



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2004

***INTERACTIVE
TABLE OF
CONTENTS***

Public Employees
Retirement Association
of Minnesota

Public
Employees
Retirement
Association
of Minnesota

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

For the Fiscal Year Ended June 30, 2004

73
Years of
Service
to
Minnesota's
Public
Employees



Pension Trust Funds of the State of Minnesota

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EXECUTIVE DIRECTOR

Mary Most Vanek

REPORT PREPARED BY:

Finance and Pension Services Division Staff

David DeJonge — Assistant Executive Director, Finance and Information Services
Gary Hovland — Senior Accounting Supervisor
John Paulson — Information Officer
Susan Thomas — Accounting Officer
David Andrews — Management Analyst

Retirement Systems of Minnesota Building

60 Empire Drive, Suite 200
St. Paul, Minnesota 55103-2088
(651) 296-7460



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

Table of Contents

	Page
INTRODUCTORY SECTION	
Achievement Awards	3
President's Report	4
Letter of Transmittal	5
Administrative Organization	10
Board of Trustees	11
Retirement System Plan Summary	12
FINANCIAL SECTION	
Legislative Auditor's Report	16
Management Discussion and Analysis	17
Basic Financial Statements:	
Statement of Plan Net Assets	20
Statement of Changes in Plan Net Assets	21
Notes to the Financial Statements	22
Required Supplementary Information:	
Schedule of Funding Progress	30
Schedule of Employer Contributions	31
Required Supplementary Information Notes	32
Schedule of Investment Expenses	33
Schedule of Commissions and Payments to Consultants	33
Schedule of Administrative Expenses	34
INVESTMENT SECTION	
Investment Report	35
Investment Results	36
Asset Allocation	37
List of Largest Assets Held	38
Investment Summary	39
Fair Value of Investments	40
ACTUARIAL SECTION	
Actuary's Certification Letter	42
Summary of Actuarial Assumptions and Methods	43
Sample Annual Rates Per 10,000 Employees	45
Solvency Test	46
Schedule of Active Member Valuation Data	47
Schedule of Retirees and Beneficiaries	48
Schedule of Changes in Unfunded Actuarial Accrued Liabilities	49
STATISTICAL SECTION	
Schedule of Revenue by Source	50
Schedule of Expense by Type	51
Schedule of Benefit Expense by Type	52
Revenues	53
Schedule of Retired Members by Amount and Type of Benefit	54
Schedule of Average Benefit Payments	55
Participating Employers	57



INTRODUCTORY
SECTION

Public Employees
Retirement Association
of Minnesota

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

Presented to

**Public Employees Retirement
Association of Minnesota**

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

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



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

President's Report

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



Dawn Hulmer
Board President

January 19, 2005

Dear Members, Annuitants, Beneficiaries and Governmental Employers:

This 73rd annual financial report of the Public Employees Retirement Association (PERA) discloses financial, actuarial, and other related information about PERA and the funds it administers. On June 30, 2004, PERA's net assets available for benefits at fair value exceeded \$14.2 billion. This reflects an annual increase of approximately 12.8%, the largest increase in six years.

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

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

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

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

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

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

Sincerely,

Dawn M. Hulmer
President
PERA Board of Trustees

Letter of Transmittal

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



Mary Most Vanek
Executive Director

January 18, 2005

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

Dear Trustee:

We are pleased to present this Comprehensive Annual Financial Report of the Public Employees Retirement Association (PERA) for the fiscal year ended June 30, 2004—our 73rd year of operation. The information contained in this report is accurate in all material respects and is intended to present fairly the financial status and results of operations of the association. The report consists of five sections:

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

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

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

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

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

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

Letter of Transmittal

(Continued)

PLAN OVERVIEW

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

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

ACCOUNTING SYSTEMS AND REPORTS

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

PERA's internal accounting controls are designed to provide reasonable assurance for the safekeeping of assets and the reliability of all financial records. Our independent auditors have audited the accompanying financial statements and reviewed our internal control structure. They reported no material weaknesses in our internal controls. Management believes that an adequate system of internal control is in place and that the accompanying statements, schedules and tables are fairly presented.

INVESTMENTS

In accordance with Minnesota Statutes, Section 353.06, assets of the PERA Funds are invested by the Minnesota

State Board of Investment (SBI). All investments undertaken by the SBI are governed by the common law prudent person rule and other standards codified in Chapter 11A of the Minnesota Statutes. The board is comprised of the state's elected officers: Governor Tim Pawlenty; State Auditor Patricia Anderson; Secretary of State Mary Kiffmeyer; and State Attorney General Mike Hatch.

