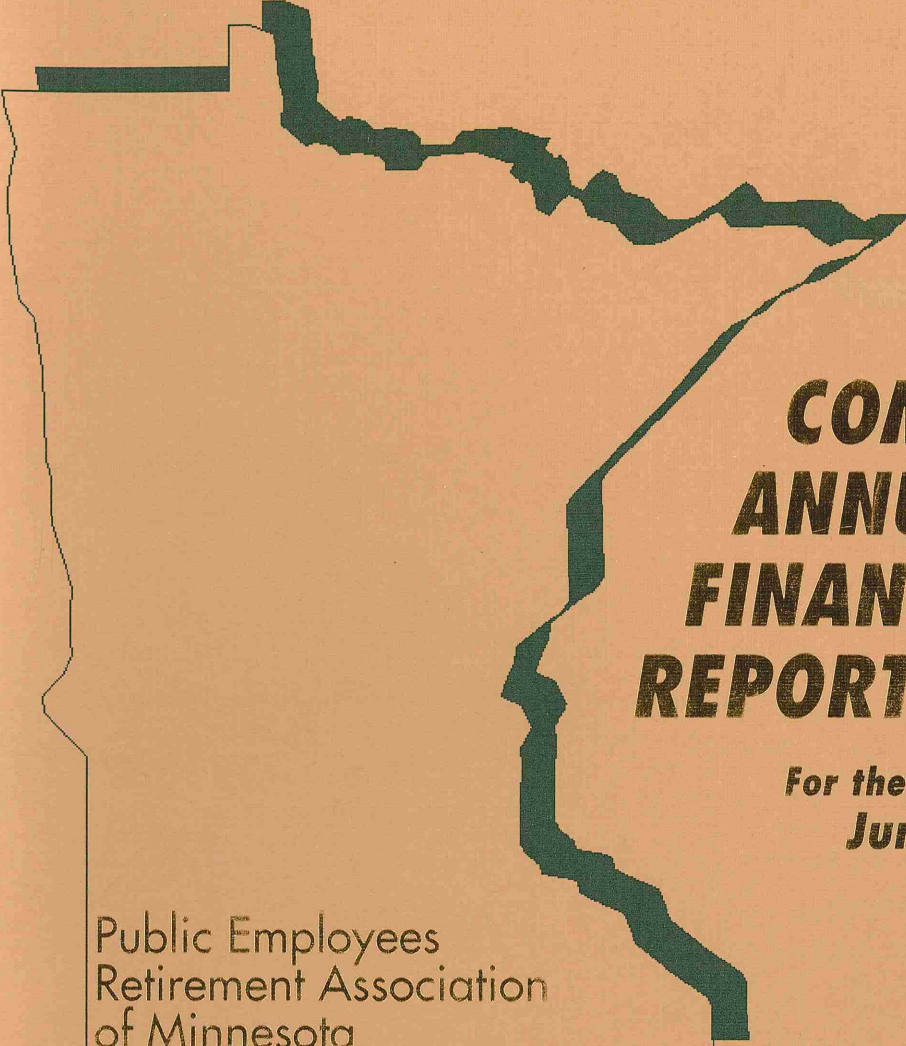




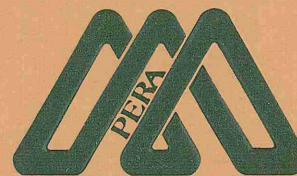
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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*For the Fiscal Year Ended  
June 30, 1999*

Public Employees  
Retirement Association  
of Minnesota



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Pension Trust Funds of the State of Minnesota

Minn. Stat. 356.20

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**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

*For the Fiscal Year Ended  
June 30, 1999*

**Public  
Employees  
Retirement  
Association  
of Minnesota**

**68**  
*Years of  
Service  
to  
Minnesota's  
Public  
Employees*

**Pension Trust Funds of the State of Minnesota**

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**Mary Most Vanek**

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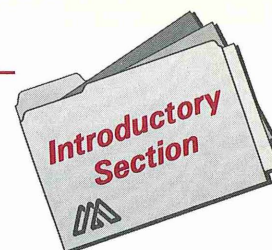
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# Achievement Awards

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## 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, 1998

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.



  
President  
  
Executive Director

## GFOA

The Government Finance Officers Association (GFOA) recognizes public retirement systems that meet its rigorous standards for financial reporting with its annual Certificate of Achievement for Excellence in Financial Reporting. It is the highest form of recognition for accounting and financial reporting in the public pension sector. This is the 14th time in the last 15 years PERA has been so honored.

---



## President's Report

Public Employees Retirement Association of Minnesota  
514 St. Peter Street, Suite 200  
St. Paul, Minnesota 55102  
(OFFICE) 651 296-7460  
(TOLL FREE) 1 800 652-9026  
(FAX) 651 297-2547



December 10, 1999

Dear Members, Annuitants, Beneficiaries and Governmental Employers:

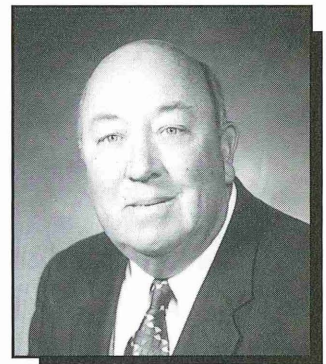
This 68th annual financial report of the Public Employees Retirement Association (PERA) discloses financial, actuarial, and other related information about PERA and the funds it administers. On June 30, 1999, PERA's net assets available for benefits at fair value exceeded \$14 billion. This reflects a \$1.3 billion, or 9.8 percent, increase over net assets available for benefits at the beginning of the fiscal year.

Fiscal Year 1999 continued to be another outstanding year at PERA. The continued bull market dramatically enhanced investment performance. The total rate of return for the assets of the active employees covered by PERA was 11.3 percent for the 12 months ended June 30, 1999. For the past five years, these investments outperformed the 17.7 percent composite market return benchmark, with a favorable annualized return of 17.9 percent. This rate of return is well above the fund's actuarial assumed rate of return of 8.5 percent per year. During this 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.

As the active employees of PERA retire, assets required to cover expected benefits are transferred to the Minnesota Post Retirement Investment Fund (MPRIF). PERA has a pooled interest in the fund with other Minnesota statewide pension systems. The market value of this pool of assets increased to \$19 billion at fiscal year end. PERA's share of that pool increased to \$7.4 billion. 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 6 percent. Since July 1, 1994, the MPRIF has outperformed the composite market return benchmark by five-tenths (0.5) of one percentage point, with an annualized return of 17.2 percent.

PERA kept extremely busy this year preparing for the future. Having already spent two years developing a service center along with the hardware and software needed to support faster and better service to our members, we turned much of our attention in FY98 and FY99 to our employers and the way we collect contributions and information from them. We worked closely with those employers to develop a new way of collecting and managing that information that will be more efficient for all of us. The new systems we develop will ensure Year 2000 compatibility, provide more flexibility in the way information is provided to us, and allow us to take advantage of technological advances.

New legislation in 1999 created a local government correctional service retirement plan for PERA members who spend at least 95 percent of their work time in direct contact with persons confined in a county-administered jail or multi-county correctional facility. The new law provides enhanced benefits for that group of members, funded with increased contribution rates for both members and their employers.



Gary R. Norstrom  
Board President

1999 legislation lowered contribution rates for Police and Fire Fund members and allowed the 44 consolidated funds to fully merge with the Police and Fire Fund effective July 1, 1999. All 44 funds have elected to merge. Cities with funds that are underfunded will lock in their liability and amortize that liability over 10 years.

Legislation was also passed allowing PERA and the other two statewide retirement systems to build or purchase a facility for co-location in the fall of 2001. We believe that in the long run it is financially advantageous to own a facility rather than to rent space, and will soon be purchasing land and beginning construction of a new facility to house all three retirement systems.

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

Sincerely,

Gary R. Norstrom  
President  
PERA Board of Trustees

GN/jp

# Letter of Transmittal

Public Employees Retirement Association of Minnesota  
514 St. Peter Street, Suite 200  
St. Paul, Minnesota 55102  
(OFFICE) 651 296-7460  
(TOLL FREE) 1 800 652-9026  
(FAX) 651 297-2547



Mary Most Vanek  
Executive Director

December 9, 1999

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, 1999—our 68th year of operation. The information contained in this report is accurate in all material respects and is intended to present fairly the financial status and results of operations of the association. The report consists of five sections:

**Introductory Section** contains this letter of transmittal, the president's report, a summary of the membership requirements and the benefit structures of PERA's funds, 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;

**Investment Section** contains a summary of investment returns, asset allocation, list of largest assets, asset cost and market values;

**Actuarial Section** includes the independent actuary's certification letter, summaries of the actuarial assumptions and methods used in the annual valuation, results of the June 30, 1999 actuarial valuation, and other actuarial information; and

**Statistical Section** contains tables and schedules 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 pension trust fund of the State of Minnesota. The State acts as a trustee of the pension plan, and reports our assets in the State's annual report as pension trust fund assets.

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, 1999, PERA's membership included 149,285 current, active employees and 50,518 retirees and beneficiaries.



# Letter of Transmittal

## (Continued)

### Accounting Systems and Reports

All financial statements are prepared in conformity with Statement 25 provisions 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), Police and Fire Consolidation Fund (PFCF), and Public Employees Defined Contribution Plan (PEDCP) are reported on the 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 1999.

### 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, 1999 totaled \$1,944,268,000. This represents a 28.3 percent decrease from FY98 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 PERA's defined benefit plans remain unchanged from the prior year, though rates were increased 1/1/98 for the PERF, halfway through FY98.

Net investment income of the PERA funds accounted for the largest share—approximately 78 percent—of total revenue. Net investment income grew by \$1.5 billion, a healthy rise but not as large as last year's \$2.3 billion increase.

The decrease in "Other Income" was due to initial assets being turned over to the PFCF by two local relief associations who consolidated with PERA during fiscal year 1998.

Revenue Source (in thousands)	FY 1999	FY 1998	Percent Inc./(Dec.)
Member Contributions	\$ 193,579	\$ 173,362	11.7%
Employer Contributions	232,077	208,326	11.4
Net Investment Income	1,513,820	2,305,833	(34.3)
Other Income	4,792	25,797	(81.4)
<b>Totals</b>	<b>\$1,944,268</b>	<b>\$2,713,318</b>	<b>(28.3)%</b>

### 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 \$639,082,000, an increase of 14.4 percent over such expenses in FY98, as shown below.

Expense Type (in thousands)	FY 1999	FY 1998	Percent Inc./(Dec.)
Benefits	\$607,053	\$529,885	14.6%
Refunds	19,288	18,920	1.9
Administrative	10,713	7,879	36.0
Other	2,028	1,835	10.5
<b>Totals</b>	<b>\$639,082</b>	<b>\$558,519</b>	<b>14.4%</b>

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). Because PERA is in the midst of upgrading its technological infrastructure to be more efficient and Year 2000 compliant, and increasing the services provided to members, administrative expenses increased 36 percent. PERA is still able, however, to administer the defined benefit plans for approximately 1/10 of 1 percent of assets.

### 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 Jesse Ventura; State Auditor Judith H. Dutcher; State Treasurer Carol C. Johnson; Secretary of State Mary Kiffmeyer; and State Attorney General Mike Hatch.

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

The IAC has formed 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 Minnesota's state-wide retirement funds into the Basic Retirement Fund. 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, 1999, the Basic Retirement Funds produced a total rate of return on active member assets of 11.3 percent.

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, 1999 was 17.9 percent, above its target of 17.7 percent.

**Market Value of Investments, June 30, 1999**  
(in thousands)

<b>Fund</b>	<b>Active Members</b>	<b>Retired Members</b>
PERF	\$4,528,717	\$5,624,137
PEPFF	2,119,844	927,991
PFCF	492,038	870,183
<b>Totals</b>	<b>\$7,140,599</b>	<b>\$7,422,311</b>

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 Fund 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 to reflect the goals associated with the new post-retirement benefit increase formula. In order to maximize long-term rates of return in the equity markets, the SBI gradually allocated 50 percent of the assets to domestic stocks, and added allocations to international stocks and alternative assets. As of June 30, 1999, over 65 percent of the assets were invested in domestic and international stocks. The SBI's asset allocation strategy has been quite successful during this bull market run.

In contrast to the investment goals of the Basic Fund, invested for current working members, the MPRIF's goal is to ensure returns are adequate to meet the actuarially assumed return of

6 percent on its invested assets on an annualized basis and are sufficient to finance lifetime benefit increases.

The SBI measures performance of the MPRIF against a composite of market indices that is weighted to reflect its long-term asset allocation policy. The MPRIF is expected to exceed the composite index over a five-year period. Similar to the Basic Fund, MPRIF performance is reported net of all fees and costs to assure the SBI's focus is on true net return. For the five-year period since July 1, 1994, the MPRIF outperformed its composite index by five-tenths of one percent with an annualized return of 17.2 percent.

For the sixth year of experience with the new formula, we are pleased to announce the MPRIF will provide a benefit increase of 11.1436 percent for fiscal year 1999, payable January 1, 2000. This increase is comprised of two components:

- **Inflation adjustment of 1.9%.** This equals 100 percent of the reported Consumer Price Index for wage earners (CPI-W) for the 12 months ended June 30, 1999. This inflation component is always granted, regardless of investment performance. The formula sets a maximum, or cap, of 2.5 percent in order to maintain the actuarial soundness of the plan. This amount is the difference between the 8.5 percent return assumption for the Basic Funds and the 6 percent return assumption for the MPRIF.
- **Investment adjustment of 9.2436%.** This represents a portion of the investment gains that exceed the amount needed to finance the actuarial assumed rate of return (6%) and the inflation component (1.9%). 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

The economy continued to perform exceptionally well in FY99. Interest rates were at their lowest levels in years during the first half of the year, and consumers took advantage of those rates by purchasing large numbers of big-ticket items like cars and homes. As the economy heated up, corporate earnings rose 6 percent, the unemployment rate dropped to 4.3 percent, inventories were depleted, and the trade deficit widened. The Federal Reserve was forced to raise the fed fund's rate to 5.0 percent at the end of the year in an attempt to thwart inflation and keep the economy in check.

Low interest rates, low inflation, low unemployment and increased consumer spending proved to be positive for the equity markets once again. The Basic Retirement Fund and the MPRIF had annualized rates of return of 11.3 percent and 12.1 percent, respectively, well above our 8.5 percent assumed rate of return.



## Letter of Transmittal

### (Continued)

In Minnesota, the urban economy remained strong. The number of employees on non-farm payrolls increased by over 47,000 during the fiscal year. Seasonally adjusted unemployment was at 2.6 percent, the lowest unemployment rate in the nation during 1998. Minnesota had the second highest labor force participation rate in the country (74.5 percent), the second highest rate of women participating in the labor force (67.9 percent), and led the nation in percentage of multiple job holders. Minnesota continued to rate high in income categories: median family income of \$60,577 is seventh in the nation; per capita personal income of \$27,510 is eleventh in the nation; and average annual wage of \$30,264 ranks twelfth in the nation.

A basic concept in labor economics called "full employment" is the condition where every individual who is interested and looking for a job in a specific labor market is able to find one. It was traditionally believed that full employment occurred when the unemployment rate hit 4.5 percent. The definition of what constitutes full employment is changing, however, as Minnesota registered the 20th consecutive month of unemployment below 3.0 percent, with few signs of inflation.

One of the biggest challenges our state will face in the next few years will be due to the tight labor market. For an economy to grow and output to increase, there must be either more workers or an increase in output per worker. Minnesota's labor force will grow more slowly in the next 20 years than it has in the past due to the availability of good jobs in the sunshine states and a baby boom generation on the brink of retirement. Economic growth, then, will increasingly depend on the quality of the labor force and improvements in worker productivity. Workers will be more likely to be employed in jobs which make full use of their skills. We will see increased emphasis on training at all levels in order to develop skills in our current work force.

Despite the tight labor market, the economic outlook as we move into the 21st century is good. Inflation remains in check due to committed central banks, privatization, technology advances, global competition and restructuring. Consumer confidence remains strong. Though interest rates have risen, they are still at relatively low levels and are expected to remain there during the next year. Foreign economies are emerging from recessions. Domestic and foreign equity markets should do well, though probably not achieving the kind of growth we have seen the past several years. 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 Fund earns the assumed 8.5 percent annual rate of return, PERA's funding status should improve.

### 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 PERF and PEPFF be fully funded by the year 2020. Minnesota Statutes, Section 353A.09, subd. 5(2)(b)(1), requires full funding for the PFCF 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 the Schedule of Funding Progress on page 28. This report shows the funding levels using the entry age normal actuarial cost method. At the end of FY99, the ratio of assets to liabilities of the PERF was 89.9 percent. For the PEPFF and the PFCF, the ratios were 134.2 percent and 106.0 percent, respectively.

### Association's Status Report

The association staff activities of the past fiscal year have been focused on **"Meeting the Challenge of a New Century."** The Board of Trustees has been undeterred in its efforts to ensure that our information systems are ready to continue to provide the highest quality service to the members and beneficiaries of the plans administered under their governance. We are proud to say that the dedication of key personnel and the excellent work of our consultants and contractors have given us confidence in our ability to meet the challenges of the next millennium. We know that 2000 will lead us into a world in which daily we'll find ourselves **"facing new challenges"** for which we will need to be **"finding new answers."**

The day-to-day accomplishments of meeting the needs of our members are always first and foremost. At the same time, we know that we must move forward on major initiatives to stay abreast of the ever-changing technology developments. Throughout Fiscal Year 1999, the association saw the ideas formulated in the previous year transformed into actual systems ready to be implemented. The various initiatives on which a great deal of time and energy were spent this past fiscal year include, but are not limited to:

- The re-engineered systems and processes for collecting and managing the personal data and contributions of our participating members and employers, known as CAMI (Collect and Manage Information Systems), were made ready for implementation in July 1999.



- Development of the organizational structure and a plan to transition staff and hire new employees to process member information and contributions were finalized and made ready for implementation in July 1999.
- The details were ironed out for introducing document imaging and workflow into the working environment of the association so PERA can readily use this ever-evolving technology as efficiently and cost-effectively as possible.
- The Pension Information Response System (PIRS) was redesigned so that it is easier for staff to calculate benefits and generate letters to the tens of thousands of members who each year ask for detailed information about their accounts.

