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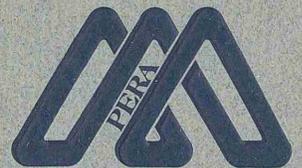
ANNUAL

FINANCIAL

REPORT

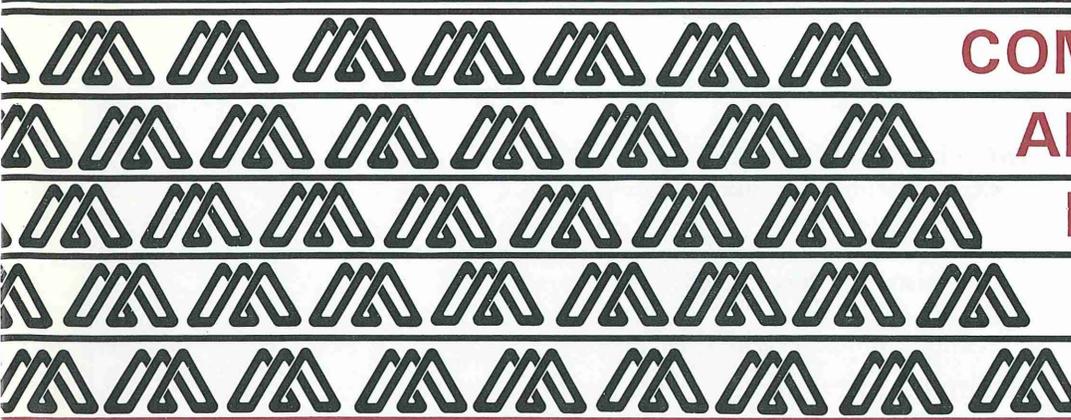
June 30, 1991
Public Employees Retirement Association of Minnesota

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**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

June 30, 1991

Public Employees Retirement Association of Minnesota

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Gary R. Norstrem — Board Vice President, Cities Representative

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Mark B. Dayton — State Auditor

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Dawn Hulmer — Membership Representative

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Robert D. McCubbin — Membership Representative

Lois Riecken — Counties Representative

Laurie Fiori Hacking

Executive Director

Prepared by:

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Gary Hovland — Accounting Supervisor

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Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to
**Public Employees Retirement
Association of Minnesota**

For its Component Unit
Financial Report
for the Fiscal Year Ended
June 30, 1990

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 component unit financial reports (CUFR's) achieve the highest standards in government accounting and financial reporting.



Gary R. Houston

President

Jeffrey L. Essler

Executive Director

Letter of Transmittal



Laurie Fiori Hacking
Executive Director

Public Employees Retirement Association of Minnesota
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St. Paul, Minnesota 55102
612-296-7460



December 2, 1991

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

Dear Trustee:

We are pleased to present this sixtieth Comprehensive Annual Financial Report for the fiscal year (FY) ended June 30, 1991. This report consists of four sections: the introductory section contains this transmittal letter, the president's report, a summary of the membership requirements and benefit structures of PERA's Funds, and information about the Board of Trustees and the administrative organization. The financial section contains the independent auditor's report, the fiscal year-end financial statements, supplementary information and supporting schedules. The actuarial section includes the certification letter from the actuary, results of the fiscal year 1991 valuation, and other actuarial information. The statistical section contains tables of significant data pertaining to the Association and a list of the affiliated employers.

The information contained in this report is the responsibility of management of the Association. We trust you will find this report to be a full and complete disclosure of the structure and financial status of PERA and its Funds.

Accounting Systems and Reports

All financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. Financial statements also comply with Minnesota Statutes, Section 356.20.

PERA's internal accounting controls are designed to provide reasonable assurance for the safekeeping of assets and the reliability of all financial records. Transactions of the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, the Police and Fire Consolidation Fund and the Public Employees Defined Contribution Plan are reported on the accrual basis of accounting.

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 FY91 totaled \$619,370,000. This represents a decrease of 4.7 percent over FY90 revenues, as shown below. The increase in employee and employer contributions resulted primarily from an increase in average annual earnings and in the number of members contributing (see schedule on page 43). Statutory contribution rates for both employers and employees remain unchanged from the prior year.

Revenue Source (in thousands)	FY 1991	FY 1990	Percent Inc./Dec.
Member Contributions	\$113,114	\$103,851	8.9%
Employer Contributions	138,194	123,486	11.9
Realized Investment Income	365,470	420,226	(13.0)
Other Income	2,592	2,570	1.0
Totals	\$619,370	\$650,133	(4.7)%

Realized investment income of the PERA Funds accounted for the largest share—approximately 60 percent—of total fund income. Although realized income decreased, due largely to a decrease in net realized capital gains on sales of investments, the total rate of return on investments exceeded 6 percent.

Expenses

The annual expenses of PERA 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 \$247,909,000, an increase of 8.8 percent over such expenses for FY90, as shown below:

Expense Type (in thousands)	FY 1991	FY 1990	Percent Inc./Dec.
Benefits	\$225,621	\$203,738	10.7%
Refunds	12,917	13,932	(7.3)
Investment Managers	2,962	3,415	(13.3)
Administrative	4,103	4,108	(0.1)
Other	2,306	2,730	(15.5)
Totals	\$247,909	\$227,923	8.8%

The increase in benefits reported for the fiscal year resulted mainly from the growth in the number of benefit recipients and the higher average benefit payments (see schedules on pages 44-45). The decrease in fees paid to investment managers is related directly to the performance of the external money managers who are paid performance-based fees.

Investments

In accordance with Minnesota Statutes, Section 353.06, assets of the PERA Funds are invested by the Minnesota State Board of Investment (SBI). All investments undertaken by the SBI are governed by the common law prudent person rule and other standards codified in Chapter 11A of the Minnesota Statutes.

The SBI appoints a 17-member Investment Advisory Council (IAC) to advise the State Board on asset allocation and other policy matters relating to investments. The IAC also advises the State Board on methods to improve the rate of return while assuring adequate security of the assets under management. The executive director of PERA is a standing member of the IAC. The SBI also employs an investment consultant to monitor and evaluate the investment management firms' performance and to evaluate or suggest various alternatives for asset allocation and other investment policy matters.

Pension assets of the currently working members of the Association (see table below) are invested entirely by professional investment management firms. The greatest share of these assets, 60 percent, is invested in equity securities in order to maximize the long-term rate of return. For the year ended June 30, 1991, the overall rate of return on active member assets was 6.7 percent.

Fund	Market Value of Investments, June 30, 1991 (in thousands)	
	Active Members	Retired Members
PERF	\$1,740,301	\$2,085,173
PEPFF	667,100	222,957
PFCF	78,796	69,770
Totals	\$2,486,197	\$2,377,900

Assets of the retired members of the Association and their joint annuitants (see table above) are pooled in the Minnesota Post Retirement Investment Fund and are invested by SBI staff. In contrast to the portfolio for the currently working members, 85 percent of the assets for retirees are invested in fixed income securities. This asset mix is chosen to create a sizable, steady stream of income sufficient to pay promised benefits. The portfolio is structured to provide cash inflows match required cash outflows. Thus, total return is not a relevant performance measure for the portfolio since the total return calculation factors in unrealized market values. Nevertheless, the bond segment provided a 10.0 percent return for the year.

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

Letter of Transmittal

(Continued)

deadlines for full funding. A pension fund is fully funded when it has present and projected assets sufficient to cover the liabilities for present and future annuities, benefits and refunds and the projected cost of fund administration. Minnesota Statutes, Section 356.215, subd. 4(g), requires that the Public Employees Retirement Fund and the Public Employees Police and Fire Fund be fully funded by the year 2020. Minnesota Statutes, Section 353A.09, subd. 5(2)(b)(1), requires full funding for the Police and Fire Consolidation Fund by the year 2010. The actuarial funding method followed by PERA is the entry age normal, level contribution as a percent of payroll method.

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

The Association's progress towards meeting the full funding objective is displayed on two schedules in this report. The first, the Summary of Accrued and Unfunded Accrued Liabilities, on pages 40-41, shows the funding levels using the entry age normal actuarial cost method. At the end of FY91, the ratio of assets to liabilities of the Public Employees Retirement Fund was 72 percent. For the Public Employees Police and Fire Fund and the Police and Fire Consolidation Fund, the ratios were 106 percent and 71 percent, respectively. The second display of funding progress, the Analysis of Funding Progress, is on page 25 of this report, and presents a standardized measure of projected plan liabilities called the pension benefit obligation. This measure, a disclosure required by the Governmental Accounting Standards Board, allows readers to make comparisons among public employee retirement systems and to assess the progress made by PERA in accumulating sufficient assets to pay benefits when due. This measure of benefits is independent of the actuarial funding method discussed above.

Association's Status Report

In FY88, the Police and Fire Consolidation Fund was created. This fund allows existing local police or fire relief associations to consolidate with PERA. During the past fiscal year, eight local relief associations exercised their option to consolidate. This brings the total number of consolidation accounts within the fund to twenty. With the addition of these eight groups, we added 135 members to the active rolls, 227 members to those receiving benefits, and over \$43 million in assets to the fund. Currently, there are other relief associations moving through the procedural steps necessary to effect consolidation. We anticipate that two relief associations

will complete the consolidation process by the end of calendar year 1991.

Another fund, the Public Employees Defined Contribution Plan (PEDCP) experienced significant growth during the fiscal year. The growth was attributable, to a large degree, to the enactment of the 1990 Omnibus Budget Reconciliation Act. Included in the Act is the requirement that individuals who do not participate in a state or local retirement system must be covered by Social Security. We noted a large influx of elected officials into the PEDCP as a result.

During the 1991 legislative session, various survivor benefit improvements were obtained. These improvements provided an overall solution to the inequities in survivor coverage under the prior law in the Basic Plan and in the Police and Fire Fund. Specifically, the revisions included: the removal of the restriction on remarriage in order for surviving spouses to continue receiving optional benefits; increasing the Basic family maximum benefit to 70 percent of salary from a fixed dollar amount of \$1,000 per month; restoring children's benefits for families of disabled Police and Fire Fund members who had chosen the joint and survivor annuity option before death.

In terms of internal matters affecting management of PERA or the services it provides, a number of accomplishments should be noted. In the spring of 1991, we offered active members participating in the \$9 insurance plan the opportunity to upgrade to a new \$12 insurance plan. Under the new plan, most members will see their coverage amount and their premium increase by one third. Approximately 70 percent of the insurance participants selected to upgrade to the new plan.

Also, a second WATS line was added that allows members to call PERA toll-free from anywhere in the continental United States. The added line resulted in a 42 percent increase in the monthly average of calls received.

Another notable accomplishment was the Board of Trustees election which was held in January 1991. A new election process using optical character reading equipment resulted in speedy verification of nearly 20,000 returned ballots. Other improvements were made to the design of the ballots, the biographical information of the candidates, and coordination of the ballot counting process with the Secretary of State's Office.

Additionally, in May of 1991, PERA-sponsored legislation was passed adding a new member to the Board to represent members in the Police and Fire Fund. The appointment by the governor in August 1991 brings the number of Board members to ten.

PERA continues to proceed with developing a long-range strategic plan to implement data base technology to improve the quality, management and accessibility of our information for the 1990s. At the conclusion of FY91, a staff study team organized and developed strategies for conducting an organization-wide study of current processes and information

systems. The study project, named Tomorrow's Information Processing Planning Strategies, or "TIPPS," will identify organizational goals to accomplish PERA's planning objectives to provide service programs and support systems that will help our membership. Phase I of the TIPPS project will be completed during the first half of FY92. Phase II of the TIPPS project will focus on prioritizing PERA's planning goals and on developing strategies to accomplish the plan over the next several years. Phase II will begin in January 1992.

Finally, the PERA Board and staff continued and expanded their efforts to reach out to the membership. A series of town meetings, preretirement conferences, and group meetings were held at many locations throughout the state to make information and counseling as accessible as possible. In addition, a new series of retiree round table meetings were held to specifically address the issues of concern to retirees and benefit recipients. Included among the topics at these meetings during the year were the proposals to revise the Post Retirement Fund benefit increase formula, and the use of public pension funds for in-state private placement investments.

Professional Services

The FY91 actuarial valuation of the PERA Funds was conducted by Milliman & Robertson, Inc., and completed in November of 1991. Actuarial consulting services during the fiscal year were provided by Gabriel, Roeder, Smith & Company of Detroit. In addition to providing a thorough review of Milliman & Robertson's FY91 actuarial valuation, Gabriel Roeder 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. Finally, the State's Legislative Auditor continued to provide professional financial auditing services. The comments of the Legislative Auditor are found on page 15 of this report.

Reports to the Membership

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

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PERA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1990. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. PERA has received a Certificate of Achievement for the last six consecutive years, fiscal years 1985-1990. We believe our current report for FY91 continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

Acknowledgements

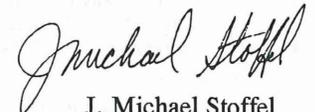
As a compendium of financial, actuarial and other statistical information, PERA's Comprehensive Annual Financial Report provides complete and reliable information on which management decisions may be based and through which compliance with statutory requirements may be assessed. In addition, the report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

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

Respectfully submitted,

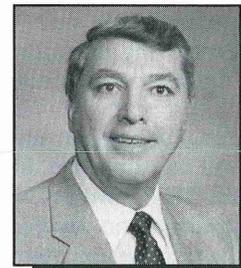


Laurie Fiori Hacking
Executive Director



J. Michael Stoffel
Manager of Finance

President's Report



George A. Cicmil
Board President

Public Employees Retirement Association of Minnesota
Suite 200 — Skyway Level
514 St. Peter Street
St. Paul, Minnesota 55102
612-296-7460



November 29, 1991

Dear Members, Annuitants, Beneficiaries and Governmental Employers:

This sixtieth annual financial report of the Public Employees Retirement Association (PERA) discloses financial, actuarial and other related information with respect to PERA and the funds it administers. At the June 30, 1991, fiscal year end, the PERA funds had a combined total of \$4.5 billion in net assets. This reflected a \$415 million or 10 percent increase over net assets at the beginning of the fiscal year. The rate of return on the investment of the assets of active employees covered by the PERA funds was 6.7 percent. This takes into account the lower returns experienced by the financial markets as a result of the Persian Gulf crisis.

The Minnesota Post-Retirement Investment Fund (MPRIF), in which PERA has a pooled interest along with other Minnesota statewide pension systems, had assets at fiscal year end of \$6 billion. The MPRIF supports the annuities payable to retirees and their joint annuitants, and also finances annual post-retirement increases from investment earnings in excess of 5 percent. Given last fiscal year's rate of return, the MPRIF will be able to finance a 4.3 percent increase as of January 1, 1992. This is the second time in three years that the MPRIF increase has failed to keep pace with inflation. Predictions by the Minnesota State Board of Investment are that increases for the next few years will fall between 2 and 4.5 percent. For these reasons, the PERA Board, along with the boards of the other two statewide systems, has endorsed a proposal to diversify the fund's investments and add a cost-of-living factor to the benefit increase formula. It is likely that a bill will be introduced during the 1992 legislative session to effect the necessary changes.

During the past year, there has been significant attention devoted to the possibility of directly investing a large sum of state pension assets in one privately-held company in Minnesota. This has been one of the most volatile issues to come before the statewide pension funds in many years, and has generated some heated discussions among our members. The main concern of the PERA Board is that the pension funds not be used to support any social or economic agenda for the state. These funds were established to provide for the present and future benefits of our members and the sole criteria used for investment should be the maximization of earnings while maintaining fund security.

Another issue explored by the PERA Board of Trustees is changing PERA's disability provisions. The Board has decided to pursue legislation this year that will allow PERA to grant temporary disability while a member is required to pursue vocational rehabilitation. The purpose of the legislation is to provide a mechanism to rehabilitate temporary disabled so they have better abilities to return to the work force.

In keeping with its fiduciary responsibilities, the PERA Board will also pursue legislation that would increase from 6 to 8.5 percent the interest rate charged to members for repayments of refunds and similar transactions. The Board believes that the interest rate charged on repayments of refunds should be identical to the 8.5 percent actuarial assumption for the investment earnings for the Basic Fund.

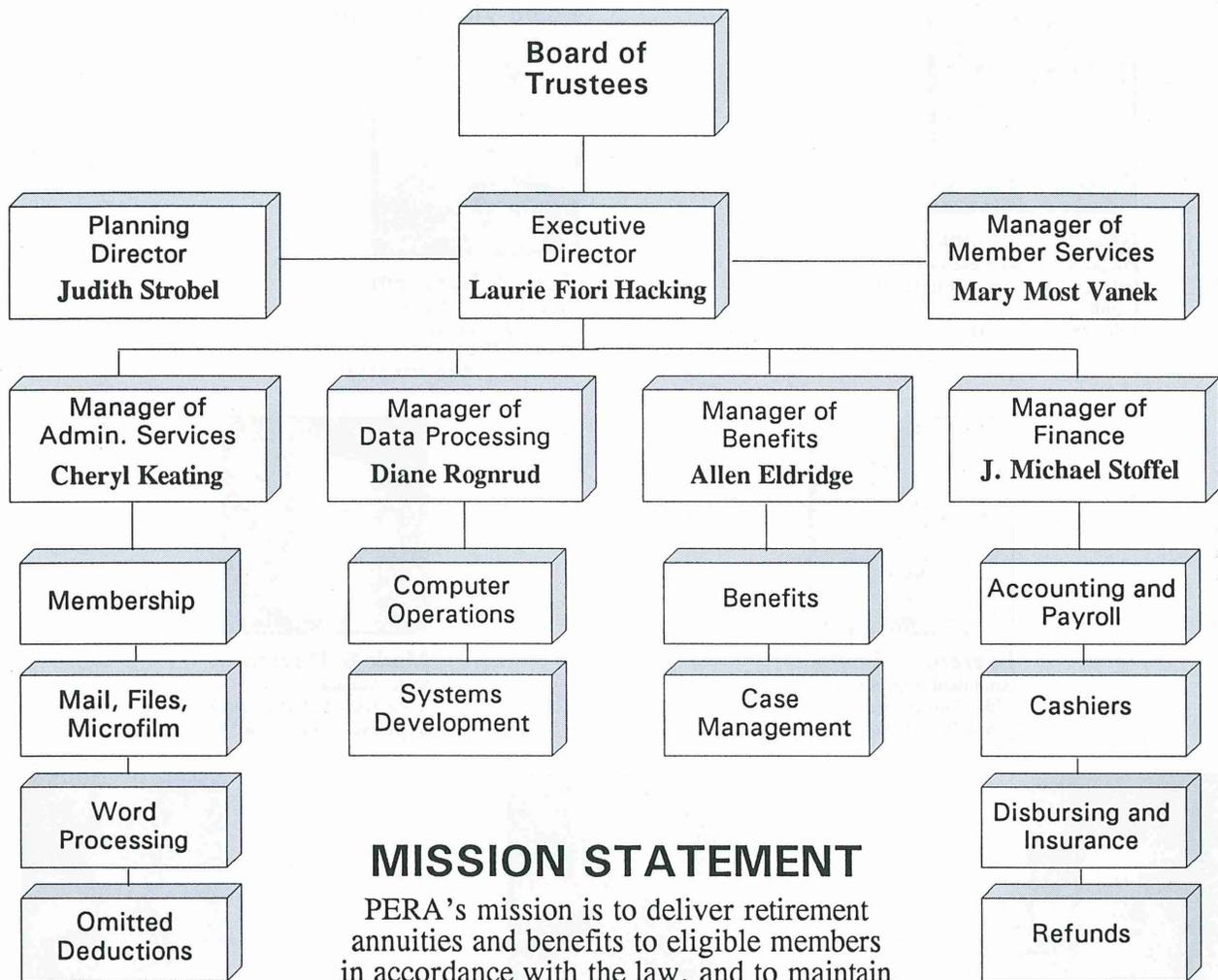
In closing, I wish to express the Trustees' continuing commitment to the preservation and growth of the assets of the PERA funds and to the protection and furtherance of the interests of PERA's members, annuitants and beneficiaries, as well as the interests of the governmental employer units and the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

Sincerely,

George A. Cicmil, President
PERA Board of Trustees

GC/sk

Administrative Organization



MISSION STATEMENT

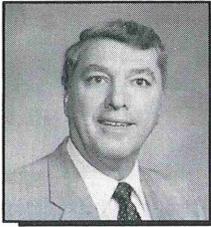
PERA's mission is to deliver retirement annuities and benefits to eligible members in accordance with the law, and to maintain a financially sound retirement system.