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

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

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

Active Funds

Pension assets of the currently working members of the Association are managed externally by private money managers retained under contract with the SBI. These assets are pooled with the assets of other active members of statewide retirement funds into the Basic Retirement Fund. The greatest share of these assets, approximately 63 percent, is invested in domestic and international common stocks in order to maximize the long-term rate of return. Including international stocks in the asset mix allows the SBI to diversify its holdings across world markets and offers the opportunity to enhance returns and reduce the risk/volatility of the total portfolio. For the year ended June 30, 2004, the Basic Retirement Funds produced a 16.6 percent rate of return on active member assets.

The SBI has one overriding responsibility in the management of these funds: to ensure that sufficient funds are available to finance promised retirement benefits. Within this context, SBI has established a long-term investment objective: to outperform a composite market index

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

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

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

Post Retirement Investment Fund

The SBI has responsibility for investment of the assets of the Minnesota Post Retirement Investment Fund (MPRIF). When a member retires, a sum of money sufficient to finance a fixed monthly annuity is transferred from the Basic Retirement Fund to the MPRIF. Assets of the retired members of the Association and their joint annuitants are pooled in the MPRIF. These assets are also managed externally, sharing the same domestic stock, domestic bond, and international stock managers as the Basic Funds.

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

In contrast to the investment goals of the Basic Fund, invested for current working members, the MPRIF's goal is to ensure returns are adequate to meet the actuarially assumed return of 6 percent on its invested assets on an annualized basis and are sufficient to finance lifetime benefit increases.

The SBI measures performance of the MPRIF against a composite of market indices that is weighted to reflect its long-term asset allocation policy. The MPRIF is expected to exceed the composite index over a ten-year period. Similar to the Basic Fund, MPRIF performance is reported net of all fees and costs to assure the SBI's focus is on true net return. For the ten-year period ending June 30, 2004, the MPRIF outperformed its composite index by three-tenths of one percent with an annualized return of 9.4 percent.

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

- Inflation adjustment of 2.5%. This equals 100 percent of the reported Consumer Price Index for wage earners (CPI-W) for the 12 months ended June 30, 2004 with a cap of 2.5 percent in order to maintain the actuarial soundness of the plan. This amount is the difference between the 8.5 percent return

assumption for the Basic Funds and the 6 percent return assumption for the MPRIF. This inflation component is always granted, regardless of investment performance.

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

There were many positive economic signs, however. Personal income grew 3.4 percent in 2003. Real median household income remained above \$43,000. Interest rates remained low. The Fed Funds rate remained targeted at 1 percent, the lowest level in 45 years, until it was increased $\frac{1}{4}$ percent at the end of June 2004. 30-year mortgage rates remained low, swinging $\frac{1}{2}$ percent on either side of 6 percent during the fiscal year. Durable goods spending increased by 11 percent. U.S. factories ran at their fastest operating rate in more than 3 years. GDP increased 4.3 percent.

Letter of Transmittal

(Continued)

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

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

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

CURRENT FUNDING RATIOS

The primary funding objectives of the Association are: 1) to establish contribution rates which, when expressed as a percentage of active members payroll, will remain level from generation to generation; and 2) to meet the required deadlines for full funding. A pension plan is fully funded when it has present and projected assets sufficient to cover the liabilities for present and future annuities, benefits and refunds and the projected cost of fund administration. Minnesota Statutes, Section 356.215, subd. 11, requires that the PECF be fully funded by the year 2023.

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

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

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

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

ASSOCIATION'S STATUS REPORT

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

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

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

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

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

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

PROFESSIONAL SERVICES

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

The State's Attorney General continued to provide PERA with legal counsel. The State Board of Investment continued to manage and invest the assets of PERA's funds. Finally, the State's Legislative Auditor continued to provide professional financial auditing services. The comments of the Legislative Auditor are found on page 16 of this report.

MEMBERSHIP REPORT

This report is complemented by an annual financial newsletter that discloses, in summary form, the contents of this report. This financial newsletter is mailed in January of each year to all PERA members, including annuity and benefit recipients. In addition, this report is reproduced, in its entirety, on PERA's website, www.mnpera.org.

NATIONAL RECOGNITION

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

administration and disclosure of financial information. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PERA for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. PERA has received this honor for 19 of the last 20 years.