The 1999 Legislative Session was another busy time for the association. A number of proposals were introduced, and while not all were successful in moving through the session, those that were brought about some significant change to certain segments of the PERA membership. Some of the most significant legislative proposals worked on during FY 1999 were:

- Merging the 44 local consolidated police and fire accounts into the PERA Police and Fire Fund passed and will be implemented effective July 1, 1999. The details of the merger were carefully considered to ensure that the best interest of the PERA Police and Fire membership and the merging consolidated account members were aligned well with the interests of the contributing employers.
- The association along with the Minnesota State Retirement System and the Teachers Retirement Association were authorized to go forward with constructing a building to be owned jointly by the three retirement systems.
- Three public hospitals and another governmental entity, all of whom moved to a non-public status, were granted special benefit provisions for their employees who are no longer eligible to participate in the association. The staff spent many hours preparing to counsel these individuals and ensure that the affected members fully understood their options.
- A bill was introduced to change the threshold for determining when a public employee is eligible to participate in PERA. Staff worked closely with participating employers to come up with the recommendation, but the bill did not advance in the legislative process. It was decided that the policy recommendation of the bill would be discussed over the legislative interim and brought back for the consideration during the 2000 session.

## New Services Added

Even though personnel resources have been stretched very thin, the staff members responsible for the association's educational programs were able to put together a couple of new programs for the membership.

- The first "Police and Fire Members Only" workshops were held in FY 1999 and were very well received by those who attended. The benefits and issues of these members are significantly different than those of PERA Basic and Coordinated

Plan members. It has long been a goal to provide special retirement planning programs for the unique segments of the membership. We are pleased with the positive response received from the Police and Fire membership.

- A new program for younger members, *Dollars and Sense*, was introduced and booked to capacity within two days after the initial schedule was mailed to the membership. We look forward to offering more programs in the future to meet the demands for this great new service.
- The PERA web site was re-designed so that it allows faster response to members looking for information about their retirement plans. The web site has been well received, averaging over 5,300 hits each month. Enhancements to the site are being added periodically, and we should soon be able to accommodate members' requests for direct access to their own records through the Internet.

We are continually working to improve the lives of our members while at the same time ensuring the financial integrity of the funds. We know we face some real challenges in the coming year, but are confident that, as always, the Board of Trustees will guide the staff to a solution that represents what is in the best interest of our members and participating employers.

The association is blessed with a talented, dedicated group of people who hold the best interests of the members close to their hearts. It is only because of that attitude that we can say with confidence that when faced with new challenges, we will continually strive to find new answers—answers that result in the best possible solutions to enable us:

*"To create opportunities for members to achieve a successful and secure retirement by providing benefits and services of the highest quality that members will value and trust."*

## Professional Services

The FY98 actuarial valuation of the PERA defined benefit plans was conducted by Milliman & Robertson, Inc., and completed in November 1998. Actuarial consulting services during the fiscal year were provided by William M. Mercer. In addition to providing a thorough review of Milliman & Robertson's FY98 actuarial valuation, Mercer also developed cost estimates for a variety of legislative proposals.

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. KPMG Peat Marwick assisted in the development of a system that will assist us in collecting and managing information. They also helped us become Year 2000 compliant. IMERGE assisted in the development of an imaging and workflow plan that will be implemented in FY00. 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.



## Letter of Transmittal

(Continued)

### 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.

### National Recognition

Finally, PERA is justly proud of the abilities, knowledge, drive and dedication of its employees. PERA recently received national recognition as a leader in pension fund administration and disclosure of financial information. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PERA for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1998. PERA has received this honor for 14 of the last 15 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 a CAFR that is easily read, efficiently organized, and 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.

### Acknowledgments

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

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

Respectfully submitted,

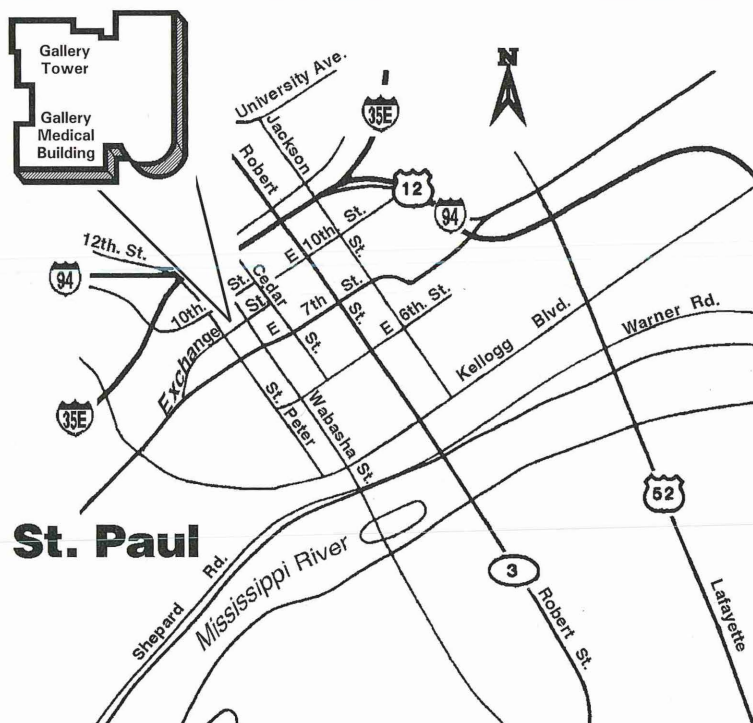
*Mary Most Vanek*      *David DeJonge*

**Mary Most Vanek**  
Executive Director

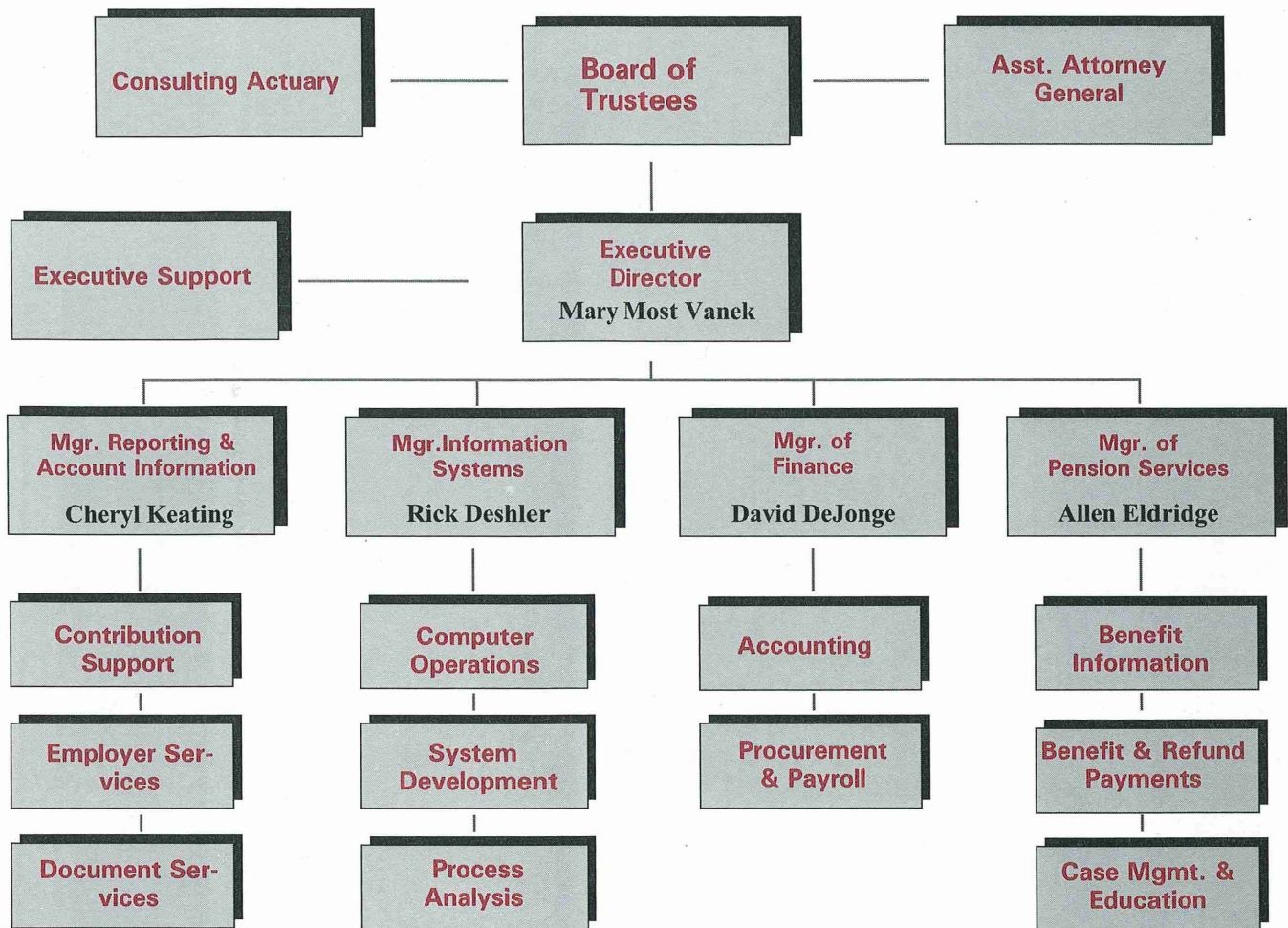
**David DeJonge**  
Manager of Finance

### PERA Office

PERA's office in St. Paul is located in the Gallery Tower Building. 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;

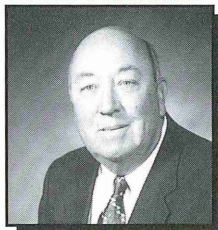
*Display relentless efforts* to protect the fund and provide the best public pension packages; and

*Deliver exceptional services* any time, any place!



## Board of Trustees

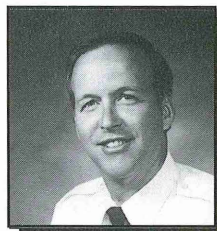
### Board President



**Gary R. Norstrom**

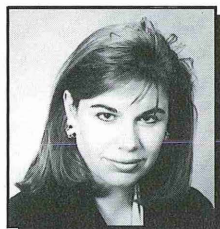
Elected Retiree/Disabiltant Membership Representative  
2080 Western Ave. N.  
Roseville, Minnesota 55113

### Board Vice President



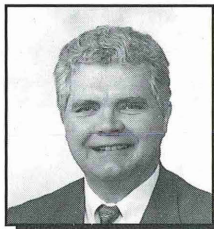
**Michael G. Schwab**

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



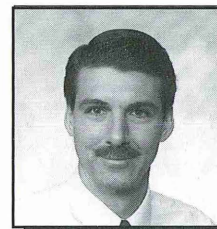
**Judith H. Dutcher**

State Auditor  
525 Park Street, Suite 400  
Saint Paul, Minnesota 55103



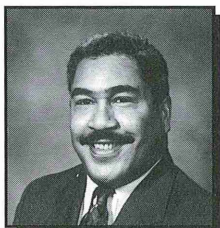
**Ross E. Arneson**

Elected Membership Representative  
410 S. 5th St.  
PO Box 3129  
Mankato, Minnesota 56002



**Dennis Dieser**

School Board Representative  
Albert Lea Family Y  
2021 W. Main St.  
Albert Lea, Minnesota 56007



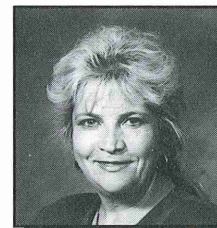
**Walter C. Gray**

Public Representative  
5755 W. Broadway Ave, #206  
Crystal, Minnesota 55428



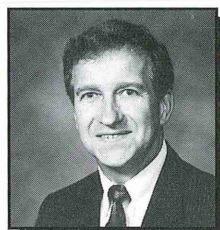
**Terri Heaton**

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



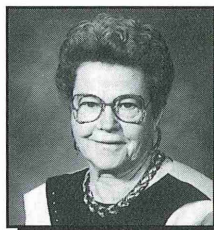
**Dawn M. Hulmer**

Elected Membership Representative  
City of Duluth, Treasurer's Office  
Duluth City Hall, Room 105  
Duluth, Minnesota 55802



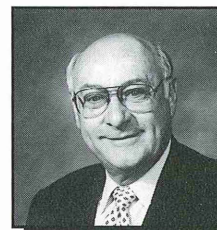
**Robert D. McCubbin**

Elected Membership Representative  
City of Duluth  
Duluth City Hall, Room 211  
Duluth, Minnesota 55802



**Lois E. Riecken**

Annuitant Representative  
8794 100th Avenue  
Clear Lake, Minnesota 55319



**Richard H. Stafford**

Counties Representative  
2421 Wimbledon Bay  
Woodbury, Minnesota 55125

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# Summary of Retirement System Plan

## Public Employees Retirement Association of Minnesota

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### 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 pensions, and survivor and disability benefits. In the case of Coordinated members, these pensions 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 Police and Fire Fund members, and one trustee represents annuitants and benefit recipients. All five membership representatives were elected in January 1999.

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. In the case of Basic members, it also depends upon when the individual was hired into public service. PERA has approximately 150,000 active members.

### Funds

PERA administers four separate funds. Each has specific membership, contribution, benefit, and pension 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 encompasses all Minnesota police officers and firefighters hired since 1980.

The **Police and Fire Consolidation Fund** was created in 1987 for members of

### Note:

\* Effective July 1, 1999, the Minnesota Legislature established a new fund for the state's local correctional officers. At the same time, the Police and Fire Consolidation Fund was merged with the Police and Fire Fund. These changes will be reflected in the Year 2000 CAFR.

\*\* 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:

\* Under legislation enacted in May 1999, the contribution rates for the Police and Fire Fund were reduced to 6.2 percent for members and 7.6 percent for employers, effective the first full pay period in July, 1999.

\*\* 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.

local police and fire relief associations that have elected to have PERA administer their plans. While administrative duties of these local associations have been transferred to PERA, 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 has been expanded to include physicians and locally-elected public officials, except for county sheriffs.

### Contributions

The table below shows contribution rates for employees and employers under the various plans administered by PERA as of June 30, 1999. Rates are applied to total salary and are set by statute.

Fund	Employee Contribution	Employer Contribution
<b>Public Employees Retirement Fund</b>		
Coordinated	4.75%	5.18%
Basic	8.75%	11.43%
<b>Public Employees Police and Fire Fund*</b>	7.60%	11.40%
<b>Police and Fire Consolidation Fund</b>	7.60%	11.40%
<b>Defined Contribution Plan</b>	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 1.2 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 1.7 percent of that average salary for each successive year. Basic members receive 2.2 percent of their average salary for each of their first 10 years of service and 2.7 percent for each year thereafter.

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

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

A reduced retirement annuity is payable as early as age 55 with three or more years of service. The reduction is .25 percent for each month under age 65. A member with 30 or more years of service may retire at any age with the .25 percent reduction made from age 62 rather than 65.

**Method 2:** Coordinated members earn 1.7 percent of their average salary for every year of public service while Basic members earn 2.7 percent of their average salary for each year.

This calculation provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989, and at the age for unreduced Social Security benefits, capped at age 66, for those first hired into public service on or after that date.

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

##### Police and Fire Members

Members receive 3 percent of average salary for each of their years of service.

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

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



A reduced retirement annuity is available to members between the ages of 50 and 55. There is a 2.4 percent reduction in benefits for each year a member retires prior to qualifying for an unreduced retirement benefit.\*

### Police and Fire Consolidation Members

Members of the Police and Fire Consolidation Fund are covered by the benefit provisions and 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 a pension or disability benefit.

### Defined Contribution Plan Members

The Defined Contribution Plan's benefit amount is determined by the performance of the funds in which contributions are invested. The entire market value of the member's account is payable upon termination of public service, disability, retirement, or death.

## Types of Pensions Available

Members of the PERA 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 benefits.

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

**Survivor Options** — Upon retirement, members may choose from one of four Survivor Options. All these pensions are payable for the lifetime of the retiree. At the time of the retiree's death, the designated survivor continues to receive monthly benefit payments at varying levels for his or

her lifetime. Depending on the Survivor Option chosen by the member, survivor payments are at a 25, 50, 75 or 100 percent level of that received by the member.†

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

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

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

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

**Maximum Benefit** — Initial monthly benefits, adjusted for pre-taxed contributions, may not exceed the average of a member's three highest-paid consecutive calendar years of service.

This limit affects only a small number of PERA members.

## Note:

\* The percentage reduction for early retirement for Police and Fire Fund members was reduced to 1.2 percent per year, effective July 1, 1999.

\*\* While the Police and Fire benefit accrual rate is 3 percent per year, the accrual rate for Consolidation members is 2.9 percent. The additional .1 percent is at the option of cities with local police and fire relief associations. Once the Consolidation Fund is merged with the Police and Fire Fund on July 1, 1999, all active members will have a 3 percent benefit accrual rate.

† Selection of a Survivor Option will result in a reduction in the amount of the pension from the Single-life pension level. This reduction is made because the benefit will be payable over the lifetimes of both the member and the designated survivor. The amount of the reduction depends on the age of both the retiring member and the survivor.

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



# Summary

## (Continued)

### 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 45 percent of that salary. For Police and Fire members disabled in the line of duty, the minimum benefit is 60 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 (death) benefits for families of members who qualify for such coverage. The qualifications and types of benefits vary with each fund.

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

For survivors of Basic and Coordinated members, there are alternative term-certain benefits of 5, 10, 15, or 20 years duration. The monthly payment, however, may not exceed 75 percent of the member's average high five-year salary.

Survivor benefits 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.

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

Instead of a monthly benefit, the surviving spouse, if a designated beneficiary, may elect a refund of any remaining employee contributions in the account, plus 6 percent interest compounded annually. 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 pension. 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 survivor, if any, die before all employee contributions are paid in the form of a pension or benefits, the remaining balance would be paid in the same manner outlined for beneficiaries.

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

### Note:

\* Minimum disability benefits for Police and Fire Plan members increased from 53 percent of salary for disability in the line of duty, and 39.75 percent for non-duty related disability July 1, 1997.

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



# Legislative Auditor's Report



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

## Independent Auditor's Report

Board of Trustees  
And  
Executive Director  
Public Employees Retirement Association:

We have audited the accompanying basic financial statements of the Public Employees Retirement Association (PERA) for the year ended June 30, 1999, as listed in the Table of Contents. These financial statements are the responsibility of PERA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PERA at June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The required supplementary information on pages 28 to 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. We did not audit this information and do not express an opinion on it. The supplementary information is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted mainly of inquiries of management regarding the methods of measurement and presentation for the Schedule of Funding Progress, Schedule of Employer Contributions, and Notes to Required Supplementary Information.