PERA's success in carrying out its mission depends upon its employees, for through their development, training, and efforts, PERA achieves its goals which are:

- providing quality services that are appropriate, personalized, informative, accessible and timely;
- obtaining and disseminating accurate and complete information;
- influencing legislation that is beneficial to our members, beneficiaries, and governmental units while maintaining PERA's financial soundness.

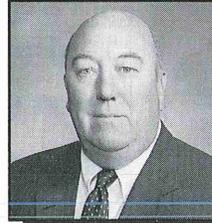
Board of Trustees

Board President

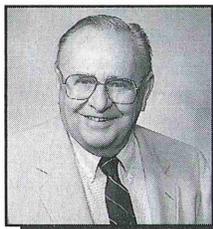


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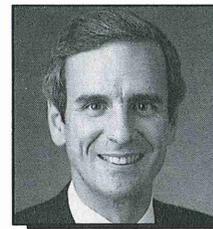
Board Vice President



Gary R. Norstrom
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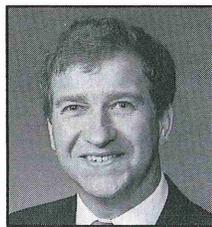
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Marian Larson
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Elected Membership Representative
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Lois E. Riecken
Counties Representative
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327 King Street
Elk River, Minnesota 55330

Summary of Retirement System Plan

Public Employees Retirement Association of Minnesota

Purpose

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

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

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

Administration

The PERA Board of Trustees is composed of nine members.* The State Auditor is a member by statute. Five 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 three board members are elected by the PERA active membership to terms of four years. All three current membership representatives were elected in January 1991.

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

Multi-Employer Participation

Approximately 2,250 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, any person who performs personal services for a governmental unit and 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. PERA has over 115,000 active members.

Funds

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

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

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

The **Police and Fire Consolidation Fund** was created in 1987 for members of local police and fire relief associations which have elected to merge with PERA. Assets and administrative duties of these local associations have been transferred to PERA.

***NOTE:** An additional trustee representing Police and Fire Fund members was added to the PERA Board of Trustees in August 1991. Legislation approving this additional appointee of the governor was passed in June 1991.

Summary

(Continued)

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

****NOTE:** Average salary is the average of the salary paid during the five highest-paid years of service. This is a period of 60 consecutive months of service — not calendar years or fiscal years.

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

Contributions

The table below shows contribution rates for employees and employers under the various plans administered by PERA as of June 30, 1991. Rates are applied to total salary and are set by statute.

Fund	Employee Contribution	Employer Contribution
Public Employees Retirement Fund		
Coordinated	4.23%	4.48%
Basic	8.23%	10.73%
Public Employees Police and Fire Fund	8.00%	12.00%
Police and Fire Consolidation Fund	8.00%	12.00%
Defined Contribution Plan	5.00%	5.00%*

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

Retirement Benefits

Eligibility and Annuity Formulas Basic and Coordinated Members

Two methods are used to compute benefits for Coordinated and Basic members—a step-rate benefit accrual formula (Method 1) and a level accrual formula (Method 2). The retiring member receives the higher of the two calculated amounts.

Method 1: Coordinated members accrue 1 percent of the average salary** for each of the first 10 years of public service and 1.5 percent of that average salary for each

successive year. Basic members receive 2 percent of their average salary for each of their first 10 years of service and 2.5 percent for each year thereafter.

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

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

A reduced early retirement annuity is payable at any age with 30 or more years of service (reduced 1/4 percent for each month under age 62); or as early as age 55 with at least three but less than 30 years of service (reduced 1/4 percent for each month under age 65).

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

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

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

Police and Fire Members

Members receive 2 1/2 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 3 years of service; or
- Age plus years of service equal at least 90.

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

Police and Fire Consolidation Members

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

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

Defined Contribution Plan Members

Since this is a defined contribution plan, the value of the member's account is payable upon termination of public service, disability, retirement or death. The payment form is a lump sum.*

Types of Annuities Available

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

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

50 Percent Joint and Survivor Annuity** — This annuity option is payable for the lifetime of the retiree; 50 percent of the annuity amount at the time of the retiree's death is payable to the designated joint annuitant for his or her lifetime.

100 Percent Joint and Survivor Annuity** — Like the previous annuity option, the 100 percent Joint and Survivor annuity provides for continuation of annuity payments upon the death of the retiree. In this case, however, the annuity amount remains the same for the lifetime of the joint annuitant.

Pre-Age 62 Supplement — This annuity option allows a member who retires before age 62 to receive a greater monthly

payment until he or she becomes eligible for Social Security at age 62. The monthly annuity amount is then reduced by at least \$100 at age 62.

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

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

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

Maximum Annuity — The Normal annuity amount of a retiring member may not exceed 100 percent of his or her regular base salary for the final month of employment.

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.

***NOTE:** The Defined Contribution Plan was established as a retirement plan for volunteer ambulance personnel and elected public officials. The benefit amount is determined by the performance of the funds in which contributions are invested.

****NOTE:** Selection of a 50 percent or 100 percent Joint and Survivor option will result in a reduction in the amount of the annuity from the Normal or single-life annuity level. This reduction is made because the annuity will be payable over the lifetimes of both the member and the joint annuitant. The amount of the reduction depends on the age of both the retiring member and the joint annuitant.

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

Additional options of 25 percent and 75 percent Joint and Survivor annuities were first made available to PERA members on August 1, 1991.

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

Summary

(Continued)

***NOTE:** Survivor benefits and annuities payable to the spouse of a deceased member are payable for life, even upon remarriage.

****NOTE:** Survivor benefits are also available to the spouse and children of disabled Basic and Police and Fire Fund members but not to the survivors of disabled Coordinated members. Any contribution balance is payable to the designated beneficiary of a deceased disabled Coordinated member. Survivor benefits payable on the death of a disabled Basic or Police and Fire Fund member are determined in the same way as regular survivor benefits.

Disability 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 37.5 percent of that salary. For Police and Fire members disabled in the line of duty, the minimum benefit is 50 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 injured 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 plans unless they have chosen PERA-type benefits. If that election has been made, benefits are the same as those for Police and Fire Fund members.

Survivor Benefits

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

Under the Basic and Coordinated Plans and the Police and Fire Fund, a surviving spouse of a member who is age 50 or older with three or more years of service may elect to receive a 100 percent Joint and Survivor annuity. If a deceased Basic or Coordinated member was between ages 50 and 55, the surviving spouse's election must be deferred until the deceased member would have reached age 55. It is payable immediately for survivors of Police and Fire members. For surviving spouses of Basic and Police and Fire members, this optional annuity may be elected in lieu of any survivor benefits otherwise payable.

Qualifying survivors of Basic and Police and Fire Fund members have these alternative benefits:**

- The surviving spouse of a Basic or Police and Fire Fund member may receive 50 percent of the member's average monthly salary earned during the last six months of service.* Each dependent child is eligible to receive 10 percent of that average salary. The maximum monthly benefit is 70 percent of the average monthly salary.
- 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 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.

Refunds

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

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

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

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

Legislative Auditor's Report



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

Independent Auditor's Report

Board of Trustees
and
Executive Director
Public Employees Retirement Association

We have audited the accompanying financial statements of the Public Employees Retirement Association and the combining and individual fund financial statements of the association as of and for the year ended June 30, 1991, as listed in the table of contents. These financial statements are the responsibility of the association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

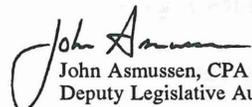
We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,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

As explained in Note B3, investments are valued at cost or amortized cost as required by generally accepted accounting principles. Minnesota statutes require valuation of all securities at cost plus one-third of unrealized capital gains or losses. Since the statutory provision deviates from generally accepted accounting principles, the basic statements are not in compliance with the statute. Note C1 contains the disclosures which must be considered together with the basic financial statements to achieve statutory reporting requirements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Employees Retirement Association at June 30, 1991, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of the individual funds of the Public Employees Retirement Association at June 30, 1991, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles. In addition, except for the valuation of securities, as discussed in the preceding paragraph, the aforementioned financial statements are in compliance with the reporting requirements of Minn. Stat. Section 356.20.

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


James R. Nobles
Legislative Auditor


John Asmusen, CPA
Deputy Legislative Auditor

November 29, 1991

Combined Balance Sheet

For Fiscal Year Ended June 30, 1991 (in thousands)

Assets

Cash (F.1.)	\$ 681
Accounts Receivable	1,053
Due From Other Funds	291
Investments (B.2.,3.)	
Minnesota Outside Managed Pooled	
Accounts (Market Value: \$2,411,559)	2,223,970
Short-term Pooled Cash	74,638
Equity in Minnesota Post Retirement Investment	
Fund (Market Value: \$2,377,900)	2,218,576
Cash and Investments for Deferred	
Compensation Benefits (A.5., B.3.)	529
Fixed Assets, Net of Accumulated Depreciation (F.4.b.)	241
Other	15

Total Assets **\$ 4,519,994**

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$ 28,243
Accrued Compensated Absences (F.5.)	234
Deferred Compensation Benefits	522
Payable to Other Funds	291

Total Liabilities **\$ 29,290**

Fund Balance:

Member Reserves (F.3.a.)	\$ 794,774
Minnesota Post Retirement	
Investment Fund Reserve (F.2.)	2,218,576
Benefit Reserves (F.3.b.)	2,971,498

Total Reserves **\$ 5,984,848**

Unreserved Fund Balance —

Unfunded Actuarial Accrued Liability (C.1.,2.)	\$(1,494,144)
--	---------------

Total Fund Balance **\$ 4,490,704**

Total Liabilities and Fund Balance **\$ 4,519,994**

Combined Statement

of Revenues, Expenses and Changes in Fund Balance

For Fiscal Year Ended June 30, 1991 (in thousands)

Operating Revenues:

Member Contribution	\$ 113,114
Employer Contribution	138,194
Investment Income	167,838
Distributed Income of the Minnesota Post Retirement Investment Fund (F.2.c.)	197,632
Police State Aid	1,506
Other	<u>1,086</u>

Total Operating Revenues **\$ 619,370**

Operating Expenses:

Benefits Paid	\$ 225,621
Refunds	12,917
Administrative Expenses	4,103
Investment Management Fees (B.3.c.)	2,962
Interest on Late Transfer to MPRI Fund	811
Other	<u>1,495</u>

Total Operating Expenses **\$ 247,909**

Other Changes in Reserves:

Local Relief Association Mergers (F.6.)	<u>\$ 43,645</u>
--	------------------

Total Other Changes in Reserves **\$ 43,645**

Net Fund Balance Additions **\$ 415,106**

Fund Balance, July 1, 1990 **4,075,598**

Fund Balance, June 30, 1991 **\$4,490,704**

Notes to the Financial Statements

For Fiscal Year Ended June 30, 1991

A. PLAN DESCRIPTION

1. Organization

The Public Employees Retirement Association (PERA) is the administrator of two cost-sharing multiple-employer retirement plans, the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF). In addition, PERA administers one agent multiple-employer retirement plan, the Police and Fire Consolidation Fund (PFCF), and one multiple-employer deferred compensation plan, the Public Employees Defined Contribution Plan (PEDCP). The plans are established and administered in accordance with Minnesota Statutes, Chapters 353, 353A, 353B, 353D, and 356. It is also these statutes that define the scope of the reporting entity. PERA has no oversight responsibility of any agencies, therefore, this financial report only represents financial information of PERA. PERA is considered part of the State of Minnesota's financial reporting entity and is included in the State's Comprehensive Annual Financial Report as a pension trust fund.

2. Participating Employers

PERA defined benefit plans serve approximately 2,250 separate units of government including cities, counties, townships, school districts and generally other units of government whose revenues are derived from taxation, fees, or assessments. The defined contribution plan serves any local unit of government whose current or former elected officials elect to participate. The PEDCP also serves any publicly operated ambulance service that receives an operating subsidy from a governmental entity, and elects to participate.

3. Participating Members

The PERF covers employees of counties, cities, townships and employees of schools in non-certified positions throughout the State of Minnesota. The PEPFF, originally

established for police officers and fire-fighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. The PFCF covers police officers and fire-fighters belonging to a local relief association that elects to merge with and transfer assets and administration to PERA. Coverage under the PEDCP is open to elected local government officials, except elected county sheriffs, and emergency medical service personnel employed by or providing service to any of the participating ambulance services. 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, 1991, there were 1,631 members in the plan.

Shown in Figure 1 below are the membership totals in the PERA defined benefit plans as of June 30, 1991.

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Retirees and beneficiaries receiving benefits	30,926	1,582	632
Terminated employees entitled to benefits/refunds but not yet receiving them			
Vested	3,655	165	6
Non-Vested	7,995	112	1
Current, active employees			
Vested	76,103	5,118	347
Non-Vested	30,922	1,191	47
Total	149,601	8,168	1,033

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 average salary for any five successive years of allowable service, age, and years of credit at termination of service. PERF members belong to either the Basic or Coordinated Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. Two methods are used to compute benefits for

Coordinated and Basic members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic member is 2 percent of average salary for each of the first 10 years of service and 2.5 percent for each remaining year. For a Coordinated member, the annuity accrual rate is 1 percent of average salary for each of the first 10 years and 1.5 percent for each remaining year. Using Method 2, the annuity accrual rate is 2.5 percent of average salary for Basic members and 1.5 percent for Coordinated members. For PEPFF members, the annuity accrual rate is 2.5 percent for each year of service. For PERF members whose annuity is calculated using Method 1, and for all PEPFF members, a full annuity is available when age plus years of service equal at least 90. Members of the PFCF have the option to choose benefits identical to those of the PEPFF; otherwise, they are covered by the benefit provisions of the local relief association of which they were members at the time of consolidation. Of the 632 members receiving benefits in the PFCF, 181 are covered by the benefit provisions of their local association.

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

5. Benefit Provisions and Contribution Rates — Defined Contribution Plan

The Public Employees Defined Contribution Plan (PEDCP) is a multi-employer deferred compensation plan. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until

time of withdrawal. (See Notes A.2, A.3 for employee and employer membership requirements.)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary, which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. An amount of 2 percent of employer contributions is deducted by PERA for administering the plan. There is no vesting period required to receive benefits in the PEDCP. The market value of a member's account is distributed to the member at time of retirement or termination, or to a beneficiary upon death of a member.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

1. Basis of Accounting

PERA financial statements 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.

Fig. 2 Retirement Plan Contribution Rates

	<u>Employee</u>	<u>Employer</u>	<u>Additional Employer</u>
Public Employees Retirement Fund:			
Basic Plan	8.23%	8.23%	2.50%
Coordinated Plan	4.23%	4.23%	0.25%
Public Employees Police and Fire Fund	8.00%	12.00%	0.00%
Police and Fire Consolidation Fund	8.00%	12.00%	*

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

Notes

(Continued)

2. Investment Policies

a) Pursuant to Minnesota Statutes, Section 11A.04, the state's retirement fund assets are commingled in various pooled investment accounts, administered by the State Board of Investment. As of June 30, 1991, the participation shares in the pooled accounts, excluding the Minnesota Post Retirement Investment Fund, totaled 22.3 percent for the PERF, 8.5 percent for the PEPFF and 1.0 percent for the PFCF. The funds' shares of net assets of the Minnesota Post Retirement Investment Fund totaled 34.9 percent, 3.7 percent and 1.2 percent, respectively.

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

c) PERA's investments are categorized to give an indication of the level of risk assumed by the funds at year end. Risk category 1 includes investments that are insured or registered, or for which the securities are held by the state or its agent in the state's name. Risk category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the state's name. Risk

Fig. 3 PERA Investments
(In Thousands)

<u>Investment Pool</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Short-term	\$ 74,638	\$ 74,638
Fixed Income	613,315	610,649
Active Equity	542,016	588,180
Passive Equity	815,738	934,167
Real Estate	132,653	147,143
Resource	33,260	36,209
Venture Capital	86,955	95,192
Other	33	19
Subtotal-Pools	\$2,298,608	\$2,486,197
Post Retirement Investment Fund	<u>2,218,576</u>	<u>2,377,900</u>
Total	<u>\$4,517,184</u>	<u>\$4,864,097</u>

category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the state's name. All PERA investments are included in Risk category 1.

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

3. Method Used to Value Investments

a) Investments in the pooled accounts, except for the assets of the PEDCP, are valued at cost for equity securities and amortized cost for fixed income securities, subject to adjustments for market declines judged to be other than temporary. The investments of the PEDCP are shown at market value. The carrying amount and market value of PERA's investments (except assets of the PEDCP) as of June 30, 1991, are shown in Figure 3 above.

