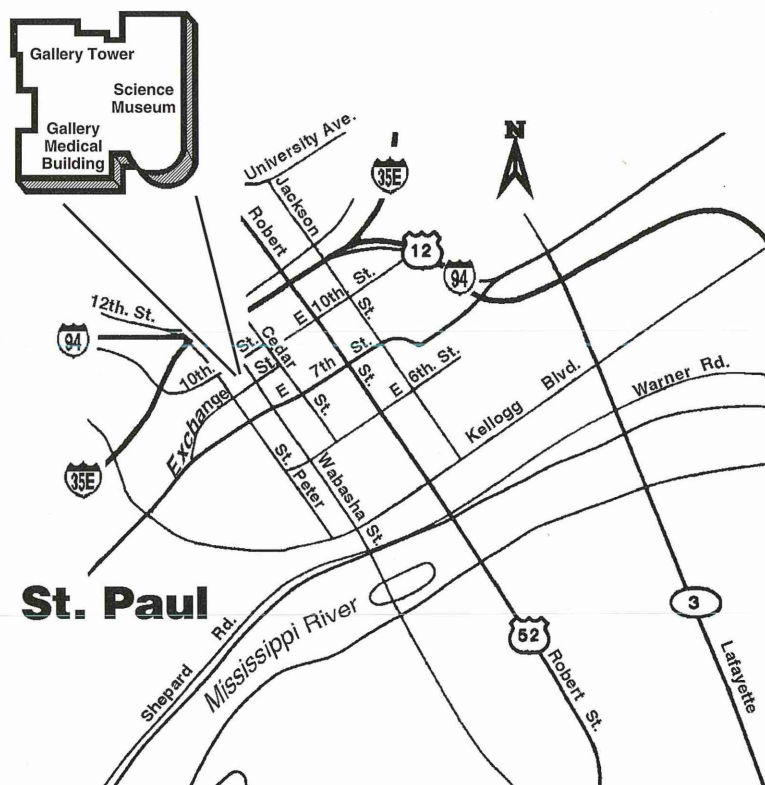
Mary Most Vanek
Acting Executive Director

David DeJonge

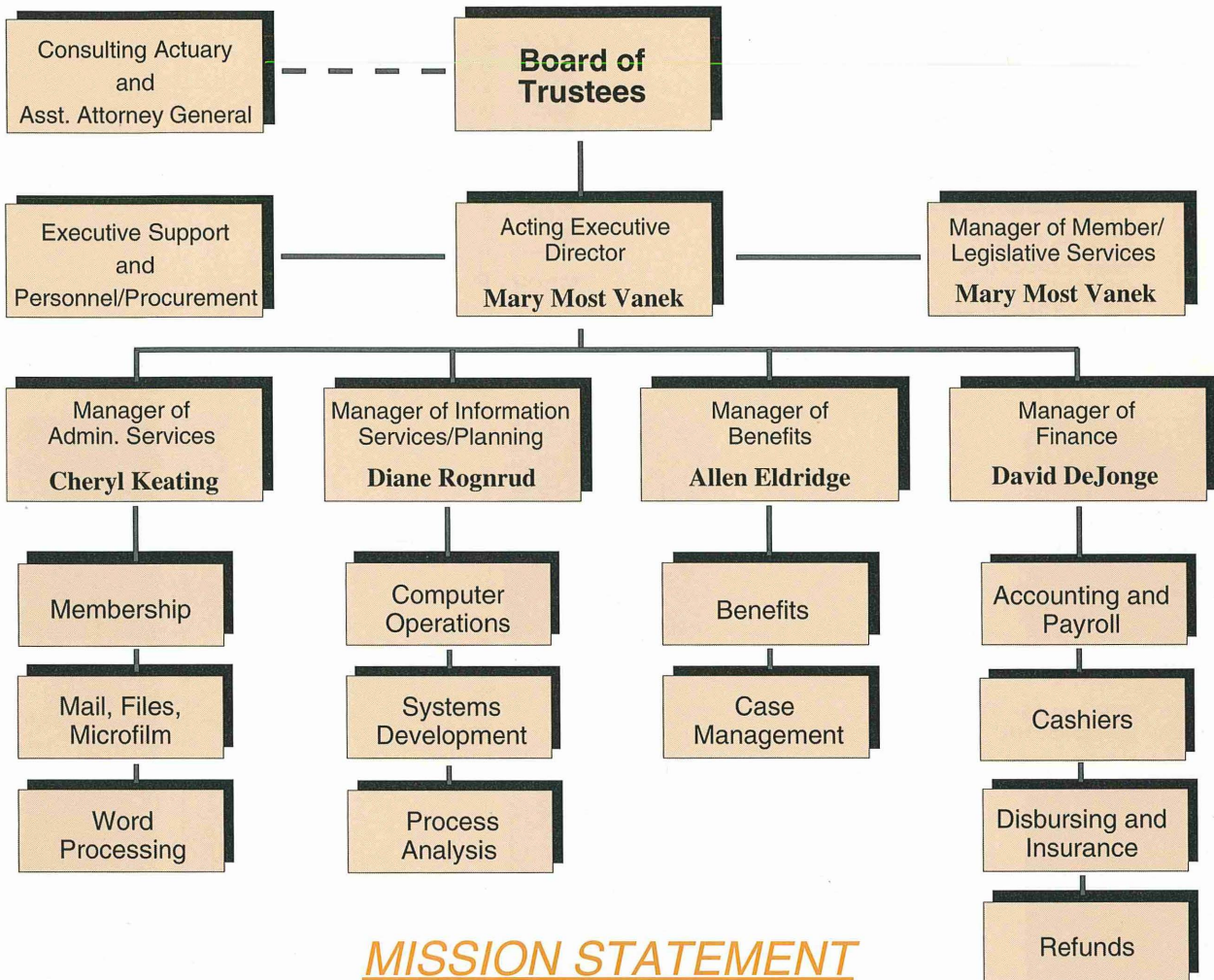
David DeJonge
Manager of Finance

PERA Office

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



Administrative Organization



MISSION STATEMENT

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

PERA's Vision:

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

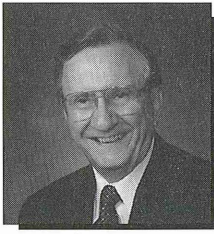
Develop creative methods that enable them to make sound retirement and life-planning decisions;

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

Deliver exceptional services any time, any place!

Board of Trustees

Board President

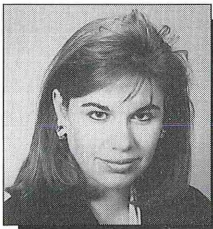


Lyle R. Olson
Cities Representative
City of Bloomington
2215 W. Old Shakopee Rd.
Bloomington, Minnesota 55431

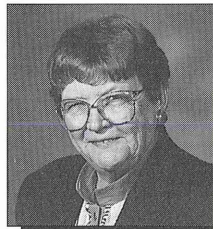
Board Vice President



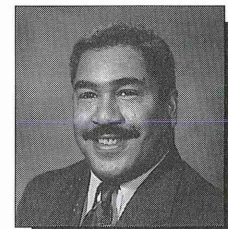
Marian R. Larson
Elected Membership Representative
Hopkins School District
1001 Highway 7
Hopkins, Minnesota 55343



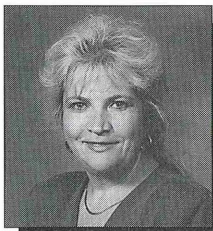
Judith H. Dutcher
State Auditor
525 Park Street, Suite 400
Saint Paul, Minnesota 55103



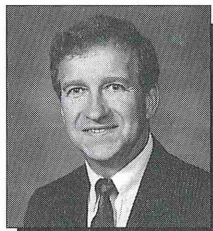
Mary Ann Dixen
School Board Representative
1428 Martin Road
Albert Lea, Minnesota 56007



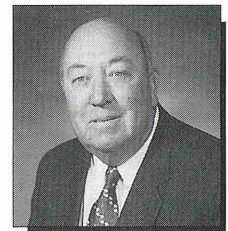
Walter C. Gray
Public Representative
8101 46th Ave. N, #110
New Hope, Minnesota 55428



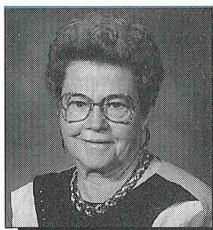
Dawn M. Hulmer
Elected Membership Representative
City of Duluth
City Hall, Room 105
Duluth, Minnesota 55802



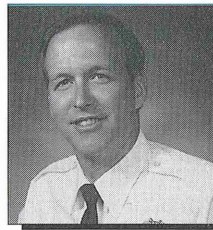
Robert D. McCubbin
Elected Membership Representative
City of Duluth
City Hall, Room 211
Duluth, Minnesota 55802



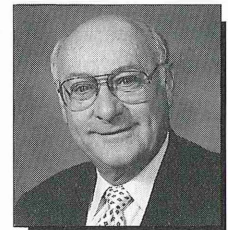
Gary R. Norstrom
Elected Retiree/Disability
Membership Representative
2080 Western Ave. N.
Roseville, Minnesota 55113



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



Michael G. Schwab
Elected Police and Fire Representative
St. Paul Police Department
100 E. 11th St.
St. Paul, Minnesota 55101



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

Summary of Retirement System Plan

Public Employees Retirement Association of Minnesota

Purpose

Established by the Minnesota Legislature in 1931, the Minnesota Public Employees Retirement Association (PERA) administers pension funds that serve approximately 190,000 county, school, and local public employees, benefit recipients, their survivors, and dependents.

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

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

Administration

The PERA 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 represent the general active membership, one trustee represents the Police and Fire Fund, and one trustee represents annuitants and benefit recipients. All five membership representatives were elected in January 1995.*

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

Multi-Employer Participation

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

Employee Membership

With certain statutory exceptions, an employee performing personal services for a governmental 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. The type of membership depends upon which PERA plan covers the individual member's employment position, and, in the case of Basic members, when the individual was hired into public service. PERA has approximately 135,000 active members.

Funds

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

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

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

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

Note:

* This board of trustees composition reflects 1994 legislation which added an 11th member to the board. The previous composition was six governor's appointees, three elected membership representatives and the State Auditor.

** PERA's Basic Plan was closed to new membership in 1968 with the creation of the Coordinated Plan. Basic members had the option of remaining in that plan or transferring to the new Coordinated Plan following its establishment.

Summary

(Continued)

Note:

* This is the rate established for elected public officials and physicians. For ambulance service personnel, employers decide whether they will participate in the plan and what the contribution will be for employees. Salaried employees may match this contribution.

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

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

Also administered by PERA is the **Public Employees Defined Contribution Plan**. Established by the Minnesota Legislature in 1987 to provide a retirement plan for personnel employed by public ambulance services, the plan was expanded in 1990 to include locally-elected public officials, except for county sheriffs. The plan was opened to physicians employed at public facilities in April, 1996.

Contributions

The table below shows contribution rates for employees and employers under the various plans administered by PERA as of June 30, 1996. Rates are applied to total salary and are set by statute.

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

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

Retirement Benefits

Eligibility and Annuity Formulas

Basic and Coordinated Members

Two methods are used to compute benefits for Coordinated and Basic

members—a step-rate benefit accrual formula (Method 1) and a level accrual formula (Method 2). The retiring member receives the higher of the two calculated amounts.

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

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

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

A reduced 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 1.5 percent of their average salary for every year of public service while Basic members earn 2.5 percent of their average salary for each year.

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

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

Police and Fire Members

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

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

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

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

Police and Fire Consolidation Members

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

- Within 180 days of the effective date for the consolidation of the local relief association with PERA;
- At the time a member is between ages 49½ and 50; or
- At the time the member retires and submits an application for an annuity or disability.

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 Annuities Available

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

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

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

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

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

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

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

Public employees who retire at age 65 or older with between one and three years of service in one or more of 11 designated funds may qualify for a proportionate annuity. Annuities are paid by each applicable fund in which the employee has credit and are based upon the formula of each fund and the member's average salary during the period of service covered by that fund.

Maximum Annuity — Initial monthly benefits may not exceed the dollar limit established under Internal Revenue Code, Section 415. (\$90,000 adjusted annually for inflation. 1996 limit is \$120,000.)

Note:

* As of July 1, 1996, this reduction was changed to 2.4 percent per year.

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

*** Selection of a Joint and Survivor option will result in a reduction in the amount of the annuity from the Normal (single-life) annuity level. This reduction is made because the annuity will be payable over the lifetimes of both the member and the joint annuitant. The amount of the reduction depends on the age of both the retiring member and the joint annuitant. Both Joint and Survivor annuity options incorporate an automatic "bounce back" feature. This returns the amount of the annuity to the level of the Normal annuity in the event the joint annuitant predeceases the retiree. The cost of this protection is borne by the funds, not by the retiree.

Summary

(Continued)

Note:

- * For term-certain survivor annuities, a dependent child is defined as a child under age 20. For survivor benefits, dependent child is defined as a child under age 18, or under age 23 if a full-time student.
- ** Survivor benefits or joint annuities are immediately suspended for any survivor charged with causing the death of an association member. The benefit is permanently revoked upon conviction for such a crime.
- *** Survivor benefits are also available to the spouse and children of disabled Basic and Police and Fire Fund members, but not to the survivors of disabled Coordinated members. Any contribution balance is payable to the designated beneficiary of a deceased disabled Coordinated member. Survivor benefits payable on the death of a disabled Basic or Police and Fire Fund member are determined in the same manner as regular survivor benefits.

Disability Benefits

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

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

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

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

Survivor Benefits

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

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

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

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

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

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

Refunds

Refunds of contributions are available at any time to members who leave public service and have not yet begun receiving a retirement annuity. The refund includes employee contributions plus 6 percent interest, compounded annually, for a member who terminated public employment after May 15, 1989.

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

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

No interest is paid to beneficiaries on the balance in an account if the member was receiving retirement benefits.

Legislative Auditor's Report



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

Independent Auditor's Report

Board of Trustees
and
Executive Director
Public Employees Retirement Association


We have audited the accompanying financial statements of the Public Employees Retirement Association and the combining and individual fund financial statements of the association as of and for the year ended June 30, 1996, as listed in the table of contents. These financial statements are the responsibility of the association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

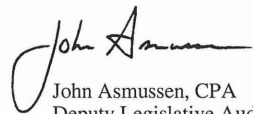
We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Employees Retirement Association at June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of the individual funds of the Public Employees Retirement Association at June 30, 1996, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles. In addition, except for the valuation of securities, as discussed in the preceding paragraph, the aforementioned financial statements are in compliance with the reporting requirements of Minn. Stat. Section 356.20.