We were unable to apply to the Year 2000 required supplementary information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matter to be disclosed have not been established. In addition, we do not provide assurance that the PERA is or will become Year 2000 compliant,

that its remediation efforts will be successful in whole or in part, or that parties with which PERA does business are or will become Year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information on pages 31 to 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have issued a report dated December 1, 1999, on our consideration of PERA's internal control structure and compliance with laws and regulations.

A handwritten signature in black ink, appearing to read "James R. Nobles".

James R. Nobles  
Legislative Auditor

A handwritten signature in black ink, appearing to read "Claudia J. Gudvangen".

Claudia J. Gudvangen, CPA  
Deputy Legislative Auditor

Centennial Building, 658 Cedar Street, Saint Paul, Minnesota 55155 • Tel: 651/296-4708 • Fax: 651/296/4712  
E-mail: auditor@state.mn.us • TDD Relay: 651/297/5353 • Website: www.auditor.leg.state.mn.us

December 1, 1999



# Statement of Plan Net Assets

As of June 30, 1999 (in thousands)

	Defined Benefit Funds			Public Employees Defined Contribution Plan	Total
	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund		
<b>Assets</b>					
Cash	\$ 860	\$ 174	\$ 6	\$ 3	\$ 1,043
Receivables					
Accounts Receivable	\$ 72,517	\$ 110	\$ 3,714		\$ 76,341
Due from Other Funds	1,028	36	1		1,065
Other Assets	189	81	126		396
<b>Total Receivables</b>	<b>\$ 73,734</b>	<b>\$ 227</b>	<b>\$ 3,841</b>		<b>\$ 77,802</b>
Investments at fair value					
Equity in Minnesota Post Retirement Investment Fund	\$ 5,624,137	\$ 927,991	\$ 870,183		\$ 7,422,311
External Equity Pool	1,669,972	781,098	181,460		2,632,530
Fixed Income Pool	949,122	443,973	103,312		1,496,407
Global Equity Pool	668,987	312,927	72,540		1,054,454
Passive Equity Pool	793,376	371,052	86,420		1,250,848
Venture Capital Pool	209,455	98,057	22,983		330,495
Real Estate Pool	158,519	74,229	17,397		250,145
Resources Pool	32,477	15,229	3,566		51,272
Short-Term Cash Equivalent	46,809	23,279	4,360		74,448
Investments for Defined Contrib.				\$14,608	14,608
<b>Total Investments</b>	<b>\$10,152,854</b>	<b>\$3,047,835</b>	<b>\$1,362,221</b>	<b>\$14,608</b>	<b>\$14,577,518</b>
Securities Lending Collateral	\$ 1,008,064	\$ 291,561	\$ 131,342	\$ 957	\$ 1,431,924
Fixed Assets, Net of Accumulated Depreciation	\$ 889				\$ 889
<b>Total Assets</b>	<b>\$11,236,401</b>	<b>\$3,339,797</b>	<b>\$1,497,410</b>	<b>\$15,568</b>	<b>\$16,089,176</b>
<b>Liabilities</b>					
Accounts Payable	\$ 2,336	\$ 2,714	\$ 42,544		\$ 47,594
Accrued Compensated Absences	\$ 523				\$ 523
Payable to Other Funds	\$ 27	\$ 738	\$ 233	\$ 67	\$ 1,065
Securities Lending Collateral	\$ 1,008,064	\$ 291,561	\$ 131,342	\$ 957	\$ 1,431,924
<b>Total Liabilities</b>	<b>\$ 1,010,950</b>	<b>\$ 295,013</b>	<b>\$ 174,119</b>	<b>\$ 1,024</b>	<b>\$ 1,481,106</b>
<b>Net Assets held in trust for Pension Benefits</b>	<b>\$10,225,451</b>	<b>\$3,044,784</b>	<b>\$1,323,291</b>	<b>\$14,544</b>	<b>\$14,608,070</b>

(A schedule of funding progress  
for each plan is presented on page 28.)

# Statement of Changes in Plan Net Assets

For the Fiscal Year Ended June 30, 1999 (in thousands)

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Public Employees Defined Contribution Plan	Total
<b>Additions</b>					
<b>Contributions</b>					
Employer	\$ 173,370	\$ 46,280	\$ 11,569	\$ 858	\$ 232,077
Plan member	158,475	30,897	3,429	778	193,579
<b>Total Contributions</b>	<b>\$ 331,845</b>	<b>\$ 77,177</b>	<b>\$ 14,998</b>	<b>\$ 1,636</b>	<b>\$ 425,656</b>
<b>Investments</b>					
Investment income	\$ 1,053,123	\$ 324,926	\$ 136,111	\$ 1,711	\$ 1,515,871
Less investment expense	(5,428)	(2,561)	(616)		(8,605)
<b>Net Income from investing activities</b>	<b>\$ 1,047,695</b>	<b>\$ 322,365</b>	<b>\$ 135,495</b>	<b>\$ 1,711</b>	<b>\$ 1,507,266</b>
<i>From securities lending activities:</i>					
Securities lending income	\$ 52,151	\$ 15,081	\$ 6,795	\$ 56	\$ 74,083
Securities lending expenses:					
Borrower rebates	(45,920)	(13,264)	(5,985)	(49)	(65,218)
Management fees	(1,623)	(475)	(211)	(2)	(2,311)
<b>Net income from securities lending</b>	<b>\$ 4,608</b>	<b>\$ 1,342</b>	<b>\$ 599</b>	<b>\$ 5</b>	<b>\$ 6,554</b>
<b>Total Net Investment Income</b>	<b>\$ 1,052,303</b>	<b>\$ 323,707</b>	<b>\$ 136,094</b>	<b>\$ 1,716</b>	<b>\$ 1,513,820</b>
<b>Other additions</b>	<b>\$ 2,405</b>	<b>\$ 310</b>	<b>\$ 2,077</b>		<b>\$ 4,792</b>
<b>Total Additions</b>	<b>\$ 1,386,553</b>	<b>\$ 401,194</b>	<b>\$ 153,169</b>	<b>\$ 3,352</b>	<b>\$ 1,944,268</b>
<b>Deductions</b>					
Benefits	\$ 467,601	\$ 68,672	\$ 70,780		\$ 607,053
Refunds of contributions	17,219	1,076	30	\$ 963	19,288
Administrative expenses	9,631	737	278	67	10,713
Other deductions	1,618	222	188		2,028
<b>Total Deductions</b>	<b>\$ 496,069</b>	<b>\$ 70,707</b>	<b>\$ 71,276</b>	<b>\$ 1,030</b>	<b>\$ 639,082</b>
<b>Net Increase</b>	<b>\$ 890,484</b>	<b>\$ 330,487</b>	<b>\$ 81,893</b>	<b>\$ 2,322</b>	<b>\$ 1,305,186</b>
<b>Net assets held in trust for pension benefits</b>					
<b>Beginning of year (as restated)</b>	<b>\$ 9,334,967</b>	<b>\$2,714,297</b>	<b>\$1,241,398</b>	<b>\$12,222</b>	<b>\$13,302,884</b>
<b>End of year</b>	<b>\$10,225,451</b>	<b>\$3,044,784</b>	<b>\$1,323,291</b>	<b>\$14,544</b>	<b>\$14,608,070</b>

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



# Notes to the Financial Statements

For the Fiscal Year Ended June 30, 1999

## A. PLAN DESCRIPTION

**PERA is the administrator of two cost-sharing, multiple-employer retirement plans, one agent multiple-employer retirement plan, and one multiple-employer deferred compensation plan.**

### 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, including benefit provisions and the obligation to make contributions, 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.

transfer assets and administration to PERA. Coverage under the PEDCP is open to elected local government officials (except elected county sheriffs), emergency medical service personnel employed by or providing service to any of the participating ambulance services, and physicians employed at public facilities. Elected officials and ambulance personnel who are covered by a public or private pension plan because of their employment are not eligible to participate in the PEDCP. At June 30, 1999, there were 4,031 members in the plan.

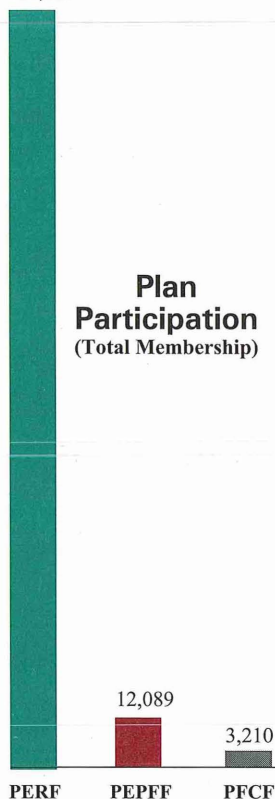
Shown in **Figure 1** below are the membership totals in the PERA defined benefit plans as of June 30, 1999.

**Fig. 1 PERA Membership**

	PERF	PEPFF	PFCF	TOTAL
Retirees and beneficiaries receiving benefits	45,259	2,772	2,487	50,518
Terminated employees entitled to benefits/refunds but not yet receiving them:				
Vested	14,060	344	24	14,428
Non-Vested	18,491	195	0	18,686
Current, active employees:				
Vested	97,440	6,850	699	104,989
Non-Vested	42,368	1,928	0	44,296
<b>Total</b>	<b>217,618</b>	<b>12,089</b>	<b>3,210</b>	<b>232,917</b>

217,618

**Plan Participation**  
(Total Membership)



### 2. Participating Employers

PERA serves approximately 2,000 separate units of government in the PERF, 500 units of government in the PEPFF, 44 local relief associations in the PFCF, and 1,000 units in the PEDCP. These units of government are made up of counties, cities, townships, school districts, and generally other units of government whose revenues are derived from taxation, fees, or assessments. The defined contribution plan serves any local unit of government whose current or former elected officials elect to participate. The PEDCP also serves any publicly operated ambulance service that receives an operating subsidy from a governmental entity, and elects to participate.

### 3. Participating Members

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

### 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 Basic members is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. For a Coordinated member, the annuity accrual rate is 1.2 percent of average salary for each of the first 10 years



of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic members and 1.7 percent for Coordinated members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For PERF members whose annuity is calculated using Method 1, and for all PEPFF 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, 1997 who choose benefits identical to the PEPFF will receive higher pension benefits with the 3.0 annual accrual rate, only upon local approval by their municipality. If approval is not granted by the municipality, those units will use a 2.9 percent annual accrual rate (if they approved the 1993 accrual rate increase) or a 2.74 annual accrual rate (if they did not approve the 1993 increase). Members of local relief associations which consolidated with PERA subsequent to June 30, 1997 who chose benefits identical to the PEPFF will automatically receive the higher benefits with a 3.0 percent annual accrual rate. Of the 2,487 members receiving benefits in the PFCF, eight 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.

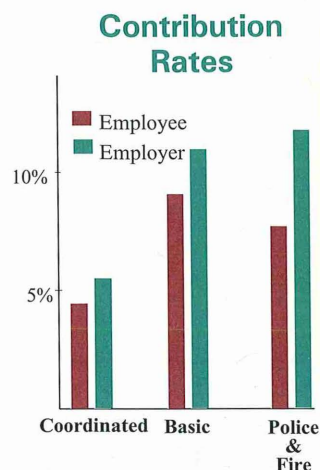
- b) Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Administrative

costs are funded from investment income. Current contribution rates for the PERA defined benefit plans are set by Minnesota Statutes, Chapters 353, 353A, 353B, and 356, and are shown in **Figure 2** below.

New legislation in 1997 increased contribution rates for the PERF. Beginning the first full payroll period after December 31, 1997, Basic members began contributing 8.75 percent of salary (an increase from 8.23 percent) and Coordinated members began contributing 4.75 percent of salary (an increase from 4.23 percent). Employers began contributing 11.43 percent of earnings for Basic members and 5.18 percent of earnings for Coordinated members, an increase of 0.70 percent.

Legislation in 1998 increased contribution rates for a small group of Coordinated members called correctional service employees. Effective July 1, 1998, those employees began contributing 4.96 percent of earnings and employers contributed 5.49 percent of earnings. Legislation in 1999 created a new plan for this group of members called the "Correctional Plan" that will become effective in Fiscal Year 2000. Members of that plan will contribute 5.83 percent of earnings and employers will contribute 8.75 percent of earnings beginning July 1, 1999.

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 0.5 percent of covered payroll exist for four consecutive fiscal years. Under this legislation, contribution rates will decrease in Fiscal Year 2000. The employee contribution



**Current contribution rates for the PERA defined benefit plans are set by Minnesota Statutes, Chapters 353, 353A, 353B and 356.**

**Fig. 2 Retirement Plan Contribution Rates 6/30/99**

	Employee	Employer	Additional Employer
Public Employees Retirement Fund:			
Basic Plan	8.75%	8.75%	2.68%
Coordinated Plan	4.75%	4.75%	0.43%
Public Employees Police and Fire Fund**	7.60%	11.40%	0.00%
Police and Fire Consolidation Fund**	7.60%	11.40%	*

**NOTES:** \* 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.

\*\* Contribution rates will change for this fund effective July 1, 1999. The new employee rate will be 6.20% and the new employer rate will be 9.3%.



## Notes

(Continued)

rate will decrease from 7.6 percent of earnings to 6.2 percent. The employer contribution rate will decrease from 11.4 percent of earnings to 9.3 percent. These changes will be effective July 1, 1999.

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

The Public Employees Defined Contribution Plan (PEDCP) is a multiple-employer deferred compensation plan. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal. (See Notes A.2 and A.3 for employer and employee membership requirements.) The plan is established and administered in accordance with Minnesota Statutes, Chapter 353D.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official or physician who decides to participate contributes 5 percent of salary, which is matched by the employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. Investment options include the Income Share, Growth Share, Common Stock Index, Bond Market, Money Market, International Share, and the Fixed Interest (formerly the Guaranteed Return) accounts. For administering the plan, PERA receives 2 percent of employer contributions and four-tenths of one percent (0.4%) 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 a pension trust fund. Assets, including cash and investments totaling \$14,611,000 are presented at fair value at June 30, 1999. Obligations under the plan include an amount payable to other funds of \$67,000 to cover administrative expenses of the plan.

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

### 1. Reporting Entity

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

### 2. Basis of Accounting

PERA financial statements for all funds are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which they are earned and become measurable. Expenses are recorded when the liability is incurred. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

### 3. Investment Policies

a) Pursuant to Minnesota Statutes, Section 11A.04, the state's retirement fund assets are commingled in various pooled investment accounts administered by the State Board of Investment (SBI). As of June 30, 1999, the participation shares in the pooled accounts at fair value, excluding the Minnesota Post Retirement Investment Fund (MPRIF), totaled 22.40 percent for the PERF, 10.48 percent for the PEPFF and 2.43 percent for the PFCF. The funds' shares of net assets of the Minnesota Post Retirement Investment Fund, at fair value, totaled 29.77 percent, 4.84 percent and 4.34 percent, respectively.

**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 pension trust fund of the State of Minnesota.**



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

c) Investments are categorized to give an indication of the level of risk that is assumed. Risk category 1 includes investments that are insured or registered, or for which the securities are held by the state or its agent in the state's name. Risk category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the state's name. Risk category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the state's name. PERA does not own any investments that are considered securities for purposes of assessing credit risk. All PERA investments are 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. The investments in any one organization do not represent 5 percent or more of plan net assets for any of the plans PERA administers.

d) 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 200, Capitol Professional Office Building, 590 Park Street, St. Paul, Minnesota 55103.

#### 4 Method Used to Value Investments

a) Investments in the pooled accounts, including assets of the PEDCP, are reported at fair value. The schedule in **Figure 3** provides a summary of cost and fair values of the investments as of 6/30/99 as reported on the Statement of Plan Net Assets. The fair value of investments is based upon valuations provided by a recognized pricing service. Securities traded on a national or international exchange are valued using the last reported trade price. Short-term investments are reported at cost, which approximates fair value. The fair value of real estate investments is based on independent yearly appraisals. No investments are reported at amortized cost since the fund does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940. Pooled accounts are not registered with the Securities and Exchange Commission. State Street, and consequently the investment vehicles sponsored by State Street (including SBI funds) are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of PERA's position in the pools is the same as the value of the pool shares. There was no involuntary participation in an external investment pool, and no income from one fund was assigned to another fund during the fiscal year.

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.

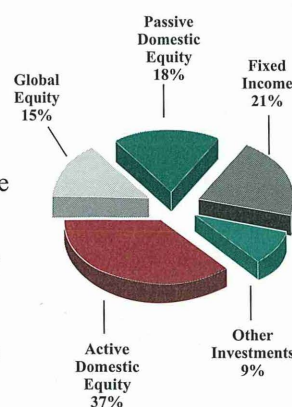
c) The cost of security transactions is included in the transaction price. Administrative expenses of the State Board of Investment and investment management fees of the external money managers and the state's master custodian for pension fund assets are allocated to the funds participating in the pooled investment accounts. PERA's share of these expenses totaled \$5,428,000 for PERF, \$2,561,000 for PEPFF, and \$616,000 for PFCF.

#### 5. Fixed Assets

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

#### Pooled Accounts Investment Allocations

All Funds at Market  
6/30/99



**All PERA investments are in the Minnesota State Board of Investment-administered pooled investments. These investments are not considered securities for purposes of credit risk classification.**

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

	Cost June 30, 1999	Market Value June 30, 1999
<b>Pooled Accounts</b>		
Active Domestic Equity	\$ 2,200,716	\$ 2,632,530
Fixed Income	1,533,444	1,496,407
Global Equity Pool	930,496	1,054,454
Passive Domestic Equity	737,709	1,250,848
Real Estate	199,161	250,145
Resources Pool	69,237	51,272
Venture Capital	346,049	330,495
<b>Total Pooled Accounts</b>	<b>\$ 6,016,812</b>	<b>\$ 7,066,151</b>
<b>Short Term Pooled Cash</b>	<b>74,448</b>	<b>74,448</b>
<b>Post Retirement Investment Account</b>	<b>5,805,881</b>	<b>7,422,311</b>
<b>Cash and Investments for Deferred Comp. Benefits</b>	<b>14,608</b>	<b>14,608</b>
<b>Totals</b>	<b>\$11,911,749</b>	<b>\$14,577,518</b>



## Notes

(Continued)

**PERA does not own specific securities, but instead owns shares in pooled funds invested by the State Board of Investments (SBI).**

Fixed assets are presented on the June 30, 1999 Statement of Plan Net Assets at historical cost, net of accumulated depreciation, as summarized in Figure 4.