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

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

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Net Assets on 6/30/91 Balance Sheet	\$3,524,071	\$823,125	\$143,508
Plus 1/3 of unrealized capital gains or losses	46,233	16,435	(138)
Net assets at actuarial cost	<u>\$3,570,304</u>	<u>\$839,560</u>	<u>\$143,370</u>
Total required reserves	\$4,988,671	\$794,295	\$201,882
Less net assets at actuarial cost	<u>3,570,304</u>	<u>839,560</u>	<u>143,370</u>
Unfunded accrued liability (surplus assets) actuarial section	<u>\$1,418,367</u>	<u>\$ (45,265)</u>	<u>\$ 58,512</u>

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 \$2,089,000 for PERF, \$800,000 for PEPFF, and \$73,000 for PFCF.

C. FUNDING STATUS AND PROGRESS

1. Actuarial Valuation of Plan Benefits

Minnesota Statutes, Section 356.215, Subd. 4, provides that annual actuarial valuations of plan benefits be computed in accordance with the entry age normal cost method. Actuarial assumptions used are the same as discussed in note C.2. The unfunded actuarial accrued liabilities are the amounts by which reserves required to fund plan benefits exceed the assets of the funds, calculated in accordance with generally accepted accounting principles, as explained in note B.3. These amounts differ from the unfunded accrued liabilities reported in the actuarial section, because the actuarial calculation of net assets includes cost plus one third of unrealized capital gains or losses, as shown in figure 4.

The unfunded actuarial accrued liabilities also differ from the pension benefit obliga-

tion discussed in note C.2 because of differing actuarial methods used for determining the value of benefits accrued.

2. Pension Benefit Obligation

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

The pension benefit obligation was determined as part of an actuarial valuation at July 1, 1991. Significant actuarial assumptions used in the calculation of the pension benefit obligation for the PERF and the PEPFF include (a) a rate of return on the investment of present and future assets of 8.5 percent per year compounded annually prior to retirement, and 5 percent per year compounded annually following retirement; (b) projected salary increases of 6.5 percent per year, compounded annually, attributable to the effects of inflation; (c) post-retirement benefit increases that are accounted for by the 5 percent rate of return assumption following retirement; and (d) mortality rates based on the 1971 Group Annuity Mortality Table projected to 1984 for males and females. The actuarial assumptions used for the PFCF are the same

Fig. 5 Pension Benefit Obligation:
(In Thousands)

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$2,163,472	\$249,780	\$120,318
Current Employees:			
Accumulated employee contributions including allocated investment income	622,420	129,681	12,023
Employer-Financed Vested	1,654,460	349,989	63,967
Employer-Financed Non-Vested	<u>17,658</u>	<u>3,461</u>	<u>12,704</u>
Total Pension Benefit Obligation	\$4,458,010	\$732,911	\$209,012
Net Assets available for benefits, at cost (Market Value is \$4,678,293)	<u>3,524,071</u>	<u>823,125</u>	<u>143,508</u>
Unfunded (assets in excess of) pension benefit obligation	\$ 933,939	\$ (90,214)	\$ 65,504

Notes

(Continued)

for members who select benefit provisions identical to those of the PEPFF. For those PFCF members selecting benefit provisions of the local relief association, some actuarial assumptions used may vary, based on the provisions in the particular plans.

As shown in Figure 5, the unfunded pension benefit obligation at June 30, 1991, was \$933,939,000 in the PERF and \$65,504,000 in the PFCF. In the PEPFF, assets in excess of the pension benefit obligation totaled \$90,214,000.

3. Changes in Benefit Provisions

During the 1991 legislative session, benefit improvements were obtained for survivors of members in the Basic Plan and the Police and Fire Fund. In the Basic Plan, the maximum family death benefit was increased from \$1,000 per month to 70 percent of the member's average salary. In the Police and Fire Fund, children's benefits were restored for families of disabled members who had chosen the joint and survivor annuity option before death. The effect of these changes increased the pension benefit obligation in the PERF by \$4,016,869 and had essentially no effect on the pension benefit obligation in the PEPFF.

D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

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

As shown in Figure 6, there was a funding deficiency on June 30, 1991 of \$19,239,000 in the PERF and a surplus of \$5,459,000 in the PEPFF. In the PFCF, contributions actuarially required are equal to contributions actually made, due to the additional municipal contribution paid each year and included in the employer share. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation discussed in Note C on the preceding page.

Fig. 6 Funding Surplus:
(In Thousands)

	<u>PERF</u>	<u>PEPFF</u>	<u>PFCF</u>
Contributions actually made			
Employer share	\$101,907	\$26,440	\$ 9,847
Percent of current year covered payroll	4.75%	12.0%	12.0%*
Employee share	\$ 94,413	\$17,636	\$ 1,065
Percent of current year covered payroll	<u>4.40%</u>	<u>8.0%</u>	<u>8.0%</u>
Subtotal - Actual	\$196,320	\$44,076	\$10,912
Contributions actuarially required	<u>215,559</u>	<u>38,617</u>	<u>10,912</u>
Funding surplus (deficiency)	<u>\$ (19,239)</u>	<u>\$ 5,459</u>	<u>\$ 0</u>

*NOTE: The 12 percent employer rate in the PFCF does not include the additional municipal contribution, totaling \$8,249 in fiscal year 1991.

E. TEN-YEAR HISTORICAL TREND INFORMATION

Ten-year historical trend information designed to provide information about PERA's progress made in accumulating sufficient assets to pay benefits when due is presented on pages 25 to 27.

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 1991, the combined depository insurance and collateral was sufficient to meet legal requirements and secure all PERA deposits.

2. Minnesota Post Retirement Investment Fund (MPRIF) Reserve

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

b) Participation in the MPRIF is shown at the required reserves level in accordance with Minnesota Statutes, Section 11A.18, Subd. 7. The Public Employees Retirement Fund's share of net assets of the MPRIF at June 30, 1991, is \$1,943,989,000. The Public Employees Police and Fire Fund's share of net assets of the MPRIF is \$207,781,000. The Police and Fire Consolidation Fund's share

of net assets of the MPRIF is \$66,806,000.

c) The distributed MPRIF income represents the 5 percent earnings on required reserves for fiscal year 1991, plus fiscal year 1990 income used to pay the January 1, 1991 post retirement increase. In accordance with Minnesota Statutes, Section 11A.18, Subd. 9, the excess investment income of MPRIF for fiscal year 1991 will be used to increase retirement benefits for eligible annuitants, effective January 1, 1992.

3. Other Reserves

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

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

4. Administrative Expenses

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

b) 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.

5. Accrued Compensated Absences

Employees accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in collective

Notes

(Continued)

bargaining agreements. Such leave is liquidated in cash primarily at the time of termination of employment.

6. Reporting Changes

The Police and Fire Consolidation Fund (PFCF) was created by the 1987 Legislature to authorize on a voluntary basis, any local police or salaried firefighters relief association and the respective municipality to effect the consolidation of the local relief association with PERA. At the end of fiscal year 1990, there were 12 local relief associations in the PFCF. During fiscal year 1991, eight additional local relief associations elected to consolidate with PERA. Net assets totaling \$43,645,000 were transferred from the eight relief associations to PERA on the date of consolidation. There were 135 active employees and 227 benefit recipients in the new consolidating units.

7. South Africa Divestment Plan

On October 2, 1985, the Minnesota State Board of Investment (SBI) adopted a resolution to carry out, within four years, a total divestment of its holdings in companies doing business in South Africa. The resolution also prohibits new investments in these same companies. The divestment plan includes four phases, the last of which was to be completed by August 3, 1989. However, action to divest under any phase of the plan may only be taken if, on the advice of the SBI's financial/legal advisors, such action would be consistent with SBI's members' ob-

ligations as fiduciaries for the management and investment of the funds under their control.

To date, no securities have been liquidated as a result of the resolution. At the suggestion of legal counsel, SBI chose not to proceed immediately with the divestment action called for by the plan. Instead, SBI instructed its active equity portfolio managers not to purchase in the future, any securities in companies that fail to meet requirements of the plan, unless such "nonpurchase" action would place SBI's members in jeopardy of violating their fiduciary responsibilities.

Should the "divestment by attrition" pattern that the SBI is following continue, active portfolio managers will have a dwindling number of companies in which to invest over time. That could significantly alter the risk/return characteristics of SBI's total portfolio.

8. Contingent Liabilities—Litigation

Phyllis Kahn, et al. v. Kohlberg, Kravis, Roberts & Co., et al., United States District Court, Southern District of New York. Plaintiffs claim that defendant Kohlberg, Kravis, Roberts & Co. (KKR) has, among other things, violated the federal Investment Advisors Act by charging excessive fees to its clients, including the State of Minnesota. Plaintiffs allege that their succeeding in the lawsuit would not result in any outlay of funds by the State. However, defendant KKR alleges that if plaintiff prevails, and the agreement between the State Board of Investment and KKR is rescinded, there will be a negative impact on the three statewide pension systems of approximately \$200 million. The case was dismissed on statute of limitation grounds but the time for appeal has not yet expired.

Required Supplementary Information

Analysis of Funding Progress* (In Thousands, Unaudited)

Public Employees Retirement Fund

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

Public Employees Police and Fire Fund

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

Police and Fire Consolidation Fund

Fiscal Year	(1) Net Assets Available for Benefits**	(2) Pension Benefit Obligation (PBO)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded PBO (2) - (1)	(5) Annual Covered Payroll (CP)	(6) Unfunded PBO as a % of CP (4) ÷ (5)
1988***	\$ 22,574	\$ 38,408	58.8%	\$ 15,834	\$ 2,554	620.0%
1989†	29,708	42,746	69.5	13,038	3,455	377.4
1990	86,371	117,386	73.6	31,015	10,221	303.4
1991	143,508	209,012	68.7	65,504	15,154	432.3

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

* Ten-year historical trend information is unavailable for years prior to 1985.

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

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

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

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

Required Supplementary Information

Revenue by Source
(in Thousands)

Public Employees Retirement Fund

FISCAL YEAR	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION		INVESTMENT INCOME*	OTHER	TOTAL
		AMOUNT	PERCENT OF COVERED PAYROLL			
1982	\$52,277	\$70,913	6.5%	\$117,583	\$2,712	\$243,485
1983	66,181	74,005	6.5	149,413	2,691	292,290
1984	58,348	78,967	6.4	132,373	412	270,100
1985	60,564	68,375	5.1	172,045	668	301,652
1986	64,778	71,434	4.9	251,461	2,642	390,315
1987	67,945	74,391	4.8	311,530	2,572	456,438
1988	71,504	78,092	4.7	244,981	2,394	396,971
1989	77,525	84,306	4.6	340,048	2,457	504,336
1990	87,031	93,865	4.8	335,392	872	517,160
1991	94,413	101,907	4.7	292,847	1,040	490,207

Public Employees Police and Fire Fund

FISCAL YEAR	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION		INVESTMENT INCOME*	OTHER	TOTAL
		AMOUNT	PERCENT OF COVERED PAYROLL			
1982	\$ 7,973	\$11,946	12.3%	\$19,038	\$ 750	\$ 39,707
1983	9,702	12,953	12.3	25,391	540	48,586
1984	9,671	14,473	12.3	21,546	354	46,044
1985	10,530	15,747	12.0	29,946	394	56,617
1986	11,583	17,341	12.0	50,537	6,538	85,999
1987	12,416	18,596	12.0	60,542	675	92,229
1988	13,436	20,126	12.0	39,747	1,697	75,006
1989	14,832	22,210	12.0	71,947	2,052	111,041
1990	16,224	24,274	12.0	80,564	1,720	122,782
1991	17,636	26,440	12.0	61,908	1,549	107,533

Police and Fire Consolidation Fund

FISCAL YEAR	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION	INVESTMENT INCOME*	OTHER	TOTAL
1988	\$ 105	\$ 1,458	\$ 1,308	\$226	\$3,097
1989	262	1,870	2,770	83	4,985
1990	596	5,347	4,270	(22)	10,191
1991	1,065	9,847	10,715	3	21,630

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

Required Supplementary Information

Expense by Type
(in Thousands)

Public Employees Retirement Fund

<u>FISCAL YEAR</u>	<u>BENEFIT</u>	<u>REFUND</u>	<u>ADMINISTRATION</u>	<u>OTHER</u>	<u>TOTAL</u>
1982	\$ 52,744	\$11,896	\$2,357	\$ 146	\$ 67,116
1983	62,588	10,471	2,506	20,900	96,465
1984	74,237	23,756	2,792	26,608	127,393
1985	90,389	13,158	2,888	60	106,495
1986	108,133	12,566	2,868	1,909	125,476
1987	128,009	13,356	3,189	6,245	150,799
1988	148,587	14,175	3,412	2,387	168,561
1989	162,130	12,463	3,831	1,848	180,272
1990	182,363	12,711	3,828	3,077	201,979
1991	198,325	11,678	3,808	2,482	216,293

Public Employees Police and Fire Fund

<u>FISCAL YEAR</u>	<u>BENEFIT</u>	<u>REFUND</u>	<u>ADMINISTRATION</u>	<u>OTHER</u>	<u>TOTAL</u>
1982	\$ 4,500	\$ 728	\$130	\$ 34	\$ 5,392
1983	5,358	825	141	1,935	8,259
1984	6,352	2,043	164	3,793	12,352
1985	7,616	1,032	175	363	9,186
1986	9,197	906	176	529	10,808
1987	11,314	1,055	208	1,017	13,594
1988	13,821	693	233	653	15,400
1989	15,446	969	263	563	17,241
1990	17,631	1,038	263	2,650	21,582
1991	19,672	1,204	265	2,335	23,476

Police and Fire Consolidation Fund

<u>FISCAL YEAR</u>	<u>BENEFIT</u>	<u>REFUND</u>	<u>ADMINISTRATION</u>	<u>OTHER</u>	<u>TOTAL</u>
1988	\$ 846	\$ 0	\$ 6	\$224	\$1,076
1989	1,844	64	13	31	1,952
1990	3,744	183	17	418	4,362
1991	7,624	35	30	451	8,140

Combining Balance Sheet

For Fiscal Year Ended June 30, 1991 (in thousands)

	Defined Benefit Funds			Agency Fund	Total
	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Public Employees Defined Contribution Plan	
Assets					
Cash	\$ 556	\$ 103	\$ 22		\$ 681
Accounts Receivable	452	142	459		1,053
Due From Other Funds	284	4	3		291
Investments					
Minnesota Outside Managed Pooled Accounts	1,549,751	597,364	76,855		2,223,970
Short-term Pooled Cash	51,853	20,430	2,355		74,638
Equity in Minnesota Post Retirement Investment Fund	1,943,989	207,781	66,806		2,218,576
Cash and Investments for Deferred Compensation Benefits				\$ 529	529
Fixed Assets, Net of Accumulated Depreciation	241				241
Other	12	3			15
Total Assets	\$ 3,547,138	\$ 825,827	\$ 146,500	\$ 529	\$ 4,519,994
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 22,825	\$ 2,457	\$ 2,961		\$ 28,243
Accrued Compensated Absences	234				234
Deferred Compensation Benefits Payable to Other Funds	8	245	31	\$ 522	522
				7	291
Total Liabilities	\$ 23,067	\$ 2,702	\$ 2,992	\$ 529	\$ 29,290
Fund Balance:					
Member Reserves	\$ 649,046	\$ 133,299	\$ 12,429		\$ 794,774
Minnesota Post Retirement Investment Fund Reserve	1,943,989	207,781	66,806		2,218,576
Benefit Reserves	2,395,636	453,215	122,647		2,971,498
Total Reserves	\$ 4,988,671	\$ 794,295	\$ 201,882		\$ 5,984,848
Unreserved Fund Balance —					
Unfunded Actuarial Accrued Liability	\$(1,464,600)	\$ 28,830	\$(58,374)		\$(1,494,144)
Total Fund Balance	\$ 3,524,071	\$ 823,125	\$ 143,508		\$ 4,490,704
Total Liabilities and Fund Balance	\$ 3,547,138	\$ 825,827	\$ 146,500	\$ 529	\$ 4,519,994

Combining Statement

of Revenues, Expenses and Changes
in Fund Balance

For Fiscal Year Ended June 30, 1991 (in thousands)

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Total
Operating Revenues:				
Member Contribution	\$ 94,413	\$ 17,636	\$ 1,065	\$ 113,114
Employer Contribution	101,907	26,440	9,847	138,194
Investment Income	117,635	43,796	6,407	167,838
Distributed Income of the Minnesota Post Retirement Investment Fund	175,212	18,112	4,308	197,632
Police State Aid		1,506		1,506
Other	1,040	43	3	1,086
Total Operating Revenues	\$ 490,207	\$ 107,533	\$ 21,630	\$ 619,370
Operating Expenses:				
Benefits Paid	\$ 198,325	\$ 19,672	\$ 7,624	\$ 225,621
Refunds	11,678	1,204	35	12,917
Administrative Expenses	3,808	265	30	4,103
Investment Management Fees	2,089	800	73	2,962
Interest on Late Transfer to MPRI Fund	389	44	378	811
Other	4	1,491		1,495
Total Operating Expenses	\$ 216,293	\$ 23,476	\$ 8,140	\$ 247,909
Other Changes in Reserves:				
Local Relief Association Mergers			\$ 43,645	\$ 43,645
Total Other Changes in Reserves			\$ 43,645	\$ 43,645
Net Fund Balance Additions	\$ 273,914	\$ 84,057	\$ 57,135	\$ 415,106
Fund Balance, July 1, 1990	3,250,157	739,068	86,373	4,075,598
Fund Balance, June 30, 1991	\$3,524,071	\$ 823,125	\$ 143,508	\$4,490,704