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


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

December 2, 1996

Combined Balance Sheet

As of June 30, 1996 (in thousands)

Assets

Cash (F.1.)	\$ 1,771
Accounts Receivable	3,285
Due From Other Funds	556
Investments (B.3., B.4.)	
Minnesota Outside Managed Pooled	
Accounts (Market Value: \$4,478,556)	4,083,516
Short-term Pooled Cash	46,632
Equity in Minnesota Post Retirement Investment	
Fund (Market Value: \$4,750,812)	3,925,694
Cash and Investments for Deferred	
Compensation Benefits (A.5., B.4.)	6,931
Fixed Assets, Net of Accumulated Depreciation (B.5.)	538
Other Assets	13
Total Assets	<u>\$ 8,068,936</u>

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$ 19,534
Accrued Compensated Absences (B.6.)	362
Deferred Compensation Benefits (A.5.)	6,895
Payable to Other Funds	556

Total Liabilities **\$ 27,347**

Fund Balance:

Member Reserves (F.3.a.)	\$ 1,256,954
Minnesota Post Retirement	
Investment Fund Reserve (F.2.)	3,922,687
Benefit Reserves (F.3.b.)	4,215,986

Total Reserves **\$ 9,395,627**

Unreserved Fund Balance —

Unfunded Actuarial Accrued Liability (C.1., C.2.)	<u>\$(1,354,038)</u>
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Total Fund Balance **\$ 8,041,589**

Total Liabilities and Fund Balance **\$ 8,068,936**

Combined Statement

of Revenues, Expenses and Changes in Fund Balance

For the Fiscal Year Ended June 30, 1996 (in thousands)

Operating Revenues:

Member Contribution (A.4.b., A.4.c.)	\$ 149,651
Employer Contribution (A.4.b., A.4.c.)	180,894
Investment Income (B.4.b.)	617,811
Distributed Income of the Minnesota Post Retirement Investment Fund (F.2.c.)	401,998
Other Revenues	<u>1,363</u>

Total Operating Revenues **\$1,351,717**

Operating Expenses:

Benefits Paid (A.4.a.)	\$ 391,484
Refunds	15,607
Administrative Expenses (F.4.)	6,048
Investment Management Fees (B.4.c.)	6,155
Interest on Late Transfer to MPRI Fund	1,125
Other Expenses	<u>3</u>

Total Operating Expenses **\$ 420,422**

Operating Income **\$ 931,295**

Other Changes in Reserves:

Local Relief Association Mergers (F.6.)	\$ <u>7,929</u>
--	-----------------

Total Other Changes in Reserves **\$ 7,929**

Net Fund Balance Additions \$ 939,224

Fund Balance, July 1, 1995 **7,102,365**

Fund Balance, June 30, 1996 **\$8,041,589**

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 1996

A. PLAN DESCRIPTION

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

1. Organization

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

2. Participating Employers

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

3. Participating Members

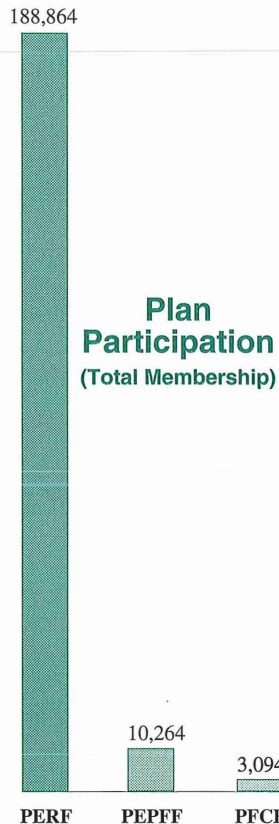
The PERF covers employees of counties, cities, townships and employees of schools in non-certified positions throughout the State of Minnesota. The PEPFF, originally established for police officers and fire-fighters not covered by a local relief association, now covers all police officers and firefighters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

Coverage under the PEDCP is open to elected local government officials (except elected county sheriffs) and emergency medical service personnel employed by or providing service to any of the participating ambulance services. (The plan was opened to physicians employed at public facilities in fiscal year 1996.) 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, 1996, there were 3,870 members in the plan.

Shown in Figure 1 below are the membership totals in the PERA defined benefit plans as of June 30, 1996.

Fig. 1 PERA Membership

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>	<u>TOTAL</u>
Retirees and beneficiaries receiving benefits	39,380	2,155	2,056	43,591
Terminated employees entitled to benefits/refunds but not yet receiving them				
Vested	8,605	267	35	8,907
Non-Vested	11,448	162	0	11,610
Current, active employees				
Vested	93,194	6,193	1,003	100,390
Non-Vested	36,237	1,487	0	37,724
Total	<u>188,864</u>	<u>10,264</u>	<u>3,094</u>	<u>202,222</u>



4. Benefit Provisions and Contribution Rates - Defined Benefit Plans

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

1.5 percent for each remaining year. Using Method 2, the annuity accrual rate is 2.5 percent of average salary for Basic members and 1.5 percent for Coordinated members. For PEPFF members, the annuity accrual rate is 2.65 percent for each year of service. For PERF members whose annuity is calculated using Method 1, and for all PEPFF members, a full annuity is available when age plus years of service equal at least 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

Members of the PFCF have the option to choose benefits identical to those of the PEPFF; otherwise, they are covered by the benefit provisions of the local relief association of which they were members at the time of consolidation. Members of local relief associations which consolidated with PERA prior to July 1, 1993 who choose benefits identical to the PEPFF will receive higher pension benefits with the 2.65 percent multiplier, only upon local approval by their municipality. Members of local relief associations which consolidated with PERA subsequent to June 30, 1993 who choose benefits identical to the PEPFF will automatically receive the higher benefits with the 2.65 percent multiplier. Of the 2,056 members receiving benefits in the PFCF, 213 are covered by the benefit provisions of their local relief association.

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

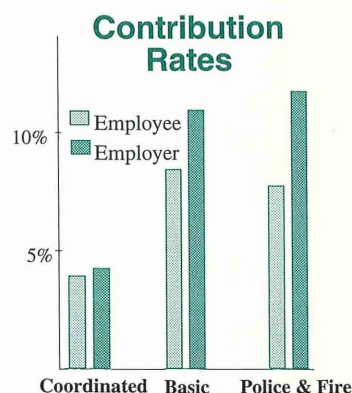
b) Pension benefits are funded from member and employer contributions and income from investment of fund assets. Current contribution rates for the PERA defined benefit plans are set by Minnesota Statutes, Chapters 353, 353A, and 353B, and are shown in Figure 2 below.

c) Periodic adjustments in employer and employee contribution rates for the PEPFF may result due to a unique "automatic stabilizer" created by the 1993 legislature. Beginning July 1, 1994, PERA's executive director will automatically decrease contribution rates to ensure full funding by the year 2020 if the actuarial valuation of the PEPFF shows the fund has no unfunded actuarial accrued liability and contribution sufficiencies exceeding .5 percent of covered payroll exist for four consecutive fiscal years.

5. Benefit Provisions and Contribution Rates — Defined Contribution Plan

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

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



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

Fig. 2 Retirement Plan Contribution Rates

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

*** NOTE:**

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

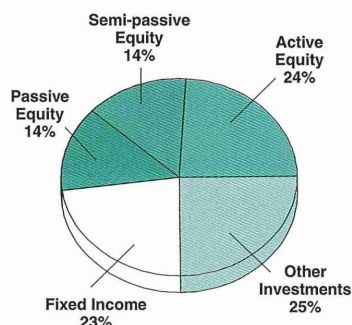
Notes

(Continued)

Pooled Accounts Investment Allocations

All Funds at Market

6/30/96



All PERA investments are in the Minnesota State Board of Investment-administered pools or open-end mutual funds. These investments are not considered securities for purposes of credit risk classification.

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, and the Fixed Interest (formerly the Guaranteed Return) accounts. Beginning in November 1994, PEDCP members were also allowed to purchase shares in a new International Share Account. For administering the plan, PERA receives 2 percent of employer contributions and four-tenths of one percent (.04%) of the assets in each member's account.

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

The PEDCP is reported as an agency fund. An agency fund is purely custodial and does not involve the measurement of operational results. Assets, including cash and investments totaling \$6,931,000 are presented at market value at June 30, 1996. Obligations under the plan include deferred compensation benefits of \$6,895,000 and an amount payable to other funds of \$36,000.

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

The primary government, the State of Minnesota, is financially accountable for PERA. While the board of trustees has significant independence in the operations and management of the association, Minnesota Statutes, Section 353.03, provides that the board include the state auditor, serving on the board by virtue of elected office, and five trustees appointed by the governor. Because these members comprise a voting majority of the board, they may collectively influence agency operations significantly. Decisions establishing PERA administrative and legislative policy and providing financial resources for the association to achieve its organizational goals all require the approval of a voting majority of the PERA board. Further, the governor can impose his will on PERA with the ability to remove appointed members of PERA's board of trustees any time for just cause, after notice and hearing, or after they miss three consecutive meetings.

2. Basis of Accounting

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

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

3. Investment Policies

a) Pursuant to Minnesota Statutes, Section 11A.04, the state's retirement fund assets are commingled in various pooled investment

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

	Cost June 30, 1996	Market Value June 30, 1996
Pooled Accounts		
Passive Equity	\$ 623,537	\$ 638,612
Semi-passive Equity	518,973	632,385
Active Equity	889,476	1,055,890
Fixed Income	1,061,550	1,045,963
Real Estate	175,821	170,983
Venture Capital	212,671	241,724
Resources Pool	33,773	36,612
Intl. Active Pool	245,715	280,313
Intl. Passive Pool	262,641	316,254
Emerging Market Pool	53,970	54,466
Other Investments	5,390	5,354
Total Pooled Accounts	\$4,083,517	\$4,478,556
Short Term Pooled Cash	46,632	46,632
Post Retirement Investment Account	3,925,694	4,750,813
Cash and Investments for Deferred Comp. Benefits	6,931	6,931
Totals	\$8,062,774	\$9,282,932

accounts, administered by the State Board of Investment. As of June 30, 1996, the participation shares in the pooled accounts at market value, excluding the Minnesota Post Retirement Investment Fund (MPRIF), totaled 21.33 percent for the PERF, 10.05 percent for the PEPFF and 2.95 percent for the PFCF. The funds' shares of net assets of the Minnesota Post Retirement Investment Fund, at market value, totaled 32.02 percent, 3.98 percent and 3.87 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 broker, dealer's trust, or agent in the state's name. Risk category 3 includes uninsured and unregistered investments for which the securities are held by the broker, dealer's 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 in the Minnesota State Board of Investment-administered pools or open-end mutual funds. These investments are not considered securities for purposes of credit risk classification.

d) 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 investment activity and a listing of specific investments owned by the pooled accounts can be obtained from the Minnesota State Board of Investment at Suite 105, MEA Building, 55 Sherburne Avenue, St. Paul, Minnesota 55155.

4. Method Used to Value Investments

a) Investments in the pooled accounts, except for the assets of the PEDCP, are valued at cost for equity securities and amortized cost for fixed income securities, subject to adjustments for market declines judged to be other than temporary. The investments of the PEDCP are shown at market value. The carrying amount and market value of PERA's investments (except assets of the PEDCP) as of June 30, 1996, are shown in Figure 3 on the preceding page.

b) Investment income is recognized as earned. Accrued investment income of the pooled investment accounts is included in participation in the accounts. Gains and losses on sales or exchanges are recognized on the transaction date.

c) The cost of security transactions is included in the transaction price. Administrative expenses of the State Board of Investment and investment management fees of the external money managers and the state's master custodian for pension fund assets are allocated to the funds participating in the pooled investment accounts. PERA's share of these expenses totaled \$3,821,000 for PERF, \$1,800,000 for PEPFF, and \$534,000 for PFCF.

5. Fixed Assets

Fixed assets are capitalized at the time of acquisition at cost. Depreciation is computed on a straight-line method over the useful life of the related assets. The

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

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

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Net Assets on 6/30/96 Balance Sheet	\$5,702,247	\$1,592,671	\$746,671
Plus 1/3 of unrealized capital gains (losses)	84,150	40,339	7,191
Net assets at actuarial cost	<u>\$5,786,397</u>	<u>\$1,633,010</u>	<u>\$753,862</u>
Total required reserves	\$7,270,072	\$1,334,202	\$791,353
Less net assets at actuarial cost	5,786,397	1,633,010	753,862
Unfunded accrued liability (surplus assets) actuarial section	<u>\$1,483,675</u>	<u>\$ (298,808)</u>	<u>\$ 37,491</u>

Notes

(Continued)

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

estimated useful lives are three to 10 years for furniture and equipment, and three years for automobiles.

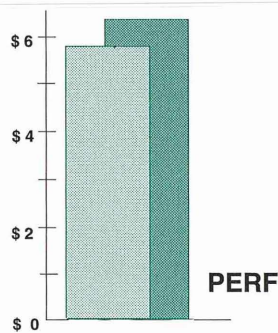
Fixed assets are presented on the June 30, 1996 balance sheet at historical costs, net of accumulated depreciation, as summarized below:

Data Processing Equipment	\$ 977,581
Furniture and Fixtures	372,461
Office Equipment	99,396
Automobile	14,533
Total Fixed Assets	\$1,463,971
Less: Accumulated Depreciation	(925,521)
Net Fixed Assets	\$ 538,450

6. Accrued Compensated Absences

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

Pension Benefit Obligation vs. Net Assets (In Millions)



C. FUNDING STATUS AND PROGRESS

1. Actuarial Valuation of Plan Benefits

Minnesota Statutes, Section 356.215, Subd. 4, provides that annual actuarial valuations of plan benefits be computed in accordance with the entry age normal cost method. Actuarial assumptions used are the same as discussed in

note C.2. The unfunded actuarial accrued liabilities are the amounts by which reserves required to fund plan benefits exceed the assets of the funds, calculated in accordance with generally accepted accounting principles, as explained in note B.4. These amounts differ from the unfunded accrued liabilities reported in the actuarial section, because the actuarial calculation of net assets includes cost plus one third of unrealized capital gains or losses, as shown in figure 4, on page 23 of this report.

2. Pension Benefit Obligation

The amount shown in Figure 5 as “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess PERA’s funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The measure is independent of the actuarial funding method used to determine required contributions, discussed in Note D, on the following page. The pension benefit obligation was determined as part of an actuarial valuation at July 1, 1996.

For the PERF, significant actuarial assumptions used in the calculation of the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.5 percent per year, compounded annually, prior to retirement, and 5 percent per year, compounded annually, following retirement; (b) projected

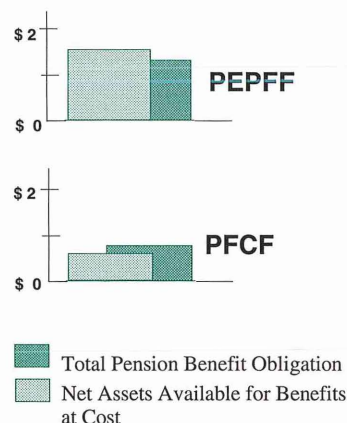


Fig. 5

Pension Benefit Obligation: (In Thousands)

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$3,458,961	\$ 473,265	\$492,122
Current Employees:			
Accumulated employee contributions including allocated investment income	934,194	205,302	50,472
Employer-Financed Vested	1,964,332	406,375	219,122
Employer-Financed Non-Vested	<u>251,159</u>	<u>158,487</u>	<u>7,415</u>
Total Pension Benefit Obligation	\$6,608,646	\$1,243,429	\$769,131
Net Assets available for benefits, at cost	<u>5,702,247</u>	<u>1,592,671</u>	<u>746,671</u>
Unfunded (assets in excess of) pension benefit obligation	\$ 906,399	\$(349,242)	\$ 22,460
Net Assets at Market	\$5,954,697	\$1,713,687	\$768,245

salary increases taken from a select and ultimate table; (c) payroll growth at 6 percent per year, consisting of 5 percent for inflation and 1 percent due to growth in group size; (d) post-retirement benefit increases that are accounted for by the 5 percent rate of return assumption following retirement; and (e) mortality rates based on the 1983 Group Annuity Mortality Table set forward one year for retired members and set back five years for each active member.