#### 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.

#### 7. Securities Lending

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

During the fiscal year State Street lent, on behalf of the SBI, certain securities held by State Street as custodian and received cash (both United States and foreign currency) and securities issued or guaranteed by the United States government, sovereign debt of foreign countries, and irrevocable bank letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than 100% of the market value of the loaned securities.

The SBI did not impose any restrictions during the fiscal year on the amount of the loans that State Street made on its behalf and State Street indemnified the SBI by agreeing to purchase replacement securities, or return the cash collateral in the event a borrower failed to return a loaned security or pay distributions thereon. There were no such failures by any borrower to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or State Street.

During the fiscal year, the SBI and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral. On June 30, 1999 SBI had no credit risk exposure to borrowers. PERA's portion of the collateral held and the market value of securities on loan from the SBI as of June 30, 1999 were \$1,430,966,181 and \$1,389,235,218, respectively. Cash collateral is reported on the Statement of Plan Net Assets as an asset. Liabilities resulting from these securities lending transactions are also reported on the Statement of Plan Net Assets.

### C. CHANGES IN ASSUMPTIONS AND PROVISIONS

#### 1. Changes in Actuarial Assumptions and Methods

Since the July 1, 1998 actuarial valuation, there were no changes in actuarial assumptions of the PERF, PEPFF, and the PFCF which impacted funding costs. Unfunded actuarial accrued liabilities are calculated using the formula shown on Figure 5.

#### 2. Changes in Benefit Provisions

1998 legislation improved disability benefits for a small group of PERF members who are classified as correctional service employees. This additional benefit was paid for with an increase in contribution rates for employees and employers beginning July 1, 1998, and does not materially effect the actuarial accrued liability of the PERF.

**Since the July 1, 1998 actuarial valuation, there were no changes in actuarial assumptions of the PERF, PEPFF, and the PFCF which impacted funding costs.**

**Fig. 4 Fixed Assets**

Asset	Value
Data Processing Equipment	\$ 1,514,115
Furniture and Fixtures	423,282
Office Equipment	108,003
Automobile	14,533
<b>Total Fixed Assets</b>	<b>\$ 2,059,933</b>
Less: Accumulated Depreciation	(1,171,021)
<b>Net Fixed Assets</b>	<b>\$ 888,912</b>



Legislation enacted in 1999 created a new "Correctional Plan" for the correctional service employees effective July 1, 1999. This new plan will be reflected in Fiscal Year 2000 financial statements, and does not have a material effect on the actuarial accrued liability of the PERF. Increased benefits will be paid for with increased contribution rates.

1999 legislation allows the 44 local relief associations that make up the PFCF to merge with the PEPFF in Fiscal Year 2000. Those local relief associations that are underfunded as of July 1, 1999 will be required to make a predetermined annual amortization payment to the PEPFF until the year 2010. Local relief associations that are sufficiently overfunded may receive a refund of excess assets when the merger occurs. All PFCF members who are covered by the benefit provisions and formulas of their local plans will be given the chance to elect to be covered by provisions identical with those of the PEPFF. Effective July 1, 1999 employee and employer contribution rates for the PEPFF will decrease.

(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**, there was a funding surplus on June 30, 1999 of \$6,288,000 in the PERF and a surplus of \$30,872,000 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 listed in the notes to the schedules of trend information on page 30. Six-year historical trend information designed to provide information about PERA's funding progress and employer contributions can be found on pages 28 to 30.

**Legislation enacted in 1999 created a new "Correctional Plan" for the correctional service employees effective July 1, 1999. This new plan will be reflected in Fiscal Year 2000 financial statements**

## D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Minnesota Statutes, Chapters 353, 353A, 353B and 356 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 an actuarially-derived "required" contribution rate. The required contribution rate consists of:

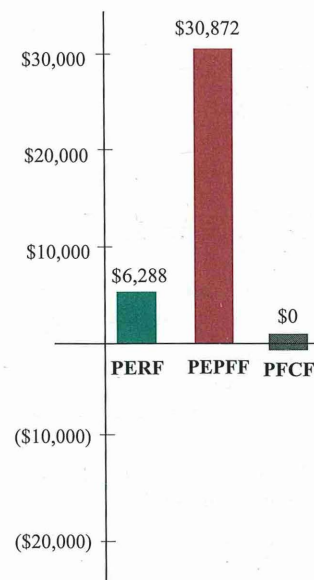
- (a) normal costs based on entry age normal cost methods;

## E. RESERVE ACCOUNTS

### 1. 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 the MPRIF formula, the reserves required to pay the cost of the member's annuity are transferred to the MPRIF where the funds are invested. Increases in annuities are based upon earnings of the MPRIF, as defined in Minnesota Statutes, Section 11.18, Subd. 9.

**Funding Surplus (Deficiency) (In Thousands)**



**Fig. 5 Unfunded Actuarial Accrued Liability (in thousands)**

	PERF	PEPFF	PFCF
Assets available for benefits at cost	\$8,265,003	\$2,522,518	\$1,071,377
Plus 1/3 of unrealized capital gains (losses)	224,174	104,299	21,307
<b>Net Assets at actuarial cost</b>	<b>\$8,489,177</b>	<b>\$2,626,817</b>	<b>\$1,092,684</b>
Total required reserves	\$9,443,678	\$1,956,263	\$1,030,917
Less net assets at actuarial cost	8,489,177	2,626,817	1,092,684
<b>Unfunded accrued liability (surplus assets) actuarial section</b>	<b>\$ 954,501</b>	<b>\$ (670,554)</b>	<b>\$ (61,767)</b>



# Notes

(Continued)

reserves, annuitants and other individuals receiving benefits at May 31, 1998 are eligible to receive the following January 1, 2000 benefit increases:

Inflation Based Benefit Increase	1.9%
Investment Based Benefit Increase	9.2436%
<b>Total Benefit Increase</b>	<b><u>11.1436%</u></b>

**The Minnesota Post Retirement Investment Fund is a legally required reserve account, and is by definition fully funded.**

b) The MPRIF is a legally required reserve account, and is by definition fully funded. 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 6 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. As of June 30, 1999, the Public Employees Retirement Fund's share of net assets of the MPRIF, at cost, is \$4,408,390,000 and at fair value is \$5,624,137,000. The Public Employees Police and Fire Fund's share of net assets of the MPRIF, at cost, is \$716,636,000 and at fair value is \$927,991,000. The Police and Fire Consolidation Fund's share of net assets of the MPRIF, at cost, is \$680,855,000 and at fair value is \$870,183,000.

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

## 2. Member Reserves

Accumulated member contributions, without interest, less the amounts refunded, transferred to the MPRIF for current retirees, or paid for disability and survivor benefits are recorded in the Member Reserve. As of June 30, 1999, total member reserves, at fair value, for PERF, PEPFF, and PFCF were \$1,248,385,000, \$260,239,000, and \$45,620,000 respectively.

## 3. Benefit Reserves

Employer contributions and investment income are recorded in the Benefit Reserve. Administrative expenses, survivor and disability benefits, investment management fees, and interest paid to the MPRIF for late reserve transfers are paid from the Benefit Reserve. As of June 30, 1999, total benefit reserves, at fair value, for PERF, PEPFF, and PFCF were \$3,352,929,000, \$1,856,554,000 and \$407,488,000, respectively.

**Fig. 6**

### Funding Surplus: (In Thousands)

	PERF	% of Current Yr. Covered Payroll	PEPFF	% of Current Yr. Covered Payroll	PFCF	% of Current Yr. Covered Payroll
<b>Contributions actually made:</b>						
Employee share	\$158,475	4.79%	\$30,897	7.60%	\$ 3,429	7.60%
Employer share	173,370	5.24%	46,280	11.40%	11,569	11.40%
<b>Subtotal - Actual</b>	<b><u>\$331,845</u></b>	<b><u>10.03%</u></b>	<b><u>\$77,177</u></b>	<b><u>19.00%</u></b>	<b><u>\$14,998</u></b>	<b><u>19.00%</u></b>
<b>Contributions actuarially required:</b>						
Normal Cost	\$251,778	7.61%	\$82,091	20.21%	\$21,580	27.34%
Supplemental contribution amortization of UAAL by July 1, 2020	66,501	2.01%	(36,354)	-8.95%		
Additional municipal contribution*					(6,860)	-8.69%
Allowance for administrative expenses	7,278	0.22%	568	0.14%	278	0.35%
<b>Subtotal - Actuarially required</b>	<b><u>\$325,557</u></b>	<b><u>9.84%</u></b>	<b><u>\$46,305</u></b>	<b><u>11.40%</u></b>	<b><u>\$14,998</u></b>	<b><u>19.00%</u></b>
<b>Funding surplus (deficiency)</b>	<b><u>\$ 6,288</u></b>	<b><u>0.19%</u></b>	<b><u>\$30,872</u></b>	<b><u>7.60%</u></b>	<b><u>\$ 0</u></b>	<b><u>0.00%</u></b>

\* **NOTE:** The additional municipal contribution (AMC) is the amount required to amortize the initial unfunded actuarial accrued liability over a 11-year period until December 31, 2010 and each year's actuarial gains and losses over a 15-year period. The \$6.86 million AMC amount is shown net of any local relief association's funding surplus. The dollar value of PFCF employer contributions actually made includes \$5.9 million received as the AMC during fiscal year 1999. However, the 11.4 percent employer contribution rate is determined without taking the AMC receipts into consideration.



## F. OTHER NOTES

### 1. Cash

Cash on deposit consists of year-end receipts not processed as of the investment cutoff deadline on June 30. PERA cash funds are held in the state treasury, commingled with other state funds. Minnesota Statutes, Section 9.031, requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. Such insurance and collateral shall be in amounts sufficient to ensure that deposits do not exceed 90 percent of the sum of the insured amount and the market value of the collateral. Throughout fiscal year 1999, the combined depository insurance and collateral was sufficient to meet legal requirements and secure all PERA deposits.

### 2. Administrative Expenses

Administrative expenses of the Public Employees Retirement Association are paid 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 PEDCP reimburses the PERF to the extent of fees collected for recovery of administrative costs. The applicable amounts are reported as expenses of the four funds and reported on the Statement of Plan Net Assets.

For fiscal year 1999, administrative expenses allocated to PERF, PEPFF, PFCF, and PEDCP totaled \$9,631,000, \$737,000, \$278,000, and \$67,000 respectively.

### 3. Operating Leases

PERA is committed under lease agreements for rental of office and storage space through June 30, 2001. For accounting purposes, these leases are considered operating leases. Lease expenditures for fiscal year 1999 totaled \$314,000. Future minimum rental payments required as of June 30, 1999 are as follows:

Fiscal Year Ended June 30	Amount
2000	\$309,631
2001	<u>314,765</u>
Total	<u>\$624,396</u>

### 4. 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 1999, there are 44 local relief associations in the PFCF. One additional local relief association elected to consolidate with PERA in fiscal year 1999—Crookston Police. Net assets totaling \$1,998,826 were transferred from Crookston Police to PERA on the day of consolidation. These new assets were reported as "Other Additions" in the Statement of Changes in Plan Net Assets.

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**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.**

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# Required Supplementary Information

Schedule of Funding Progress  
(last six years, in thousands, unaudited)

## Public Employees Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/94	\$4,747,128	\$6,223,622	\$1,476,494	76.3%	\$2,557,522	57.7%
6/30/95	5,138,461	6,622,069	1,483,608	77.6%	2,679,069	55.4%
6/30/96	5,786,398	7,270,073	1,483,675	79.6%	2,814,126	52.7%
6/30/97	6,658,410	8,049,666	1,391,256	82.7%	2,979,260	46.7%
6/30/98	7,636,668	8,769,303	1,132,635	87.1%	3,271,737	34.6%
6/30/99	8,489,177	9,443,678	954,501	89.9%	3,302,808	28.93%

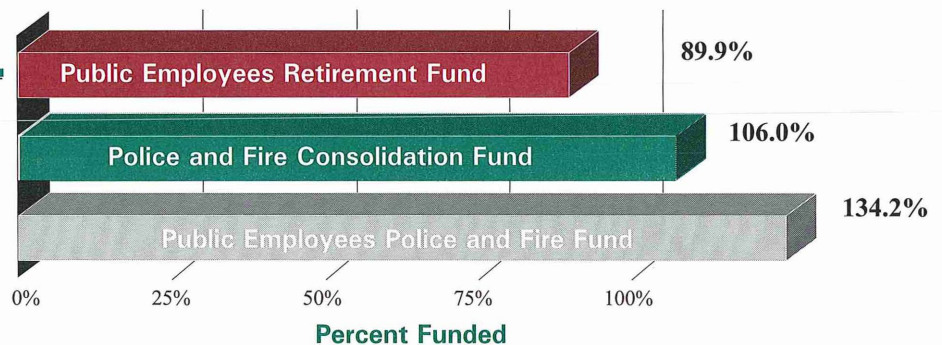
## Public Employees Police and Fire Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/94	\$1,234,961	\$1,099,221	\$ (135,740)	112.3%	\$ 277,566	-48.9%
6/30/95	1,385,901	1,196,795	(189,106)	115.8%	293,919	-64.3%
6/30/96	1,633,010	1,334,202	(298,808)	122.4%	316,189	-94.5%
6/30/97	1,974,635	1,556,483	(418,152)	126.9%	346,319	-120.7%
6/30/98	2,337,313	1,741,344	(595,969)	134.2%	375,131	-158.9%
6/30/99	2,626,817	1,956,263	(670,554)	134.2%	352,066	-190.5%

## Police and Fire Consolidation Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/94	\$ 636,766	\$ 726,611	\$ 89,845	87.6%	\$ 56,445	159.2%
6/30/95	675,332	744,513	69,181	90.7%	53,278	129.8%
6/30/96	753,862	791,353	37,491	95.3%	52,194	71.8%
6/30/97	876,171	880,211	4,040	99.5%	50,274	8.0%
6/30/98	1,011,362	971,286	(40,076)	104.1%	49,117	-81.6%
6/30/99	1,092,684	1,030,917	(61,767)	106.0%	45,086	-137.0%

### Funding Ratios





# Required Supplementary Information

## Schedule of Employer Contributions (last six years, in thousands, unaudited)

### Public Employees Retirement Fund

Year Ended June 30	Actuarially Required Contribution Rate (A)*	Actual Covered Payroll (B)	Actual Member Contributions (C)	Annual Required Contribution [(A) x (B)] - (C)	Actual Employer Contribution	Percentage Contributed
1994	9.58%	\$2,557,522	\$112,940	\$132,071	\$119,390	90.40%
1995	9.76%	2,679,069	115,986	145,491	123,984	85.22%
1996	9.61%	2,814,126	121,525	148,913	129,738	87.12%
1997	9.75%	2,979,260	128,234	162,244	136,686	84.25%
1998	9.62%	3,271,737	140,385	174,356	151,499	86.89%
1999	9.63%	3,302,808	158,475	159,585	173,370	108.64%

### Public Employees Police and Fire Fund

Year Ended June 30	Actuarially Required Contribution Rate (A)*	Actual Covered Payroll (B)	Actual Member Contributions (C)	Annual Required Contribution [(A) x (B)] - (C)	Actual Employer Contribution	Percentage Contributed
1994	17.45%	\$ 277,566	\$ 21,806	\$ 26,629	\$ 32,536	122.18%
1995	17.28%	293,919	22,356	28,433	33,548	117.99%
1996	16.49%	316,189	24,065	28,075	36,066	128.46%
1997	15.11%	346,319	26,354	25,975	39,508	152.10%
1998	15.69%	375,131	28,552	30,306	42,786	141.18%
1999	12.32%	352,066	30,897	12,478	46,280	370.89%

### Police and Fire Consolidation Fund

Year Ended June 30	Actuarially Required Contribution Rate (A)*	Actual Covered Payroll (B)	Actual Member Contributions (C)	Annual Required Contribution [(A) x (B)] - (C)	Actual Employer Contribution	Percentage Contributed
1994	32.28%	\$ 56,445	\$ 3,030	\$ 15,195	\$ 15,195	100%
1995	39.57%	53,278	4,237	16,849	16,849	100%
1996	36.69%	52,194	4,061	15,091	15,091	100%
1997	34.72%	50,274	3,950	13,509	13,509	100%
1998	8.53%	49,117	3,733	455	13,229	2,909%
1999	-4.20%	45,086	3,429	(5,323)	11,569	NA

\* For years prior to July 1997, the Actuarially required Contribution was not calculated according to the parameters of GASB Statement number 25. However, the actual employer contributions paid were actuarially determined in accordance with statutes and actuarial standards in effect at the time.

# Required Supplementary Information

## Notes

(unaudited)

### Notes to Required Supplementary Information

	<u>Public Employees Retirement Fund</u>	<u>Public Employees Police &amp; Fire Fund</u>	<u>Police &amp; Fire Consolidation Fund</u>
<b>Valuation Date</b>	6/30/99	6/30/99	6/30/99
<b>Actuarial Cost Method</b>	Entry Age	Entry Age	Entry Age
<b>Amortization Method</b>	Level Percent Closed	Level Percent Closed	Level Percent Closed
<b>Remaining Amortization Period</b>	21 years	21 years	11 years
<b>Asset Valuation Method</b>	Cost + 1/3 Unrealized Gains or Losses	Cost + 1/3 Unrealized Gains or Losses	Cost + 1/3 Unrealized Gains or Losses
<b>Actuarial Assumptions:</b>			
Investment Rate of Return	8.5%	8.5%	8.5%
Projected Salary Increases	5.0% - 7.7%	5.25% - 11.5%	5.25% - 11.5%
Assumed Inflation Rate	5.0%	5.0%	5.0%
Payroll Growth Rate	6.0%	6.0%	6.0%
Mortality Table - Active	1983 GAM Set Back 5 Years	1983 GAM Set Back 5 Years	1983 GAM Set Back 5 Years
Mortality Table - Retired	1983 GAM Set Forward 1 Year	1983 GAM	1983 GAM
Cost of Living Adjustment	No Assumption	No Assumption	No Assumption

### Year 2000 Compliance Disclosure

In 1994 PERA began planning for the year 2000. Knowing that our mainframe computer and related legacy software would no longer function accurately once we hit January 1, 2000, we developed a project plan to make us Year 2000 (Y2K) compliant by 1999. Having passed that awareness stage, we entered the assessment stage to identify the software and hardware that needed to be upgraded. That stage was completed in fiscal year 98 for all our systems. We chose to replace 70 percent of our mainframe systems with new software and a client-server system that is Y2K compliant. We also chose to reengineer our major work processes as we rewrote software to become much more efficient and Y2K compliant at the same time.