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

Statement of Revenues

Expenses and Changes in Fund Balance Public Employees Retirement Fund

For Fiscal Year Ended June 30, 1991 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Unreserved Fund Balance</u>	<u>Total</u>
Operating Revenues:					
Member Contribution	\$ 94,413				\$ 94,913
Employer Contribution			\$ 101,907		101,907
Investment Income			117,635		117,635
Distributed Income of the Minnesota Post Retirement Investment Fund		\$ 175,212			175,212
Other	3		1,037		1,040
Total Operating Revenues	\$ 94,416	\$ 175,212	\$ 220,579		\$ 490,207
Operating Expenses:					
Benefits Paid	\$ 1,524	\$ 178,971	\$ 17,830		\$ 198,325
Refunds	9,247		2,431		11,678
Administrative Expenses			3,808		3,808
Investment Management Fees			2,089		2,089
Interest on Late Transfer to MPRI Fund			389		389
Other	1		3		4
Total Operating Expenses	\$ 10,772	\$ 178,971	\$ 26,550		\$ 216,293
Other Changes in Reserves:					
Annuities Awarded	\$ (23,009)	\$ 162,255	\$ (139,246)		\$ 0
Mortality Loss and Other Adjustments		21,808	(21,808)		0
Transfers Between Reserves	(382)		382		0
Total Other Changes in Reserves	\$ (23,391)	\$ 184,063	\$ (160,672)		\$ 0
Net Fund Balance Additions	\$ 60,253	\$ 180,304	\$ 33,357		\$ 273,914
Change in Unfunded Accrued Liability			154,288	\$ (154,288)	0
Fund Balance, July 1, 1990	588,793	1,763,685	2,207,991	(1,310,312)	3,250,157
Fund Balance, June 30, 1991	\$ 649,046	\$1,943,989	\$2,395,636	\$(1,464,600)	\$3,524,071

Statement of Revenues

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

For Fiscal Year Ended June 30, 1991 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Unreserved Fund Balance</u>	<u>Total</u>
Operating Revenues:					
Member Contribution	\$ 17,636				\$ 17,636
Employer Contribution			\$ 26,440		26,440
Investment Income			43,796		43,796
Distributed Income of the Minnesota Post Retirement Investment Fund		\$ 18,112			18,112
Police State Aid			1,506		1,506
Other	1		42		43
Total Operating Revenues	\$ 17,637	\$ 18,112	\$ 71,784		\$107,533
Operating Expenses:					
Benefits Paid	\$ 435	\$ 16,750	\$ 2,487		\$ 19,672
Refunds	884		320		1,204
Administrative Expenses			265		265
Investment Management Fees			800		800
Interest on Late Transfer to MPRI Fund			44		44
Other	2		1,489		1,491
Total Operating Expenses	\$ 1,321	\$ 16,750	\$ 5,405		\$ 23,476
Other Changes in Reserves:					
Annuities Awarded	\$ (2,993)	\$ 22,464	\$ (19,471)		\$ 0
Mortality Loss and Other Adjustments		2,252	(2,252)		0
Transfers Between Reserves	(29)		29		0
Total Other Changes in Reserves	\$ (3,022)	\$ 24,716	\$ (21,694)		\$ 0
Net Fund Balance Additions	\$ 13,294	\$ 26,078	\$ 44,685		\$ 84,057
Change in Unfunded Accrued Liability			(5,725)	\$ 5,725	0
Fund Balance, July 1, 1990	120,005	181,703	414,255	23,105	739,068
Fund Balance, June 30, 1991	\$133,299	\$207,781	\$453,215	\$28,830	\$823,125

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

Statement of Revenues

Expenses and Changes in Fund Balance Police and Fire Consolidation Fund

For Fiscal Year Ended June 30, 1991 (in thousands)

	<u>Member</u>	<u>Minnesota Post Retirement Investment Fund</u>	<u>Benefit</u>	<u>Unreserved Fund Balance</u>	<u>Total</u>
Operating Revenues:					
Member Contribution	\$ 1,065				\$ 1,065
Employer Contribution			\$ 9,847		9,847
Investment Income			6,407		6,407
Distributed Income of the Minnesota Post Retirement Investment Fund		\$ 4,308			4,308
Other			3		3
Total Operating Revenues	\$ 1,065	\$ 4,308	\$ 16,257		\$ 21,630
Operating Expenses:					
Benefits Paid	\$ 176	\$ 4,899	\$ 2,549		\$ 7,624
Refunds	1		34		35
Administrative Expenses			30		30
Investment Management Fees			73		73
Interest on Late Transfer to MPRI Fund			378		378
Total Operating Expenses	\$ 177	\$ 4,899	\$ 3,064		\$ 8,140
Other Changes in Reserves:					
Annuities Awarded	\$ (651)	\$ 24,241	\$(23,590)		\$ 0
Mortality Gain and Other Adjustments		2,490	(2,490)		0
Local Relief Association Mergers	3,801		39,844		43,645
Total Other Changes in Reserves	\$ 3,150	\$ 26,731	\$ 13,764		\$ 43,645
Net Fund Balance Additions	\$ 4,038	\$ 26,140	\$ 26,957		\$ 57,135
Change in Unfunded Accrued Liability			22,702	\$(22,702)	0
Fund Balance, July 1, 1990	8,391	40,666	72,988	(35,672)	86,373
Fund Balance, June 30, 1991	\$ 12,429	\$ 66,806	\$ 122,647	\$(58,374)	\$143,508

Schedule of Administrative Expenses

For Fiscal Year Ended June 30, 1991 (in thousands)

Personal Services:		
Staff Salaries	\$2,023	
Social Security	132	
Retirement	101	
Insurance and Workers' Compensation	196	
Total Personal Services		\$2,452
Professional Services:		
Actuarial	\$ 176	
Audit	39	
Legal	22	
Investment Consultants	55	
Management Consultants	95	
Total Professional Services		387
Communication:		
Printing	\$ 175	
Telephone	36	
Postage and Mailing Services	318	
Travel	26	
Total Communication		555
Rentals:		
Office Space	\$ 256	
Equipment Leasing	100	
Total Rentals		356
Other:		
Disability Evaluations	\$ 79	
Stationery and Office Supplies	41	
Maintenance Service Contracts	49	
Microfilming	25	
Depreciation	35	
Education (Employees)	7	
Publications and Subscriptions	7	
Meeting Expense	16	
Vehicle Expense	10	
Equipment (\$500 and Under)	2	
Fees and Other Fixed Charges	9	
Indirect Cost from State	71	
Miscellaneous	7	
Total Other		358
Total Administrative Expense		<u>\$4,108</u>
Allocation of Administrative Expense:		
Public Employees Retirement Fund	\$3,808	
Public Employees Police and Fire Fund	265	
Police and Fire Consolidation Fund	30	
Public Employees Defined Contribution Plan	5	
Total		<u>\$4,108</u>

Investment Summaries

For Fiscal Year Ended June 30, 1991 (in thousands)

Public Employees Retirement Fund

	Market Value June 30, 1990	Cost June 30, 1990	Acquisitions
Pooled Accounts			
Passive Equity Pool	\$ 593,753	\$ 503,741	\$121,960
Active Equity Pool	392,784	358,797	66,551
Fixed Income Pool	416,666	421,075	46,397
Real Estate Pool	117,822	94,176	5,813
Venture Capital Pool	54,465	54,502	6,650
Resources Pool	18,933	20,955	2,539
Total Pooled Accounts	<u>\$1,594,423</u>	<u>\$1,453,246</u>	<u>\$249,910</u>

Public Employees Police and Fire Fund

	Market Value June 30, 1990	Cost June 30, 1990	Acquisitions
Pooled Accounts			
Passive Equity Pool	\$ 219,738	\$ 189,084	\$ 51,755
Active Equity Pool	145,363	133,586	29,201
Fixed Income Pool	154,201	155,524	22,324
Real Estate Pool	43,604	35,629	2,669
Venture Capital Pool	20,157	20,121	3,189
Resources Pool	7,007	7,718	1,193
Total Pooled Accounts	<u>\$ 590,070</u>	<u>\$ 541,662</u>	<u>\$110,331</u>

Police and Fire Consolidation Fund

	Market Value June 30, 1990	Cost June 30, 1990	Acquisitions
Pooled Accounts			
Passive Equity Pool	\$ 16,227	\$ 15,763	\$ 23,035
Active Equity Pool	10,474	9,949	12,122
Fixed Income Pool	10,940	10,940	79,522
Real Estate Pool	3,138	3,121	2,564
Venture Capital Pool	1,443	1,456	1,720
Resources Pool	489	493	713
Equities and Bonds	0	0	5,766
Total Pooled Accounts	<u>\$ 42,711</u>	<u>\$ 41,722</u>	<u>\$125,442</u>

<u>Dispositions</u>	<u>Cost June 30, 1991</u>	<u>Market Value June 30, 1991</u>
\$ 58,660	\$ 567,041	\$ 654,421
48,191	377,157	410,952
37,440	430,032	428,461
8,429	91,560	102,806
468	60,684	66,509
217	23,277	25,299
<u>\$153,405</u>	<u>\$1,549,751</u>	<u>\$1,688,448</u>

<u>Dispositions</u>	<u>Cost June 30, 1991</u>	<u>Market Value June 30, 1991</u>
\$ 20,857	\$ 219,982	\$ 250,641
17,638	145,149	157,394
13,533	164,315	164,098
2,450	35,848	39,375
109	23,201	25,473
42	8,869	9,689
<u>\$ 54,629</u>	<u>\$ 597,364</u>	<u>\$ 646,670</u>

<u>Dispositions</u>	<u>Cost June 30, 1991</u>	<u>Market Value June 30, 1991</u>
\$ 10,083	\$ 28,715	\$ 29,105
2,361	19,710	19,834
71,494	18,968	18,090
440	5,245	4,962
106	3,070	3,210
92	1,114	1,221
5,733	33	19
<u>\$ 90,309</u>	<u>\$ 76,855</u>	<u>\$ 76,441</u>

Summary Schedules

For Fiscal Year Ended June 30, 1991 (in thousands)

Summary Schedule of Cash Receipts and Disbursements

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Police and Fire Consolidation Fund	Total
Cash Balance at Beginning of Year	\$ 8,127	\$ 861	\$ 589	\$ 9,577
Add Receipts:				
Member Contributions	94,423	17,637	1,065	113,125
Employer Contributions	101,710	26,420	9,847	137,977
Investment Income	204,827	52,266	8,674	265,767
Minnesota Post Retirement Investment Fund	179,975	17,054	5,629	202,658
Investments Redeemed/Sold	344,948	128,185	191,353	664,486
Local Relief Association Mergers	0	0	43,730	43,730
Other	3,906	1,707	2,163	7,776
Total Cash Receipts	\$ 929,789	\$ 243,269	\$ 262,461	\$1,435,519
Less Disbursements:				
Benefit Payments	\$ 198,949	\$ 19,737	\$ 7,701	\$ 226,387
Refunds	11,749	1,204	1	12,954
Administrative Expense	6,058	342	52	6,452
Investments Purchased	458,807	188,041	226,448	873,296
Minnesota Post Retirement Investment Fund	252,752	32,104	26,834	311,690
Other	9,045	2,599	1,992	13,636
Total Cash Disbursements	\$ 937,360	\$ 244,027	\$ 263,028	\$1,444,415
Cash Balance at End of Year: June 30, 1991	\$ 556	\$ 103	\$ 22	\$ 681

Summary Schedule of Commissions and Payments to Consultants

Individual or Firm Name	Nature of Services	Fee Paid
Gabriel, Roeder, Smith & Co.	Actuary	\$ 57
Wyatt Co.	Actuary	119
Richards & Tierney	Investment	55
Benefacts, Inc.	Management	70
Steven Yungerberg Associates, Inc.	Management	25
State of Minnesota —		
Attorney General	Legal	22
Legislative Auditor	Auditor	39
		\$387

Certification Letter


MILLIMAN & ROBERTSON, INC.

Actuaries and Consultants

Suite 400
15700 Bluemound Road
Brookfield, Wisconsin 53005
Telephone: 414/784-2250
Fax: 414/784-6388

November 6, 1991

Board of Trustees
Public Employees Retirement
Association of Minnesota
514 St. Peter Street
St. Paul, Minnesota 55102-1190

Members of the Board:

We have completed our annual actuarial valuation of the Public Employees Retirement Association of Minnesota to test how well the fundamental financing objectives are being achieved and to determine the actuarial status of the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Police and Fire Consolidation Fund (PFCF) as of July 1, 1991.

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

The results of the valuation indicate that the PEPFF and the PFCF are either ahead of or on schedule to meet the required dates for full funding. The valuation of the PERF resulted in a deficiency in the current funding level. The deficiency of .27% of payroll was the result of the actuarial computation requirement of 9.44% exceeding the statutory contribution of 9.17%.

The actuarial valuation was based upon applicable statutory provisions and the Standards for Actuarial Work in effect on July 1, 1991. In the aggregate, the basic financial and membership data provided to us by the association office appears reasonable in comparison to last year, and we have relied upon the data as submitted in performing the actuarial valuation. It is our understanding that the data has subsequently been audited with no significant changes made.

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

Effective for the July 1, 1991 valuation, legislative activity since the last actuarial valuation resulted in some minor changes in benefit provisions for all three funds. As a result of these changes, the actuarial accrued liability increased \$3,944,000 for the PERF. This change did not have a significant impact on the PFCF.

The following table shows the date for full funding for each of the three plans and the funding percentage for the 1991 valuation. The funding percentage expresses current assets as a percentage of the actuarial accrued liability determined on the entry age normal cost method.

<u>Fund</u>	<u>Funding Date</u>	<u>Funded Percentage</u>
PERF	2020	72 %
PEPFF	2020	106
PFCF	2010	71

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

Respectfully submitted,

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

TKC:jm

Cost Method and Assumptions

June 30, 1991

Public Employees Retirement Fund

Actuarial Cost Method	Entry Age Normal. Actuarial gains (losses) reduce (increase) the unfunded actuarial accrued liability.*
Actuarial Assumptions	
1. a. Retirement	Age 64. In addition, 50% utilization of retirement when age plus service totals 90. †††
b. Mortality	1971 Group Annuity Mortality Table projected to 1984 by scale D for males and females. ‡
c. Mortality-Disabled	1965 Railroad Workers Select Mortality. ††
d. Disability	Graduated rates. See table on following page for sample values. †
e. Termination	Graduated rates. Table on following page shows sample values.**
2. Allowance for Expenses	.27% of payroll. ‡‡
3. Asset Valuation	Cost plus 1/3 unrealized gains or losses. †
4. Investment Return	8.5% compounded annually, preretirement. ‡‡ 5% compounded annually, post-retirement. †
5. Earnings Progression	6.5% per year. †
6. Active Member Payroll Growth (Reflects group size and inflation)	6.5% per year. †

Public Employees P & F Fund

Actuarial Cost Method	Entry Age Normal. Actuarial gains (losses) reduce (increase) the unfunded actuarial accrued liability. *
Actuarial Assumptions	
1. a. Retirement	Age 60.***
b. Mortality	1971 Group Annuity Mortality Table projected to 1984 by scale D for males and females. ‡
c. Mortality-Disabled	1965 Railroad Workers Select Mortality. ††
d. Disability	Graduated rates. Table on following page shows sample values. †
e. Termination	Graduated rates. See table on following page for sample values.**
2. Allowance for Expenses	.46% of payroll. ‡‡
3. Asset Valuation	Cost plus 1/3 unrealized gains or losses. †
4. Investment Return	8.5% compounded annually, preretirement. ‡‡ 5% compounded annually, post-retirement. †
5. Earnings Progression	6.5% per year. †
6. Active Member Payroll Growth (Reflects group size and inflation)	6.5% per year. †

Police and Fire Consolidation Fund

For members selecting benefit provisions of the Public Employees Police and Fire Fund, the actuarial cost method and actuarial assumptions are the same as those indicated above. For members selecting benefit provisions of the local relief association, the actuarial assumptions used may vary depending upon the provisions of the particular relief association.

Actuarial Tables

June 30, 1991

Schedule of Recommended vs. Actual Contributions

	Actual Contribution Rate			Recommended Rate
	Member	Employer	Total	
Public Employees Retirement Fund	4.41	4.76	9.17	9.44
Public Employees Police and Fire Fund	8.00	12.00	20.00	17.54
Police and Fire Consolidation Fund	8.00	12.00	20.00	20.00*

*Plus an additional dollar amount determined annually to amortize the unfunded actuarial accrued liability by the year 2010, and to amortize any actuarial losses or gains over a 15-year period.