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

The actuarial assumptions used for the PFCF are the same as the PEPFF for members who select benefit provisions of the PEPFF. Some actuarial assumptions used may vary for those who choose benefit provisions of the local relief associations, based on the provisions in the particular plans.

As shown in Figure 5 on the preceding page, the unfunded pension benefit obligation at June 30, 1996, was \$906,399,000 in the PERF and \$22,460 in the PFCF. In the PEPFF, assets in excess of the pension benefit obligation totaled \$349,242,000.

3. Changes in Actuarial Assumptions and Methods

Since the July 1, 1995 actuarial valuation, there were no changes in actuarial assumptions of the

PERF, PEPFF, and the PFCF which impacted funding costs.

Potential changes in the actuarial assumptions used for the PEPFF may be made in the future. Results of an experience study for the fund during the four-year period ending June 30, 1994, disclosed (a) retirees are living longer, (b) the expected active member death rate is declining, (c) the trend toward earlier retirement continues, and (d) the pattern of salary increases varies substantially by age, with a strong merit and seniority component evident at the younger ages. Based on these results, PERA will soon consider revising the actuarial assumptions for retirement age, mortality, payroll growth, and individual salary increases. These changes, if adopted within fiscal year 1997, will significantly impact the July 1, 1997 actuarial valuation of the PEPFF.

4. Changes in Benefit Provisions

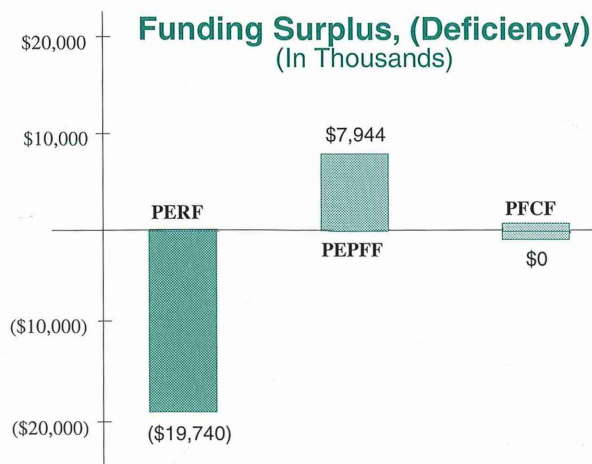
The 1996 legislative session did not include any benefit improvements which would impact funding costs for the PERF and the PEPFF.

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

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

D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Minnesota Statutes, Chapters 353, 353A and 353B set the rates for employer and employee contributions. (See note A.4.b. for statutory rates.) Minnesota Statutes, Chapter 356.215, Subd. 4(g), requires the PERF and the PEPFF to be fully funded by the year 2020. Minnesota Statutes, Chapter 353A.09, Subd. 5(b)(1), requires full funding for the PFCF by December 31, 2010. As part of the annual actuarial valuation, PERA's actuary determines the sufficiency of the statutory contribution rates toward meeting the required full funding deadline. The actuary compares the actual contribution rate to a "required" contribution rate. The required contribution rate consists of: (a) normal costs based on



Notes F. OTHER NOTES

(Continued)

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 1996, the combined depository insurance and collateral was sufficient to meet legal requirements and secure all PERA deposits.

2. Minnesota Post Retirement Investment Fund (MPRIF) Reserve

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

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 6 below, there was a funding deficiency on June 30, 1996 of \$19,740,000 in the PERF and a surplus of \$7,944,000 in the PEPFF. In the PFCF, contributions actuarially required are equal to contributions actually made, due to the additional municipal contribution paid each year and included in the dollar value of the employer share of contributions actually made. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation discussed in Note C.2. on page 24.

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

E. TEN-YEAR HISTORICAL TREND INFORMATION

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

Fig. 6

Funding Surplus:
(In Thousands)

	PERF	% of Current Yr. Covered Payroll	PEPFF	% of Current Yr. Covered Payroll	PFCF	% of Current Yr. Covered Payroll
Contributions actually made:						
Employee share	\$121,525	4.31%	\$24,065	7.60%	\$4,061	7.60%
Employer share	129,738	4.60%	36,066	11.40%	15,091	11.40%
Subtotal - Actual	\$251,263	8.91%	\$60,131	19.00%	\$19,152	19.00%
Contributions actuarially required:						
Normal cost	\$188,377		\$61,681		\$13,296	
Supplemental contribution amortization of UAAL by July 1, 2020	77,832		(9,874)			
Additional municipal contribution*					5,723	
Allowance for administrative expenses	4,794		380		133	
Subtotal - Actuarially required	\$271,003		\$52,187		\$19,151	
Funding surplus (deficiency)	\$ (19,740)		\$ 7,944		\$ 0	

*NOTE: The additional municipal contribution (AMC) is the amount required to amortize the initial unfunded actuarial accrued liability and each year's actuarial gains and losses over a 14-year period until December 31, 2010. The \$5.723 million AMC amount is shown net of any local relief association's funding surplus. The dollar value of PFCF employer contributions actually made includes \$9 million received as the AMC during fiscal year 1996. However, the 11.4 percent employer contribution rate is determined without taking the AMC receipts into consideration.

b) Participation in the MPRIF is shown at the actuarially determined required reserves level in accordance with Minnesota Statutes, Section 11A.18, Subd. 7. It includes a 5 percent assumed income distribution, in accordance with Minnesota Statutes, Section 11A.18, and any mortality gains or losses as determined by an independent actuary hired by the state legislature. The Public Employees Retirement Fund's share of net assets of the MPRIF, at cost, as of June 30, 1996, is \$3,152,736,000. The Public Employees Police and Fire Fund's share of net assets of the MPRIF is \$391,369,000. The Police and Fire Consolidation Fund's share of net assets of the MPRIF is \$381,589,000.

c) Beginning in fiscal year 1993, the MPRIF income available for distribution is determined using a post-retirement benefit increase formula based on total investment return rather than realized earnings. This formula contains both an inflation adjustment and an investment component. Stated as a percentage of eligible required reserves, annuitants and other individuals receiving benefits at May 31, 1995 are eligible to receive the following January 1, 1997 benefit increases:

Inflation Based Benefit Increase	2.8000%
Investment Based Benefit Increase	5.2395%
Total Benefit Increase	<u>8.0395%</u>

3. Other Reserves

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

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

4. Administrative Expenses

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

the year. The applicable amounts are reported as expenses of the three funds.

The administrative expenses associated with the Public Employees Defined Contribution Plan (PEDCP) are reported as an amount payable to the PERF at June 30, 1996. Each fiscal year the PEDCP reimburses the PERF to the extent of fees collected for recovery of administrative costs.

For fiscal year 1996, administrative expenses allocated to the defined benefit funds and the PEDCP totaled \$6,048,000 and \$36,000, respectively.

5. Operating Leases

PERA is committed under lease agreements for rental of (1) office and storage space through March 31, 2000. For accounting purposes, these leases are considered operating leases. Lease expenditures for fiscal year 1996 totaled \$260,000. Future minimum rental payments required as of June 30, 1996 are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Amount</u>
1997	258,677
1998	267,313
1999	271,632
2000	203,724
Total	<u>\$1,001,346</u>

6. Reporting Changes

The Police and Fire Consolidation Fund (PFCF) was created by the 1987 Legislature to authorize on a voluntary basis, any local police or salaried firefighters relief association and the respective municipality to effect the consolidation of the local relief association with PERA. At the end of fiscal year 1996, there are 37 local relief associations in the PFCF. Two additional local relief associations elected to consolidate with PERA in fiscal year 1996—Brainerd Police and Faribault Police. Net assets totaling \$7,992,000 were transferred from the two relief associations to PERA on the day of consolidation.

Required Supplementary Information

Analysis of Funding Progress (in thousands, unaudited)

Public Employees Retirement Fund

Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation (PBO)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded PBO (2) - (1)	(5) Valuation Payroll (VP)	(6) Unfunded PBO as a % of VP (4) ÷ (5)
1988**	\$2,610,913	\$3,334,423	78.3%	\$723,510	\$1,659,171	43.6%
1989***	2,934,977	3,714,257	79.0	779,280	1,815,433	42.9
1990†	3,250,157	4,089,960	79.5	839,803	1,947,504	43.1
1991	3,524,071	4,458,010	79.1	933,939	2,147,000	43.5
1992	3,933,124	4,868,124	80.8	935,000	2,306,000	40.5
1993	4,304,163	5,163,766	83.4	859,603	2,421,000	35.5
1994††	4,733,845	5,625,598	84.1	891,753	2,595,000	34.4
1995	5,074,357	5,994,492	84.7	920,135	2,768,000	33.2
1996	5,702,247	6,608,646	86.3	906,399	2,901,000	31.2

Public Employees Police and Fire Fund

Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation (PBO)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded (assets in excess of) PBO (2) - (1)	(5) Valuation Payroll (VP)	(6) Unfunded PBO as a % of VP (4) ÷ (5)
1988**	\$ 544,068	\$ 512,921	106.1%	\$ (31,147)	\$ 167,857	N/A
1989***	637,868	582,299	109.5	(55,569)	185,899	N/A
1990†	739,068	657,453	112.4	(81,615)	202,838	N/A
1991	823,125	732,911	112.3	(90,214)	219,913	N/A
1992	963,565	821,604	117.3	(141,961)	239,692	N/A
1993	1,090,857	932,333	117.0	(158,524)	254,281	N/A
1994	1,229,767	1,020,950	120.5	(208,817)	277,269	N/A
1995	1,356,179	1,113,225	121.8	(242,954)	294,861	N/A
1996	1,592,671	1,243,429	128.1	(349,242)	316,332	N/A

Police and Fire Consolidation Fund (Created in 1987)

Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation (PBO)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded PBO (2) - (1)	(5) Valuation Payroll (VP)	(6) Unfunded PBO as a % of VP (4) ÷ (5)
1988**	\$ 22,574	\$ 38,408	58.8%	\$ 15,834	\$ 2,554	620.0%
1989***	29,708	42,746	69.5	13,038	3,455	377.4
1990	86,371	117,386	73.6	31,015	10,221	303.4
1991	143,508	209,012	68.7	65,504	15,154	432.3
1992	178,717	222,984	80.2	44,267	16,699	265.1
1993	358,461	438,469	81.8	80,008	32,678	244.8
1994	642,172	704,137	91.2	61,965	56,445	109.8
1995	671,829	722,774	93.0	50,945	53,278	95.6
1996	746,671	769,131	97.1	22,460	52,194	43.0

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

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

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

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

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

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

Required Supplementary Information

Revenue by Source
(in thousands)

Public Employees Retirement Fund

FISCAL YEAR	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION		INVESTMENT INCOME*	OTHER	TOTAL
		AMOUNT	PERCENT OF COVERED PAYROLL			
1987	\$ 67,945	\$ 74,391	4.8%	\$311,530	\$ 2,572	\$ 456,438
1988	71,504	78,092	4.7	244,981	2,394	396,971
1989	77,525	84,306	4.6	340,048	2,457	504,336
1990	87,031	93,865	4.8	335,392	872	517,160
1991	94,413	101,907	4.7	292,847	1,040	490,207
1992	101,655	109,203	4.7	432,734	1,347	644,939
1993	106,358	113,184	4.7	404,548	2,431	626,521
1994	112,940	119,390	4.6	477,779	3,567	713,676
1995	115,986	123,983	4.6	411,049	790	651,808
1996	121,525	129,738	4.5	712,790	1,202	965,255

Public Employees Police and Fire Fund

FISCAL YEAR	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION		INVESTMENT INCOME*	OTHER	TOTAL
		AMOUNT	PERCENT OF COVERED PAYROLL			
1987	\$ 12,416	\$ 18,596	12.0%	\$ 60,542	\$ 675	\$ 92,229
1988	13,436	20,126	12.0	39,747	1,697	75,006
1989	14,832	22,210	12.0	71,947	2,052	111,041
1990	16,224	24,274	12.0	80,564	1,720	122,782
1991	17,636	26,440	12.0	61,908	1,549	107,533
1992	19,217	28,766	12.0	116,528	1,933	166,444
1993	20,406	30,434	12.0	103,409	128	154,377
1994	21,806	32,536	11.7	114,925	271	169,538
1995	22,356	33,548	11.4	105,283	2,470	163,657
1996	24,065	36,065	11.4	216,491	159	276,780

Police and Fire Consolidation Fund (Created in 1987)

FISCAL YEAR	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION	INVESTMENT INCOME*	OTHER	TOTAL
1988	\$ 105	\$1,458	\$ 1,308	\$226	\$ 3,097
1989	\$ 262	\$1,870	\$ 2,770	\$ 83	\$ 4,985
1990	596	5,347	4,270	(22)	10,191
1991	1,065	9,847	10,715	3	21,630
1992	1,330	8,726	18,521	51	28,628
1993	1,619	7,679	26,709	97	36,104
1994	3,030	15,195	37,142	28	55,395
1995	4,237	16,849	47,597	3	68,686
1996	4,061	15,091	90,528	2	109,682

Required Supplementary Information

Expense by Type
(in thousands)

Public Employees Retirement Fund

<u>FISCAL YEAR</u>	<u>BENEFITS</u>	<u>REFUNDS</u>	<u>ADMINISTRATIVE EXPENSES</u>	<u>INVESTMENT MANAGEMENT FEES</u>	<u>OTHER</u>	<u>TOTAL</u>
1987	\$128,009	\$13,356	\$3,189	\$1,910	\$4,335	\$150,799
1988	148,587	14,175	3,412	1,669	718	168,561
1989	162,130	12,463	3,831	1,506	342	180,272
1990	182,363	12,711	3,828	2,468	609	201,979
1991	198,325	11,678	3,808	2,089	393	216,293
1992	216,953	11,881	4,002	2,609	442	235,887
1993	236,420	11,779	3,971	2,712	599	255,481
1994	264,233	11,336	4,397	3,131	897	283,994
1995	290,484	11,929	4,794	3,326	763	311,296
1996	312,511	14,683	5,515	3,821	835	337,365