As of June 30, 1999 about 65 percent of our software has been rewritten and tested and moved to client-server. Our mainframe, which still supports another 30 percent of our software, has been upgraded and tested for Y2K compliance. The software on that mainframe is Y2K compliant or in the validation/testing stage. The remaining 5 percent of our programs are also in the validation/testing stage. Contracts committed to as of 6/30/99 for Y2K conversion amount to \$350,000 in fiscal year 2000. We plan to complete the testing stage by October 1999.



# Schedule of Changes

## In Plan Net Assets Public Employees Retirement Fund

For the Fiscal Year Ended June 30, 1999 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Total</u>
<b>Additions</b>				
<b>Contributions</b>				
Employer			\$ 173,370	\$ 173,370
Plan member	\$ 158,475			158,475
<b>Total Contributions</b>	<u>\$ 158,475</u>	<u>\$ 0</u>	<u>\$ 173,370</u>	<u>\$ 331,845</u>
<b>Investments</b>				
Investment income	\$ 0	\$ 587,754	\$ 465,369	\$ 1,053,123
Less investment expense			(5,428)	(5,428)
<b>Net Income from investing activities</b>	<u>\$ 0</u>	<u>\$ 587,754</u>	<u>\$ 459,941</u>	<u>\$ 1,047,695</u>
<i>From securities lending activities:</i>				
Securities lending income			\$ 52,151	\$ 52,151
Securities lending expenses:				
Borrower rebates			(45,920)	(45,920)
Management fees			(1,623)	(1,623)
<b>Net income from securities lending</b>			<u>\$ 4,608</u>	<u>\$ 4,608</u>
<b>Total Net Investment Income</b>	<u>\$ 0</u>	<u>\$ 587,754</u>	<u>\$ 464,549</u>	<u>\$ 1,052,303</u>
<b>Other additions</b>	<u>\$ 7</u>		<u>\$ 2,398</u>	<u>\$ 2,405</u>
<b>Total Additions</b>	<u>\$ 158,482</u>	<u>\$ 587,754</u>	<u>\$ 640,317</u>	<u>\$ 1,386,553</u>
<b>Deductions</b>				
Benefits	\$ 3,839	\$ 438,641	\$ 25,121	\$ 467,601
Refunds of contributions	12,876		4,343	17,219
Administrative expenses			9,631	9,631
Other deductions	17		1,601	1,618
<b>Total Deductions</b>	<u>\$ 16,732</u>	<u>\$ 438,641</u>	<u>\$ 40,696</u>	<u>\$ 496,069</u>
<b>Other Changes in Reserves</b>				
Annuities Awarded	\$ (44,463)	\$ 307,873	\$ (263,410)	\$ 0
Mortality Gain		(72,181)	72,181	0
Transfers Between Reserves	(762)		762	0
<b>Total Other Changes in Reserves</b>	<u>\$ (45,225)</u>	<u>\$ 235,692</u>	<u>\$ (190,467)</u>	<u>\$ 0</u>
<b>Net Increase</b>	<u>\$ 96,525</u>	<u>\$ 384,805</u>	<u>\$ 409,154</u>	<u>\$ 890,484</u>
<b>Net assets held in trust for pension benefits</b>				
<b>Beginning of year</b>	<u>\$1,151,860</u>	<u>\$5,239,332</u>	<u>\$2,943,775</u>	<u>\$ 9,334,967</u>
<b>End of year</b>	<u>\$1,248,385</u>	<u>\$5,624,137</u>	<u>\$3,352,929</u>	<u>\$10,225,451</u>

# Schedule of Changes

## In Plan Net Assets Public Employees Police & Fire Fund

For the Fiscal Year Ended June 30, 1999 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Total</u>
<b>Additions</b>				
<b>Contributions</b>				
Employer			\$ 46,280	\$ 46,280
Plan member	\$ 30,897			30,897
<b>Total Contributions</b>	<u>\$ 30,897</u>	<u>\$ 0</u>	<u>\$ 46,280</u>	<u>\$ 77,177</u>
<b>Investments</b>				
Investment income	\$ 0	\$104,862	\$ 220,064	\$ 324,926
Less investment expense			(2,561)	(2,561)
<b>Net Income from investing activities</b>	<u>\$ 0</u>	<u>\$104,862</u>	<u>\$ 217,503</u>	<u>\$ 322,365</u>
<i>From securities lending activities:</i>				
Securities lending income			\$ 15,081	\$ 15,081
Securities lending expenses:				
Borrower rebates			(13,264)	(13,264)
Management fees			(475)	(475)
<b>Net income from securities lending</b>			<u>\$ 1,342</u>	<u>\$ 1,342</u>
<b>Total Net Investment Income</b>	<u>\$ 0</u>	<u>\$104,862</u>	<u>\$ 218,845</u>	<u>\$ 323,707</u>
<b>Other additions</b>	<u>20</u>		<u>290</u>	<u>310</u>
<b>Total Additions</b>	<u>\$ 30,917</u>	<u>\$104,862</u>	<u>\$ 265,415</u>	<u>\$ 401,194</u>

### Deductions

Benefits	\$ 2,092	\$ 57,436	\$ 9,144	\$ 68,672
Refunds of contributions	742		334	1,076
Administrative expenses			737	737
Other deductions	9		213	222
<b>Total Deductions</b>	<u>\$ 2,843</u>	<u>\$ 57,436</u>	<u>\$ 10,428</u>	<u>\$ 70,707</u>

### Other Changes in Reserves

Annuities Awarded	\$ (13,315)	\$100,117	\$ (86,802)	\$ 0
Mortality Loss		1,987	(1,987)	0
Transfers Between Reserves	(19)		19	0
<b>Total Other Changes in Reserves</b>	<u>\$ (13,334)</u>	<u>\$102,104</u>	<u>\$ (88,770)</u>	<u>\$ 0</u>

<b>Net Increase</b>	<u>\$ 14,740</u>	<u>\$149,530</u>	<u>\$ 166,217</u>	<u>\$ 330,487</u>
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### Net assets held in trust for pension benefits

<b>Beginning of year</b>	<u>\$245,499</u>	<u>\$778,461</u>	<u>\$1,690,337</u>	<u>\$2,714,297</u>
<b>End of year</b>	<u>\$260,239</u>	<u>\$927,991</u>	<u>\$1,856,554</u>	<u>\$3,044,784</u>



# Schedule of Changes

## In Plan Net Assets Police & Fire Consolidation Fund

For the Fiscal Year Ended June 30, 1999 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Total</u>
<b><u>Additions</u></b>				
<b>Contributions</b>				
Employer			\$ 11,569	\$ 11,569
Plan member	\$ 3,429			3,429
<b>Total Contributions</b>	<b>\$ 3,429</b>	<b>\$ 0</b>	<b>\$ 11,569</b>	<b>\$ 14,998</b>
<b>Investments</b>				
Investment income	\$ 0	\$ 85,085	\$ 51,026	\$ 136,111
Less investment expense			(616)	(616)
<b>Net Income from investing activities</b>	<b>\$ 0</b>	<b>\$ 85,085</b>	<b>\$ 50,410</b>	<b>\$ 135,495</b>
<i>From securities lending activities:</i>				
Securities lending income			\$ 6,795	\$ 6,795
Securities lending expenses:				
Borrower rebates			(5,985)	(5,985)
Management fees			(211)	(211)
<b>Net income from securities lending</b>			<b>\$ 599</b>	<b>\$ 599</b>
<b>Total Net Investment Income</b>	<b>\$ 0</b>	<b>\$ 85,085</b>	<b>\$ 51,009</b>	<b>\$ 136,094</b>
<b>Other additions</b>	<b>1</b>		<b>\$ 2,076</b>	<b>\$ 2,077</b>
<b>Total Additions</b>	<b>\$ 3,430</b>	<b>\$ 85,085</b>	<b>\$ 64,654</b>	<b>\$ 153,169</b>
<b><u>Deductions</u></b>				
Benefits	\$ 1,833	\$ 58,098	\$ 10,849	\$ 70,780
Refunds of contributions			30	30
Administrative expenses			278	278
Other deductions			188	188
<b>Total Deductions</b>	<b>\$ 1,833</b>	<b>\$ 58,098</b>	<b>\$ 11,345</b>	<b>\$ 71,276</b>
<b><u>Other Changes in Reserves</u></b>				
Annuities Awarded	\$ (4,555)	\$ 78,167	\$ (73,612)	\$ 0
Mortality Loss		598	(598)	0
Transfers Between Reserves	(3)		3	0
<b>Total Other Changes in Reserves</b>	<b>\$ (4,558)</b>	<b>\$ 78,765</b>	<b>\$ (74,207)</b>	<b>\$ 0</b>
<b>Net Increase</b>	<b>\$ (2,961)</b>	<b>\$105,752</b>	<b>\$ (20,898)</b>	<b>\$ 81,893</b>
<b><u>Net assets held in trust for pension benefits</u></b>				
Beginning of year	\$ 48,581	\$764,431	\$428,386	\$1,241,398
End of year	\$ 45,620	\$870,183	\$407,488	\$1,323,291

# Schedule of Investment Expenses

For the Fiscal Year Ended June 30, 1999 (in thousands)

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Total (Memorandum Only)
Outside Money Managers—Equities	\$4,318	\$2,037	\$485	\$6,840
Outside Money Managers—Bonds	890	420	100	1,410
Minnesota State Board of Investment	192	91	28	311
Financial Control Systems	28	13	3	44
<b>Total</b>	<b><u>\$5,428</u></b>	<b><u>\$2,561</u></b>	<b><u>\$616</u></b>	<b><u>\$8,605</u></b>

# Schedule of Commissions and Payments to Consultants

For the Fiscal Year Ended June 30, 1999 (in thousands)

Individual or Firm Name	Nature of Service	Fee Paid
KPMG Peat Marwick LLP	System Development	\$2,350
Ciber Inc.	System Development	696
Survey & Ballot Systems Inc	Management	182
Imerge Consulting	System Development	164
Benefacts, Inc.	Management	146
William M. Mercer Inc	Actuarial	112
GE Capital Info. Tech. Solutions	System Development	46
Richards & Tierney	Investment	42
Milliman & Robertson Inc.	Actuarial	36
SGS Group Inc.	Management	23
Segal Company	Legal	17
Novaeon Inc.	Management	16
Pension Consulting Alliance	Investment	10
Acrew LLC	Medical Services	10
Tautges Redpath & Co. Ltd.	Management	9
Pension Benefit Info.	Management	8
Kern DeWenter Viere Ltd.	Management	3
Independent Medical Consultants (6)	Medical Services	3
Kusske Financial Mgmt.	Management	2
<b>State of Minnesota —</b>		
Department of Health	Medical Services	75
Attorney General	Legal	67
Legislative Auditor	Auditing	49
Management Analysis Division	System Development	15
Administrative Law Judge	Medical Services	11
<b>Total</b>		<b><u>\$4,092</u></b>



# Schedule of Administrative Expenses

For the Fiscal Year Ended June 30, 1999 (in thousands)

## Personal Services:

Staff Salaries	\$3,855	
Part-Time, Seasonal Labor	154	
Other Benefits	89	
<b>Total Personal Services</b>		<b>\$ 4,098</b>

## Professional Services:

Actuarial	\$ 148	
Audit	49	
Legal	84	
Investment Consultants	52	
Management Consultants	389	
Medical Evaluations	99	
System Development	3,271	
<b>Total Professional Services</b>		<b>4,092</b>

## Communication:

Printing	\$ 201	
Mail & Telephone Services	648	
<b>Total Communication</b>		<b>849</b>

## Rentals & Maintenance:

Office Space	\$ 316	
Repairs & Maintenance	114	
System Services	167	
<b>Total Rentals &amp; Maintenance</b>		<b>597</b>

## Other:

Operating Costs	\$ 37	
In-State Travel	25	
Out-State Travel	22	
Employee Development	44	
Supplies & Materials	637	
Indirect Costs	93	
Depreciation	219	
<b>Total Other</b>		<b>1,077</b>
<b>Total Administrative Expense</b>		<b><u>\$10,713</u></b>

## Allocation of Administrative Expense:

### **Defined Benefit Plans**

Public Employees Retirement Fund	\$ 9,631
Public Employees Police and Fire Fund	737
Police and Fire Consolidation Fund	278

### **Defined Contribution Plans**

Public Employees Defined Contribution Plan	67
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<b>Total Administrative Expenses</b>	<b><u>\$10,713</u></b>
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# Investment Report



## MINNESOTA STATE BOARD OF INVESTMENT



### Board Members:

Governor  
Jesse Ventura

State Auditor  
Judi Dutcher

State Treasurer  
Carol C. Johnson

Secretary of State  
Mary Kiffmeyer

Attorney General  
Mike Hatch

### Executive Director:

Howard J. Bicker

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## Investment Authority

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

## Investment Policy

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

## Investment Objectives

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

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

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

The **Combined Funds**, while not existing under statute, represents the assets of both the active and retired public employees who participate in the defined benefit plans administered by PERA, the Minnesota State Retirement System, and the Teachers Retirement Association. They are used by the SBI for comparison purposes only, since most public pension plans do not separate the assets of their active employees and retirees. The long term objectives of the Combined Funds are: (1) provide returns that are 3-5 percentage points greater than inflation over the latest 10-year period; (2) outperform a composite market index weighted in a manner that reflects the actual asset mix of the Combined funds over the latest 5-year period; and (3) provide returns that are ranked in the top half of a universe of public and corporate plans over the latest 5-year period. As of June 30, 1999 the Combined Funds returned 10.5 percentage points above the CPI over the last 10 years, outperformed the Composite Index by 0.4 percentage points over the past five years, and ranked in the 34th percentile, above the median fund in the Trust Universe Comparison Service.

## Investment Presentation

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

with



# Investment Results

## INVESTMENT RETURNS BY SECTOR

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

	Rates of Return (Annualized)		
	FY 1999	3-Year	5-Year
<b>Domestic Stock Pool</b>	<b>18.1%</b>	<b>26.0%</b>	<b>25.4%</b>
Wilshire 5000	19.6	25.8	25.7
<b>Bond Pool</b>	<b>2.7%</b>	<b>7.6%</b>	<b>8.1%</b>
Lehman Agg.	3.1	7.2	7.8
<b>International Stock Pool</b>	<b>9.3%</b>	<b>9.3%</b>	<b>9.5%</b>
Composite Index	10.6	7.4	7.4
<b>Real Estate Pool</b> (Basic Funds Only)	<b>6.7%</b>	<b>17.5%</b>	<b>12.3%</b>
<b>Private Equity Pool</b> (Basic Funds Only)	<b>(0.1)%</b>	<b>24.1%</b>	<b>23.3%</b>
<b>Resource Pool</b> (Basic Funds Only)	<b>(29.2)%</b>	<b>7.5%</b>	<b>9.8%</b>

### Asset Allocation (at June 30, 1999)\*

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.

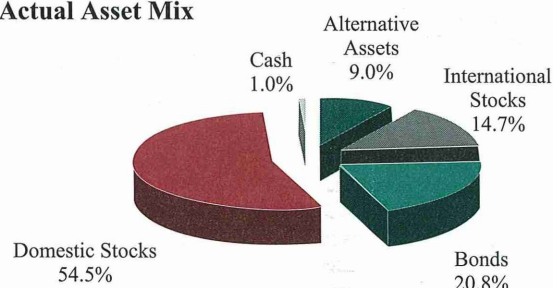
Investment Type	Basic		MPRIF	
	Actual Asset Mix	Long-term Policy Target	Actual Asset Mix	Long-term Policy Target
Domestic Stocks	54.5%	45.0%	54.1%	50.0%
International Stocks	14.7	15.0	14.9	15.0
Bonds	20.8	24.0	27.3	27.0
Alternative Assets**	9.0	15.0	1.3	5.0
Cash	1.0	1.0	2.4	3.0
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

\* Source: Minnesota State Board of Investment (SBI) FY 1999 Annual Report.

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

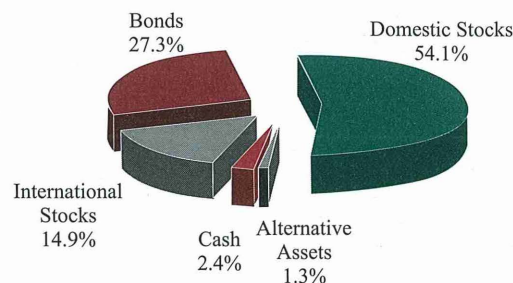
### Basic Funds

#### Actual Asset Mix



### Post Retirement Investment Fund

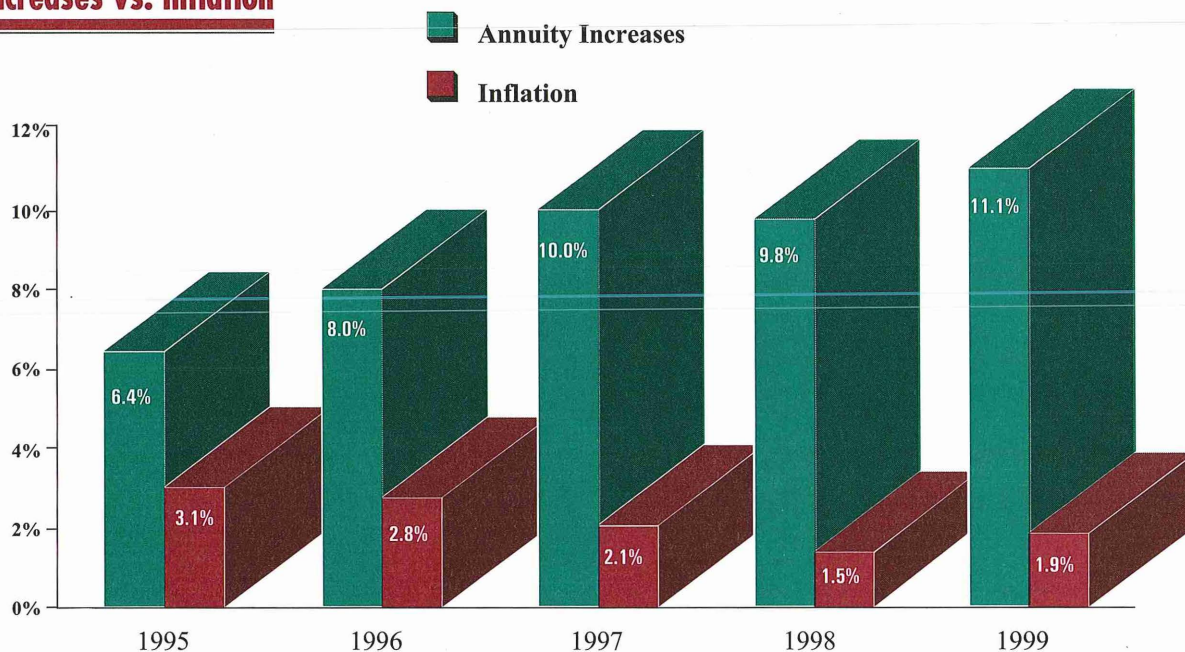
#### Actual Asset Mix



The charts above shows the asset allocation of the Basic Funds and the MPRIF at June 30, 1999.