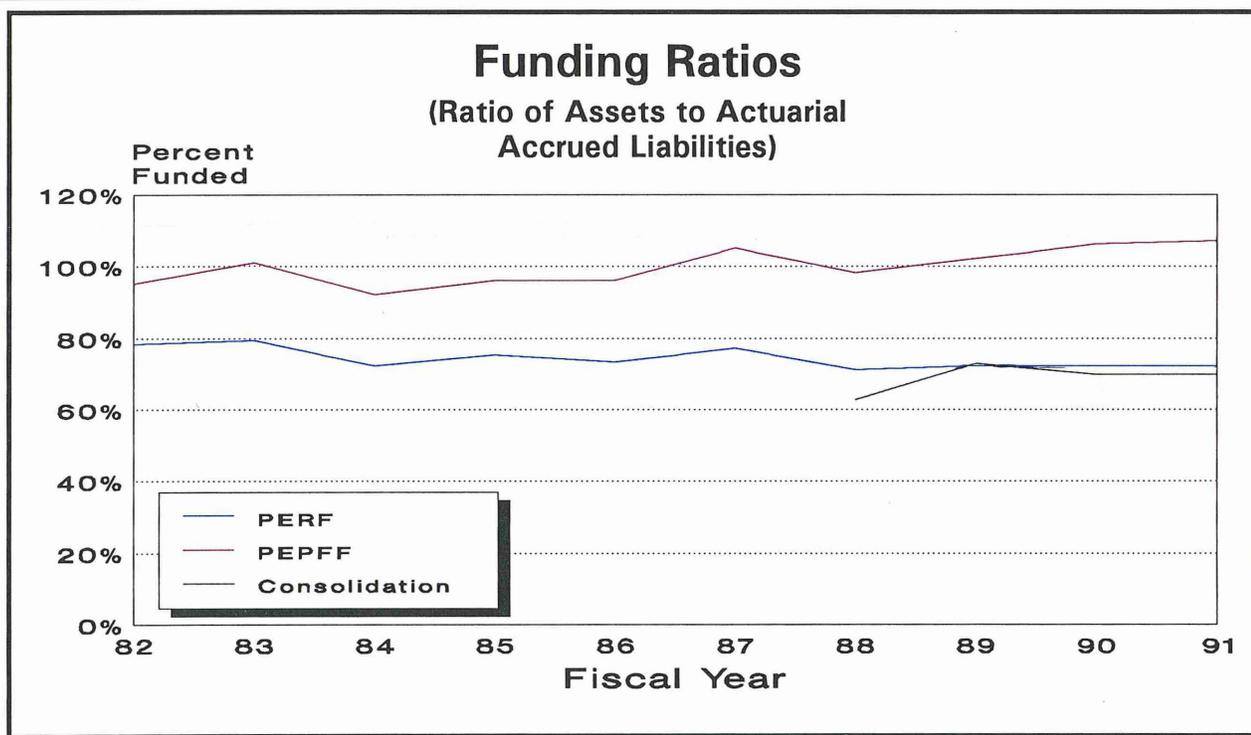
Sample Annual Rates per 100 Employees

Public Employees Retirement Fund						Public Employee Police and Fire Fund & Police and Fire Consolidation Fund				
Age	Mortality		Disability	Termination		Age	Mortality		Disability	Termination
	Male	Female	All Employees	Male	Female		Male	Female	All Employees	All Employees
20	.05	.02	.09	25.42	29.13	20	.05	.02	.11	8.59
25	.06	.03	.10	15.36	19.42	25	.06	.03	.13	4.63
30	.07	.04	.11	10.18	13.94	30	.07	.04	.16	2.80
35	.10	.05	.12	7.19	10.53	35	.10	.05	.19	1.83
40	.15	.08	.15	5.32	8.26	40	.15	.08	.26	1.26
45	.27	.12	.22	4.08	6.67	45	.27	.12	.36	.91
50	.49	.18	.33	3.21	5.50	50	.49	.18	.69	.50
55	.78	.27	.58	1.95	4.78	55	.78	.27	1.35	.11
60	1.21	.46	1.18	—	—	60	1.21	.46	—	—
65	1.95	.81	—	—	—	65	1.95	.81	—	—

Summary of Accrued and Unfunded Accrued Liabilities

Last Ten Years
(in Thousands)

Public Employees Retirement Fund						
VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES (AAL)	VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	ACTIVE MEMBER PAYROLL	UAAL AS A % OF ACTIVE MEMBER PAYROLL
6-30-82	\$1,646,988	\$1,278,463	78%	\$ 368,525	\$1,079,973	34%
6-30-83	1,875,560	1,474,041	79	401,519	1,135,785	35
6-30-84	2,228,361	1,599,674	72	628,688	1,225,625	51
6-30-85	2,457,725	1,842,957	75	614,768	1,295,674	47
6-30-86	2,925,006	2,148,114	73	776,892	1,457,848	53
6-30-87	3,188,962	2,457,899	77	731,063	1,546,296	47
6-30-88	3,755,608	2,657,038	71	1,098,570	1,659,171	66
6-30-89	4,175,240	2,992,285	72	1,182,955	1,815,433	65
6-30-90	4,560,469	3,297,216	72	1,263,253	1,947,504	65
6-30-91	4,988,671	3,570,304	72	1,418,367	2,147,000	66



The Public Employees Police and Fire Fund, while not required to reach full funding until 2020, has already achieved that goal. The Public Employees Retirement Fund is 72 percent funded while the Consolidation Fund has achieved 71 percent funding.

Summary of Accrued and Unfunded Accrued Liabilities

Last Ten Years
(in Thousands)

Public Employees Police and Fire Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES (AAL)	VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	ACTIVE MEMBER PAYROLL	UAAL AS A % OF ACTIVE MEMBER PAYROLL
6-30-82	\$222,472	\$209,225	94%	\$13,247	\$ 97,296	14%
6-30-83	250,280	249,540	100	740	105,153	1
6-30-84	306,817	279,757	91	27,060	117,881	23
6-30-85	357,742	338,400	95	19,342	128,518	15
6-30-86	447,742	424,936	95	22,806	144,392	16
6-30-87	486,674	506,153	104	-0-	154,906	-0-
6-30-88	574,133	557,669	97	16,464	167,857	10
6-30-89	651,776	656,654	101	-0-	185,899	-0-
6-30-90	715,963	755,204	105	-0-	202,838	-0-
6-30-91	794,295	839,560	106	-0-	219,913	-0-

Police and Fire Consolidation Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES (AAL)	VALUATION ASSETS	RATIO OF ASSETS TO AAL	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	MEMBER PAYROLL	UAAL AS A % OF ACTIVE MEMBER PAYROLL
6-30-88	\$ 35,221	\$ 22,648	64%	\$12,573	\$ 2,554	492%
6-30-89	40,605	29,895	74	10,710	3,455	310
6-30-90	122,045	86,702	71	35,343	10,221	346
6-30-91	201,882	143,370	71	58,512	15,154	386

Solvency Test

Last Ten Years
(in Thousands)

Public Employees Retirement Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES FOR:			VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY VALUATION ASSETS		
	ACTIVE MEMBER CONTRIBUTION (1)	RETIRANTS AND BENEFICIARIES (2)	ACTIVE MEMBERS (EMPLOYER FINANCED) PORTION (3)		(1)	(2)	(3)
6-30-82	\$319,169	\$ 513,219	\$ 814,600	\$1,278,463	100%	100%	54.8%
6-30-83	348,904	623,703	902,952	1,474,041	100	100	55.5
6-30-84	367,381	743,815	1,117,165	1,599,674	100	100	43.7
6-30-85	391,294	936,995	1,129,435	1,842,957	100	100	45.6
6-30-86	421,678	1,153,359	1,349,969	2,148,114	100	100	42.5
6-30-87	452,560	1,370,653	1,365,749	2,457,899	100	100	46.5
6-30-88	484,819	1,633,391	1,637,398	2,657,038	100	100	20.3
6-30-89	534,906	1,800,411	1,839,923	2,992,285	100	100	35.7
6-30-90	588,793	1,970,629	2,001,047	3,297,216	100	100	36.9
6-30-91	649,046	2,163,472	2,176,153	3,570,304	100	100	34.8

Public Employees Police and Fire Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES FOR:			VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY VALUATION ASSETS		
	ACTIVE MEMBER CONTRIBUTIONS (1)	RETIRANTS AND BENEFICIARIES (2)	ACTIVE MEMBERS (EMPLOYER FINANCED) PORTION (3)		(1)	(2)	(3)
6-30-82	\$ 45,913	\$ 59,879	\$120,931	\$209,225	100%	100%	85.5%
6-30-83	52,234	65,633	132,413	249,540	100	100	99.4
6-30-84	58,690	75,351	172,277	279,757	100	100	84.3
6-30-85	66,628	92,676	198,438	338,400	100	100	90.3
6-30-86	76,534	118,926	252,282	424,936	100	100	91.0
6-30-87	85,542	141,324	259,808	506,153	100	100	107.5
6-30-88	95,440	174,131	304,562	557,669	100	100	94.6
6-30-89	107,659	196,269	347,848	656,654	100	100	101.4
6-30-90	120,005	222,683	373,275	755,204	100	100	110.5
6-30-91	133,299	249,780	411,216	839,560	100	100	111.0

Police and Fire Consolidation Fund

VALUATION DATE	ACTUARIAL ACCRUED LIABILITIES FOR:			VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY VALUATION ASSETS		
	ACTIVE MEMBER CONTRIBUTIONS (1)	RETIRANTS AND BENEFICIARIES (2)	ACTIVE MEMBERS (EMPLOYER FINANCED) PORTION (3)		(1)	(2)	(3)
6-30-88	\$ 2,522	\$ 18,204	\$17,017	\$ 22,648	100%	100%	11.3%
6-30-89	2,806	21,708	16,089	29,895	100	100	33.4
6-30-90	8,383	69,549	44,113	86,702	100	100	19.8
6-30-91	12,429	119,717	69,736	143,370	100	100	16.1

Schedule of Active Member Valuation Data

Last Ten Years

Public Employees Retirement Fund

<u>VALUATION DATE</u>	<u>NUMBER</u>	<u>ANNUAL PAYROLL</u>	<u>ANNUAL AVERAGE PAY</u>	<u>% INCREASE IN AVERAGE PAY</u>
6-30-82	85,438	\$1,079,973,418	\$12,640	7.1%
6-30-83	83,351	1,135,784,941	13,626	7.8
6-30-84	83,702	1,225,624,802	14,643	7.5
6-30-85	86,344	1,295,674,181	15,006	2.5
6-30-86	89,336	1,457,848,000	16,319	8.7
6-30-87	92,497	1,546,296,000	16,717	2.4
6-30-88	95,224	1,659,171,000	17,424	4.2
6-30-89	99,515	1,815,433,000	18,243	4.7
6-30-90	102,664	1,947,504,000	18,970	4.0
6-30-91	107,025	2,147,000,000	20,060	5.7

Public Employees Police and Fire Fund

<u>VALUATION DATE</u>	<u>NUMBER</u>	<u>ANNUAL PAYROLL</u>	<u>ANNUAL AVERAGE PAY</u>	<u>% INCREASE IN AVERAGE PAY</u>
6-30-82	4,508	\$ 97,295,847	\$21,583	9.6%
6-30-83	4,596	105,153,394	22,879	6.0
6-30-84	4,744	117,880,783	24,848	8.6
6-30-85	4,928	128,518,325	26,079	5.0
6-30-86	5,127	144,392,000	28,163	8.0
6-30-87	5,385	154,906,000	28,766	2.1
6-30-88	5,611	167,857,000	29,916	4.0
6-30-89	5,891	185,899,000	31,556	5.5
6-30-90	6,136	202,838,000	33,057	4.8
6-30-91	6,309	219,913,000	34,857	5.4

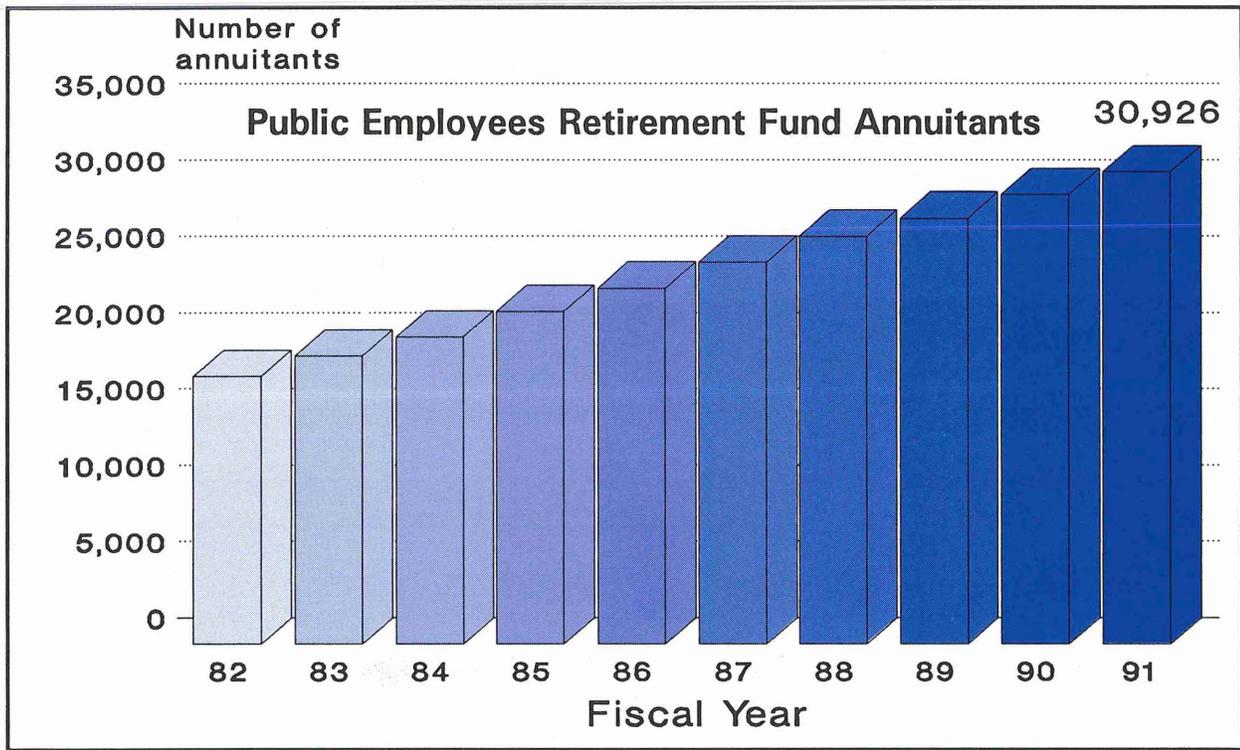
Police and Fire Consolidation Fund

<u>VALUATION DATE</u>	<u>NUMBER</u>	<u>ANNUAL PAYROLL</u>	<u>ANNUAL AVERAGE PAY</u>	<u>% INCREASE IN AVERAGE PAY</u>
6-30-88	93	\$ 2,553,569	\$27,458	0.0%
6-30-89	102	3,454,608	33,869	23.3
6-30-90	287	10,220,881	35,613	5.1
6-30-91	394	15,154,000	38,462	8.0

Schedule of Retirants and Beneficiaries

Last Ten Years

Public Employees Retirement Fund						
YEAR ENDED	NUMBER ADDED	NUMBER REMOVED	YEAR-END TOTAL		% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
			NUMBER	ANNUAL ALLOWANCES		
6-30-82	1,746	832	17,529	\$ 52,708,964	15.7%	\$3,007
6-30-83	2,170	823	18,876	64,156,295	21.7	3,399
6-30-84	2,125	880	20,121	76,064,731	18.6	3,780
6-30-85	2,534	865	21,790	93,826,168	23.4	4,306
6-30-86	2,505	949	23,322	109,613,000	16.8	4,700
6-30-87	2,750	1,057	25,015	130,745,000	19.3	5,227
6-30-88	2,780	1,095	26,700	150,527,000	15.1	5,638
6-30-89	2,221	1,049	27,872	165,706,000	10.1	5,945
6-30-90	2,614	1,050	29,436	181,514,000	9.5	6,166
6-30-91	2,655	1,165	30,926	198,975,000	9.6	6,434



The number of people receiving retirement annuities from the Public Employees Retirement Fund nearly doubled over the past 10 years, growing from 17,529 in 1982 to 30,926 in 1991. Annual payments by the association grew by nearly 400 percent during the same period.

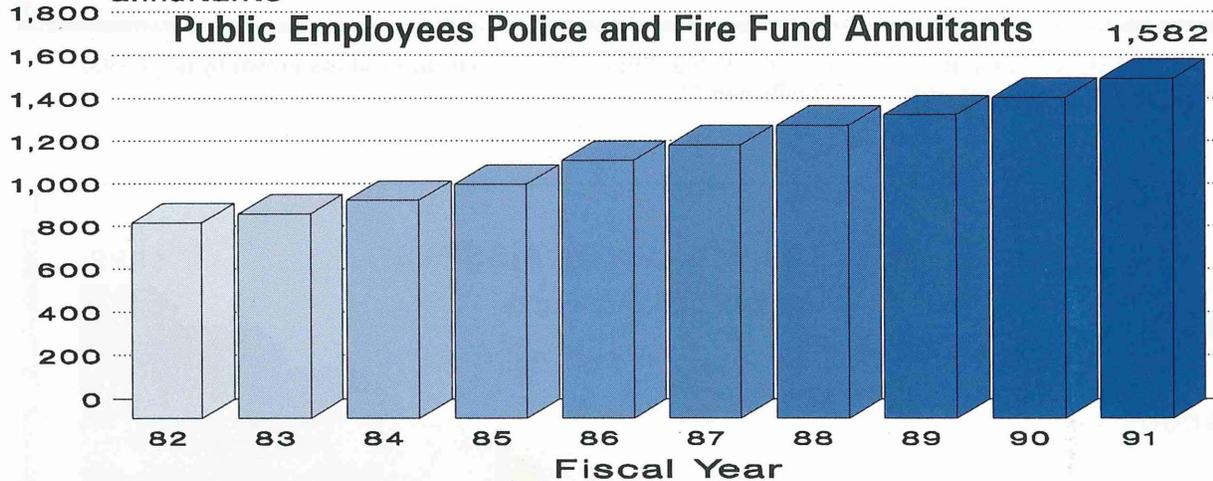
Schedule of Retirants and Beneficiaries

Last Ten Years

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		
6-30-82	94	76	907	\$ 4,691,766	21.1%	\$ 5,173
6-30-83	84	41	950	5,576,067	18.8	5,870
6-30-84	102	39	1,013	6,592,773	18.2	6,508
6-30-85	120	46	1,087	8,004,954	21.4	7,364
6-30-86	150	47	1,198	9,554,000	19.4	7,975
6-30-87	143	70	1,271	11,788,000	23.4	9,275
6-30-88	152	60	1,363	14,090,000	19.5	10,337
6-30-89	98	49	1,412	15,831,000	12.4	11,212
6-30-90	142	61	1,493	17,939,000	13.3	12,015
6-30-91	142	53	1,582	20,688,000	15.3	13,077

Number of annuitants

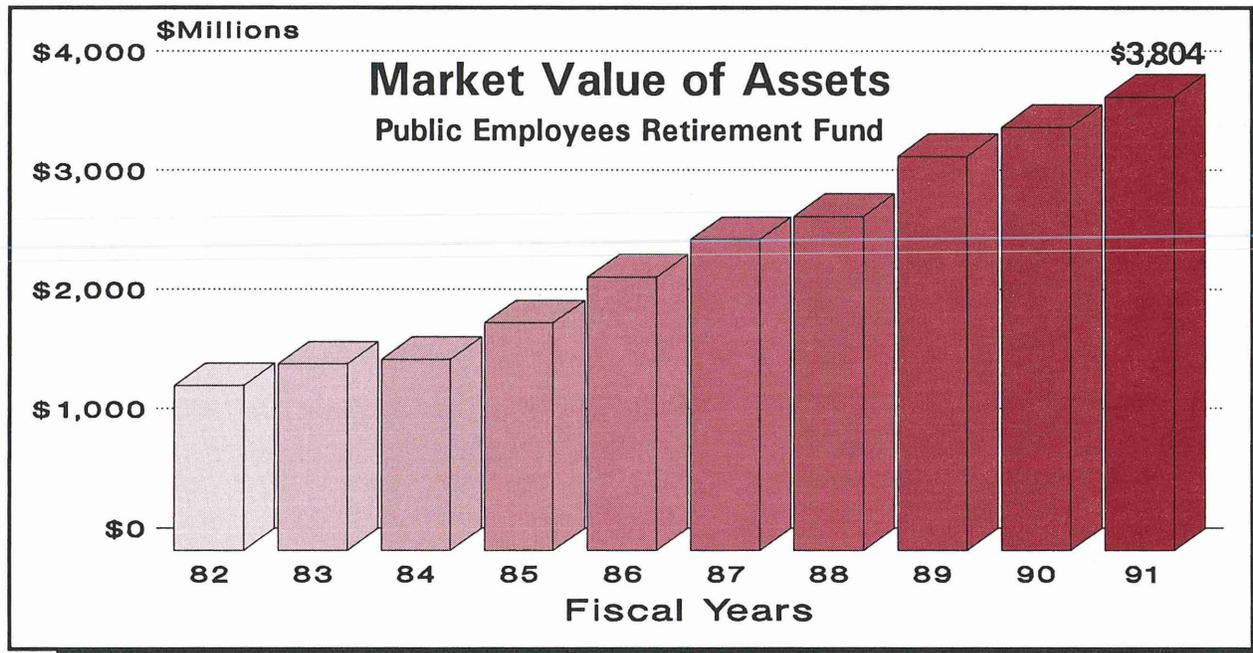


Police and Fire annuitant growth reflected the trend shown under the Public Employees Retirement Fund. From 1982 to 1991, the number of retirees increased from 907 to 1,582.