Public Employees Police and Fire Fund

<u>FISCAL YEAR</u>	<u>BENEFITS</u>	<u>REFUNDS</u>	<u>ADMINISTRATIVE EXPENSES</u>	<u>INVESTMENT MANAGEMENT FEES</u>	<u>OTHER</u>	<u>TOTAL</u>
1987	\$11,314	\$1,055	\$208	\$ 568	\$ 449	\$13,594
1988	13,821	693	233	540	113	15,400
1989	15,446	969	263	517	46	17,241
1990	17,631	1,038	263	904	1,746	21,582
1991	19,672	1,204	265	800	1,535	23,476
1992	22,164	636	273	1,026	1,904	26,003
1993	24,619	1,004	287	1,108	68	27,086
1994	28,126	760	312	1,363	65	30,626
1995	32,151	592	344	1,550	2,610	37,247
1996	37,132	845	400	1,800	111	40,288

Police and Fire Consolidation Fund (Created in 1987)

<u>FISCAL YEAR</u>	<u>BENEFITS</u>	<u>REFUNDS</u>	<u>ADMINISTRATIVE EXPENSES</u>	<u>INVESTMENT MANAGEMENT FEES</u>	<u>OTHER</u>	<u>TOTAL</u>
1988	\$ 846	\$ 0	\$ 6	\$ 4	\$ 220	\$ 1,076
1989	1,844	64	13	15	16	1,952
1990	3,744	183	17	43	375	4,362
1991	7,624	35	30	73	378	8,140
1992	10,157	33	37	125	197	10,549
1993	15,004	65	46	171	1,279	16,565
1994	27,305	255	85	277	318	28,240
1995	38,669	129	121	474	55	39,448
1996	41,841	79	133	534	182	42,769

Combining Balance Sheet

As of June 30, 1996 (in thousands)

	Defined Benefit Funds			Agency Fund	
	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Public Employees Defined Contribution Plan	Total
Assets					
Cash	\$ 1,428	\$ 274	\$ 69		\$ 1,771
Accounts Receivable	357	138	2,790		3,285
Due From Other Funds	532	7	17		556
Investments					
Minnesota Outside Managed Pooled Accounts	2,529,800	1,187,892	365,824		4,083,516
Short-term Pooled Cash	29,498	14,828	2,306		46,632
Equity in Minnesota Post Retirement Investment Fund	3,152,736	391,369	381,589		3,925,694
Cash and Investments for Deferred Compensation Benefits				\$ 6,931	6,931
Fixed Assets, Net of Accumulated Depreciation	538				538
Other Assets	13				13
Total Assets	\$ 5,714,902	\$1,594,508	\$ 752,595	\$ 6,931	\$ 8,068,936
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 12,290	\$ 1,466	\$ 5,778		\$ 19,534
Accrued Compensated Absences	362				362
Deferred Compensation Benefits Payable to Other Funds	3	371	146	\$ 6,895 36	6,895 556
Total Liabilities	\$ 12,655	\$ 1,837	\$ 5,924	\$ 6,931	\$ 27,347
Fund Balance:					
Member Reserves	\$ 992,911	\$ 212,498	\$ 51,545		\$ 1,256,954
Minnesota Post Retirement Investment Fund Reserve	3,152,736	391,369	378,582		3,922,687
Benefit Reserves	3,124,425	730,335	361,226		4,215,986
Total Reserves	\$ 7,270,072	\$1,334,202	\$ 791,353		\$ 9,395,627
Unreserved Fund Balance —					
Unfunded Actuarial Accrued Liability	\$(1,567,825)	\$ 258,469	\$ (44,682)		\$(1,354,038)
Total Fund Balance	\$ 5,702,247	\$1,592,671	\$ 746,671		\$ 8,041,589
Total Liabilities and Fund Balance	\$ 5,714,902	\$1,594,508	\$ 752,595	\$ 6,931	\$ 8,068,936

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

Combining Statement

of Revenues, Expenses and Changes in Fund Balance

For the Fiscal Year Ended June 30, 1996 (in thousands)

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Total
Operating Revenues:				
Member Contribution	\$ 121,525	\$ 24,065	\$ 4,061	\$ 149,651
Employer Contribution	129,738	36,065	15,091	180,894
Investment Income	387,355	178,775	51,681	617,811
Distributed Income of the Minnesota Post Retirement Investment Fund	325,435	37,716	38,847	401,998
Other Revenues	<u>1,202</u>	<u>159</u>	<u>2</u>	<u>1,363</u>
Total Operating Revenues	\$ 965,255	\$ 276,780	\$ 109,682	\$1,351,717
Operating Expenses:				
Benefits Paid	\$ 312,511	\$ 37,132	\$ 41,841	\$ 391,484
Refunds	14,683	845	79	15,607
Administrative Expenses	5,515	400	133	6,048
Investment Management Fees	3,821	1,800	534	6,155
Interest on Late Transfers to MPRI Fund	832	111	182	1,125
Other Expenses	<u>3</u>	<u></u>	<u></u>	<u>3</u>
Total Operating Expenses	\$ 337,365	\$ 40,288	\$ 42,769	\$ 420,422
Operating Income	\$ 627,890	\$ 236,492	\$ 66,913	\$ 931,295
Other Changes in Reserves:				
Local Relief Association Mergers			\$ 7,929	\$ 7,929
Total Other Changes in Reserves			\$ 7,929	\$ 7,929
Net Fund Balance Additions	\$ 627,890	\$ 236,492	\$ 74,842	\$ 939,224
Fund Balance, July 1, 1995	<u>5,074,357</u>	<u>1,356,179</u>	<u>671,829</u>	<u>7,102,365</u>
Fund Balance, June 30, 1996	<u>\$5,702,247</u>	<u>\$1,592,671</u>	<u>\$ 746,671</u>	<u>\$8,041,589</u>

Statement of Revenues

Expenses and Changes in Fund Balance Public Employees Retirement Fund

For the Fiscal Year Ended June 30, 1996 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Unreserved Fund Balance</u>	<u>Total</u>
Operating Revenues:					
Member Contribution	\$ 121,525				\$ 121,525
Employer Contribution			\$ 129,738		129,738
Investment Income			387,355		387,355
Distributed Income of the Minnesota Post Retirement Investment Fund		\$ 325,435			325,435
Other Revenues			1,202		1,202
Total Operating Revenues	\$ 121,525	\$ 325,435	\$ 518,295		\$ 965,255
Operating Expenses:					
Benefits Paid	\$ 2,548	\$ 291,223	\$ 18,740		\$ 312,511
Refunds	11,169		3,514		14,683
Administrative Expenses			5,515		5,515
Investment Management Fees			3,821		3,821
Interest on Late Transfers to MPRI Fund			832		832
Other Expenses	3				3
Total Operating Expenses	\$ 13,720	\$ 291,223	\$ 32,422		\$ 337,365
Operating Income	\$ 107,805	\$ 34,212	\$ 485,873		\$ 627,890
Other Changes in Reserves:					
Annuities Awarded	\$ (30,683)	\$ 207,785	\$ (177,102)		\$ 0
Mortality Loss		10,697	(10,697)		0
Transfers Between Reserves	(320)		320		0
Total Other Changes in Reserves	\$ (31,003)	\$ 218,482	\$ (187,479)		\$ 0
Net Fund Balance Additions	\$ 76,802	\$ 252,694	\$ 298,394		\$ 627,890
Change in Unfunded Accrued Liability			20,113	\$ (20,113)	0
Fund Balance, July 1, 1995	916,109	2,900,042	2,805,918	(1,547,712)	5,074,357
Fund Balance, June 30, 1996	\$ 992,911	\$3,152,736	\$3,124,425	\$(1,567,825)	\$5,702,247

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

Statement of Revenues

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

For the Fiscal Year Ended June 30, 1996 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Unreserved Fund Balance</u>	<u>Total</u>
Operating Revenues:					
Member Contribution	\$ 24,065				\$ 24,065
Employer Contribution			\$ 36,065		36,065
Investment Income			178,775		178,775
Distributed Income of the Minnesota Post Retirement Investment Fund		\$ 37,716			37,716
Other Revenues	<u>2</u>	<u></u>	<u>157</u>		<u>159</u>
Total Operating Revenues	<u>\$ 24,067</u>	<u>\$ 37,716</u>	<u>\$214,997</u>		<u>\$ 276,780</u>
Operating Expenses:					
Benefits Paid	\$ 1,246	\$ 31,384	\$ 4,502		\$ 37,132
Refunds	636		209		845
Administrative Expenses			400		400
Investment Management Fees			1,800		1,800
Interest on Late Transfers to MPRI Fund			111		111
Other Expenses	<u></u>	<u></u>	<u></u>		<u></u>
Total Operating Expenses	<u>\$ 1,882</u>	<u>\$ 31,384</u>	<u>\$ 7,022</u>		<u>\$ 40,288</u>
Operating Income	<u>\$ 22,185</u>	<u>\$ 6,332</u>	<u>\$207,975</u>		<u>\$ 236,492</u>
Other Changes in Reserves:					
Annuities Awarded	\$ (5,856)	\$ 44,824	\$ (38,968)		\$ 0
Mortality Loss		1,032	(1,032)		0
Transfers Between Reserves	<u>(16)</u>	<u></u>	<u>16</u>		<u>0</u>
Total Other Changes in Reserves	<u>\$ (5,872)</u>	<u>\$ 45,856</u>	<u>\$ (39,984)</u>		<u>\$ 0</u>
Net Fund Balance Additions	\$ 16,313	\$ 52,188	\$167,991		\$ 236,492
Change in Unfunded Accrued Liability			(99,085)	\$ 99,085	0
Fund Balance, July 1, 1995	<u>196,185</u>	<u>339,181</u>	<u>661,429</u>	<u>159,384</u>	<u>1,356,179</u>
Fund Balance, June 30, 1996	<u>\$212,498</u>	<u>\$391,369</u>	<u>\$730,335</u>	<u>\$258,469</u>	<u>\$1,592,671</u>

Statement of Revenues

Expenses and Changes in Fund Balance Police and Fire Consolidation Fund

For the Fiscal Year Ended June 30, 1996 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Unreserved Fund Balance</u>	<u>Total</u>
Operating Revenues:					
Member Contribution	\$ 4,061				\$ 4,061
Employer Contribution			\$ 15,091		15,091
Investment Income			51,681		51,681
Distributed Income of the Minnesota Post Retirement Investment Fund		\$ 38,847			38,847
Other Revenues			2		2
Total Operating Revenues	\$ 4,061	\$ 38,847	\$ 66,774		\$109,682
Operating Expenses:					
Benefits Paid	\$ 588	\$ 34,037	\$ 7,216		\$ 41,841
Refunds	47		32		79
Administrative Expenses			133		133
Investment Management Fees			534		534
Interest on Late Transfers to MPRI Fund			182		182
Other Expenses					
Total Operating Expenses	\$ 635	\$ 34,037	\$ 8,097		\$ 42,769
Operating Income	\$ 3,426	\$ 4,810	\$ 58,677		\$ 66,913
Other Changes in Reserves:					
Annuities Awarded	\$ (2,755)	\$ 27,107	\$ (24,352)		\$ 0
Mortality Loss		52	(52)		0
Transfers Between Reserves					
Local Relief Association Mergers	616		7,313		7,929
Total Other Changes in Reserves	\$ (2,139)	\$ 27,159	\$ (17,091)		\$ 7,929
Net Fund Balance Additions	\$ 1,287	\$ 31,969	\$ 41,586		\$ 74,842
Change in Unfunded Accrued Liability			(28,002)	\$ 28,002	0
Fund Balance, July 1, 1995	50,258	346,613	347,642	(72,684)	671,829
Fund Balance, June 30, 1996	\$ 51,545	\$378,582	\$361,226	\$ (44,682)	\$746,671

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

Statement of Changes in Assets and Liabilities

Public Employees Defined Contribution Plan

For the Fiscal Year Ended June 30, 1996 (in thousands)

	<u>Balance July 1, 1995</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 1996</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 9	\$2,352	\$2,356	\$ 5
Investments	110	1,182	1,174	118
Equity in Investment Trust Funds	<u>5,147</u>	<u>1,681</u>	<u>20</u>	<u>6,808</u>
Total Assets	<u>\$5,266</u>	<u>\$5,215</u>	<u>\$3,550</u>	<u>\$6,931</u>
<u>Liabilities</u>				
Interfund Payables	\$ 33	\$ 36	\$ 33	\$ 36
Deferred Compensation Benefits Held in Trust	<u>5,233</u>	<u>2,001</u>	<u>339</u>	<u>6,895</u>
Total Liabilities	<u>\$5,266</u>	<u>\$2,037</u>	<u>\$ 372</u>	<u>\$6,931</u>

Schedule of Administrative Expenses

For the Fiscal Year Ended June 30, 1996 (in thousands)

Personal Services:

Staff Salaries	\$2,376	
Fringe Benefits	533	
Part-Time, Seasonal Labor	67	
Overtime, Premium Salaries	40	
Other Benefits	24	
Total Personal Services		\$3,040

Professional Services:

Actuarial	\$ 130	
Audit	44	
Legal	52	
Investment Consultants	52	
Management Consultants	201	
Strategic Planning	1,009	
System Development	49	
Total Professional Services		1,537

Communication:

Printing	\$ 159	
Telephone	43	
Postage and Mailing Services	341	
Total Communication		543

Rentals & Maintenance:

Office Space	\$ 260	
Repairs & Maintenance	35	
Total Rentals & Maintenance		295

Other:

Medical Evaluations	\$ 104	
Computer & System Services	31	
Operating Costs	32	
In-State Travel	25	
Out-State Travel	29	
Employee Development	43	
Office Supplies	203	
Indirect Costs	64	
Depreciation	138	
Total Other		669
Total Administrative Expense		\$6,084

Allocation of Administrative Expense:

Public Employees Retirement Fund	\$5,515
Public Employees Police and Fire Fund	400
Police and Fire Consolidation Fund	133
Public Employees Defined Contribution Plan	36
Total	\$6,084

Investment Summaries

For the Fiscal Year Ended June 30, 1996 (in thousands)

Public Employees Retirement Fund

	<u>Market Value</u> <u>June 30, 1995</u>	<u>Cost</u> <u>June 30, 1995</u>	<u>Acquisitions</u>
Pooled Accounts			
Passive Equity Pool	\$ 313,288	\$ 307,848	\$390,148
Active Equity Pool	590,843	493,638	121,231
Semi-Passive Pool	307,286	271,003	59,745
Fixed Income Pool	655,108	639,566	130,119
Real Estate Pool	97,839	100,872	19,653
Venture Capital Pool	116,978	101,846	59,376
Resources Pool	20,838	20,641	4,356
Intl. Active Pool	113,561	107,064	48,703
Intl. Passive Pool	114,456	95,377	67,899
Emerging Market Pool	0	0	33,539
Total Pooled Accounts	<u>\$2,330,197</u>	<u>\$2,137,855</u>	<u>\$934,769</u>