# Investment Results

## Annuity Increases vs. Inflation



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 effective January 1 of the following year.

## Fund Performance

Fund	Rates of Return (Annualized)		
	FY 1999	3-Year	5-Year
<b>Basic Funds</b> (Active Accounts)	<b>11.3%</b>	<b>18.3%</b>	<b>17.9%</b>
Basic Composite Market Index	12.7	17.9	17.7
<b>MPRIF Fund</b> (Retiree Accounts)	<b>12.1%</b>	<b>17.4%</b>	<b>17.2%</b>
MPRIF Composite Market Index	13.2	16.6	16.7
<b>Combined Funds</b> (Active/Retiree)*	<b>11.7%</b>	<b>17.9%</b>	<b>17.6%</b>
Combined Composite Market Index	12.9	17.3	17.2

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

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



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# List of Largest Assets Held

June 30, 1999

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## Composite Holdings of Top Ten Equities (by Market Value)

<b>Security</b>	<b>% of Portfolio</b>
Microsoft Corp.	1.72%
General Electric Co.	1.39
Cisco Systems Inc.	1.07
Intel Corp	1.01
Wal Mart Stores Inc.	0.88
Merck & Co. Inc.	0.86
Citigroup Inc.	0.80
International Business Machine	0.79
Lucent Technologies Inc.	0.77
Exxon Corp.	0.76

## Composite Holdings of Top Ten Bond Holdings (by Market Value)

<b>Security</b>	<b>Coupon</b>	<b>Maturity Date</b>	<b>Rating</b>	<b>% of Portfolio</b>
FNMA	6.00%	07/01/2029	AAA	0.83%
FNMA	7.00	07/01/2029	AAA	0.44
FNMA	6.50	07/01/2029	AAA	0.42
FHLMC	6.00	07/01/2029	AAA	0.28
FHLMC	7.50	07/01/2029	AAA	0.27
United States Treasury Notes	3.38	01/15/2007	AAA	0.25
United States Treasury Notes	6.50	05/31/2001	AAA	0.23
FHLMC	6.50	07/01/2029	AAA	0.23
United States Treasury Bonds	8.50	02/15/2020	AAA	0.23
United States Treasury Bonds	3.63	04/15/2028	AAA	0.20

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

# Investment Summary at Cost\*

For the Fiscal Year Ended June 30, 1999 (in thousands)

## Public Employees Retirement Fund

	Cost June 30, 1998	Total Acquisitions	Total Dispositions	Cost June 30, 1999
<b>Pooled Accounts</b>				
External Domestic Equity	\$1,245,216	\$221,974	\$ 74,174	\$1,393,016
Passive Domestic Eq Pool	437,583	70,392	40,990	466,985
Global Equity Pool	564,820	38,751	13,763	589,808
Fixed Income	905,583	95,953	30,132	971,404
Real Estate	120,982	18,768	13,669	126,081
Resources Pool	33,938	12,679	2,826	43,791
Venture Capital	176,461	117,168	75,327	218,302
<b>Total Pooled Accounts</b>	<b><u>\$3,484,583</u></b>	<b><u>\$575,685</u></b>	<b><u>\$250,881</u></b>	<b><u>\$3,809,387</u></b>

## Public Employees Police and Fire Fund

	Cost June 30, 1998	Total Acquisitions	Total Dispositions	Cost June 30, 1999
<b>Pooled Accounts</b>				
External Domestic Eq Pool	\$ 588,482	\$102,670	\$ 38,783	\$ 652,369
Passive Domestic Eq Pool	206,248	33,598	21,986	217,860
Global Equity Pool	266,813	20,217	10,935	276,095
Fixed Income	427,726	48,583	21,364	454,945
Real Estate	57,549	8,972	7,109	59,412
Resources Pool	16,006	5,980	1,458	20,528
Venture Capital	83,493	38,779	19,813	102,459
<b>Total Pooled Accounts</b>	<b><u>\$1,646,317</u></b>	<b><u>\$258,799</u></b>	<b><u>\$121,448</u></b>	<b><u>\$1,783,668</u></b>

## Police and Fire Consolidation Fund

	Cost June 30, 1998	Total Acquisitions	Total Dispositions	Cost June 30, 1999
<b>Pooled Accounts</b>				
External Domestic Eq Pool	\$ 148,566	\$ 24,687	\$ 17,922	\$ 155,331
Passive Domestic Eq Pool	53,392	5,979	6,507	52,864
Global Equity Pool	66,158	4,012	5,577	64,593
Other Equity	0	225	225	0
Fixed Income	106,156	10,453	9,514	107,095
Real Estate	14,132	1,840	2,304	13,668
Resources Pool	4,115	1,359	556	4,918
Venture Capital	22,472	8,841	6,025	25,288
<b>Total Pooled Accounts</b>	<b><u>\$ 414,991</u></b>	<b><u>\$ 57,396</u></b>	<b><u>\$ 48,630</u></b>	<b><u>\$ 423,757</u></b>



# Investment Summary at Market Value\*

For the Fiscal Year Ended June 30, 1999 (in thousands)

## Public Employees Retirement Fund

	Market Value June 30, 1998	Market Value June 30, 1999	Percent of Portfolio
<b>Pooled Accounts</b>			
External Domestic Equity	\$1,460,953	\$1,669,972	37%
Passive Domestic Eq Pool	681,366	793,376	18
Global Equity Pool	601,741	668,987	15
Fixed Income	919,439	949,122	21
Real Estate	154,102	158,519	3
Resources Pool	34,227	32,477	1
Venture Capital	215,345	209,455	5
<b>Total Pooled Accounts</b>	<b>\$4,067,173</b>	<b>\$4,481,908</b>	<b>100%</b>

## Public Employees Police and Fire Fund

	Market Value June 30, 1998	Market Value June 30, 1999	Percent of Portfolio
<b>Pooled Accounts</b>			
External Domestic Eq Pool	\$ 689,729	\$ 781,098	37%
Passive Domestic Eq Pool	321,705	371,052	18
Global Equity Pool	284,048	312,927	15
Fixed Income	434,007	443,973	21
Real Estate	72,796	74,229	3
Resources Pool	16,163	15,229	1
Venture Capital	101,729	98,057	5
<b>Total Pooled Accounts</b>	<b>\$1,920,177</b>	<b>\$2,096,565</b>	<b>100%</b>

## Police and Fire Consolidation Fund

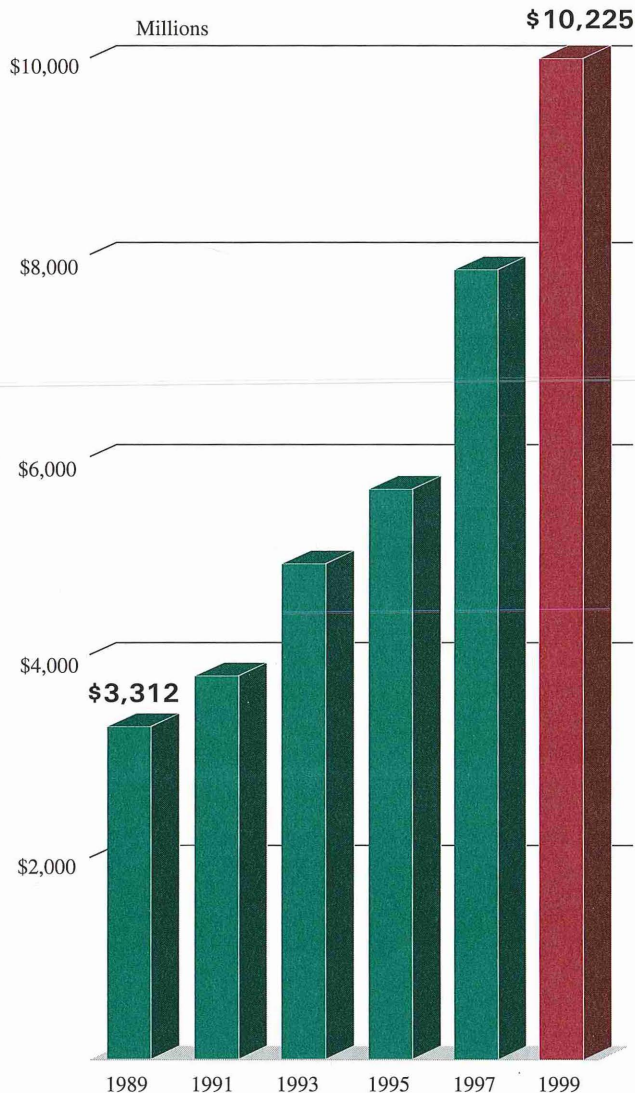
	Market Value June 30, 1998	Market Value June 30, 1999	Percent of Portfolio
<b>Pooled Accounts</b>			
External Domestic Eq Pool	\$ 169,905	\$ 181,460	37%
Passive Domestic Eq Pool	79,375	86,420	18
Global Equity Pool	69,778	72,540	15
Other Equity	0	0	0
Fixed Income	106,577	103,312	21
Real Estate	18,225	17,397	3
Resources Pool	4,026	3,566	1
Venture Capital	25,363	22,983	5
<b>Total Pooled Accounts</b>	<b>\$ 473,249</b>	<b>\$ 487,678</b>	<b>100%</b>

\* Figures shown are for PERA's active pooled funds.

# Market Value of Assets

## Market Value of Assets

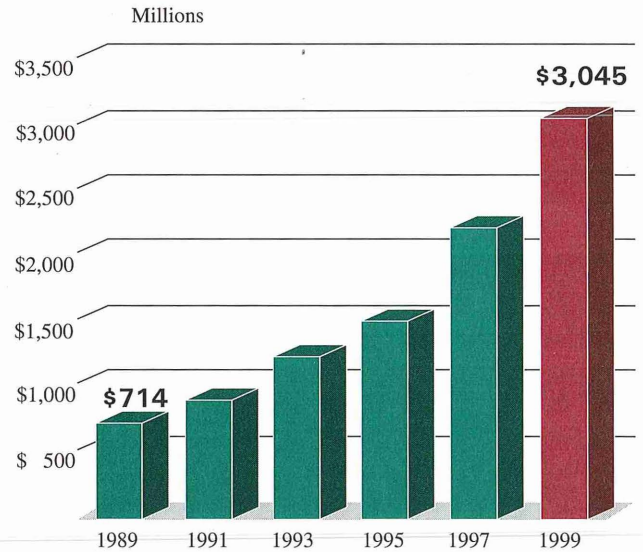
### Public Employees Retirement Fund



Over the past 10 years, the market value of the Public Employees Retirement Fund has grown from \$3.3 billion in 1989 to \$10.2 billion in 1999.

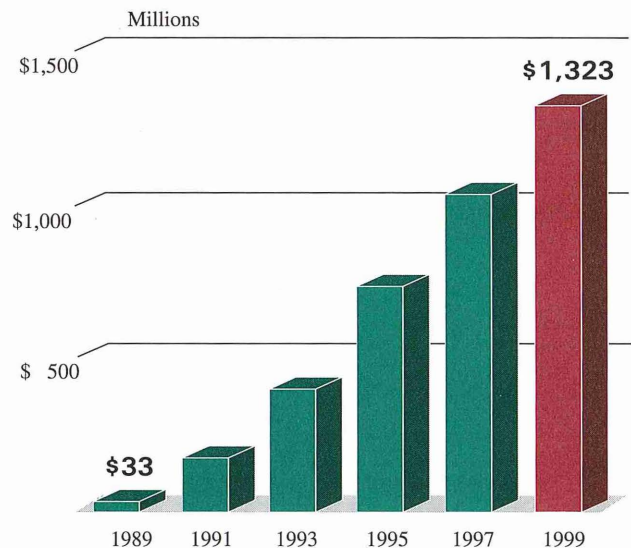
## Market Value of Assets

### Police and Fire Fund



Market value of Police and Fire Fund assets increased from \$714 million in 1989 to \$3.0 billion in 1999.

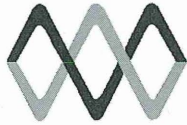
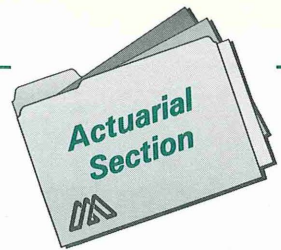
## Market Value of Assets



Created in 1988, the Police and Fire Consolidation Fund has seen its assets climb to over \$1.3 billion in just 11 years.



# Certification Letter



## MILLIMAN & ROBERTSON, INC.

Actuaries and Consultants

Suite 400, 15800 Bluemound Road, Brookfield, Wisconsin 53005-6069

November 29, 1999

Board of Trustees  
Public Employees Retirement  
Association of Minnesota  
514 St. Peter Street Suite 200  
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 June 30, 1999.

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

The results of the valuation indicate that the PERF, PEPFF and the PFCF are either ahead of or on schedule to meet the required dates for full funding.

The actuarial valuation was based upon applicable GASB 25 and statutory provisions and the Standards for Actuarial Work in effect on June 30, 1999. In the aggregate, the basic financial and membership data provided to us by the association office appears reasonable in comparison to last year, and we have relied upon the data as submitted in performing the actuarial valuation and preparing trend data schedules. It is our understanding that the data has subsequently been audited with no significant changes made. We are responsible for providing the numbers for each of the supporting schedules in the Actuary section of PERA's comprehensive annual financial report. We are also responsible for preparing both of the Required Supplementary Information schedules found in the Financial section of this annual report.

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

Though not reflected in this valuation, there will be a plan provision change effective July 1, 1999. A new defined benefit plan, called the Local Government Correction Service Retirement Fund, has been created for roughly 2,000 correctional officers who were formerly in the PERF. Enhanced benefits will be paid for by an increase in contribution rates

for that group of members. Funding for the PFRF will not be impacted.

The unfunded actuarial accrued liability was impacted by two changes in the PFCF. The benefit accrual rate increased from 2.9 percent to 3.0 percent for three local relief associations which consolidated prior to July 1, 1998 and whose city councils adopted a resolution accordingly. One new account, Crookston Police, was added to the PFCF during the fiscal year. This account increased the unfunded actuarial accrued liability by less than \$200,000.

Effective July 1, 1999, the 44 accounts in the PFCF will be terminated. Assets and liabilities will be transferred into the PEPFF. This merger will reduce the total unfunded actuarial accrued liability by roughly \$4.3 million.

The following table shows the date for full funding for each of the three plans and the funding percentage for the 1999 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>Funding Percentage</u>
PERF	2020	89.9%
PEPFF	2020	134.2%
PFCF	2010	106.0%

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,

A handwritten signature in dark ink, appearing to read "Thomas A. Cantor".



# Summary of Actuarial Assumptions and Methods

## Public Employees Retirement Fund

<b>Actuarial Cost Method</b>	Entry Age Normal, with costs allocated as a level percentage of payroll. Actuarial gains (losses) reduce (increase) the unfunded actuarial accrued liability.*
<b>Actuarial Assumptions</b>	
1. 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.†† 6% 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

<b>Actuarial Cost Method</b>	Entry Age Normal, with costs allocated as a level percentage of payroll. Actuarial gains (losses) reduce (increase) the unfunded actuarial accrued liability.*
<b>Actuarial Assumptions</b>	
1. a. Retirement	Age related table from age 50 to 70.‡
b. Mortality	1983 Group Mortality Table set back five years 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	.12% of payroll.††
3. Asset Valuation	Cost plus 1/3 unrealized gains or losses.†
4. Investment Return	8.5% compounded annually, preretirement.†† 6% 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.‡ (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	‡ 1997
** 1990	†† 1986	†† 1989
	††† 1987	††† 1994



# Actuarial Tables

June 30, 1999

## 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	4.8%	5.2%	10.0%	9.84%
Public Employees Police and Fire Fund	7.6	11.4	19.0	11.40
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 1999 contributions as reported in the July 1, 1998 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 1999 amortization amount, as reported in the July 1, 1998 actuarial valuation report, is (\$6,860,502).

## Sample Annual Rates per 100 Employees

### Public Employees Retirement Fund

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

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

Age	Mortality		Disability	Termination	Salary Increase
	Male	Female	All Employees	All Employees	
20	.03	.01	.11	8.59	11.5%
25	.04	.02	.13	4.63	9.5
30	.05	.03	.16	2.80	8.0
35	.06	.03	.19	1.83	7.0
40	.09	.05	.26	1.26	6.0
45	.12	.07	.36	.91	5.5
50	.22	.10	.69	.50	5.0
55	.39	.16	1.35	.11	5.0
60	.61	.25	—	—	5.0
65	.92	.42	—	—	5.0

A summary of plan provisions is provided on pages 13-16.