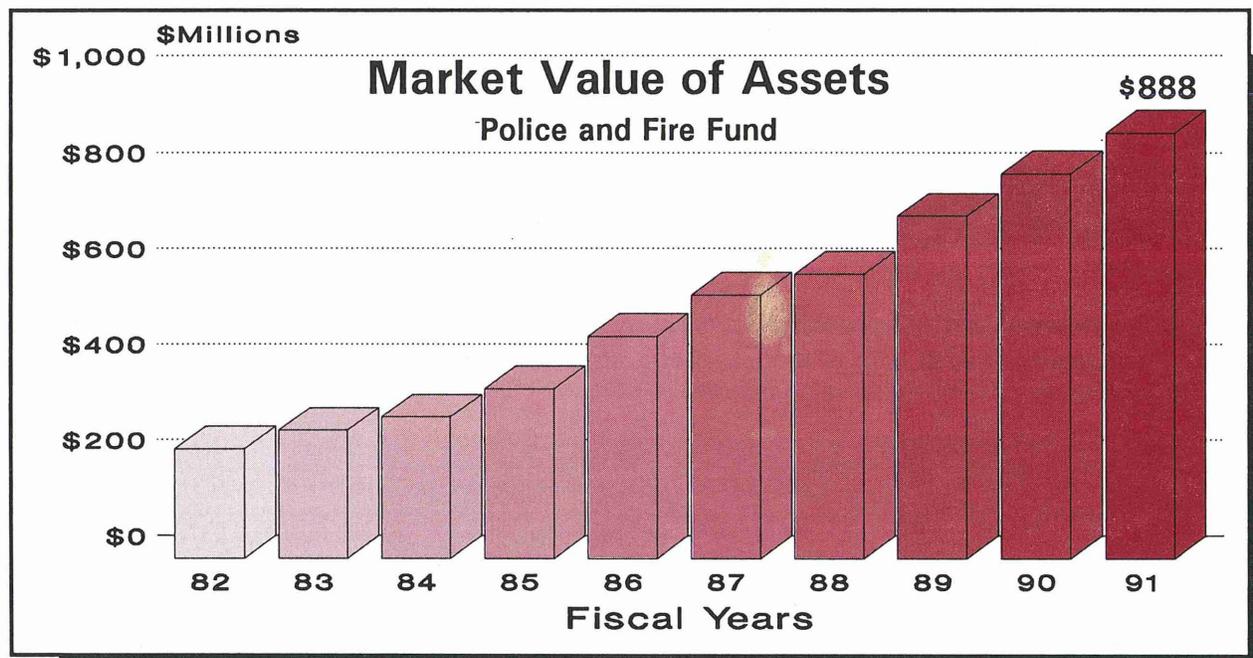
Police and Fire Consolidation Fund

YEAR ENDED	NUMBER ADDED	NUMBER REMOVED	YEAR-END TOTAL		% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
			NUMBER	ANNUAL ALLOWANCES		
6-30-88	138	12	126	\$ 1,682,000	0.0 %	\$13,349
6-30-89	18	4	140	1,978,000	17.6	14,127
6-30-90	265	12	393	5,579,000	182.0	14,196
6-30-91	268	29	632	9,451,000	69.4	14,954

Market Value of Assets



Over the past 10 years, the market value of the Public Employees Retirement Fund has grown by nearly 300 percent, from \$1.4 billion in 1982 to \$3.8 billion in FY'91.



Market value of Police and Fire Fund assets increased almost 400 percent from 1982 to 1991. The fund showed faster growth than the Public Employees Retirement Fund, in part, because of a 40% increase in membership.

Revenue Ratios by Source of Revenue

Excluding Other Income
Last Ten Years

Public Employees Retirement Fund

<u>FISCAL YEAR</u>	<u>MEMBER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL REVENUES</u>
1982	21.7%	29.5%	48.8%	100.0%
1983	22.8	25.6	51.6	100.0
1984	21.6	29.3	49.1	100.0
1985	20.1	22.7	57.2	100.0
1986	16.7	18.4	64.9	100.0
1987	14.9	16.4	68.7	100.0
1988	18.1	19.8	62.1	100.0
1989	15.4	16.8	67.8	100.0
1990	16.8	18.2	65.0	100.0
1991	19.3	20.8	59.9	100.0

Public Employees Police and Fire Fund

<u>FISCAL YEAR</u>	<u>MEMBER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL REVENUES</u>
1982	20.5%	30.7%	48.8%	100.0%
1983	20.2	27.0	52.8	100.0
1984	21.2	31.7	47.1	100.0
1985	18.7	28.0	53.3	100.0
1986	14.6	21.8	63.6	100.0
1987	13.6	20.3	66.1	100.0
1988	18.3	27.5	54.2	100.0
1989	13.6	20.4	66.0	100.0
1990	13.4	20.0	66.6	100.0
1991	16.6	24.9	58.5	100.0

Police and Fire Consolidation Fund

<u>FISCAL YEAR</u>	<u>MEMBER CONTRIBUTION</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL REVENUES</u>
1988	6.7%	10.1%	83.2%	100.0%
1989	5.3	38.2	56.5	100.0
1990	5.8	52.4	41.8	100.0
1991	4.9	45.5	49.6	100.0

Benefit Expense by Type

Last Ten Years
(in Thousands)

Public Employees Retirement Fund

<u>FISCAL YEAR</u>	<u>RETIREMENT</u>	<u>SURVIVOR</u>	<u>DISABILITY</u>	<u>REFUND</u>	<u>TOTAL</u>
1982	\$ 48,865	\$ 6,213	\$2,666	\$11,869	\$ 64,613
1983	52,963	6,669	2,956	10,471	73,059
1984	64,011	7,161	3,065	23,756	97,993
1985	79,476	7,631	3,281	13,158	103,546
1986	96,584	8,174	3,375	12,566	120,699
1987	115,903	8,712	3,394	13,356	141,365
1988	135,602	9,302	3,683	14,175	162,762
1989	148,601	9,709	3,820	12,463	174,593
1990	165,740	12,566	4,057	12,711	195,074
1991	178,971	15,029	4,325	11,678	210,003

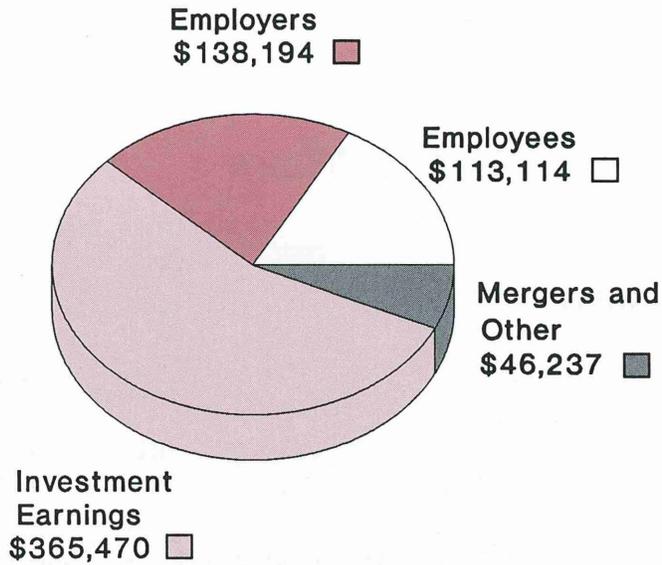
Public Employees Police and Fire Fund

<u>FISCAL YEAR</u>	<u>RETIREMENT</u>	<u>SURVIVOR</u>	<u>DISABILITY</u>	<u>REFUND</u>	<u>TOTAL</u>
1982	\$ 3,656	\$ 568	\$ 276	\$ 728	\$ 5,228
1983	4,377	680	300	825	6,182
1984	5,210	771	371	2,043	8,395
1985	6,328	860	427	1,032	8,647
1986	7,750	943	504	906	10,103
1987	9,662	1,023	629	1,055	12,369
1988	11,842	1,115	864	693	14,514
1989	13,142	1,217	1,087	969	16,415
1990	14,985	1,467	1,179	1,038	18,669
1991	16,750	1,611	1,311	1,204	20,876

Police and Fire Consolidation Fund

<u>FISCAL YEAR</u>	<u>RETIREMENT</u>	<u>SURVIVOR</u>	<u>DISABILITY</u>	<u>REFUND</u>	<u>TOTAL</u>
1988	\$ 655	\$ 155	\$ 36	\$ 0	\$ 864
1989	1,744	75	25	64	1,908
1990	3,377	216	151	183	3,927
1991	6,822	450	352	35	7,659

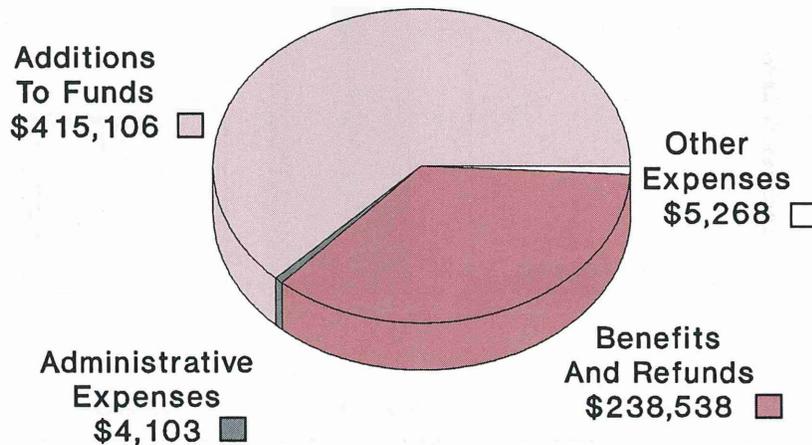
Revenues



Revenue by Source

All Funds
(In Thousands)

Investment earnings make up 55 percent of PERA's revenues, while employee and employer contributions total 37 percent of the association's income.



Revenue Allocation

All Funds
(In Thousands)

Nearly 63 percent of PERA's revenues are added to the association's funds.

Investment Results

Last Five Years

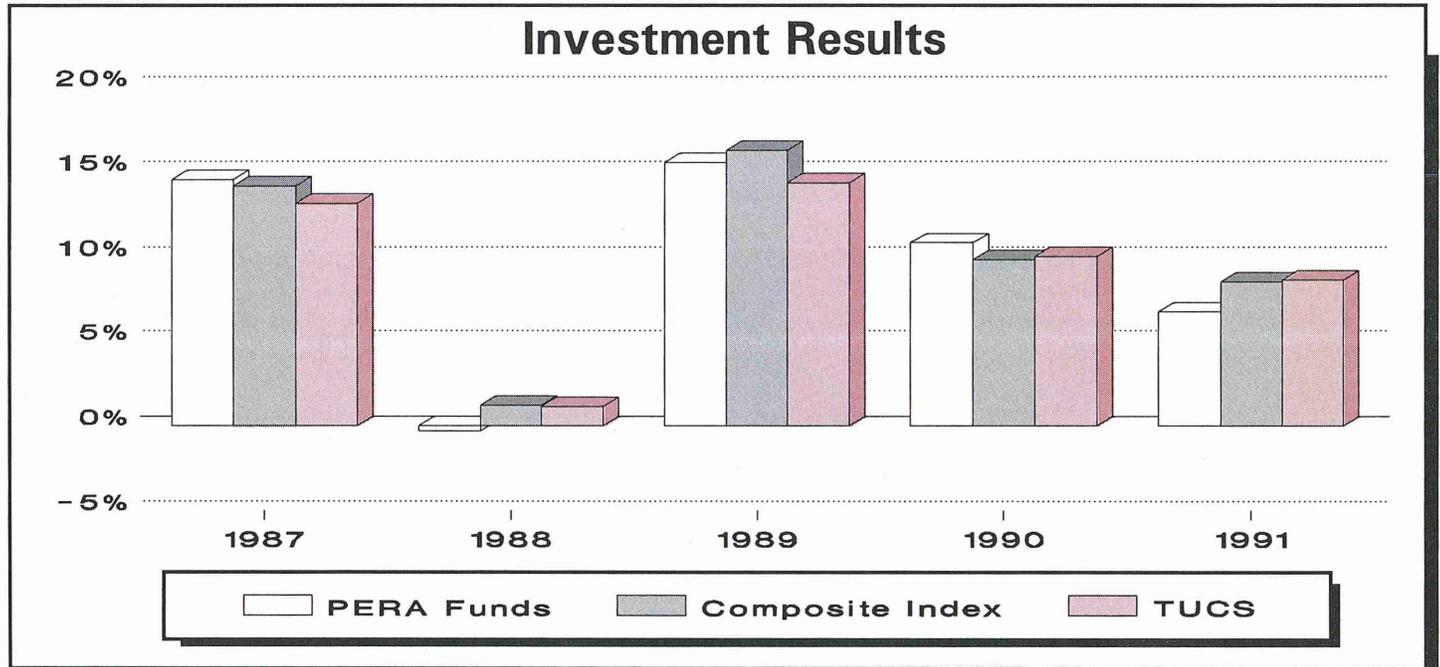
Investment Results Last 5 Years

	Fiscal Year					5-Year Annualized
	1987	1988	1989	1990	1991	
Rate of Return — Time Weighted*						
PERA Funds	14.5	-0.3	15.5	10.8	6.7	9.3
Inflation Rate — Consumer Price Index	3.7	3.9	5.2	4.7	4.7	4.4
Market Indicator						
Composite Index**	14.1	1.2	16.2	9.8	8.5	9.7
Trust Universe Comparison Service (TUCS)***	13.1	1.1	14.3	10.0	8.6	9.8

* The time-weighted performance measure includes the effect of income earned as well as realized and unrealized portfolio market value changes. In addition, the time-weighted total rate of return nets out the influence of contributions made to and distributions taken from the manager or fund.

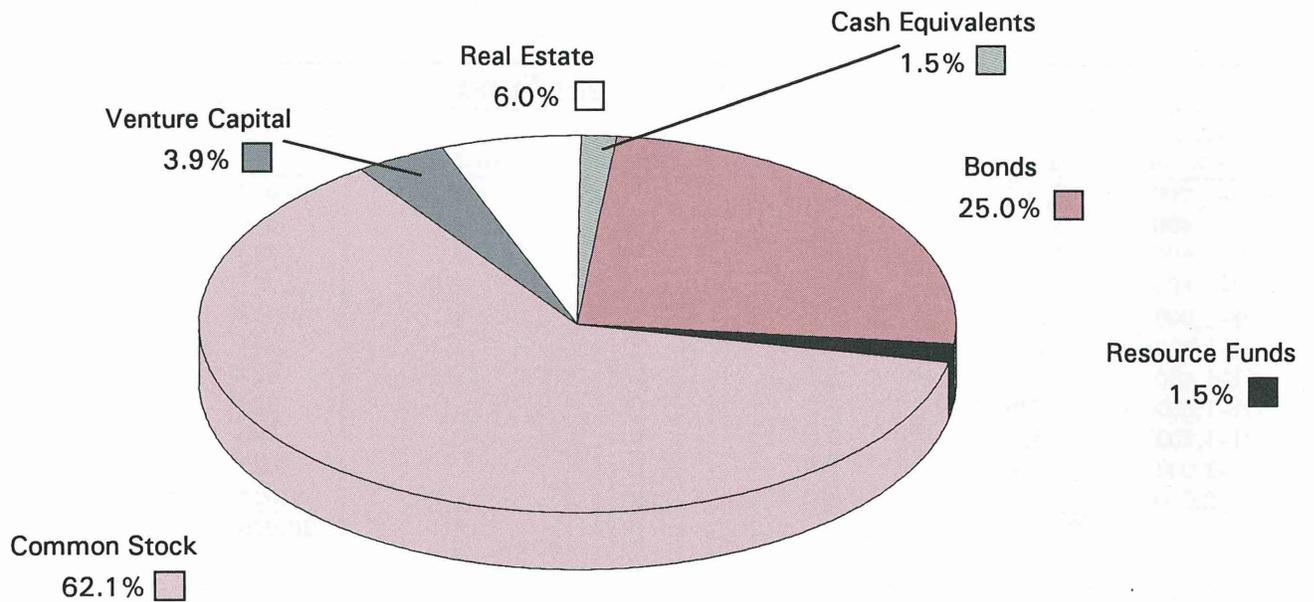
** The Composite Index is a composite of market indices weighted in the same proportion as the PERA funds asset allocation.

*** TUCS is comprised of returns of more than 800 public and private pension funds with a balanced mix of stocks and bonds.