Public Employees Police and Fire Fund

	<u>Market Value</u> <u>June 30, 1995</u>	<u>Cost</u> <u>June 30, 1995</u>	<u>Acquisitions</u>
Pooled Accounts			
Passive Equity Pool	\$ 146,962	\$ 145,532	\$182,877
Active Equity Pool	277,161	232,120	56,610
Semi-Passive Pool	144,146	127,052	25,019
Fixed Income Pool	307,307	298,671	53,915
Real Estate Pool	45,896	47,877	6,763
Venture Capital Pool	54,887	48,484	24,863
Resources Pool	9,775	9,637	1,527
Intl. Active Pool	53,270	49,829	21,567
Intl. Passive Pool	53,690	44,728	31,621
Emerging Market Pool	0	0	15,816
Total Pooled Accounts	<u>\$1,093,094</u>	<u>\$1,003,930</u>	<u>\$420,578</u>

Police and Fire Consolidation Fund

	<u>Market Value</u> <u>June 30, 1995</u>	<u>Cost</u> <u>June 30, 1995</u>	<u>Acquisitions</u>
Pooled Accounts			
Passive Equity Pool	\$ 44,628	\$ 47,125	\$ 55,488
Active Equity Pool	84,166	77,510	21,219
Semi-Passive Pool	43,773	38,565	7,428
Fixed Income Pool	92,946	91,796	16,715
Real Estate Pool	13,937	13,921	2,057
Venture Capital Pool	16,666	17,286	7,399
Resources Pool	2,968	2,903	472
Intl. Active Pool	16,177	16,293	6,379
Intl. Passive Pool	16,305	15,654	9,329
Emerging Market Pool	0	0	4,625
Other Equity	0	0	6
Other Fixed Income	184	189	5,269
Total Pooled Accounts	<u>\$ 331,750</u>	<u>\$ 321,242</u>	<u>\$136,386</u>

<u>Dispositions</u>	<u>Cost June 30, 1996</u>	<u>Market Value June 30, 1996</u>
\$310,276	\$ 387,720	\$ 397,222
66,264	548,605	656,798
7,637	323,111	393,347
108,635	661,050	650,593
11,328	109,197	106,312
30,417	130,805	150,298
3,947	21,050	22,764
3,238	152,529	174,356
1,082	162,194	196,712
0	33,539	33,847
<u>\$542,824</u>	<u>\$2,529,800</u>	<u>\$2,782,249</u>

<u>Dispositions</u>	<u>Cost June 30, 1996</u>	<u>Market Value June 30, 1996</u>
\$146,153	\$ 182,256	\$ 186,871
30,275	258,455	308,965
538	151,533	185,048
43,794	308,792	306,068
2,683	51,957	50,014
11,590	61,757	70,705
1,312	9,852	10,709
143	71,253	82,025
128	76,221	92,542
0	15,816	15,961
<u>\$236,616</u>	<u>\$1,187,892</u>	<u>\$1,308,908</u>

<u>Dispositions</u>	<u>Cost June 30, 1996</u>	<u>Market Value June 30, 1996</u>
\$ 49,051	\$ 53,562	\$ 54,519
16,314	82,415	90,127
1,665	44,328	53,990
16,802	91,709	89,303
1,311	14,667	14,657
4,577	20,108	20,721
504	2,871	3,138
739	21,933	23,932
757	24,226	27,000
10	4,615	4,658
0	6	10
74	5,384	5,344
<u>\$ 91,804</u>	<u>\$ 365,824</u>	<u>\$ 387,399</u>

Note:

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

Summary Schedules

For the Fiscal Year Ended June 30, 1996 (in thousands)

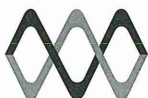
Summary Schedule of Cash Receipts and Disbursements

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Total
Cash Balance at Beginning of Year: July 1, 1995	\$ 605	\$ 166	\$ 209	\$ 980
Add Receipts:				
Member Contributions	\$ 121,712	\$ 24,067	\$ 4,061	\$ 149,840
Employer Contributions	129,751	36,057	15,091	180,899
Investment Income	383,757	177,082	51,140	611,979
Minnesota Post Retirement				
Investment Fund Transfers In	291,223	31,384	34,038	356,645
Investments Redeemed/Sold	871,670	336,722	140,537	1,348,929
Local Relief Association Mergers	0	0	7,908	7,908
Other	5,320	696	1,913	7,929
Total Cash Receipts	\$1,803,433	\$606,008	\$254,688	\$2,664,129
Less Disbursements:				
Benefit Payments	\$ 313,439	\$ 37,200	\$ 41,925	\$ 392,564
Refunds	15,056	849	85	15,990
Administrative Expenses	8,527	405	127	9,059
Investments Purchased	1,256,211	522,504	182,223	1,960,938
Minnesota Post Retirement				
Investment Fund Transfers Out	207,784	44,824	27,108	279,716
Other	1,593	118	3,360	5,071
Total Cash Disbursements	\$1,802,610	\$605,900	\$254,828	\$2,663,338
Cash Balance at End of Year: June 30, 1996	\$ 1,428	\$ 274	\$ 69	\$ 1,771

Summary Schedule of Commissions and Payments to Consultants

Individual or Firm Name	Nature of Services	Fee Paid
CSC Consulting	Management	\$1,009
Benefacts, Inc.	Technical	153
Gabriel, Roeder, Smith, & Co.	Actuarial	73
DTA Inc.	Technical	49
Richards & Tierney	Investment	38
Segal Company	Management	25
Pension Consulting Alliance	Investment	14
Pension Benefit Inc.	Technical	5
Kusske Financial Mgmt.	Professional	2
State of Minnesota —		
Legislative Commission on		
Pensions & Retirement	Actuarial	57
Attorney General	Legal	52
Legislative Auditor	Auditing	44
Management Analysis Division	Professional	16
		\$1,537

Certification Letter



Milliman & Robertson, Inc.
Actuaries and Consultants

November 27, 1996

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

Members of the Board:

We have completed our annual actuarial valuation of the Public Employees Retirement Association of Minnesota to test how well the fundamental financing objectives are being achieved and to determine the actuarial status of the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Police and Fire Consolidation Fund (PFCF) as of July 1, 1996.

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

The results of the valuation indicate that the PEPFF and the PFCF are either ahead of or on schedule to meet the required dates for full funding. The valuation of the PERF resulted in a deficiency in the current funding level. The deficiency of .87% of payroll was the result of the actuarial computation requirement of 9.75% exceeding the statutory contribution of 8.88%.

The actuarial valuation was based upon applicable statutory provisions and the Standards for Actuarial Work in effect on July 1, 1996. In the aggregate, the basic financial and membership data provided to us by the association office appears reasonable in comparison to last year, and we have relied upon the data as submitted in performing the actuarial valuation. It is our understanding that the data has subsequently been audited with no significant changes made.

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

Effective for the July 1, 1996 valuation of the PERF and the PEPFF, there were no significant changes in plan provisions which impacted funding costs. However, there was one change in the PFCF's plan provisions which had a nominal effect on the fund's actuarial accrued liability. The benefit accrual rate increased from 2.5% to 2.65% for four local relief associations which consolidated prior to July 1, 1993 whose city councils adopted a resolution accordingly. These local relief associations included Chisholm Fire and Police and Winona Fire and Police. Two new accounts were added to the PFCF during the fiscal year. Those accounts, Brainerd Police and Faribault Police, increased the unfunded actuarial accrued liability by \$1.52 million.

The following table shows the date for full funding for each of the three plans and the funding percentage for the 1996 valuation. The funding percentage expresses current assets as a percentage of the actuarial accrued liability determined on the entry age normal cost method.

<u>Fund</u>	<u>Funding Date</u>	<u>Funded Percentage</u>
PERF	2020	79.59%
PEPFF	2020	122.40%
PFCF	2010	95.26%

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

Respectfully submitted,

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

TKC:jm

Summary of Actuarial Assumptions and Methods

Public Employees Retirement Fund

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

Public Employees P & F Fund

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

Police and Fire Consolidation Fund

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

Adoption Dates

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

Actuarial Tables

June 30, 1996

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

	Actual Contribution Rate			Recommended Rate*
	Member	Employer	Total	
Public Employees Retirement Fund	4.3%	4.6%	8.9%	9.61%
Public Employees Police and Fire Fund	7.6	11.4	19.0	17.28
Police and Fire Consolidation Fund	7.6	11.4	19.0	19.00**

* The recommended rates scheduled above represent the required rates for fiscal year 1996 contributions as reported in the July 1, 1995 actuarial valuation reports.

** Plus an additional dollar amount determined annually to amortize the unfunded actuarial accrued liability by July 1, 2010, and to amortize any actuarial losses or gains over a 15-year period. The fiscal 1996 amortization amount, as reported in the July 1, 1995 actuarial valuation report, is \$5,723,361.

Sample Annual Rates per 100 Employees

Public Employees Retirement Fund

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

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

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

* The actuarial assumptions for salary increases for the PEPFF and the PFCF have not changed. PERA's actuaries performed an experience study of the PEPFF in fiscal year 1996 and future assumption changes will be based on actual experience pending adoption by the PERA board and state legislature.

Summary of Accrued and Unfunded Accrued Liabilities

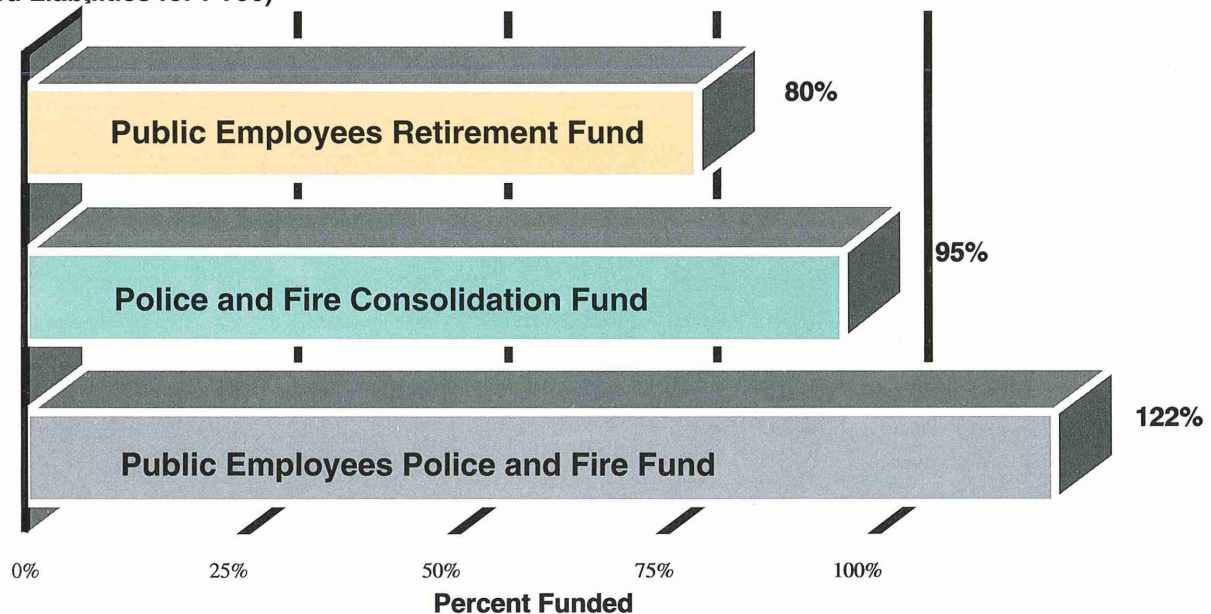
Last Ten Years
(in thousands)

Public Employees Retirement Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES (AAL)	VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	VALUATION PAYROLL	UAAL AS A % OF PAYROLL
6-30-87	\$3,188,962	\$2,457,899	77%	\$ 731,063	\$1,546,296	47%
6-30-88	3,755,608	2,657,038	71	1,098,570	1,659,171	66
6-30-89	4,175,240	2,992,285	72	1,182,955	1,815,433	65
6-30-90	4,560,469	3,297,216	72	1,263,253	1,947,504	65
6-30-91	4,988,671	3,570,304	72	1,418,367	2,147,000	66
6-30-92	5,439,953	3,978,110	73	1,461,843	2,306,000	63
6-30-93	5,784,318	4,374,459	76	1,409,859	2,421,000	58
6-30-94	6,223,622	4,747,128	76	1,476,494	2,595,000	57
6-30-95	6,622,069	5,138,461	78	1,483,608	2,768,000	54
6-30-96	7,270,072	5,786,398	80	1,483,674	2,901,000	51

Funding Ratios

(Ratio of Assets to Actuarial
Accrued Liabilities for FY96)



The Public Employees Police and Fire Fund, while not required to reach full funding until 2020, has already achieved that goal. The Public Employees Retirement Fund is 80 percent funded while the Consolidation Fund has achieved 95 percent funding.

Summary of Accrued and Unfunded Accrued Liabilities

Last Ten Years
(in thousands)

Public Employees Police and Fire Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES (AAL)	VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	VALUATION PAYROLL	UAAL AS A % OF PAYROLL
6-30-87	\$486,674	\$506,153	104%	\$ -0-	\$154,9060	-0-%
6-30-88	574,133	557,669	97	16,464	167,857	10
6-30-89	651,776	656,654	101	-0-	185,899	-0-
6-30-90	715,963	755,204	105	-0-	202,838	-0-
6-30-91	794,295	839,560	106	-0-	219,913	-0-
6-30-92	888,826	979,981	110	-0-	239,692	-0-
6-30-93	1,009,226	1,118,342	111	-0-	254,281	-0-
6-30-94	1,099,221	1,234,959	112	-0-	277,269	-0-
6-30-95	1,196,795	1,385,901	116	-0-	294,861	-0-
6-30-96	1,334,202	1,633,010	122	-0-	316,332	-0-

Police and Fire Consolidation Fund (Created in 1987)

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES (AAL)	VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	VALUATION PAYROLL	UAAL AS A % OF PAYROLL
6-30-88	\$ 35,221	\$ 22,648	64%	\$12,573	\$ 2,554	492%
6-30-89	40,605	29,895	74	10,710	3,455	310
6-30-90	122,045	86,702	71	35,343	10,221	346
6-30-91	201,882	143,370	71	58,512	15,154	386
6-30-92	227,080	178,169	78	48,911	16,699	293
6-30-93	444,721	357,161	80	87,560	32,678	268
6-30-94	726,611	636,766	88	89,845	56,445	159
6-30-95	744,513	675,331	91	69,182	53,278	130
6-30-96	791,353	753,862	95	37,491	52,194	71

Solvency Test

Last Ten Years
(in thousands)