The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the certificate requirements and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

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

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

Respectfully submitted,

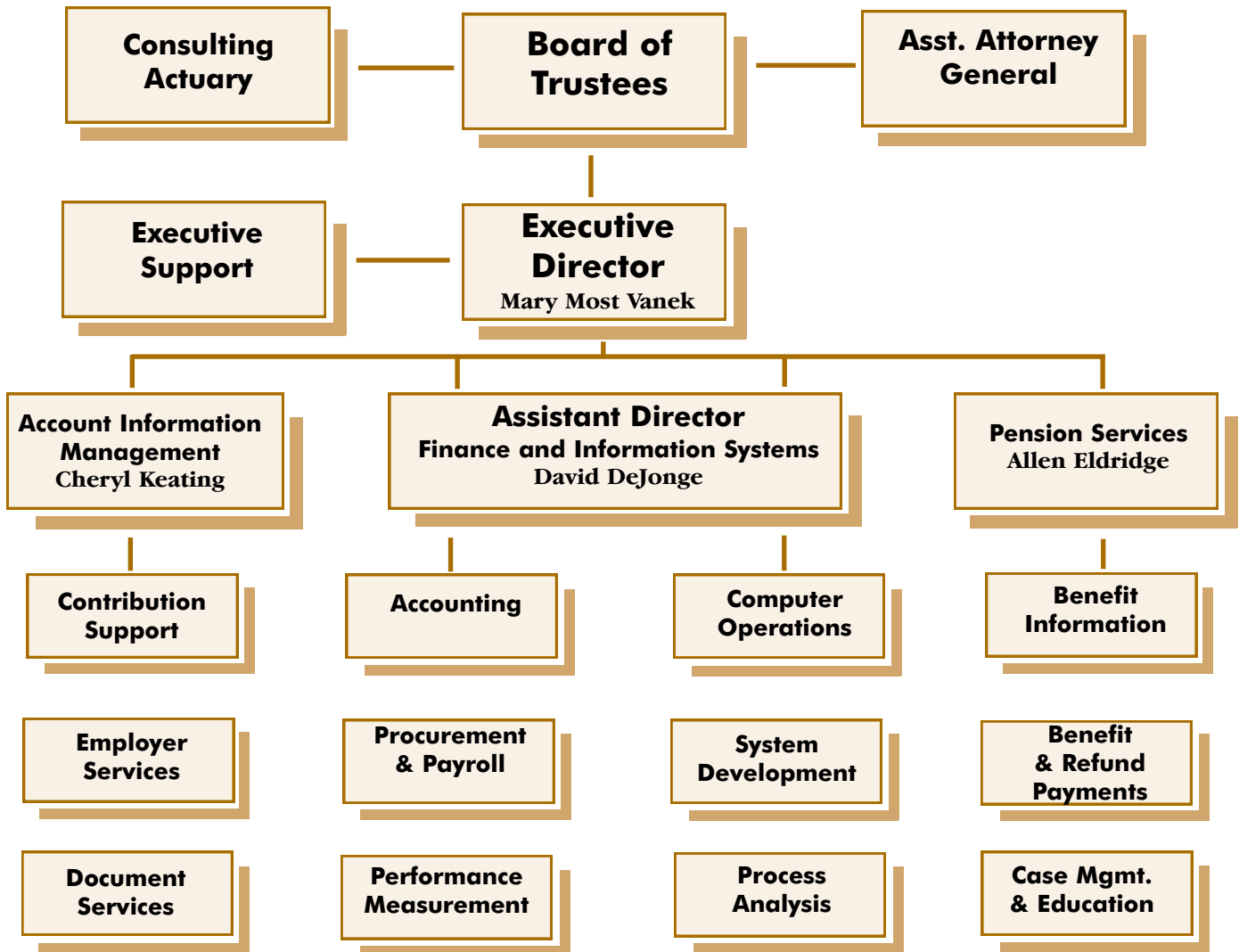


Mary Most Vanek
Executive Director



David DeJonge
Assistant Executive Director,
Finance and IS

Administrative Organization



MISSION STATEMENT

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

PERA'S VISION:

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

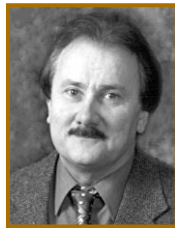
Board of Trustees

BOARD PRESIDENT



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

BOARD VICE PRESIDENT



Steven L. Devich
General Membership Representative
City of Richfield
6700 Portland Ave. S.
Richfield, Minnesota 55423



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



Ross E. Arneson
General Membership Representative
410 S. 5th St., PO Box 3129
Mankato, Minnesota 56002