# Solvency Test

Last Six Years  
(in thousands)

## Public Employees Retirement Fund

Valuation Date	Actuarial Accrued Liability For:			Valuation Assets	Portion of Accrued Liabilities Covered by Valuation Assets		
	Active Member Contribution (1)	Current Retirees and Beneficiaries(2)	Active Members (Employer Financed) Portion (3)		1	2	3
6-30-94	\$ 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
6-30-97	1,074,489	3,795,580	3,179,597	6,658,410	100	100	56.2
6-30-98	1,151,861	4,307,232	3,310,210	7,636,668	100	100	65.8
6-30-99	1,248,385	4,788,636	3,406,657	8,489,177	100	100	71.9

## Public Employees Police and Fire Fund

Valuation Date	Actuarial Accrued Liability For:			Valuation Assets	Portion of Accrued Liabilities Covered by Valuation Assets		
	Active Member Contribution (1)	Current Retirees and Beneficiaries(2)	Active Members (Employer Financed) Portion (3)		1	2	3
6-30-94	\$ 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
6-30-97	230,492	567,300	758,691	1,974,635	100	100	155.1
6-30-98	245,499	711,514	784,331	2,337,313	100	100	176.0
6-30-99	260,239	867,514	828,510	2,626,817	100	100	180.9

## Police and Fire Consolidation Fund

Valuation Date	Actuarial Accrued Liability For:			Valuation Assets	Portion of Accrued Liabilities Covered by Valuation Assets		
	Active Member Contribution (1)	Current Retirees and Beneficiaries(2)	Active Members (Employer Financed) Portion (3)		1	2	3
6-30-94	\$ 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
6-30-97	51,500	583,784	244,926	876,171	100	100	98.3
6-30-98	48,581	702,706	219,999	1,011,362	100	100	118.2
6-30-99	45,620	777,960	207,337	1,092,684	100	100	129.0



# Schedule of Active Member Valuation Data

Last Six Years

## Public Employees Retirement Fund

Valuation Date	Number	Valuation Payroll	Annual Average Pay	% Increase in Average Pay
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
6-30-97	130,865	3,036,000,000	23,199	3.5
6-30-98	136,166	3,199,000,000	23,494	1.3
6-30-99	139,808	3,419,000,000	24,455	4.1

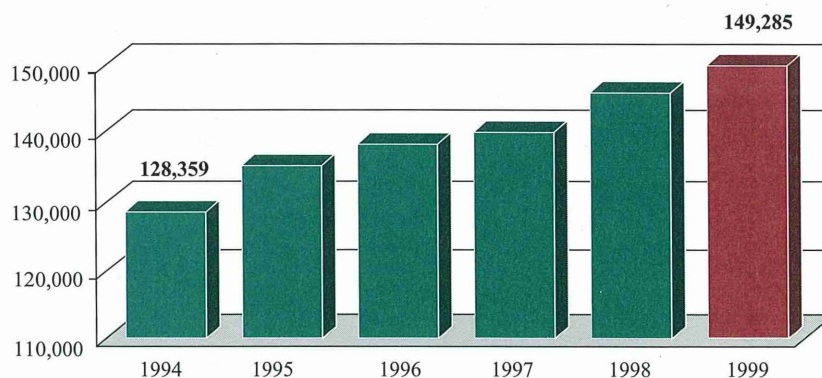
## Public Employees Police and Fire Fund

Valuation Date	Number	Valuation Payroll	Annual Average Pay	% Increase in Average Pay
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
6-30-97	8,079	347,187,000	42,974	4.3
6-30-98	8,499	375,460,000	44,177	2.8
6-30-99	8,778	403,619,000	45,980	4.1

## Police and Fire Consolidation Fund

Valuation Date	Number	Valuation Payroll	Annual Average Pay	% Increase in Average Pay
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
6-30-97	933	50,274,000	53,884	3.5
6-30-98	797	45,027,000	56,496	4.8
6-30-99	699	41,753,000	59,733	5.7

## Retirement Fund Active Members



The number of active employees participating in PERA's three defined benefit plans has increased 16 percent during the past six fiscal years.

# Schedule of Retirees and Beneficiaries

## Public Employees Retirement Fund

Year Ended	Number Added	Number Removed	Year-End Total		% Increase in Annual Allowances	Average Annual Allowances
			Number	Annual Allowances		
6-30-94	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
6-30-97	2,917	1,483	40,814	367,718,000	18.1	9,010
6-30-98	3,805	1,477	43,142	421,981,000	14.8	9,781
6-30-99	3,714	1,597	45,259	475,555,000	12.7	10,507

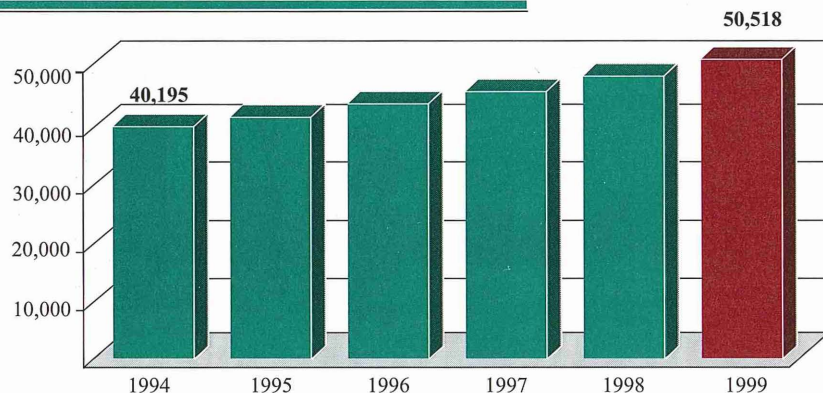
## Public Employees Police and Fire Fund

Year Ended	Number Added	Number Removed	Year-End Total		% Increase in Annual Allowances	Average Annual Allowances
			Number	Annual Allowances		
6-30-94	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
6-30-97	206	67	2,294	49,633,000	26.1	21,636
6-30-98	311	81	2,524	61,262,000	23.4	24,272
6-30-99	338	90	2,772	74,656,000	21.9	26,932

## Police and Fire Consolidation Fund

Year Ended	Number Added	Number Removed	Year-End Total		% Increase in Annual Allowances	Average Annual Allowances
			Number	Annual Allowances		
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
6-30-97	273	91	2,238	54,949,000	25.2	24,552
6-30-98	280	101	2,417	65,775,506	19.7	27,213
6-30-99	177	107	2,487	74,564,533	13.0	29,982

## Retirement Fund Annuitants



The number of people receiving retirement annuities from PERA's three defined benefit plans has increase over 25 percent during the past six fiscal years.



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

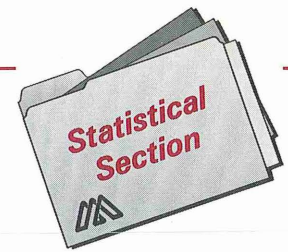
(in thousands)

	<u>PERF</u>	<u>PEPFF</u>
<b>A. UAAL at Beginning of Year (7/1/98)</b>	<b>\$1,132,635</b>	<b>\$(595,969)</b>
<b>B. Change Due to Interest Requirements and Current Rate of Funding</b>		
1. Normal Cost and Expenses	265,077	81,278
2. Contributions	(331,845)	(77,177)
3. Interest on A, B1 and B2	93,436	(50,483)
<b>C. Expected UAAL at End of Year (A+B)</b>	<b><u>\$1,159,303</u></b>	<b><u>\$(642,351)</u></b>
<b>D. Increase (Decrease) Due to Actuarial Losses (Gains) Because of Experience Deviations from Expected</b>		
1. <b>Salary Increases.</b> If there are smaller salary increases than assumed, there is a gain. If larger, a loss.	(57,350)	(12,999)
2. <b>Investment Return.</b> If there is greater investment return than assumed, there is a gain. If less, a loss.	(91,210)	(43,330)
3. <b>MPRIF Mortality.</b> If Post Fund annuitants live longer than assumed, there is a loss. If not as long, a gain.	(72,180)	1,987
4. <b>Mortality of Other Benefit Recipients.</b> If annuitants live longer than assumed, there is a loss. If not as long, a gain.	(10,853)	1,972
5. <b>Other Items.</b> Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.	26,791	24,167
<b>E. UAAL at End of Year Before Plan Amendments and changes in Actuarial Assumption (C+D)</b>	<b><u>\$ 954,501</u></b>	<b><u>\$(670,554)</u></b>
<b>F. Change in Actuarial Accrued Liability Due to Plan Amendments</b>	<b>0</b>	<b>0</b>
<b>G. Change in Actuarial Accrued Liability Due to Changes in Actuarial Assumptions</b>	<b>0</b>	<b>0</b>
<b>H. UAAL at End of Year 6/30/99 (E+F+G)</b>	<b><u><u>\$ 954,501</u></u></b>	<b><u><u>\$(670,554)</u></u></b>

\*Information is not available for the PFCF.

# Schedule of Revenue by Source

(In thousands)



## Public Employees Retirement Fund

Fiscal Year	Member Contribution	Employer Contribution		Net Investment Income**		Other	Total
		Amount	Percent of Covered Payroll	Amount	Percent of Total Revenue		
1994	\$112,940	\$119,390	4.6%	\$ 474,648	67%	\$ 3,567	\$ 710,545
1995	115,986	123,983	4.6%	407,723	63%	790	648,482
1996	121,525	129,738	4.5%	708,969	74%	1,202	961,434
1997	128,234	136,686	4.5%	1,389,595	84%	1,133	1,655,648
1998	140,386	151,499	4.7%	1,581,550	84%	1,382	1,874,817
1999	158,475	173,370	5.2%	1,052,303	76%	2,405	1,386,553

## Public Employees Police and Fire Fund

Fiscal Year	Member Contribution	Employer Contribution		Net Investment Income**		Other	Total
		Amount	Percent of Covered Payroll	Amount	Percent of Total Revenue		
1994	\$ 21,806	\$ 32,536	11.7%	\$ 113,562	68%	\$ 271	\$ 168,175
1995	22,356	33,548	11.4%	103,733	64%	2,470	162,107
1996	24,065	36,065	11.4%	214,691	78%	159	274,980
1997	26,354	39,508	11.4%	392,640	86%	59	458,561
1998	28,552	42,786	11.4%	491,525	87%	193	563,056
1999	30,897	46,280	11.4%	323,707	80%	310	401,194

## Police and Fire Consolidation Fund

Fiscal Year	Member Contribution	Employer Contribution	Net Investment Income**		Other*	Total
			Amount	Percent of Total Revenue		
1994	\$ 3,030	\$ 15,195	\$ 36,865	12%	\$256,584	\$ 311,674
1995	4,237	16,849	47,123	69%	422	68,631
1996	4,061	15,091	89,994	77%	7,931	117,077
1997	3,950	13,509	179,895	78%	33,647	231,001
1998	3,733	13,229	230,710	85%	24,222	271,894
1999	3,429	11,569	136,094	89%	2,077	153,169

\* Includes the initial transfer of assets for municipal relief associations who have consolidated with the PFCF during the fiscal year.

\*\* FY97, FY98 and FY99 Net Investment Income includes unrealized gains and losses in accordance with GASB 25.



# Schedule of Expense by Type

Last Six Years  
(in thousands)

## Public Employees Retirement Fund

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expenses</u>	<u>Other</u>	<u>Total</u>
1994	\$264,233	\$11,336	\$4,397	\$ 897	\$280,863
1995	290,484	11,929	4,794	763	307,970
1996	312,511	14,683	5,515	835	333,544
1997	342,155	16,267	5,667	1,119	365,208
1998	412,745	16,922	7,076	1,301	438,044
1999	467,601	17,219	9,631	1,618	496,069

## Public Employees Police and Fire Fund

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expenses</u>	<u>Other</u>	<u>Total</u>
1994	\$ 28,126	\$ 760	\$ 312	\$ 65	\$ 29,263
1995	32,151	592	344	2,610	35,697
1996	37,132	845	400	111	38,488
1997	43,045	933	426	161	44,565
1998	56,034	1,182	525	129	57,870
1999	68,672	1,076	737	222	70,707

## Police and Fire Consolidation Fund

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expenses</u>	<u>Other</u>	<u>Total</u>
1994	\$ 27,305	\$ 255	\$ 85	\$ 318	\$ 27,963
1995	38,669	129	121	55	38,974
1996	41,841	79	133	182	42,235
1997	47,322	8	159	138	47,627
1998	61,106	296	221	405	62,028
1999	70,780	30	278	188	71,276

# Benefit Expense by Type

Last Six Years  
(in thousands)

## Public Employees Retirement Fund

<u>Fiscal Year</u>	<u>Retirement</u>	<u>Survivor</u>	<u>Disability</u>	<u>Refund</u>	<u>Total</u>
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
1997	320,236	14,022	7,897	16,267	358,422
1998	387,629	15,343	9,773	16,922	429,667
1999	439,892	16,603	11,106	17,219	484,820

## 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>
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
1997	36,190	2,730	4,125	933	43,978
1998	46,849	3,297	5,888	1,182	57,216
1999	57,470	3,702	7,500	1,076	69,748

## Police and Fire Consolidation Fund

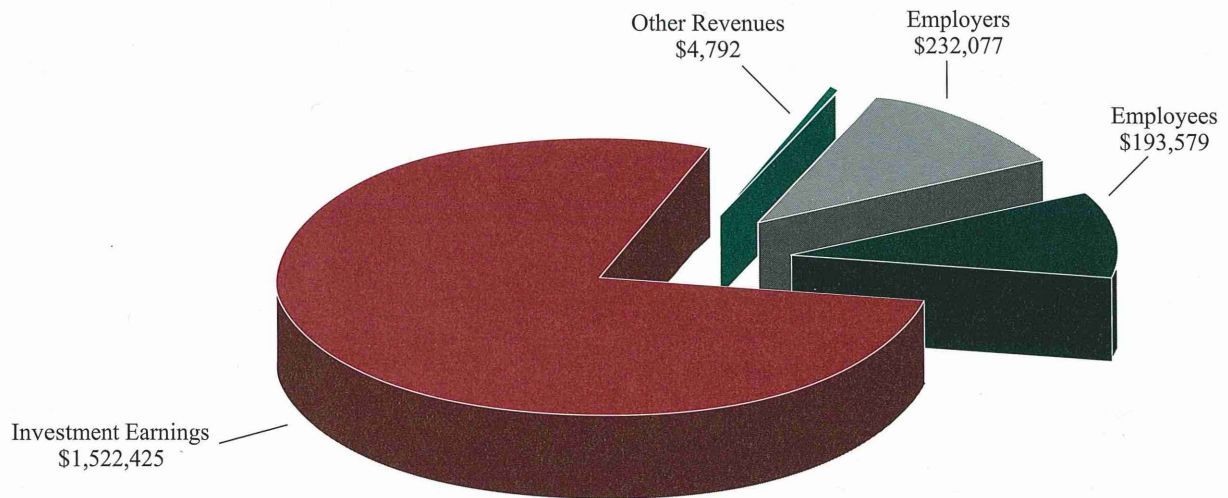
<u>Fiscal Year</u>	<u>Retirement</u>	<u>Survivor</u>	<u>Disability</u>	<u>Refund</u>	<u>Total</u>
1994	\$ 25,044	\$ 1,367	\$ 894	\$ 255	\$ 27,560
1995	35,185	2,361	1,123	129	38,798
1996	37,534	2,761	1,546	79	41,920
1997	42,207	3,277	1,838	8	47,330
1998	54,246	4,177	2,683	296	61,402
1999	61,797	4,927	4,056	30	70,810



# Revenues

## Revenue by Source

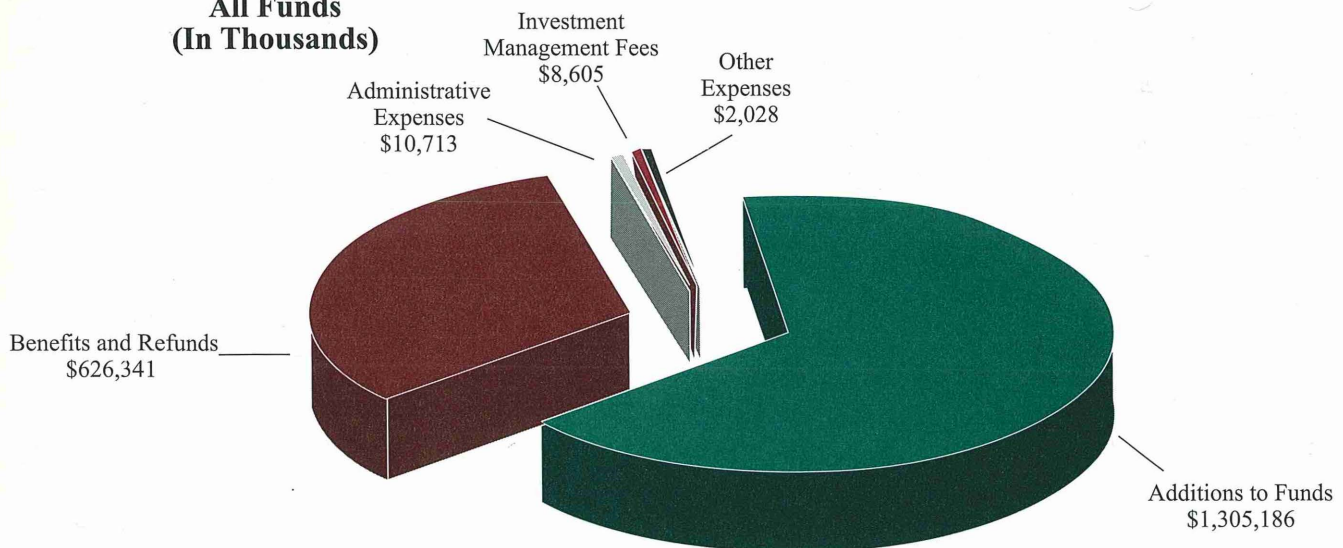
All Funds  
(In Thousands)



Investment earnings make up 78 percent of PERA's revenues, while employee and employer contributions total 21 percent of the association's income.

## Revenue Allocation

All Funds  
(In Thousands)



Over 66 percent of PERA's revenues were added to the association's funds in fiscal year 1999.