Public Employees Retirement Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES FOR:			VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY VALUATION ASSETS		
	ACTIVE MEMBER CONTRIBUTIONS (1)	CURRENT RETIREES AND BENEFICIARIES (2)	ACTIVE MEMBERS (EMPLOYER FINANCED) PORTION (3)		(1)	(2)	(3)
6-30-87	\$452,560	\$1,370,653	\$1,365,749	\$2,457,899	100%	100%	46.5%
6-30-88	484,819	1,633,391	1,637,398	2,657,038	100	100	20.3
6-30-89	534,906	1,800,411	1,839,923	2,992,285	100	100	35.7
6-30-90	588,793	1,970,629	2,001,047	3,297,216	100	100	36.9
6-30-91	649,046	2,163,472	2,176,153	3,570,304	100	100	34.8
6-30-92	711,803	2,354,095	2,374,055	3,978,110	100	100	38.4
6-30-93	780,125	2,540,063	2,464,130	4,374,459	100	100	42.8
6-30-94	834,418	3,027,086	2,362,118	4,747,128	100	100	37.5
6-30-95	916,109	3,170,343	2,535,617	5,138,461	100	100	41.5
6-30-96	992,911	3,458,961	2,818,201	5,786,398	100	100	47.4

Public Employees Police and Fire Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES FOR:			VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY VALUATION ASSETS		
	ACTIVE MEMBER CONTRIBUTIONS (1)	CURRENT RETIREES AND BENEFICIARIES (2)	ACTIVE MEMBERS (EMPLOYER FINANCED) PORTION (3)		(1)	(2)	(3)
6-30-87	\$ 85,542	\$141,324	\$259,808	\$ 506,153	100%	100%	107.5%
6-30-88	95,440	174,131	304,562	557,669	100	100	94.6
6-30-89	107,659	196,269	347,848	656,654	100	100	101.4
6-30-90	120,005	222,683	373,275	755,204	100	100	110.5
6-30-91	133,299	249,780	411,216	839,560	100	100	111.0
6-30-92	148,562	279,421	460,843	979,981	100	100	119.8
6-30-93	164,516	309,982	534,728	1,118,342	100	100	120.4
6-30-94	180,499	364,944	553,778	1,234,959	100	100	124.5
6-30-95	196,185	409,005	591,605	1,385,901	100	100	132.0
6-30-96	212,498	473,265	648,439	1,633,010	100	100	146.1

Police and Fire Consolidation Fund (Created in 1987)

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES FOR:			VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY VALUATION ASSETS		
	ACTIVE MEMBER CONTRIBUTIONS (1)	CURRENT RETIREES AND BENEFICIARIES (2)	ACTIVE MEMBERS (EMPLOYER FINANCED) PORTION (3)		(1)	(2)	(3)
6-30-88	\$ 2,522	\$ 18,204	\$ 17,017	\$ 22,648	100%	100%	11.3%
6-30-89	2,806	21,708	16,089	29,895	100	100	33.4
6-30-90	8,383	69,549	44,113	86,702	100	100	19.8
6-30-91	12,429	119,717	69,736	143,370	100	100	16.1
6-30-92	14,047	139,439	73,594	178,169	100	100	33.5
6-30-93	29,020	273,301	142,400	357,161	100	100	38.5
6-30-94	49,176	424,962	252,473	636,766	100	100	64.4
6-30-95	50,258	441,187	245,068	675,331	100	100	71.8
6-30-96	51,545	483,250	256,558	753,862	100	100	85.4

Schedule of Active Member Valuation Data

Last Ten 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>
6-30-87	92,497	\$1,546,296,000	\$16,717	2.4%
6-30-88	95,224	1,659,171,000	17,424	4.2
6-30-89	99,515	1,815,433,000	18,243	4.7
6-30-90	102,664	1,947,504,000	18,970	4.0
6-30-91	107,025	2,147,000,000	20,060	5.7
6-30-92	110,100	2,306,000,000	20,945	4.4
6-30-93	114,932	2,421,000,000	21,066	0.6
6-30-94	120,199	2,595,000,000	21,592	2.5
6-30-95	126,612	2,768,000,000	21,858	1.2
6-30-96	129,431	2,901,000,000	22,413	2.5

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>
6-30-87	5,385	\$154,906,000	\$28,766	2.1%
6-30-88	5,611	167,857,000	29,916	4.0
6-30-89	5,891	185,899,000	31,556	5.5
6-30-90	6,136	202,838,000	33,057	4.8
6-30-91	6,309	219,913,000	34,857	5.4
6-30-92	6,521	239,692,000	36,757	5.5
6-30-93	6,785	254,281,000	37,477	2.0
6-30-94	7,043	277,269,000	39,368	5.0
6-30-95	7,380	294,861,000	39,954	1.5
6-30-96	7,680	316,332,000	41,189	3.1

Police and Fire Consolidation Fund (Created in 1987)

<u>VALUATION DATE</u>	<u>NUMBER</u>	<u>VALUATION PAYROLL</u>	<u>ANNUAL AVERAGE PAY</u>	<u>% INCREASE IN AVERAGE PAY</u>
6-30-88	93	\$ 2,553,569	\$27,458	0.0 %
6-30-89	102	3,454,608	33,869	23.3
6-30-90	287	10,220,881	35,613	5.1
6-30-91	394	15,154,000	38,462	8.0
6-30-92	402	16,699,000	41,540	8.0
6-30-93	732	32,678,000	44,642	7.5
6-30-94	1,117	56,445,000	50,533	13.2
6-30-95	1,061	53,278,000	50,215	(.6)
6-30-96	1,003	52,194,000	52,038	3.6

Schedule of Retirees and Beneficiaries

Last Ten Years

Public Employees Retirement Fund

YEAR ENDED	NUMBER ADDED	NUMBER REMOVED	YEAR-END TOTAL		% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
			NUMBER	ANNUAL ALLOWANCES		
6-30-87	2,750	1,057	25,015	\$130,745,000	19.3%	\$5,227
6-30-88	2,780	1,095	26,700	150,527,000	15.1	5,638
6-30-89	2,221	1,049	27,872	165,706,000	10.1	5,945
6-30-90	2,614	1,050	29,436	181,514,000	9.5	6,166
6-30-91	2,655	1,165	30,926	198,975,000	9.6	6,434
6-30-92	2,754	1,121	32,559	216,053,000	8.6	6,635
6-30-93	2,653	1,244	33,968	233,782,000	8.2	6,882
6-30-94	3,745	1,337	36,376	269,786,000	15.4	7,417
6-30-95	2,701	1,371	37,706	284,824,000	5.6	7,554
6-30-96	3,090	1,416	39,380	311,243,000	9.3	7,904

Public Employees Police and Fire Fund

YEAR ENDED	NUMBER ADDED	NUMBER REMOVED	YEAR-END TOTAL		% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
			NUMBER	ANNUAL ALLOWANCES		
6-30-87	143	70	1,271	\$11,788,000	23.4%	\$ 9,275
6-30-88	152	60	1,363	14,090,000	19.5	10,337
6-30-89	98	49	1,412	15,831,000	12.4	11,212
6-30-90	142	61	1,493	17,939,000	13.3	12,015
6-30-91	142	53	1,582	20,688,000	15.3	13,077
6-30-92	142	61	1,663	23,120,000	11.8	13,902
6-30-93	148	73	1,738	25,549,000	10.5	14,700
6-30-94	191	55	1,874	30,064,000	17.7	16,043
6-30-95	196	63	2,007	33,897,000	12.7	16,889
6-30-96	214	66	2,155	39,365,000	16.1	18,266

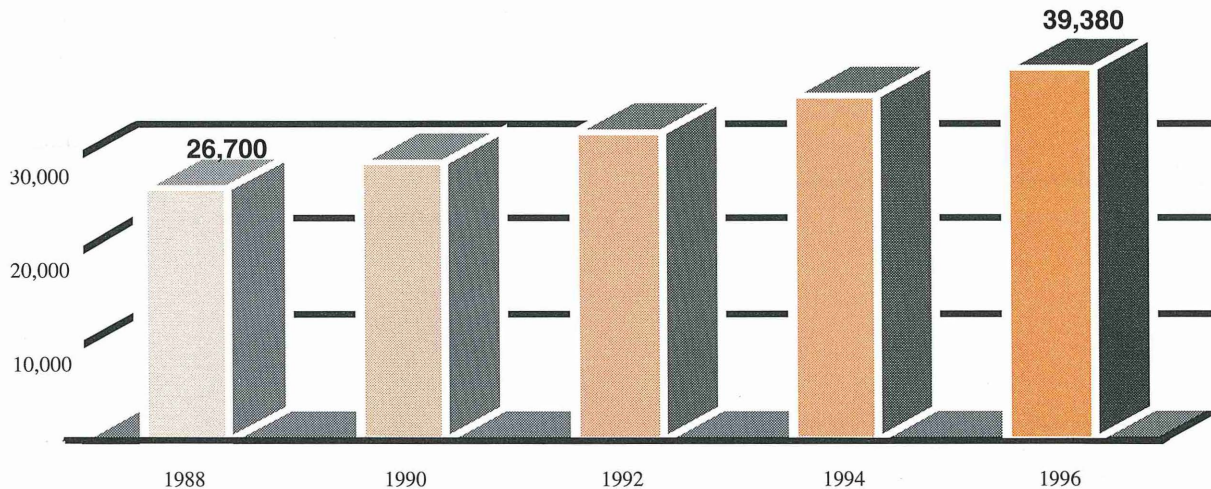
Police and Fire Consolidation Fund (Created in 1987)

YEAR ENDED	NUMBER ADDED	NUMBER REMOVED	YEAR-END TOTAL		% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
			NUMBER	ANNUAL ALLOWANCES		
6-30-88	138	12	126	\$ 1,682,000	0.0 %	\$13,349
6-30-89	18	4	140	1,978,000	17.6	14,127
6-30-90	265	12	393	5,579,000	182.0	14,196
6-30-91	268	29	632	9,451,000	69.4	14,954
6-30-92	85	34	683	10,885,000	15.2	15,937
6-30-93	652	21	1,314	23,521,000	116.1	17,900
6-30-94	703	72	1,945	37,091,000	57.7	19,070
6-30-95	111	74	1,982	39,570,000	6.7	19,965
6-30-96	149	75	2,056	43,879,000	10.9	21,342

Schedule of Retirants and Beneficiaries

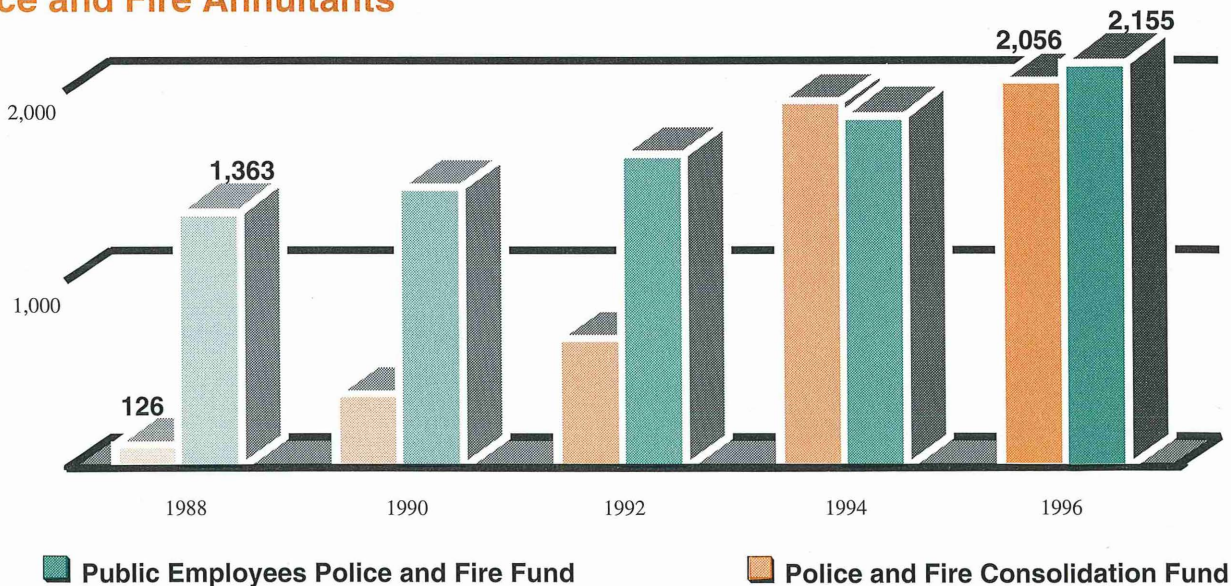
Last Ten Years

Public Employees Retirement Fund Annuitants



The number of people receiving retirement annuities from the Public Employees Retirement Fund increased over 65 percent during the past 10 fiscal years, growing from 23,322 in 1986 to 39,380 in 1996. Average annual payments increased 68 percent during the same period.