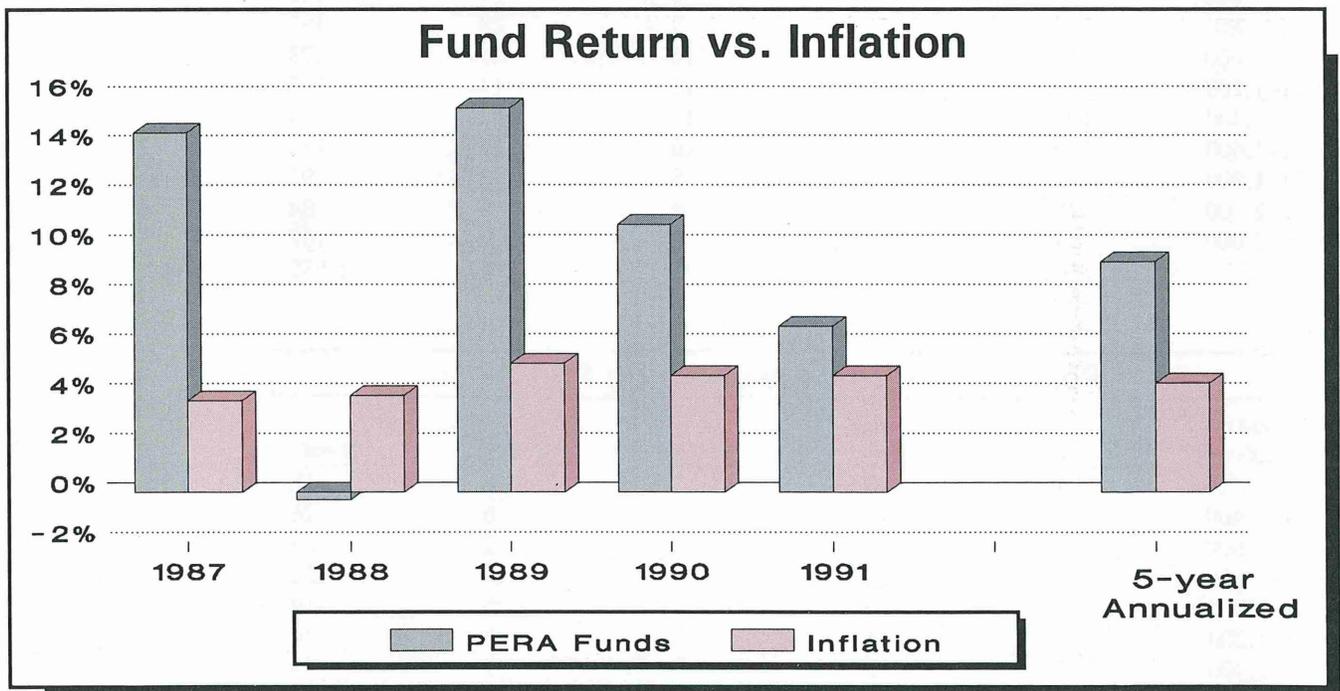
PERA's funds, as invested by the State Board of Investment, earned 6.7 percent in FY'91, below the performance of the Composite Index and the Trust Universe Comparison Service (TUCS). The five-year annualized return, however, while slightly below the two indicators, is still well above the rate of inflation.

Investments



Active Funds Allocation of Investments

Common stocks and bonds represent nearly 90 percent of the investments for PERA's active funds.



Despite the market downturn in FY'88, PERA's funds have outperformed inflation significantly over the past five years.

Schedule of Retired Members

by Amount and Type of Benefit

Public Employees Retirement Fund

Amount of Monthly Benefit	Annuitant	Optional Annuitant	Disabilitant	Survivor	Total
\$ 1- 200	8,364	700	261	1,092	10,417
201- 400	5,927	525	195	732	7,379
401- 600	3,245	308	89	201	3,843
601- 800	1,997	185	45	198	2,425
801-1,000	1,470	156	36	131	1,793
1,001-1,200	1,095	86	32	58	1,271
1,201-1,400	881	51	36	18	986
1,401-1,600	736	37	13	3	789
1,601-1,800	557	23	10		590
1,801-2,000	399	18	12		429
Over 2,000	963	30	10	1	1,004
	<u>25,634</u>	<u>2,119</u>	<u>739</u>	<u>2,434</u>	<u>30,926</u>

Public Employees Police and Fire Fund

Amount of Monthly Benefit	Annuitant	Optional Annuitant	Disabilitant	Survivor	Total
\$ 1- 200	68	19	1	51	139
201- 400	76	27	3	55	161
401- 600	90	29	6	15	140
601- 800	117	28	9	28	182
801-1,000	116	15	16	26	173
1,001-1,200	121	13	15	13	162
1,201-1,400	102	6	14	7	129
1,401-1,600	129	4	16	5	154
1,601-1,800	76	5	5	5	91
1,801-2,000	76	3	4	1	84
Over 2,000	159	2	4	2	167
	<u>1,130</u>	<u>151</u>	<u>93</u>	<u>208</u>	<u>1,582</u>

Police and Fire Consolidation Fund

Amount of Monthly Benefit	Annuitant	Optional Annuitant	Disabilitant	Survivor	Total
\$ 1- 200	4	8		6	18
201- 400	5	15		6	26
401- 600	1	2		2	5
601- 800	8	75		37	120
801-1,000	3	10	1	5	19
1,001-1,200	12	4	5	3	24
1,201-1,400	116	7	8	3	134
1,401-1,600	116		9	1	126
1,601-1,800	125	1	2		128
1,801-2,000	20				20
Over 2,000	11		1		12
	<u>421</u>	<u>122</u>	<u>26</u>	<u>63</u>	<u>632</u>

Average Benefit Payments

Last Five Years

Schedule of Average Benefit Payments

Public Employees Retirement Fund							
Retirement Effective Dates July 1, 1986 to June 30, 1991	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/86 to 6/30/87:							
Average Monthly Benefit	\$96.52	\$128.73	\$180.28	\$331.82	\$769.17	\$1,224.77	\$1,884.26
Number of Active Retirants	78	164	508	561	368	243	234
Period 7/1/87 to 6/30/88:							
Average Monthly Benefit	\$92.06	\$108.37	\$171.20	\$312.29	\$673.00	\$1,159.43	\$1,822.49
Number of Active Retirants	82	208	575	549	363	173	212
Period 7/1/88 to 6/30/89:							
Average Monthly Benefit	\$63.98	\$103.46	\$172.55	\$300.92	\$577.47	\$1,014.80	\$1,647.09
Number of Active Retirants	69	244	458	452	294	86	117
Period 7/1/89 to 6/30/90:							
Average Monthly Benefit	\$76.54	\$133.96	\$219.28	\$345.29	\$611.27	\$1,084.66	\$1,658.93
Number of Active Retirants	133	263	445	486	386	161	160
Period 7/1/90 to 6/30/91:							
Average Monthly Benefit	\$80.95	\$147.46	\$220.94	\$340.94	\$552.99	\$1,142.10	\$1,729.22
Number of Active Retirants	166	259	427	472	400	205	166
Period 7/1/86 to 6/30/91:							
Average Monthly Benefit	\$81.65	\$125.06	\$191.04	\$326.33	\$637.37	\$1,145.43	\$1,768.81
Number of Active Retirants	528	1,138	2,413	2,520	1,811	868	889

Average Benefit Payments

Last Five Years

Schedule of Average Benefit Payments

Public Employees Police and Fire Fund							
Retirement Effective Dates	Years of Service						
July 1, 1986 to June 30, 1991	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/86 to 6/30/87:							
Average Monthly Benefit	\$149.56	\$505.23	\$670.26	\$1,088.77	\$1,511.82	\$1,751.15	\$2,580.86
Number of Active Retirants	4	6	10	11	20	20	19
Period 7/1/87 to 6/30/88:							
Average Monthly Benefit	\$281.92	\$378.11	\$665.06	\$1,200.96	\$1,545.00	\$1,947.75	\$2,377.31
Number of Active Retirants	6	7	14	20	26	17	12
Period 7/1/88 to 6/30/89:							
Average Monthly Benefit	\$145.58	\$788.49	\$618.86	\$1,267.80	\$1,175.31	\$1,991.54	\$2,328.70
Number of Active Retirants	4	7	5	8	16	11	4
Period 7/1/89 to 6/30/90:							
Average Monthly Benefit	\$114.95	\$501.16	\$606.98	\$1,060.19	\$1,325.80	\$1,968.34	\$2,191.76
Number of Active Retirants	7	10	8	17	23	27	6
Period 7/1/90 to 6/30/91:							
Average Monthly Benefit	\$202.20	\$492.39	\$660.34	\$1,049.25	\$1,487.11	\$1,669.43	\$2,512.52
Number of Active Retirants	9	8	8	23	23	15	16
Period 7/1/86 to 6/30/91:							
Average Monthly Benefit	\$183.22	\$530.22	\$649.92	\$1,117.65	\$1,425.08	\$1,869.20	\$2,460.17
Number of Active Retirants	30	38	45	79	108	90	57

Participating Employers

CITIES AND TOWNSHIPS

Ada
Adams
Adrian
Aitkin
Akeley
Albany
Albert Lea
Albertville
Albion
Alden
Alexandria
Alpha
Altura
Alvarado
Amboy
Andover
Annandale
Anoka
Antrim
Appleton
Apple Valley
Arden Hills
Argyle
Arlington
Ashby
Ashland
Askov
Atwater
Audubon
Aurora
Austin
Avoca
Avon
Babbitt
Backus
Badger
Bagley
Balaton
Balkan
Barnesville
Barnum
Barrett
Bashaw
Bassbrook
Battle Lake
Baudette
Baxter
Bayport
Beardsley
Beaver Bay
Beaver Creek
Becker
Belgrade
Belle Creek

Belle Plaine
Bellingham
Belview
Bemidji
Benson
Benton
Bertha
Big Falls
Big Lake
Bigelow
Bigfork
Birchwood
Bird Island
Biscay
Biwabik
Blackduck
Blaine
Blooming Prairie
Bloomington
Blue Earth
Bovey
Boyd
Braham
Brainerd
Branch
Brandon
Breckenridge
Breezy Point
Breitung
Brewster
Bricylyn
Bristol
Brook Park
Brooklyn Center
Brooklyn Park
Brooten
Browerville
Browns Valley
Brownsdale
Brownton
Buffalo
Buffalo Lake
Buhl
Burns
Burnsville
Butterfield
Byron
Caledonia
Callaway
Calumet
Cambridge
Camden
Campbell
Canby
Cannon Falls
Canosia

Canton
Carlos
Carlton
Carrollton
Carver
Cass Lake
Cedar Mills
Center City
Centerville
Ceylon
Champlin
Chandler
Chanhassen
Chaska
Chatfield
Chisago City
Chisago Lake
Chisholm
Chokio
Circle Pines
Clara City
Claremont
Clarissa
Clarkfield
Clarks Grove
Clear Lake
Clearbrook
Clearwater
Clements
Cleveland
Clinton
Clontarf
Cloquet
Cokato
Cold Spring
Coleraine
Cologne
Columbia Heights
Columbus
Comfrey
Concord
Conger
Cook
Coon Rapids
Corcoran
Corinna
Cosmos
Cottage Grove
Cottonwood
Courtland
Cromwell
Crookston
Crosby
Crosslake
Crow River
Crystal

Crystal Bay
Currie
Cyrus
Dahlgren
Dalton
Danube
Danvers
Darwin
Dassel
Dawson
Dayton
Deephaven
Deer Creek
Deer River
Deerwood
DeGraff
Delano
Delavan
Dellwood
Dent
Detroit Lakes
Dewald
Dexter
Dilworth
Dodge Center
Donnelly
Dovray
Duluth
Dumont
Dundas
Dundee
Dunn
Dunnell
Eagan
Eagle Bend
Eagle Lake
East Bethel
East Grand Forks
Easton
Echo
Eden Prairie
Eden Valley
Edgerton
Edina
Eitzen
Elbow Lake
Elgin
Elizabeth
Elk River
Elko
Ellendale
Ellsworth
Elmdale
Elmore
Ely
Elysian

Embarrass
Emily
Emmons
Empire
Erhard
Erskine
Evansville
Eveleth
Excelsior
Eyota
Fair Haven
Fairfax
Fairmont
Falcon Heights
Fall Lake
Faribault
Farmington
Fayal
Felton
Fergus Falls
Fertile
Fifty Lakes
Finlayson
Fish Lake
Fisher
Flensburg
Floodwood
Foley
Forest Lake
Foreston
Fosston
Fountain
Franconia
Frankfort
Franklin
Frazee
Freeborn
Freeport
French Lake
Fridley
Frost
Fulda
Garvin
Gary
Gaylord
Ghent
Gibbon
Gilbert
Gilman
Glencoe
Glenville
Glenwood
Glyndon
Gnesen
Golden Valley
Gonvick
Good Thunder
Goodhue
Goodridge
Goodview

Graceville
Grand Marais
Grand Meadow
Grand Rapids
Granada
Granite Falls
Grant
Grasston
Great Scott
Green Isle
Greenbush
Greenfield
Greenway
Greenwood
Grey Eagle
Grove City
Grygla
Hackensack
Hadley
Hallock
Halstad
Ham Lake
Hamburg
Hancock
Hanley Falls
Hanover
Hanska
Harmony
Harris
Hartland
Hasson
Hastings
Hawley
Hayfield
Hazelton
Hector
Henderson
Hendricks
Hendrum
Henning
Herman
Hermantown
Heron Lake
Hewitt
Hibbing
Hill City
Hills
Hilltop
Hinckley
Hitterdal
Hoffman
Hokah
Holding
Holdingford
Holland
Holloway
Hollywood
Home
Hopkins
Houston

Statistical Section

Howard Lake	Lamberton	McGrath	North Branch	Raymond	Silver Bay
Hoyt Lakes	Lancaster	McGregor	North Hero	Red Lake Falls	Silver Creek
Hugo	Landfall	McIntosh	North Mankato	Red Wing	Silver Lake
Hutchinson	Lanesboro	Medford	North Oaks	Redwood Falls	Slayton
Ideal	LaPrairie	Medina	North St. Paul	Remer	Sleepy Eye
Independence	Lauderdale	Melrose	Northfield	Renville	South International Falls
International Falls	Le Center	Menahga	Northome	Rice Lake	South St. Paul
Inver Grove Heights	Le Roy	Mendota Heights	Northrop	Richfield	South Bend
Iona	Le Sueur	Mentor	Norway	Richmond	South Branch
Iron Range	Lengby	Midway	Norwood	Robbinsdale	South Haven
Irondale	Leon	Middle River	Oak Grove	Rochester	Southside
Ironton	Lester Prairie	Middleville	Oak Lawn	Rock Creek	Spencer
Isanti	Lewiston	Milaca	Oak Park Heights	Rockford	Spicer
Isle	Lewisville	Milan	Oakdale	Rogers	Spring Grove
Ivanhoe	Lexington	Millerville	Odessa	Rollingstone	Spring Lake Park
Jackson	Linden	Millville	Ogema	Roosevelt	Spring Park
Janesville	Lindstrom	Milroy	Ogilvie	Rose Creek	Spring Valley
Jasper	Lino Lakes	Milton	Okabena	Roseau	Springfield
Jeffers	Linwood	Miltona	Klee	Rosemount	Stacy
Jenkins	Lismore	Minneapolis	Olivia	Roseville	Stanford
Johnsonville	Litchfield	Minneota	Onamia	Rothsay	Staples
Jordan	Little Canada	Minnesota Lake	Orono	Round Lake	Star Lake
Kandiyohi	Little Falls	Minnetonka	Oronoco	Royalton	Starbuck
Karlstad	Littlefork	Minnetonka Beach	Orr	Rush City	Stephen
Kasota	Livonia	Minnetrissa	Ortonville	Rushford	Stewart
Kasson	Long Lake	Montevideo	Osakis	Rushmore	Stewartville
Keewatin	Long Prairie	Montgomery	Oslo	Russell	Stillwater
Kelliher	Longville	Monticello	Osseo	Ruthton	Stockholm
Kellogg	Lonsdale	Montrose	Otsego	Rutland	Storden
Kennedy	Lucan	Moorhead	Ostrander	Sacred Heath	Sverdrup
Kensington	Luverne	Moose Lake	Owatonna	St. Anthony	Swanville
Kenyon	Lyle	Mora	Palisade	St. Bonifacius	Sylvan
Kerkhoven	Lynd	Morgan	Park Rapids	St. Charles	Taconite
Kettle River	Mabel	Morris	Parkers Prairie	St. Clair	Taylor's Falls
Kiester	Madelia	Morristown	Paynesville	St. Cloud	Thief River Falls
Kimball	Madison	Morse	Pelican	St. Francis	Thomson
Kinney	Madison Lake	Morton	Pelican Rapids	St. Hilaire	Tintah
Krain	Magnolia	Motley	Pequot Lakes	St. James	Tonka Bay
La Crescent	Mahnomen	Mound	Perham	St. Joseph	Tower
Lafayette	Mahtomedi	Mounds View	Pierz	St. Leo	Tracy
La Grande	Mankato	Mountain Iron	Pillager	St. Louis Park	Trimont
Lake Benton	Mantorville	Mountain Lake	Pilot Mound	St. Michael	Truman
Lake Bronson	Maple Grove	Murdock	Pine City	St. Paul	Twin Lakes
Lake City	Maple Lake	Nashwauk	Pine Island	St. Paul Park	Twin Valley
Lake Crystal	Maple Plain	Nessel	Pine River	St. Peter	Two Harbors
Lake Edward	Mapleton	Nevis	Pipestone	Sanborn	Tyler
Lake Elmo	Mapleview	New Brighton	Plainview	Sandstone	Ulen
Lake Hanska	Maplewood	New Germany	Plato	Sargeant	Underwood
Lake Lillian	Marble	New Hope	Plummer	Sartell	Upsala
Lake Park	Marietta	New London	Plymouth	Sauk Centre	Vadnais Heights
Lake St. Croix Beach	Marine on St. Croix	New Munich	Powers	Sauk Rapids	Vasa
Lake Shore	Marshall	New Prague	Preble	Savage	Vergas
Lake View	Martin	New Richland	Preston	Scandia Valley	Vermillion
Lake Wilson	Marysville	New Scandia	Princeton	Scanlon	Verndale
Lakefield	May	New Ulm	Prinsburg	Sebeka	Vernon
Lakeland	Mayer	New York Mills	Prior Lake	Shafer	Vernon Center
Laketown	Maynard	Newburg	Proctor	Shakopee	Vesta
Lakeville	Mazeppa	Newfolden	Quincy	Shamrock	Victor
Lakin	McKinley	Newport	Ramsey	Sherburn	Victoria
		Nicollet	Randall	Shetek	Villard
		Nisswa	Randolph	Shoreview	Virginia
		Nordland	Ranier	Shorewood	Wabasha

Wabasso
Waconia
Wadena
Wahkon
Waite Park
Waldorf
Walker
Walnut Grove
Waltham
Wanamingo
Wanda
Warren
Warroad
Warsaw
Waseca
Watertown
Waterville
Watkins
Watson
Waubun
Waverly
Wayzata
Welcome
Wells
Wendell
West Concord
West St. Paul
Westbrook
Wheaton
White
White Bear
White Bear Lake
Willernie
Williams
Willmar
Wilmont
Windom
Winger
Winnebago
Winona
Winsted
Winthrop
Winton
Wolf Lake
Wolverton
Wood Lake
Woodbury
Woodland
Worthington
Wrenshall
Wuori
Wyanett
Wykoff
Wyoming
York
Young America
Yucatan
Zimmerman
Zumbrota