# Schedule of Retired Members

by Amount and Type of Benefit

## Public Employees Retirement Fund

Amount of Monthly Benefit	Annuitant	Optional Annuitant	Disabilitant	Survivor	Total
\$ 1- 500	18,427	1,827	622	1,096	21,972
501-1,000	8,631	997	403	248	10,279
1,001-1,500	3,667	529	162	247	4,605
1,501-2,000	2,206	325	44	134	2,709
2,001-2,500	1,682	188	31	33	1,934
2,501-3,000	1,246	100	13	15	1,374
3,001-3,500	843	60	11	1	915
3,501-4,000	524	31	7	4	566
4,001-4,500	316	19	3	1	339
4,501-5,000	217	15	3	0	235
Over 5,000	318	11	2	0	331
	38,077	4,102	1,301	1,779	45,259

## Public Employees Police and Fire Fund

Amount of Monthly Benefit	Annuitant	Optional Annuitant	Disabilitant	Survivor	Total
\$ 1- 500	174	33	8	59	274
501-1,000	156	63	15	29	263
1,001-1,500	206	68	24	45	343
1,501-2,000	217	50	62	36	365
2,001-2,500	251	28	65	15	359
2,501-3,000	288	18	61	16	383
3,001-3,500	249	14	31	14	308
3,501-4,000	204	4	18	7	233
4,001-4,500	113	2	5	0	120
4,501-5,000	56	0	1	0	57
Over 5,000	64	0	3	0	67
	1,978	280	293	221	2,772

## Police and Fire Consolidation Fund

Amount of Monthly Benefit	Annuitant	Optional Annuitant	Disabilitant	Survivor	Total
\$ 1- 500	12	27	1	27	67
501-1,000	21	20	4	22	67
1,001-1,500	30	124	6	145	305
1,501-2,000	115	162	6	113	396
2,001-2,500	290	9	12	4	315
2,501-3,000	449	5	18	4	476
3,001-3,500	503	3	26	2	534
3,501-4,000	98	1	22	4	125
4,001-4,500	68	0	13	0	81
4,501-5,000	51	0	8	0	59
Over 5,000	59	0	3	0	62
	1,696	351	119	321	2,487



# Average Benefit Payments

Last Five Years

## Public Employees Retirement Fund

Retirement Effective Dates July 1, 1994 to June 30, 1999	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
<b>Period 7/1/94 to 6/30/95:</b>							
Average Monthly Benefit	\$122.62	\$200.24	\$367.05	\$574.58	\$764.14	\$1,520.02	\$3,045.68
Number of Current Retirees	183	312	369	372	394	201	118
<b>Period 7/1/95 to 6/30/96:</b>							
Average Monthly Benefit	\$106.99	\$203.19	\$360.07	\$556.62	\$752.70	\$1,331.63	\$2,971.58
Number of Current Retirees	223	341	403	458	444	283	181
<b>Period 7/1/96 to 6/30/97:</b>							
Average Monthly Benefit	\$102.12	\$189.63	\$355.18	\$520.51	\$740.60	\$1,133.33	\$2,617.63
Number of Current Retirees	228	331	398	396	379	288	231
<b>Period 7/1/97 to 6/30/98:</b>							
Average Monthly Benefit	\$108.63	\$181.89	\$350.48	\$510.38	\$719.80	\$1,109.49	\$2,284.73
Number of Current Retirees	262	445	516	535	500	405	370
<b>Period 7/1/98 to 6/30/99:</b>							
Average Monthly Benefit	\$ 92.08	\$180.73	\$321.35	\$494.04	\$688.65	\$ 987.85	\$2,146.07
Number of Current Retirees	294	435	538	504	452	404	377
<b>Period 7/1/94 to 6/30/99:</b>							
Average Monthly Benefit	\$105.14	\$189.96	\$348.76	\$528.41	\$731.73	\$1,174.70	\$2,471.68
Number of Current Retirees	1,190	1,864	2,224	2,265	2,169	1,581	1,277

# Average Benefit Payments

Last Five Years

## Public Employees Police and Fire Fund

Retirement Effective Dates July 1, 1994 to June 30, 1999	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
<b>Period 7/1/94 to 6/30/95:</b>							
Average Monthly Benefit	\$203.20	\$ 779.80	\$1,684.01	\$2,078.12	\$2,719.10	\$3,611.54	\$4,854.13
Number of Current Retirees	9	11	9	15	26	41	15
<b>Period 7/1/95 to 6/30/96:</b>							
Average Monthly Benefit	\$380.83	\$ 902.69	\$1,128.05	\$1,757.31	\$2,345.42	\$3,432.96	\$4,168.65
Number of Current Retirees	14	4	10	8	30	50	18
<b>Period 7/1/96 to 6/30/97:</b>							
Average Monthly Benefit	\$315.41	\$ 691.42	\$1,311.01	\$1,477.89	\$2,218.90	\$2,983.53	\$3,855.63
Number of Current Retirees	9	3	13	14	22	45	29
<b>Period 7/1/97 to 6/30/98:</b>							
Average Monthly Benefit	\$309.95	\$ 833.32	\$1,352.08	\$1,782.36	\$2,268.26	\$3,056.24	\$3,620.62
Number of Current Retirees	11	11	17	18	49	71	46
<b>Period 7/1/97to 6/30/99:</b>							
Average Monthly Benefit	\$449.59	\$1,023.15	\$1,586.92	\$1,313.92	\$2,147.43	\$2,976.69	\$3,559.39
Number of Current Retirees	17	8	17	12	48	100	46
<b>Period 7/1/94 to 6/30/99:</b>							
Average Monthly Benefit	\$350.86	\$854.45	\$1,415.80	\$1,698.06	\$2,309.12	\$3,155.19	\$3,830.79
Number of Current Retirees	60	37	66	67	175	307	154



# Average Benefit Payments

Last Five Years

## Police and Fire Consolidation Fund

Retirement Effective Dates July 1, 1994 to June 30, 1999	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
<b>Period 7/1/94 to 6/30/95:</b>							
Average Monthly Benefit	\$ 0.00	\$ 0.00	\$1,878.54	\$2,198.99	\$1,858.44	\$3,321.91	\$4,555.85
Number of Current Retirees			1	5	11	15	20
<b>Period 7/1/95 to 6/30/96:</b>							
Average Monthly Benefit	\$1,951.48	\$3,237.76	\$1,255.24	\$1,639.65	\$2,394.09	\$3,200.78	\$4,466.89
Number of Current Retirees	1	1	3	3	19	22	25
<b>Period 7/1/96 to 6/30/97:</b>							
Average Monthly Benefit	\$2,472.65	\$2,180.29	\$2,538.23	\$2,202.30	\$2,277.18	\$3,020.49	\$3,969.95
Number of Current Retirees	30	1	7	13	37	51	38
<b>Period 7/1/97 to 6/30/98:</b>							
Average Monthly Benefit	\$ 0.00	\$1,467.92	\$2,180.81	\$2,336.91	\$2,597.61	\$3,741.58	\$4,082.65
Number of Current Retirees		2	3	8	40	75	61
<b>Period 7/1/98 to 6/30/99:</b>							
Average Monthly Benefit	\$ 574.75	\$ 0.00	\$1,185.41	\$1,375.12	\$2,334.84	\$3,029.93	\$4,131.09
Number of Current Retirees	1		3	7	12	39	24
<b>Period 7/1/94 to 6/30/99:</b>							
Average Monthly Benefit	\$2,397.05	\$2,088.47	\$1,971.21	\$2,024.03	\$2,370.66	\$3,332.06	\$4,177.59
Number of Current Retirees	32	4	17	36	119	202	168

# Participating Employers

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

## CITIES AND TOWNSHIPS

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



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

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



EAGLE BEND #790	HALSTAD- HENDRUM #2527	LAKE OF THE WOODS #390	MORRIS #769	RED LAKE #38	SPRING VALLEY #237
EAST CHAIN- GRANADA #2536	HANCOCK #768	LAKEFIELD #325	MORRISTOWN #657	RED LAKE FALLS #630	SPRINGFIELD #85
EAST GRAND FORKS #595	HARMONY #228	LAKEVILLE #194	MORTON #652	RED WING #256	STAPLES #793
ECHO #893	HASTINGS #200	LAMBERTON #633	MOTLEY #483	REDWOOD FALLS #637	STEPHEN #443
ECHO CHARTER	HAWLEY #150	LANCASTER #356	MOUNDS VIEW #621	REMER #118	STEWART #426
EDEN PRAIRIE #272	HAYFIELD #203	LANESBORO #229	MOUNTAIN IRON- BUHL #712	RENVILLE #654	STEWARTVILLE #534
EDEN VALLEY- WATKINS #463	HECTOR #651	LAPORTE #306	MOUNTAIN LAKE #173	RICHFIELD #280	STILLWATER #834
EDGERTON #581	HENDRICKS #402	LE CENTER #392	NASHWAUK- KEEWATIN #319	RIGHT STEP ACADEMY	SUCCESS ACADEMY
EDINA #273	HENNENP CO. #287	LEROY- OSTRANDER #499	NETT LAKE #707	ROBBINSDALE #281	SUMMIT SCHOOL FOR THE ARTS
ELGIN-MILLVILLE #806	HENNING #545	LE SUEUR- HENDERSON #2397	NEVIS #308	ROCHESTER #535	SWANVILLE #486
ELK RIVER #728	HERMAN #264	LESTER PRAIRIE #424	NEW HEIGHTS	LUVERNE #670	TAYLORS FALLS #140
ELLENDALE #762	HERMANTOWN #700	LEWISTON #857	NEW LONDON- SPICER #345	ROCKFORD #883	THIEF RIVER FALLS #564
ELLSWORTH #514	HERON LAKE- OKABENA #330	LINSTROM- CHISAGO LAKES #141	NEW PRAGUE #721	ROSEAU #682	TOIVOLA- MEADOWLANDS CHARTER
ELMORE #219	HIAWATHA VALLEY #61-6013	LITCHFIELD #465	NEW RICHLAND- HARTLAND #827	ROSEMOUNT #196	TOWER-SOUDAN #708
ELY #696	HIBBING #701	LITTLE FALLS #482	NEW SPIRIT	ROSEVILLE #623	TRACY #417
EMILY CHARTER	HIGHER GROUND ACADEMY	LITTLEFORK- BIG FALLS #362	NEW ULM #88	ROTHSAY #850	TRUMAN #458
EMMONS #243	HILL CITY #2	LONG PRAIRIE #792	NEW VISIONS	ROUND LAKE #516	TWIN VALLEY #526
ESKO #99	HILLS- BEAVER CREEK #671	LYLE #497	NEW YORK MILLS #553	ROYALTON #485	TYLER #409
EVANSVILLE #208	HINCKLEY #573	LYND #415	MARSHALL CO. CENTRAL #441	RUSH CITY #139	ULEN-HITTERDAL #914
EVELETH #697	HOFFMAN #265	MABEL-CANTON #238	NICOLLET #507	RUSHFORD- PETERSON #239	UNDERWOOD #550
EYOTA-DOVER #533	HOLDINGFORD #738	MADISON JOINT POWERS #6011	NORTH BRANCH #138	RUSSELL #418	UPSALA #487
FAIRFAX-GIBBON- WINTHROP #2365	HOPKINS #270	MAGNOLIA #669	NORTHEAST METRO INTERM #916	RUTHTON #584	VALLEY & LAKES EDUCATION #6001
FAIRMONT #454	HUSTON #294	MAHNOMEN #432	NORTHFIELD #659	SACRED HEART #655	VERDI #408
FARIBAULT #656	HOWARD LAKE- WAVERLY #880	MAHTOMEDI #832	NO. ST. PAUL- MAPLEWOOD- OAKDALE #622	ST. ANTHONY #282	VERNDAL #818
FARMINGTON #192	HUTCHINSON #423	MANKATO #77	NORWOOD-YOUNG AMERICA #108	ST. CHARLES #858	VILLAGE SCHOOL OF NORTHFILED
FERGUS FALLS #544	INTERNATIONAL FALLS #361	MAPLE LAKE #881	OGILVIE #333	ST. CLAIR #75	VIRGINIA #706
FERTILE #599	INVER GROVE HEIGHTS #199	MAPLETON #72	OKLEE #627	ST. CLOUD #742	WABASHA- KELLOGG #811
FINLAYSON #570	ISLE #473	MARSHALL #413	ONAMIA #480	ST. FRANCIS #15	WABASSO #640
FISHER #600	IVANHOE #403	MAYNARD #127	ORONO #278	ST. JAMES #840	WACONIA #110
FLOODWOOD #698	JACKSON #324	MAZEPPA- ZUMBROTA #2805	ORTONVILLE #62	ST. LOUIS CO. #710	WADENA #819
FOLEY #51	JANESVILLE- PEMBERTON- WALDORF #2835	MC GREGOR #4	OSAKIS #213	ST. LOUIS PARK #283	WADENA TECH. INSTITUTE
FOREST LAKE #831	JASPER #582	MC LEOD WEST	OSLO #442	ST. PAUL #625	WALKER- HACKENSACK- AKELEY #113
FOSSTON #601	JEFFERS- STORDEN #178	MEDFORD #763	OSSEO #279	ST. PAUL FAMILY LCCS	WALNUT GROVE #641
FRANKLIN #650	JORDAN #717	MELROSE #740	OWATONNA #761	ST. PETER #508	WANAMINGO #258
FRAZEE #23	KARLSTAD- STRANDQUIST #2358	MENAHGA #821	PACT CHARTER	SANBORN #638	WARREN #446
FREDERICK DOUGLAS MATH SCIENCE TECH. ACADEMY	KASSON- MANTORVILLE #204	MENTOR #604	PARK RAPIDS #309	SANDSTONE- ASKOV #2580	WARROAD #690
FREEBORN #244	KELLIHER #36	METRO DEAF	PARKERS PRAIRIE #547	SARTELL #748	WASECA #829
FRIDLEY #14	KENNEDY #354	MIDDLE RIVER #440	PAYNESVILLE #741	SAUK CENTRE #743	WATERTOWN- MAYER #111
FULDA #505	KENSINGTON #209	MID--STATE #6979	PELICAN RAPIDS #548	SAUK RAPIDS #47	WATERVILLE- ELYSIAN #395
GARY #523	KENYON #254	MILACA #912	PEQUOT LAKES #186	SEBEKA #820	WAYZATA #284
GAYLORD #732	KERKHOVEN- MURDOCK- SUNBURG #775	MILROY #635	PERHAM #549	SHAKOPEE #720	WELLS-EASTON #224
GILBERT #699	KIESTER #222	MINNEAPOLIS #1	PIERZ #484	SHERBURN-TRIMONT- WELCOME #2372	WESTBROOK #175
GLENCOE #422	KIMBALL #739	MINNEOTA #414	PILLAGER #116	SIBLEY COUNTY- RIVER BEND #6049	WEST CENTRAL #263
GLENVILLE #245	KOOCHICHING COUNTY #363	MINNESOTA LAKE #223	PINE CITY #578	SILVER LAKE #425	WESTONKA #277
GLYNDON- FELTON #145	LA CRESCENT #300	MN. RIVER VALLEY #993	PINE ISLAND #255	SIoux VALLEY #328	WEST ST. PAUL #197
GONVICK-TRAIL #158	LAKE BENTON #404	MN. TRANSITIONS CHARTER	PINE RIVER- BACKUS #117	SKILLS FOR TOMORROW	WHEATON #803
GOODHUE #253	LAKE CITY #813	MINNETONKA #276	PIPESTONE #583	SLAYTON #504	WHITE BEAR LAKE #624
GOODHUE CO. #6051	LAKE CRYSTAL #2071	MONTEVIDEO #129	PLAINVIEW #810	SLEEPY EYE #84	WHITE EARTH- OGEMA-WAUBUN #435
GOODRIDGE #561	LAKE PARK #24	MONTGOMERY- LONSDALE #394	PLUMMER #628	SOUTHLAND #500	WORLD LEARNING OF CHASKA #4016
GRAND MEADOW #495	LAKE SUPERIOR #381	MONTICELLO #882	PRESTON- FOUNTAIN #233	SO. ST. PAUL #6	
GRAND RAPIDS #318	LAKE WILSON- CHANDLER #918	MOORHEAD #152	PRINCETON #477	SO. WASHINGTON COUNTY #833	
GRANITE FALLS #894		MOOSE LAKE #97	PRIOR LAKE #719	SPRING GROVE #297	
GREENBUSH #678		MORA #332	PROCTOR #704	SPRING LK. PARK #16	
GREY EAGLE #791		MORGAN #636	RANDOLPH #195		
GROVE CITY #464			RAYMOND #346		
GRYGLA #447					
HALLOCK- HUMBOLDT #2359					



WILLMAR #347  
WILLOW RIVER #577  
WINDOM #177  
WIN-E-MAC #2609  
WINNEBAGO #225  
WINONA #861

WINSTED #427  
WOOD LAKE #896  
WORTHINGTON #518  
WRENSHALL #100  
WYKOFF #236  
ZUMBRO EDUC.  
DIST. #6012

### 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  
BLUE EARTH RIVER BASIN INITIATIVE  
BRAHAM-ISANTI-MILACA JOINT POWERS BD.  
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 DEVELOPMENT 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 FORK CROW RIVER  
WATERSHED DISTRICT  
NORTH KITTSOON COUNTY  
RURAL WATER SYSTEM  
NORTH METRO MAYORS ASSOCIATION  
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.  
PACT 4 FAMILIES COLLABORATIVE  
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  
PRAIRIE LAKES DETENTION CENTER



PRIOR LAKE-SPRING LAKE WATERSHED DIST.  
 PUBLIC EMPLOYEES  
 RETIREMENT ASSOCIATION  
 RANGE ASSN. OF MUNICIPALITIES  
 RED LAKE WATERSHED DISTRICT  
 REGION 8 SW & W CENTRAL ECSU  
 RED LAKE COUNTY SWCD  
 RED LAKE FALLS AREA SPECIAL ED. COOP  
 RED RIVER VALLEY VOC. COOP CNT.  
 REDWOOD-COTTONWOOD RIVER CONTROL  
 AREA  
 REDWOOD COUNTY SWCD  
 REGION 5 DEVELOPMENT COMM.  
 REGION 1 ESV  
 REGION 9 SOUTH CENTRAL ECSU  
 RENVILLE COUNTY SWCD  
 RICE COUNTY SWCD  
 ROSEAU COUNTY SWCD  
 RICE CREEK WATERSHED DISTRICT  
 RIVER BEND SPECIAL ED. COOP  
 ROCK COUNTY RURAL WATER SYSTEM  
 RUNESTONE COMM. CENTER  
 RUNESTONE ED. DIST. #6014  
 RURAL FIRE ASSN.  
 ST. BONIFACIUS-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  
 SERPENT LAKE SANITARY SEWER DIST.  
 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  
 TRI-COUNTY BIOSOLIDS  
 DISPOSAL AUTHORITY  
 TWO RIVERS WATERSHED DIST.  
 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  
 WASIOJA EDUC. TECH. COOP. #6048  
 WATONWAN COUNTY SWCD  
 WEST CENTRAL AREA ON AGING  
 WEST CENTRAL ECSU  
 WESTERN LAKE SUPERIOR SANITARY DIST.  
 WEST HENNEPIN CO. HUMAN SERVICES  
 WEST HENNEPIN PUBLIC  
 SAFETY DEPT.  
 WEST METRO FIRE-RESCUE DIST.  
 WEST OTTERTAIL COUNTY SWCD  
 WEST POLK COUNTY SWCD  
 WILKIN COUNTY SWCD  
 WINDOM AREA HOSPITAL  
 WINONA COUNTY SWCD  
 WRIGHT VOC. CENTER  
 YELLOW MEDICINE COUNTY SWCD  
 YELLOW MEDICINE RWD

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

ALBERT LEA FIRE  
 ALBERT LEA POLICE  
 ANOKA POLICE  
 AUSTIN FIRE  
 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. CLOUD POLICE  
 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