Police and Fire Annuitants



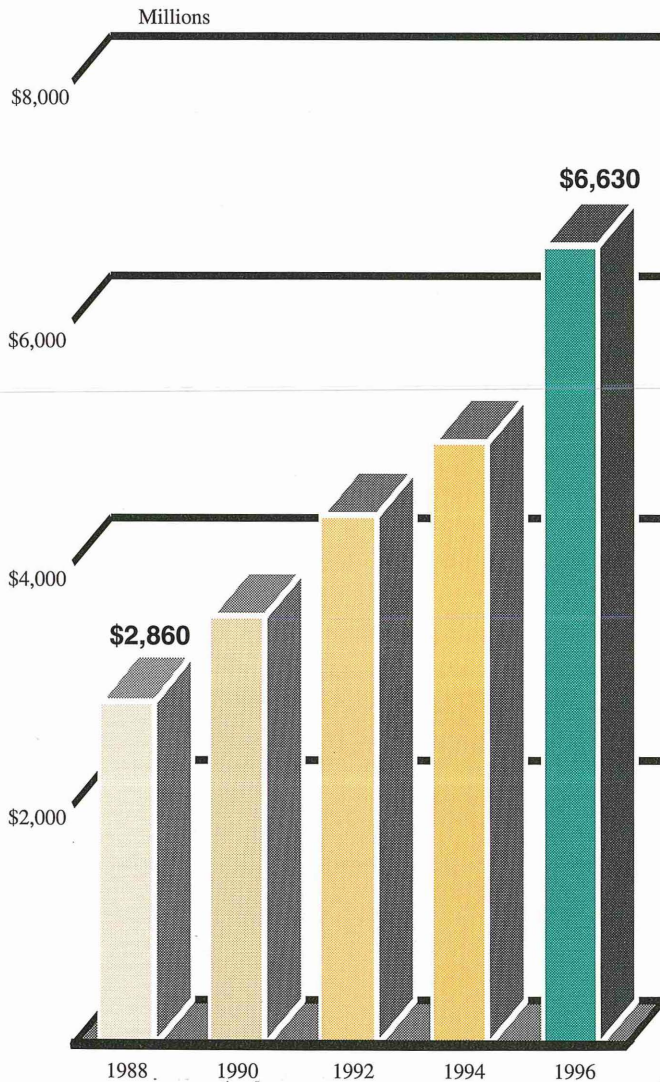
Public Employees Police and Fire Fund

Police and Fire Consolidation Fund

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

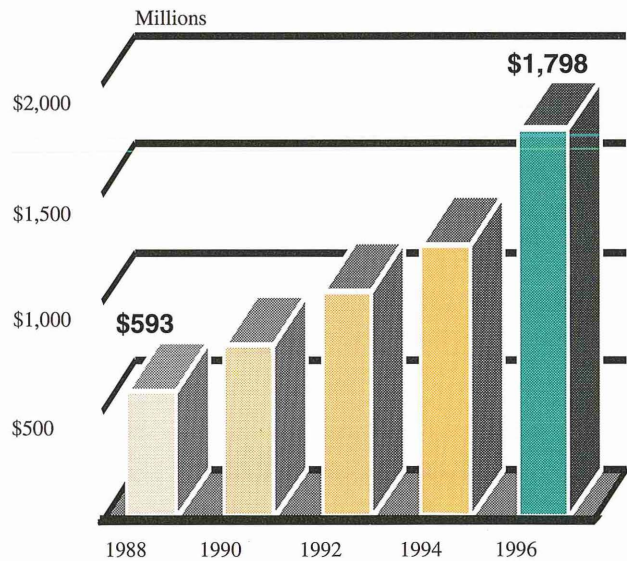
Market Value of Assets

Market Value of Assets Public Employees Retirement Fund



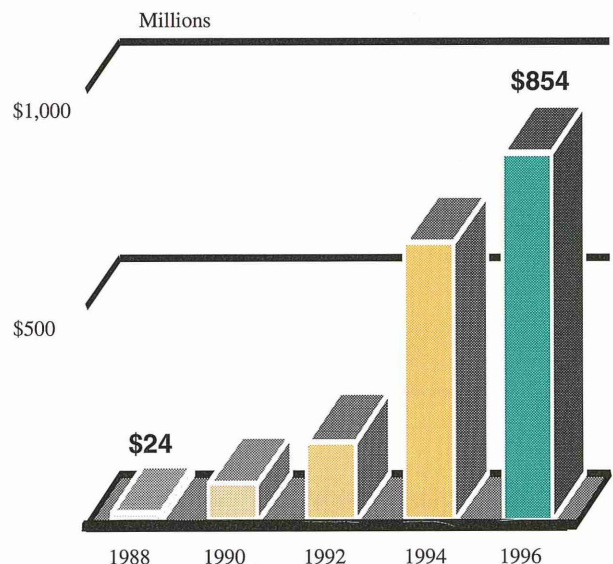
Over the past 8 years, the market value of the Public Employees Retirement Fund has grown from \$2.9 billion in 1988 to \$6.6 billion in 1996.

Market Value of Assets Police and Fire Fund



Market value of Police and Fire Fund assets increased from \$593 million in 1988 to \$1.8 billion in 1996.

Market Value of Assets Police and Fire Consolidation Fund



Created in 1988, the Police and Fire Consolidation Fund has seen its assets climb to over \$854 million in just eight years.

Revenue Ratios by Source of Revenue

Excluding Other Income
Last Ten Years

Public Employees Retirement Fund

<u>FISCAL YEAR</u>	<u>MEMBER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL REVENUES</u>
1987	14.9%	16.4%	68.7%	100.0%
1988	18.1	19.8	62.1	100.0
1989	15.4	16.8	67.8	100.0
1990	16.8	18.2	65.0	100.0
1991	19.3	20.8	59.9	100.0
1992	15.8	17.0	67.2	100.0
1993	17.1	18.1	64.8	100.0
1994	15.9	16.8	67.3	100.0
1995	17.8	19.1	63.1	100.0
1996	12.6	13.4	74.0	100.0

Public Employees Police and Fire Fund

<u>FISCAL YEAR</u>	<u>MEMBER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL REVENUES</u>
1987	13.6%	20.3%	66.1%	100.0%
1988	18.3	27.5	54.2	100.0
1989	13.6	20.4	66.0	100.0
1990	13.4	20.0	66.6	100.0
1991	16.6	24.9	58.5	100.0
1992	11.7	17.5	70.8	100.0
1993	13.2	19.7	67.1	100.0
1994	12.9	19.2	67.9	100.0
1995	13.9	20.8	65.3	100.0
1996	8.7	13.0	78.3	100.0

Police and Fire Consolidation Fund (Created in 1987)

<u>FISCAL YEAR</u>	<u>MEMBER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL REVENUES</u>
1988	6.7%	10.1%	83.2%	100.0%
1989	5.3	38.2	56.5	100.0
1990	5.8	52.4	41.8	100.0
1991	4.9	45.5	49.6	100.0
1992	4.7	30.5	64.8	100.0
1993	4.5	21.3	74.2	100.0
1994	5.5	27.4	67.1	100.0
1995	6.2	24.5	69.3	100.0
1996	3.7	13.8	82.5	100.0

Benefit Expense by Type

Last Ten Years
(in thousands)

Public Employees Retirement Fund

<u>FISCAL YEAR</u>	<u>RETIREMENT</u>	<u>SURVIVOR</u>	<u>DISABILITY</u>	<u>REFUND</u>	<u>TOTAL</u>
1987	\$115,903	\$ 8,712	\$ 3,394	\$13,356	\$141,365
1988	135,602	9,302	3,683	14,175	162,762
1989	148,601	9,709	3,820	12,463	174,593
1990	165,740	12,566	4,057	12,711	195,074
1991	178,971	15,029	4,325	11,678	210,003
1992	198,849	13,120	4,984	11,881	228,834
1993	217,703	13,360	5,357	11,779	248,199
1994	244,913	13,360	5,960	11,336	275,569
1995	270,270	13,508	6,706	11,929	302,413
1996	291,331	13,955	7,225	14,683	327,194

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>
1987	\$ 9,662	\$ 1,023	\$ 629	\$ 1,055	\$ 12,369
1988	11,842	1,115	864	693	14,514
1989	13,142	1,217	1,087	969	16,415
1990	14,985	1,467	1,179	1,038	18,669
1991	16,750	1,611	1,311	1,204	20,876
1992	19,038	1,648	1,478	636	22,800
1993	21,237	1,866	1,516	1,004	25,623
1994	24,099	2,135	1,892	760	28,886
1995	27,330	2,348	2,473	592	32,743
1996	31,384	2,547	3,201	845	37,977

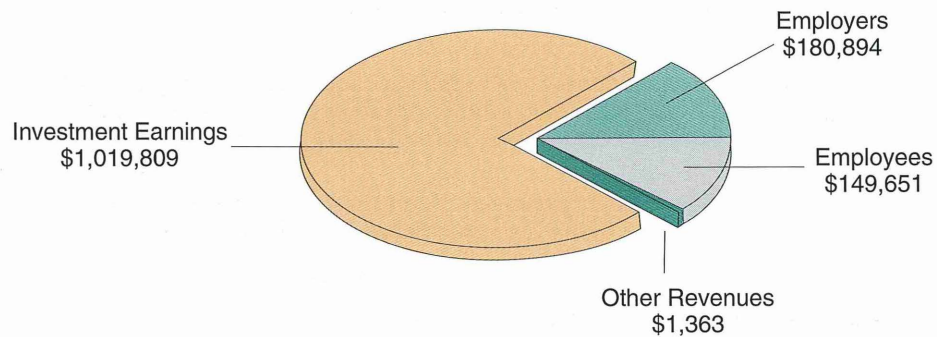
Police and Fire Consolidation Fund (Created in 1987)

<u>FISCAL YEAR</u>	<u>RETIREMENT</u>	<u>SURVIVOR</u>	<u>DISABILITY</u>	<u>REFUND</u>	<u>TOTAL</u>
1988	\$ 655	\$ 155	\$ 36	\$ 0	\$ 864
1989	1,744	75	25	64	1,908
1990	3,377	216	151	183	3,927
1991	6,822	450	352	35	7,659
1992	9,079	576	502	33	10,190
1993	13,555	743	706	65	15,069
1994	25,044	1,367	894	255	27,560
1995	35,185	2,361	1,123	129	38,798
1996	37,534	2,761	1,546	79	41,920

Revenues

Revenue by Source

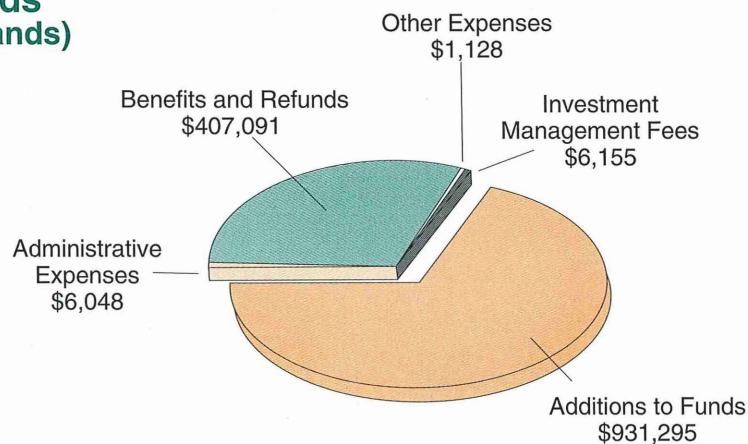
All Funds
(In Thousands)



Investment earnings make up 75 percent of PERA's revenues, while employee and employer contributions total 25 percent of the association's income.

Revenue Allocation

All Funds
(In Thousands)



Over 68 percent of PERA's revenues were added to the association's funds in fiscal year 1996.

Investment Results

Description of Funds

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

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

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

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

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

Asset Allocations (at June 30, 1996)*

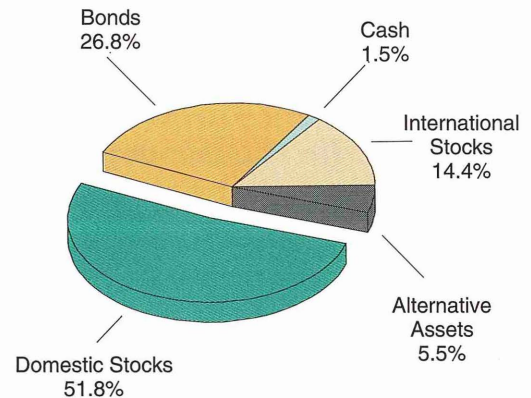
Asset allocation will have a dominant effect on returns. SBI has focused considerable attention on the selection of the appropriate long-term asset allocation policy for the Basic and MPRIF Funds.

Investment Type	Basic		MPRIF	
	Actual Asset Mix	Long-term Policy Target	Actual Asset Mix	Long-term Policy Target
Domestic Stocks	51.5%	45.0%	52.1%	50.0%
International Stocks	14.4	15.0	14.5	15.0
Bonds	23.2	24.0	30.7	27.0
Alternative Assets**	10.1	15.0	0.4	5.0
Cash	0.8	1.0	2.3	3.0
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

* Source: Minnesota State Board of Investment (SBI) FY 1995 Annual Report.

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

Combined Funds Actual Asset Mix

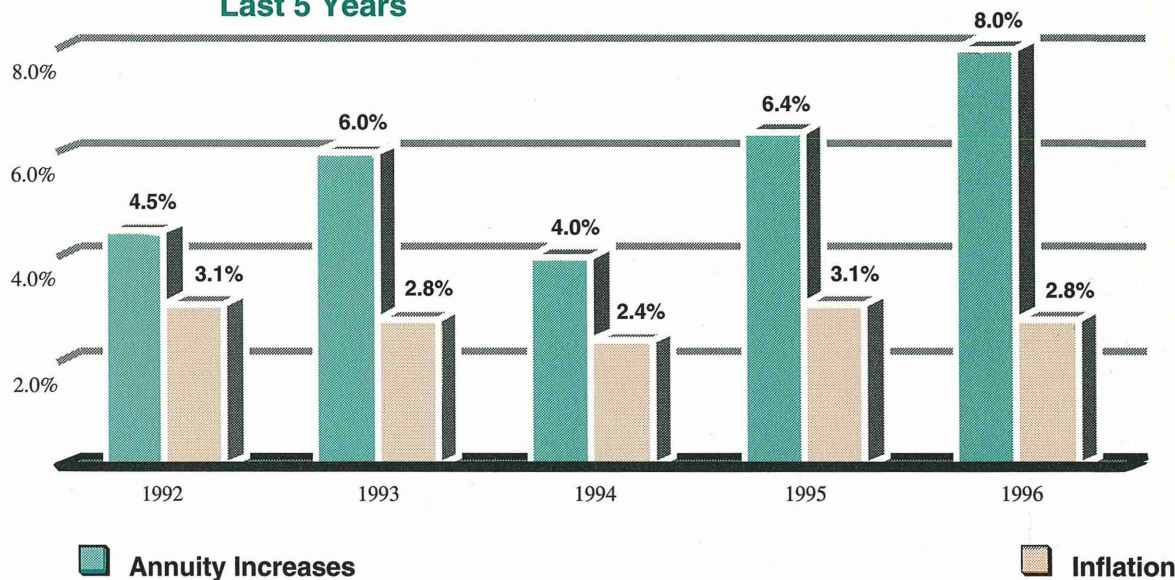


The chart above shows the asset allocation used by the SBI for the Combined Funds at June 30, 1996. This fund helps SBI compare PERA's investment performance with that of other pension funds which do not divide their assets between active and retiree funds.

Investments

Annuity Increases vs. Inflation

Last 5 Years



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

Fund Performance

Fund	Rates of Return (Annualized)		
	FY 1996	3-Year	5-Year
Basic Funds (Active Accounts)	18.8%	12.0%	13.0%
Basic Composite Market Index*	18.4	12.3	12.6
MPRIF Fund (Retiree Accounts)	17.2%	11.6%	Not Available
MPRIF Composite Market Index*	16.3	11.5	
Combined Funds (Active/Retiree)**	18.1%	11.8%	12.8%
Combined Composite Market Index*	17.4	11.9	12.3
Trust Universal Comparison Service (TUCS) Median	17.4	12.1	12.8

* The composite is adjusted to reflect SBI's restriction on liquor and tobacco stocks through 3/31/93, and American Home Product restriction through 10/31/93.