Marcia Farinacci
Annuitant Representative
1466 North Grotto
St. Paul, Minnesota 55117



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



Terri Heaton
Cities Representative
85 7th Place E., Suite 100
St. Paul, Minnesota 55101
(651) 223-3022



Dennis Hegberg
Counties Representative
Washington County Gov't. Center
14900 61st Street N., PO Box 6
Stillwater, Minnesota 55082



Thomas L. Marshall
Police and Fire Representative
4727 1st. Avenue S.
Duluth, Minnesota 55803



Terry A. Martinson
School Board Representative
PO Box 332, 527 Whiteside Ave.
Buhl, Minnesota 55713



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

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

Retirement System Plan Summary

Public Employees Retirement Association of Minnesota

NOTE:

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

PURPOSE

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

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

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

ADMINISTRATION

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

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

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

Board of Investment on the management and investment of public pension funds and other assets.

MULTI-EMPLOYER PARTICIPATION

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

EMPLOYEE MEMBERSHIP

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

FUNDS

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

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

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

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

Also administered by PERA is the **Public Employees Defined Contribution Plan (DCP)**. Created in 1987 to provide a retirement plan for personnel employed by public ambulance services, the plan has been expanded to include physicians and locally-elected public officials, except for county sheriffs.*

CONTRIBUTIONS

The table below shows contribution rates for employees and employers under the various plans administered by PERA as of June 30, 2004. Rates are applied to total salary and are set by statute.

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

CREDITED SERVICE AND SALARY

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

RETIREMENT BENEFITS

Eligibility and Annuity Formulas

Basic and Coordinated Members

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

Method 1: Coordinated members accrue 1.2 percent of the high-five salary for each of the first 10 years of public employment, and 1.7 percent of that average salary for each successive year. Basic members receive 2.2 percent of their high-five salary for each of their first 10 years of service and 2.7 percent for each year thereafter.

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

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

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

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

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

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

Police and Fire Members

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

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

- ◆ Age 55 with a minimum of three years of service; or
- ◆ Age plus years of service equal at least 90 (if first hired prior to 7/1/89).

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

NOTE:

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

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

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

Summary

(Continued)

NOTE:

- * Former Police and Fire Consolidation Fund members who have not elected Police and Fire Plan benefits may do so when they terminate public service. Those who do not are covered under the benefit provisions of their local relief associations.
- ** Since most Correctional Plan members were previously members of PERA's Coordinated Plan, they may qualify for a pension from both plans following retirement. However, they must meet the age requirements of each plan and begin benefits within a year of each other to qualify for combined service.
- *** Selection of a Survivor Option will result in a reduction in the amount of the pension from the Single-life pension level. The amount of the reduction depends on the age of both the retiring member and the survivor.

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

Correctional Service Members

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

A full, unreduced pension, is earned at:

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

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

Defined Contribution Plan Members

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

TYPES OF PENSIONS AVAILABLE

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

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

Survivor Options — Upon retirement, members may choose from one of four Survivor Options. All these pensions are payable for the lifetime of the retiree. At the time of the retiree's death, the designated survivor continues to receive monthly benefit payments at varying levels for his or her lifetime. Depending on the Survivor Option chosen by the member, survivor payments are at a 25, 50, 75 or 100 percent level of that received by the member.***

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

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

Combined Service and Proportionate Pensions — Retiring members may elect to combine service in a PERA-covered position with service in any of 14 other Minnesota pension funds and qualify for a retirement benefit from each fund in which they participated. These funds are designated by statute. Members with three or more years of total service qualify for a combined service pension if they have six or more months of service in each fund and have not begun to receive a benefit from any of the designated funds.

Pensions are based upon the formula of each fund and the member's average salary over the five highest-paid years of service, no matter when it was earned.

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

EARNINGS LIMITATION

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

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

DISABILITY BENEFITS

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

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

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

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

SURVIVOR BENEFITS

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

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

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

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

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

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

Instead of a monthly benefit, the surviving spouse, if a designated beneficiary, may elect a refund of any remaining employee contributions in the account, plus 6 percent interest compounded annually. However, a refund may not be elected if there are dependent children who are eligible for benefits.

REFUNDS

Refunds of contributions are available at any time to members who leave public service and have not yet begun receiving a pension. The refund includes employee contributions plus 6 percent interest, compounded annually.