COUNTIES

Aitkin
Anoka
Becker
Beltrami
Benton
Big Stone
Blue Earth
Brown
Carlton
Carver
Cass
Chippewa
Chisago
Clay
Clearwater
Cook
Cottonwood
Crow Wing
Dakota
Dodge
Douglas
Faribault
Fillmore
Freeborn
Goodhue
Grant
Hennepin
Houston
Hubbard
Isanti
Itasca
Jackson
Kanabec
Kandiyohi
Kittson
Koochiching
Lac qui Parle
Lake
Lake of the Woods
Le Sueur
Lincoln
Lyon
Mahnommen
Marshall
Martin
McLeod
Meeker
Mille Lacs
Morrison
Mower
Murray
Nicollet
Nobles
Norman
Olmsted
Ottertail
Pennington
Pine
Pipestone
Polk

Pope
Ramsey
Red Lake
Redwood
Renville
Rice
Rock
Roseau
St. Louis
Scott
Sherburn
Sibley
Stearns
Steele
Stevens
Swift
Todd
Traverse
Wabasha
Wadena
Waseca
Washington
Watonwan
Wilkin
Winona
Wright
Yellow Medicine

SCHOOL DISTRICTS

Ada #521
Adrian #511
Aitkin #1
Akeley #301
Albany #745
Albert Lea #241
Alden-Conger #242
Alexandria #206
Alvarado #436
Amboy-Good Thunder #79
Annandale #876
Anoka-Hennepin #11
Appleton #784
Argyle #437
Arlington-Green Isle #731
Ashby #261
Askov #566
Atwater #341
Audubon #21
Aurora-Hoyt Lakes #691
Austin #492
Babbitt #692
Badger #676
Bagley #162
Balaton #411
Barnesville #146
Barnum #91
Barrett #262

Battle Lake #542
Beardsley #57
Becker #726
Belgrade #736
Belle Plaine #716
Bellingham #371
Belview #631
Bemidji #31
Benson #777
Bertha-Hewitt #786
Big Lake #727
Bird Island-Lake Lillian #646
Biwabik #693
Blackduck #32
Blooming Prairie #756
Bloomington #271
Blue Earth #240
Borup #522
Braham #314
Brainerd #181
Brandon #207
Breckenridge #846
Brewster #513
Bricelyn #217
Brooklyn Center #286
Brooten #737
Browerville #787
Browns Valley #801
Brownton #421
Buffalo #877
Buffalo Lake #647
Buhl-Mountain Iron #712
Burnsville #191
Butterfield #836
Byron #531
Caledonia #299
Cambridge #911
Campbell-Tintah #852
Canby #891
Cannon Falls #252
Carlton #93
Cass Lake #115
Ceylon #451
Chaska #112
Chatfield #227
Chisholm #695
Chokio #771
Circle Pines #12
Clara City #126
Claremont #201
Clarissa #789
Clarkfield #892
Clearbrook #161
Cleveland #391
Climax #592
Clinton-Graceville #55
Cloquet #94
Cold Spring #750
Coleraine #316
Columbia Heights #13

Comfrey #81
Cook County Schools #166
Cosmos #461
Cottonwood #412
Cromwell #95
Crookston #593
Crosby-Ironton #182
Cyrus #611
Danube #648
Dassel-Cokato #466
Dawson-Boyd #378
Deer Creek #543
Deer River #317
Delano #879
Delavan #218
Detroit Lakes #22
Dilworth #147
Dodge Center #202
Duluth #709
Eagle Bend #790
East Chain #453
East Grand Forks #595
Echo #893
Eden Prairie #272
Eden Valley-Watkins #463
Edgerton #581
Edina #273
Elgin-Millville #806
Elk River #728
Ellendale #762
Ellsworth #514
Elmore #219
Ely #696
Emmons #243
Erskine #597
Esko #99
Evansville #208
Eveleth #697
Eyota-Dover #533
Fairfax #649
Fairmont #454
Faribault #656
Farmington #192
Fergus Falls #544
Fergus Falls #935
Fertile #599
Finlayson #570
Fisher #600
Floodwood #698
Foley #51
Forest Lake #831
Fosston #601
Franklin #650
Frazee #23
Freeborn #244
Fridley #14
Fulda #505
Garden City #78

Gary #523
Gaylord #732
Gibbon #733
Gilbert #699
Glencoe #422
Glenville #245
Glenwood #612
Glyndon-Felton #145
Gonvick #158
Goodhue #253
Goodridge #561
Granada-Huntley #460
Grand Meadow #495
Grand Rapids #318
Granite Falls #894
Greenbush #678
Grey Eagle #791
Grove City #464
Grygla #447
Hallock #351
Halstad #524
Hancock #768
Harmony #228
Hastings #200
Hawley #150
Hayfield #203
Hector #651
Henderson #734
Hendricks #402
Hendrum #525
Henning #545
Herman #264
Hermantown #700
Heron Lake-Okabena #330
Hibbing #701
Hill City #2
Hills-Beaver Creek #671
Hinckley #573
Hoffman #265
Holdingford #738
Hopkins #270
Houston #294
Howard Lake-Waverly #880
Humboldt #352
Hutchinson #423
International Falls #361
Inver Grove Heights #199
Isle #473
Ivanhoe #403
Jackson #324
Janesville #830
Jasper #582
Jeffers-Storden #178
Jordan #717
Karlstad #353
Kasson #204
Kelliher #36

Statistical Section

Kennedy #354	Milan #128	Pine River-Backus #117	Spring Valley #237	MISCELLANEOUS
Kensington #209	Milroy #635	Pipestone #583	Springfield #85	Adams Health Care Center
Kenyon #254	Minneapolis #1	Plainview #810	Staples #793	AFSCME Council 65
Kerkhoven-Murdock-Sunburg #775	Minneota #414	Plummer #628	Starbuck #614	Aitkin County Soil and Water
Kiester #222	Minnesota Lake #223	Preston-Fountain #233	Stephen #443	Alexandria Lake Area Sanitary District
Kimball #739	Minnesota River Valley #993	Princeton #477	Stewart #426	Anoka County Soil and Water
Koochiching Co. #363	Minnetonka #276	Prior Lake #719	Stewartville #534	Arrowhead Library System
La Crescent #300	Montevideo #129	Proctor #704	Stillwater #834	Arrowhead Regional Development
Lake Benton #404	Montgomery-Lonsdale #394	Randolph #195	Strandquist #444	Association of Minnesota Counties
Lake City #813	Monticello #882	Raymond #346	Swanville #486	Battle Lake Area Landfill Association
Lake Crystal #70	Moorhead #152	Red Lake #38	Taylor Falls #140	Battle Lake Motor
Lake Park #24	Moose Lake #97	Red Lake Falls #630	Thief River Falls #564	Becker Water and Soil
Lake Superior #381	Mora #332	Red Wing #256	Tower-Soudan #708	Beltrami County Water and Soil
Lake Wilson-Chandler #918	Morgan #636	Redwood Falls #637	Tracy #417	Bemidji Regional Interdistrict Council
Lake of the Woods #390	Morris #769	Remer #118	Trimont #457	Bemidji Technical College
Lakefield #325	Morristown #657	Renville #654	Truman #458	Benton County Water and Soil
Lakeville #194	Morton #652	Richfield #280	Twin Valley #526	Benton-Stearns Special Education Co-op
Lamberton #633	Motley #483	Robbinsdale #281	Tyler #409	Big Stone Water and Soil
Lancaster #356	Mound #277	Rochester #535	Ulen-Hitterdal #914	Blue Earth County Water and Soil
Lanesboro #229	Mounds View #621	Rockford #883	Underwood #550	Bois De Sioux Watershed District
Laporte #306	Mountain Lake #173	Roseau #682	Upsala #487	Bovey-Coleraine Joint Tri Plant Commission
LeCenter #392	Nashwauk-Keewatin #319	Rosemount #196	Verdi #408	Braham, Mora, and Pine City Joint Powers Board
LeRoy-Ostrander #499	Nett Lake #707	Roseville #623	Verndale #818	Brown County Water and Soil
LeSueur #393	Nevis #308	Rothsay #850	Villard #615	Brown Nicollet Human Service Board
Lester Prairie #424	New London-Spicer #345	Round Lake #516	Virginia #706	Carlton County Water and Soil
Lewiston #857	New Prague #721	Royalton #485	Wabasha-Kellogg #811	Carver County Water and Soil
Lindstrom-Chisago Lakes #141	New Richland #827	Rush City #139	Wabasso #640	Carver-Scott Co-op Center
Litchfield #465	New Ulm-Hanska #88	Rushford-Peterson #239	Waconia #110	Cass County Water and Soil
Little Falls #482	New York Mills #553	Russell #418	Wadena #819	Cedar River Education Service Co-op
Littlefork-Big Falls #362	Nicollet #507	Ruthon #584	Waldorf-Pemberton #913	Central Minnesota Education Co-op
Long Prairie #792	North Branch #138	Sacred Heart #655	Walker #119	Central Minnesota ERDC
Luverne #670	North St. Paul-Maplewood #622	St. Anthony #282	Walnut Grove #641	Central St. Croix Valley Cable Commission
Lyle #497	Northfield #659	St. Charles #858	Wanamingo #258	Chisago Water and Soil
Lynd #415	Norwood-Young America #108	St. Clair #75	Warren #446	Chisholm-Hibbing Airport Commission
Mabel-Canton #238	Ogilvie #333	St. Cloud #742	Warroad #690	Circle Pines-Lexington Joint Police Commission
Madelia #837	Oklee #627	St. Francis #15	Waseca #829	Clay County Water and Soil
Madison #377	Olivia #653	St. James #840	Watertown-Mayer #111	Clearwater County Nursing Service
Magnolia #669	Onamia #480	St. Louis County #710	Waterville-Elysian #395	Clearwater County Water and Soil
Mahnomen #432	Orono #278	St. Louis Park #283	Waubun-Ogema-White Earth #435	Clearwater River Watershed District
Mahtomedi #832	Ortonville #62	St. Michael-Albertville #885	Wayzata #284	Cottonwood County Water and Soil
Mankato #77	Osakis #213	St. Paul #625	Wayzeta #284	Crookston Development Authority
Maple Lake #881	Osseo #279	St. Peter #508	Welcome #459	Crow Wing County Water and Soil
Mapleton #72	Owatonna #761	Sanborn #638	Wells-Easton #224	Dakota County Vo Tech
Marietta #376	Park Rapids #309	Sandstone #576	West Central #263	Dakota County Water and Soil
Marshall #413	Parkers Prairie #547	Sartell #748	West Concord #205	Department of Military Affairs
Marshall Co. Central School #441	Paynesville #741	Sauk Centre #743	West St. Paul #197	Des Moines Valley Nursing Service
Maynard #127	Pelican Rapids #548	Sauk Rapids #47	Westbrook #175	Detroit Lakes Technical Institute
Mazeppa #809	Pequot Lakes #186	Sebeka #820	Wheaton #803	Dodge Center Water and Soil
McGregor #4	Perham #549	Shakopee #720	White Bear Lake #624	Douglas County Water and Soil
McIntosh #603	Pierz #484	Sherburn #456	Willmar #347	Dover-Eyota St. Charles Sanitation
Medford #763	Pillager #116	Silver Lake #425	Willow River #577	East Central Co-op Center
Melrose #740	Pine City #578	Sioux Valley #328	Windom #177	East Central Regional Development Commission
Menahga #821	Pine Island #255	Slayton #504	Winnebago #225	East Central Regional Library
Mentor #604		Sleepy Eye #84	Winona #861	East Grand Forks Technical Institute
Middle River #440		Southland #500	Winsted #427	East Ottertail Water and Soil
Milaca #912		South St. Paul #6	Winthrop #735	East Polk Water and Soil
		South Washington County #833	Wood Lake #896	Educational Co-op Service Unit
		Spring Grove #297	Worthington #518	Educational Co-op Service Unit 5
		Spring Lake Park #16	Wrenshall #100	Faribault County Water and Soil
			Wykoff #236	Faribault Martin Watonwan Human Service Bd.
			Zumbrota #260	Fergus Falls Special Education Co-op
				Freeborn County Water and Soil
				Freshwater Education District
				Goodhue County Water and Soil

Government Training Service
 Grant County Water and Soil
 Great River Regional Library
 Greenway Joint Recreation Association
 Headwater Nutrition Project
 Headwaters Regional Development Commission
 Hennepin County Park Reserve
 Hennepin County Vo Tech
 Hiawatha Valley Education District 61-6013
 Hubbard County Water and Soil
 Hudson Sanitary Landfill Authority
 Inter County Nursing Service
 Itasca County Water and Soil
 Joint Powers Board
 Kanabec County Water and Soil
 Kandiyohi Water and Soil
 Kitchigami Regional Library
 Kittson County Water and Soil
 Kittson-Marshall Rural Water System
 Koochiching County Water and Soil
 Lac Qui Parle County Water and Soil
 Lac Qui Parle-Yellow Watershed District
 Lake Agassiz Regional Library
 Lake Agassiz Special Ed. Co-op
 Lake County Water and Soil
 Lake Minnetonka Cable
 Lake Minnetonka Conservation District
 Lake of the Woods Water and Soil
 Leaf River Education District 61-6961
 League of Minnesota Cities
 Lincoln County Water and Soil
 Local Government Information Systems
 Long Lake Conservation Center
 Lyon County Water and Soil
 Madison Joint Powers District 6011
 Mahnommen County Water and Soil
 Marshall-Beltrami Water and Soil
 Marshall County Water and Soil
 Marshall-Polk Water System
 Martin County Water and Soil
 McLeod County Water and Soil
 Meeker County Water and Soil
 Meeker-Wright County Special Ed. Co-op
 Metronet
 Metropolitan Airports Commission
 Metropolitan Council
 Metropolitan Inter County Association
 Metropolitan Library Service Agency
 Metropolitan Mosquito District
 Metropolitan Sports Facility Commission
 Metropolitan Transit Commission
 Metropolitan Water Control Commission
 Mid State Education District 6979
 Middle River-Snake River Watershed District
 Midwest Special Ed. Co-op District 5
 Mille Lacs County Water and Soil
 Minnesota Association of Urban Counties
 Minnesota Municipal Utilities Association
 Minnesota River Valley Special Education 993
 Minnesota School District Data Processing Jt. Bd.
 Minnesota State Sheriffs Association
 Minnesota Teamster Public & Law Local 320
 Minnesota Valley Co-op
 Minnesota Valley Regional Library
 Morrison County Water and Soil
 Motor Patrol
 Mower County Water and Soil
 Multi County Nursing Service
 New Richland Care Center
 Nicollet County Water and Soil
 Nobles County Water and Soil
 Norman County Water and Soil
 North Central Suburban Cable Commission
 North Central Technical College
 North Country Vocational Co-op Center
 North Country Library Co-op
 North Kittson Rural Water System
 North St. Louis Water and Soil
 North Suburban Cable Commission
 Northeast Ed. Co-op Service Unit
 Northeast Education District 6033
 Northeast Metro Technical Institute
 Northeast Minnesota Office Job Training
 Northwest ECSU
 Northwest Hennepin Human Services
 Northwest Migrant Region
 Northwest Regional Development Commission
 Northwest Regional Interdistrict Council
 Northwest Suburban Cable Community Comm.
 Olmsted County Water and Soil
 Ottertail Lakes Area Sewer District
 Pennington County Water and Soil
 Pine County Water and Soil
 Pine Point Exp. School
 Pine River Sanitary District
 Pine to Prairie Co-op Center
 Pioneerland Library System
 Pipestone County Water and Soil
 Plainview-Elgin Wastewater District
 Plum Creek Library System
 Pope County Water and Soil
 Prior Lake-Spring Lake Watershed District
 Public Employees Retirement Association
 Range Association of Municipalities
 Red Lake County Water and Soil
 Red Lake Falls Special Ed. Co-op
 Red Lake Watershed District
 Red River Co-op Center
 Redwood-Cottonwood RCRCA
 Redwood County Water and Soil
 Region Five Computer Service
 Region Five Development Commission
 Region Nine Regional Development Commission
 Region Nine South Central ECSU
 Region One Elementary Secondary Vocational
 Renville County Water and Soil
 Rice County Water and Soil
 Rice Creek Watershed District
 River Bend Special Service Co-op
 Rock County Rural Water System
 Rock County Water and Soil
 Roseau County Water and Soil
 Runestone Community Center
 Runestone Education District 6014
 Rural Fire Association
 Sauk Centre Watershed District
 Sauk Centre West Central Ed. District
 Scott County Water and Soil
 Sherburne Water and Soil
 Sibley County Education District #6970
 Sibley Water and Soil
 Six East Regional Development Commission
 South Central Ed. Co-op Service
 South Central Minnesota Inter-Lib Exchange
 South Lake Minnetonka Public Safety Dept.
 South St. Louis County Water and Soil
 Southeast Minnesota Ed. Co-op Service Unit
 Southeast Minnesota Special Education Co-op
 Southern Minnesota Municipal Power Agency
 Southwest and West Central Ed. Service
 Southwest Multi-County Interlibrary Ex.
 Southwest Regional Development Commission
 Southwestern Vo-Tech.
 Spring Grove Ambulance Corp.
 State Community Colleges
 State Court Administration Judicial Districts
 St. Bonifacius-Minnetrista Police Commission
 St. Cloud Area Planning Organization
 St. Cloud Metro Transit Commission
 St. Louis County Northwoods Landfill Authority
 Stearns County Water and Soil
 Steele County Water and Soil
 Stevens County Water and Soil
 Suburban School Employees #284
 Sunnyside Nursing Home
 Swift County Water and Soil
 Todd County Water and Soil
 Township Main Association
 Traverse County Water and Soil
 Traverse Des Sioux Regional Library
 Tri County Co-op Center
 TSES Planning
 United Auto Workers
 University of Minnesota Police Officers
 Upper Minnesota River Valley Watershed Dist.
 Upper Minnesota Valley Reg. Dev. Commission
 Viking Library System
 Wadena County Water and Soil
 Wadena Technical Institute
 Waseca County Water and Soil
 Washington County Water and Soil
 Wasioja Special Education Co-op 259
 Watonwan Water and Soil
 West Central Area on Aging
 West Central ECSU
 West Central Migrant Region
 West Hennepin County Human Services
 West Hennepin Public Safety Department
 West Lake Superior Sanitation District
 West Ottertail County Water and Soil
 West Polk Water and Soil
 Wilkin County Water and Soil
 Windom Area Hospital Inc.
 Winona County Water and Soil
 Wright Vo Tech Center
 Yellow Medicine Water and Soil



Notes