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

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

Schedule of Retired Members

by Amount and Type of Benefit

Public Employees Retirement Fund

<u>Amount of Monthly Benefit</u>	<u>Annuitant</u>	<u>Optional Annuitant</u>	<u>Disabillant</u>	<u>Survivor</u>	<u>Total</u>
\$ 1- 500	18,841	1,932	655	1,402	22,830
501-1,000	6,557	802	243	360	7,962
1,001-1,500	2,970	397	61	200	3,628
1,501-2,000	1,959	163	50	28	2,200
2,001-2,500	1,239	75	23	5	1,342
2,501-3,000	661	29	14	2	706
3,001-3,500	349	16	3	1	369
3,501-4,000	167	7	0	0	174
4,001-4,500	76	3	1	0	80
4,501-5,000	47	1	0	0	48
Over 5,000	40	0	1	0	41
	<u>32,906</u>	<u>3,425</u>	<u>1,051</u>	<u>1,998</u>	<u>39,380</u>

Public Employees Police and Fire Fund

<u>Amount of Monthly Benefit</u>	<u>Annuitant</u>	<u>Optional Annuitant</u>	<u>Disabillant</u>	<u>Survivor</u>	<u>Total</u>
\$ 1- 500	191	50	4	82	327
501-1,000	231	80	30	51	392
1,001-1,500	246	53	54	46	399
1,501-2,000	303	25	64	21	413
2,001-2,500	239	16	16	12	283
2,501-3,000	193	5	12	6	216
3,001-3,500	76	0	1	0	77
3,501-4,000	29	0	3	0	32
4,001-4,500	12	0	0	0	12
4,501-5,000	3	0	0	0	3
Over 5,000	1	0	0	0	1
	<u>1,524</u>	<u>229</u>	<u>184</u>	<u>218</u>	<u>2,155</u>

Police and Fire Consolidation Fund

<u>Amount of Monthly Benefit</u>	<u>Annuitant</u>	<u>Optional Annuitant</u>	<u>Disabillant</u>	<u>Survivor</u>	<u>Total</u>
\$ 1- 500	10	22	1	24	57
501-1,000	16	97	4	65	182
1,001-1,500	54	241	5	147	447
1,501-2,000	498	2	22	1	523
2,001-2,500	679	1	18	3	701
2,501-3,000	65	0	10	1	76
3,001-3,500	42	0	4	0	46
3,501-4,000	17	0	2	0	19
4,001-4,500	4	0	0	0	4
4,501-5,000	1	0	0	0	1
Over 5,000	0	0	0	0	0
	<u>1,386</u>	<u>363</u>	<u>66</u>	<u>241</u>	<u>2,056</u>

Average Benefit Payments

Last Five Years

Public Employees Retirement Fund

Retirement Effective Dates July 1, 1991 to June 30, 1996	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/91 to 6/30/92:							
Average Monthly Benefit	\$90.33	\$167.38	\$271.51	\$408.39	\$626.46	\$1,306.22	\$2,223.32
Number of Current Retirees	137	247	423	436	422	236	203
Period 7/1/92 to 6/30/93:							
Average Monthly Benefit	\$87.77	\$165.65	\$284.02	\$418.51	\$583.34	\$1,253.63	\$2,152.52
Number of Current Retirees	162	234	370	396	401	242	218
Period 7/1/93 to 6/30/94:							
Average Monthly Benefit	\$98.86	\$179.21	\$307.27	\$477.15	\$593.84	\$1,230.83	\$2,234.29
Number of Current Retirees	271	321	440	422	548	528	481
Period 7/1/94 to 6/30/95:							
Average Monthly Benefit	\$94.54	\$151.46	\$267.24	\$415.40	\$547.67	\$1,080.24	\$2,102.05
Number of Current Retirees	186	325	383	391	406	203	126
Period 7/1/95 to 6/30/96:							
Average Monthly Benefit	\$84.92	\$155.21	\$263.10	\$410.30	\$557.14	\$973.21	\$2,065.70
Number of Current Retirees	228	357	426	470	453	293	187
Period 7/1/91 to 6/30/96:							
Average Monthly Benefit	\$91.80	\$163.25	\$278.93	\$425.72	\$582.26	\$1,175.74	\$2,178.12
Number of Current Retirees	984	1,484	2,042	2,115	2,230	1,502	1,215

Average Benefit Payments

Last Five Years

Public Employees Police and Fire Fund

Retirement Effective Dates July 1, 1991 to June 30, 1996	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/91 to 6/30/92:							
Average Monthly Benefit	\$209.87	\$503.92	\$1,300.80	\$1,184.99	\$1,979.80	\$2,192.40	\$3,070.66
Number of Current Retirees	8	7	10	13	29	26	8
Period 7/1/92 to 6/30/93:							
Average Monthly Benefit	\$154.76	\$718.57	\$702.42	\$1,297.02	\$1,763.55	\$2,299.58	\$2,596.86
Number of Current Retirees	6	9	6	12	23	25	14
Period 7/1/93 to 6/30/94:							
Average Monthly Benefit	\$191.15	\$512.17	\$877.20	\$1,196.07	\$1,999.13	\$2,576.05	\$3,110.85
Number of Current Retirees	16	9	8	10	26	40	14
Period 7/1/94 to 6/30/95:							
Average Monthly Benefit	\$141.15	\$562.07	\$1,235.94	\$1,444.81	\$1,901.60	\$2,406.01	\$3,050.42
Number of Current Retirees	9	11	9	15	27	44	15
Period 7/1/95 to 6/30/96:							
Average Monthly Benefit	\$272.82	\$640.47	\$797.05	\$1,238.83	\$1,706.14	\$2,480.61	\$2,843.08
Number of Current Retirees	14	4	10	8	30	52	18
Period 7/1/91 to 6/30/96:							
Average Monthly Benefit	\$202.94	\$583.72	\$1,007.77	\$1,284.70	\$1,870.23	\$2,419.20	\$2,918.91
Number of Current Retirees	53	40	43	58	135	187	69

Average Benefit Payments

Last Five Years

Police and Fire Consolidation Fund

Retirement Effective Dates July 1, 1991 to June 30, 1996	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/91 to 6/30/92:							
Average Monthly Benefit	\$1,086.02	\$1,392.93	\$1,350.24	\$1,345.82	\$1,852.87	\$2,104.39	\$3,035.12
Number of Current Retirees	2	3	1	4	18	13	5
Period 7/1/92 to 6/30/93:							
Average Monthly Benefit	\$1,806.94	\$1,999.74	\$1,931.76	\$1,713.24	\$1,967.80	\$2,160.38	\$2,377.83
Number of Current Retirees	1	1	4	22	92	149	132
Period 7/1/93 to 6/30/94:							
Average Monthly Benefit	\$1,914.16	\$1,299.50	\$1,743.80	\$1,731.13	\$1,932.80	\$2,160.10	\$2,498.55
Number of Current Retirees	4	2	10	38	141	139	112
Period 7/1/94 to 6/30/95:							
Average Monthly Benefit	\$0.00	\$0.00	\$1,300.08	\$1,657.46	\$1,411.98	\$2,292.57	\$3,180.58
Number of Current Retirees	0	0	1	5	11	15	20
Period 7/1/95 to 6/30/96:							
Average Monthly Benefit	\$1,563.53	\$2,230.18	\$1,180.39	\$1,167.70	\$1,711.22	\$2,247.81	\$3,135.73
Number of Current Retirees	7	1	2	3	21	24	28
Period 7/1/91 to 6/30/96:							
Average Monthly Benefit	\$1,612.88	\$1,572.53	\$1,676.45	\$1,675.66	\$1,902.41	\$2,170.13	\$2,559.92
Number of Current Retirees	14	7	18	72	283	340	297

Participating Employers

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

CITIES AND TOWNSHIPS

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

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

Statistical Section

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

FERTILE #599	IVANHOE #403	MAZEPPA- ZUMBROTA #2805	OWATONNA #761	SAUK RAPIDS #47	WABASHA- KELLOGG #811
FINLAYSON #570	JACKSON #324	MC GREGOR #4	PARK RAPIDS #309	SEBEKA #820	WABASSO #640
FISHER #600	JANESVILLE- PEMBERTON- WALDORF #2835	MEDFORD #763	PARKERS PRAIRIE #547	SHAKOPEE #720	WACONIA #110
FLOODWOOD #698	JASPER #582	MELROSE #740	PAYNESVILLE #741	SHERBURN-TRIMONT- WELCOME #2372	WADENA #819
FOLEY #51	JEFFERS- STORDEN #178	MENAHGA #821	PELICAN RAPIDS #548	SIBLEY COUNTY- RIVER BEND #6049	WADENA TECH. INSTITUTE
FOREST LAKE #831	JORDAN #717	MENTOR #604	PEQUOT LAKES #186	SILVER LAKE #425	WALKER- HACKENSACK- AKELEY #113
FOSSTON #601	KARLSTAD- STRANDQUIST #2358	MIDDLE RIVER #440	PERHAM #549	SIOUX VALLEY #328	WALNUT GROVE #641
FRANKLIN #650	KASSON- MANTORVILLE #204	MID-STATE #6979	PIERZ #484	SLAYTON #504	WANAMINGO #258
FRAZEE #23	KELLIHER #36	MILACA #912	PILLAGER #116	SLEEPY EYE #84	WARREN #446
FREEBORN #244	KENNEDY #354	MILROY #635	PINE CITY #578	SOUTHLAND #500	WARROAD #690
FRIDLEY #14	KENSINGTON #209	MINNEAPOLIS #1	PINE CITY TECH. COLLEGE #579	SO. ST. PAUL #6	WASECA #829
FULDA #505	KENYON #254	MINNEOTA #414	PINE ISLAND #255	SO. WASHINGTON COUNTY #833	WATERTOWN- MAYER #111
GARY #523	KERKHOVEN- MURDOCK- SUNBURG #775	MINNESOTA LAKE #223	PINE RIVER- BACKUS #117	SOUTHWESTERN TECH. COLLEGE #900	WATERVILLE- ELYSIAN #395
GAYLORD #732	KIESTER #222	MINNETONKA #276	PIPESTONE #583	SPRING GROVE #297	WAYZATA #284
GILBERT #699	KIMBALL #739	MONTEVIDEO #129	PLAINVIEW #810	SPRING LK. PARK #16	WELLS-EASTON #224
GLENCOE #422	KOOCHICHING COUNTY #363	MONTGOMERY- LONSDALE #394	PLUMMER #628	SPRING VALLEY #237	WESTBROOK #175
GLENVILLE #245	LA CRESCENT #300	MONTICELLO #882	PRESTON- FOUNTAIN #233	SPRINGFIELD #85	WEST CENTRAL #263
GLYNDON- FELTON #145	LAKE BENTON #404	MOORHEAD #152	PRINCETON #477	STAPLES #793	WESTONKA #277
GONVICK-TRAIL #158	LAKE CITY #813	MOOSE LAKE #97	PRIOR LAKE #719	STEPHEN #443	WEST ST. PAUL #197
GOODHUE #253	LAKE CRYSTAL #2071	MORA #332	PROCTOR #704	STEWART #426	WHEATON #803
GOODHUE CO. #6051	LAKE PARK #24	MORGAN #636	RANDOLPH #195	STEWARTVILLE #534	WHITE BEAR LAKE #624
GOODRIDGE #561	LAKE SUPERIOR #381	MORRIS #769	RAYMOND #346	STILLWATER #834	WHITE EARTH- OGEMA-WAUBUN #435
GRAND MEADOW #495	LAKE WILSON- CHANDLER #918	MORRISTOWN #657	RED LAKE #38	SWANVILLE #486	WILLMAR #347
GRAND RAPIDS #318	LAKE OF THE WOODS #390	MORTON #652	RED LAKE FALLS #630	TAYLORS FALLS #140	WILLMAR-HUTCHINSON TECH. COLLEGE
GRANITE FALLS #894	LAKEFIELD #325	MOTLEY #483	RED WING #256	THIEF RIVER FALLS #564	WILLOW RIVER #577
GREENBUSH #678	LAKEVILLE #194	MOUNDS VIEW #621	REDWOOD FALLS #637	THIEF RIVER FALLS NORTHWEST TECH. COLLEGE	WINDOM #177
GREY EAGLE #791	LAMBERTON #633	MOUNTAIN IRON- BUHL #712	REMER #118	TOWER-SOUDAN #708	WIN-E-MAC #2609
GROVE CITY #464	LANCASTER #356	MOUNTAIN LAKE #173	RENVILLE #654	TRACY #417	WINNEBAGO #225
GRYGLA #447	LANESBORO #229	NASHWAUK- KEEWATIN #319	RICHFIELD #280	TWIN VALLEY #526	WINONA #861
HALLOCK- HUMBOLDT #2359	LAPORTE #306	NETT LAKE #707	ROBBINSDALE #281	TYLER #409	WINONA-RED WING TECH. COLLEGE
HALSTAD- HENDRUM #2527	LE CENTER #392	NEVIS #308	ROCHESTER #535	ULEN-HITTERDAL #914	WINSTED #427
HANCOCK #768	LERROY- OSTRANDER #499	NEW LONDON- SPICER #345	LUVERNE #670	UPSALA #487	WOOD LAKE #896
HARMONY #228	LE SUEUR- ENDERSON #2397	NEW PRAGUE #721	ROCKFORD #883	VALLEY & LAKES EDUCATION #6001	WORTHINGTON #518
HASTINGS #200	LESTER PRAIRIE #424	MN. RIVER VALLEY #993	ROSEAU #682	VERDI #408	WRENSHALL #100
HAWLEY #150	LEWISTON #857	NEW RICHLAND- HARTLAND #827	ROSEMOUNT #196	VERNDALE #818	WYKOFF #236
HAYFIELD #203	LINSTROM- CHISAGO LAKES #141	NEW ULM #88	ROSEVILLE #623	VIRGINIA #706	
HECTOR #651	LITTLE FALLS #482	NEW YORK MILLS #553	ROTHSAY #850		
HENDRICKS #402	LITTLEFORK- BIG FALLS #362	MARSHALL CO. CENTRAL #441	ROUND LAKE #516		
HENNEPIN CO. #287	LONG PRAIRIE #792	NICOLLET #507	ROYALTON #485		
HENNING #545	LYLE #497	NORTH BRANCH #138	RUSH CITY #139		
HERMAN #264	LYND #415	NORTH CENTRAL TECH. COLLEGE	RUSHFORD- PETERSON #239		
HERMANTOWN #700	MABEL-CANTON #238	NORTHEAST METRO INTERM #916	RUSSELL #418		
HERON LAKE- OKABENA #330	MADISON JOINT POWERS #6011	NORTHFIELD #659	RUTHTON #584		
HIAWATHA VALLEY #61-6013	MAGNOLIA #669	NO. ST. PAUL- MAPLEWOOD- OAKDALE #622	SACRED HEART #655		
HIBBING #701	MAHNOMEN #432	NORWOOD-YOUNG AMERICA #108	ST. ANTHONY #282		
HILL CITY #2	MAHTOMEDI #832	OGILVIE #333	ST. CHARLES #858		
HILLS- BEAVER CREEK #671	MANKATO #77	OKLEE #627	ST. CLAIR #75		
HINCKLEY #573	MAPLE LAKE #881	ONAMIA #480	ST. CLOUD #742		
HOFFMAN #265	MAPLETON #72	ORONO #278	ST. FRANCIS #15		
HOLDINGFORD #738	MARSHALL #413	ORTONVILLE #62	ST. JAMES #840		
HOPKINS #270	MAYNARD #127	OSAKIS #213	ST. LOUIS CO. #710		
HUSTON #294		OSLO #442	ST. LOUIS PARK #283		
HOWARD LAKE- WAVERLY #880		OSSEO #279	ST. MICHAEL- ALBERTVILLE #885		
HUTCHINSON #423			ST. PAUL #625		
INTERNATIONAL FALLS #361			ST. PETER #508		
INVER GROVE HEIGHTS #199			SANBORN #638		
ISLE #473			SANDSTONE- ASKOV #2580		
			SARTELL #748		
			SAUK CENTRE #743		

MISCELLANEOUS

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

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

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

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

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

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

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



Notes



Notes