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

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

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

NOTE:

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

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



FINANCIAL
SECTION

Public Employees
Retirement Association
of Minnesota

PENSION TRUST FUNDS OF THE STATE OF MINNESOTA

Legislative Auditor's Report



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

Independent Auditor's Report

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

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

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

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

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

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

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

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

James R. Nobles
Legislative Auditor

Claudia J. Gudvangen, CPA
Deputy Legislative Auditor

January 12, 2005

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Management Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

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

FINANCIAL ANALYSIS OF PERA'S FUNDS

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

Discussion and Analysis

(Continued)

PERF

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

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

Additions to Plan Net Assets

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

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

Deductions from Plan Net Assets

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

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

Overall Financial Position

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

PEPFF

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

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

Additions to Plan Net Assets

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

Net Assets—Defined Benefit Plans (Dollars in Thousands)

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

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

Deductions from Plan Net Assets

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

Overall Financial Position

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

Additions to Plan Net Assets

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

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

Deductions from Plan Net Assets

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

Overall Financial Position

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

PECF

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

AGENCY SUMMARY

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

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

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

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

Statement of Plan Net Assets

As of June 30, 2004 (in thousands)

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

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

Statement of Changes in Plan Net Assets

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

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

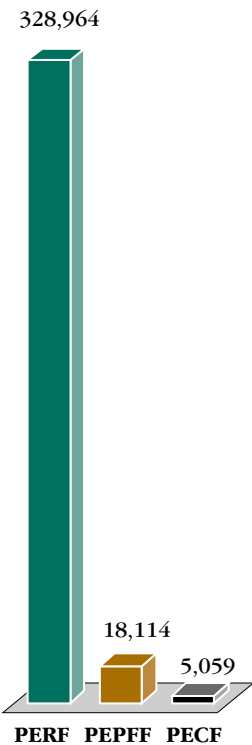
The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2004

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

Plan Participation
(Total Membership)



A. PLAN DESCRIPTION

1. Organization

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

2. Participating Employers

PERA serves approximately 2000 separate units of government in the PERF, 500 units of government in the PEPFF, 80 counties in the PECF, and 1000 units in the PEDCP. These units of government are made up of counties, cities, townships, school districts, and generally other units of government whose revenues are derived from taxation, fees, or assessments. The defined contribution plan serves any local unit of government whose current or former elected officials elect to participate. The PEDCP also serves any publicly operated ambulance service that receives an operating subsidy from a governmental entity, and elects to participate.

3. Participating Members

The PERF covers employees of counties, cities, townships and employees of schools in non-certified positions throughout the State of Minnesota. The PEPFF, originally established for police officers and fire-fighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and fire-fighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA. The PECF covers employees in county correctional institutions who have direct contact with inmates. Coverage under the PEDCP is open to elected local government officials (except elected county sheriffs), emergency medical service personnel employed by or providing service to any of the participating ambulance services, and physicians employed at public facilities. Elected officials and ambulance personnel who are covered by a public or private pension plan because of their employment are not eligible to participate in the PEDCP. At June 30, 2004, there were 6,284 members in the plan.

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

4. Benefit Provisions and Contribution Rates - Defined Benefit Plans

- a) PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. All benefits vest after three years of credited service. Retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. PERF members belong to

Fig.1 PERA Membership — Defined Benefit Plans

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

either the Basic or Coordinated Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. Two methods are used to compute benefits for Coordinated and Basic members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2).

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

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

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

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

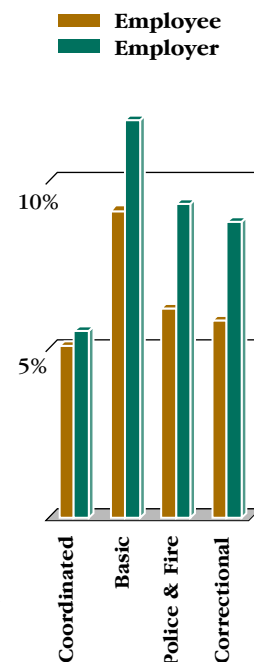
5. Benefit Provisions and Contribution Rates — Defined Contribution Plan

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

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

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

Contribution Rates



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

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

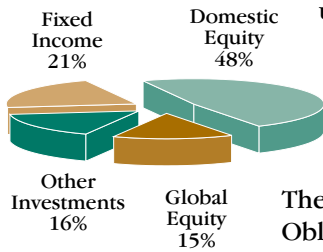
	Employee	Employer	Additional Employer
<i>Public Employees Retirement Fund:</i>			
Basic Plan	9.10%	9.10%	2.68%
Coordinated Plan	5.10%	5.10%	0.43%
<i>Public Employees Police & Fire Fund</i>	6.20%	9.30%	n/a
<i>Public Employees Correctional Fund</i>	5.83%	8.75%	n/a

Notes

(Continued)

Active Funds Pooled Accounts

(Portfolio Allocation)



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

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

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

3. Investment Policies

a) Pursuant to Minnesota Statutes, Section 11A.04, the state's retirement fund assets are commingled in various pooled investment accounts, administered by the State Board of Investment (SBI). As of June 30, 2004, the participation shares in the pooled accounts at fair value, excluding the Minnesota Post Retirement Investment Fund (MPRIF), totaled 26.09 percent for the PERF, 12.19 percent for the PEPFF and 0.39 percent for the PECF. The funds' shares of net assets of the Minnesota Post Retirement Investment Fund, at fair value, totaled 27.53 percent, 9.85 percent and 0.01 percent, respectively.

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

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

1. Reporting Entity

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

2. Basis of Accounting

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

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

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

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

department or agent in the state's name. Risk category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the state's name. PERA does not own any investments that are considered securities for purposes of assessing credit risk. All PERA investments are held in Minnesota State Board of Investment-administered pools or open-end mutual funds. These investments are not considered securities for purposes of credit risk classification. The investments in any one organization do not represent 5 percent or more of plan net assets for any of the plans PERA administers.

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

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

4. Method Used to Value Investments

- a) Investments in the pooled accounts, including assets of the PEDCP, are reported at fair value. **Figure 3** provides a summary of cost and fair values of the investments as of June 30, 2004 as reported on the Statement of Plan Net Assets. The fair value of investments is based upon valuations provided by a recognized pricing service. Securities traded on a national or international exchange are valued using the last reported trade price. Short-term investments are reported at cost, which approximates fair value. The fair value of real estate investments is based on independent yearly appraisals. Investments that do not have an established market are reported at estimated fair value.
- b) Investment income is recognized as earned. Accrued investment income of the pooled investment accounts is included in participation in the accounts. Gains and losses on sales or exchanges are recognized on the transaction date.
- c) The cost of security transactions is included in the transaction price. Administrative expenses of the State Board of Investment and investment management fees of the external money managers and the state's master custodian for pension fund assets are allocated to the funds participating in the

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

Administrative expenses of the State Board of Investment and investment management fees of the external money managers and the state's master custodian for pension fund assets are allocated to the funds participating in the pooled investment accounts.

Fig 4. Capital Assets

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

Notes

(Continued)

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

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

5. Capital Assets

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

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

6. Building and Land

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

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

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

7. Accrued Compensated Absences

PERA's employees accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in collective bargaining agreements. Accumulated amounts for compensated absences are accrued when incurred. Such leave is liquidated in cash primarily at the time of termination of employment. We estimate that \$33,138 is considered a short-term liability and the remainder of \$630,900 is considered a long-term liability. The total is shown on the Statement of Plan Net Assets.

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

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

8. Securities Lending

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

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

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

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

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

C. CHANGES IN ASSUMPTIONS AND PROVISIONS

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

D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

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

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

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

Fig 6. Unfunded Actuarial Accrued Liability (in thousands)

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

Notes

(Continued)

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

contribution rate to an actuarially derived “required” contribution rate. The required contribution rate consists of:

- (a) normal costs based on entry age normal cost methods;
- (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability by the dates required for full funding; and
- (c) an allowance for administrative expenses.

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

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

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

E. MINNESOTA POST RETIREMENT INVESTMENT FUND (MPRIF) RESERVE

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

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

Funding Surplus (Deficiency)

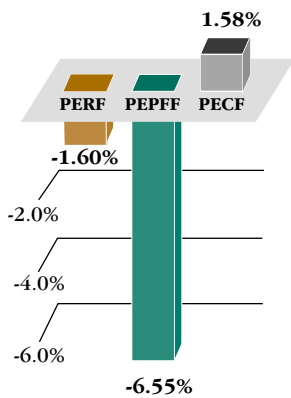


Fig. 7 Funding Surplus (in thousands)

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

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

Beginning in fiscal year 1993, the MPRIF income available for distribution is determined using a post-retirement benefit increase formula based on total investment return. This formula contains both an inflation adjustment and an investment component. Stated as a percentage of eligible required reserves, annuitants and other individuals receiving benefits at May 31, 2003 are eligible to receive the following January 1, 2005 benefit increase:

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

F. OTHER NOTES

1. Cash

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

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

2. Administrative Expenses

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

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

3. Participating Pension Plan

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

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

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

Schedule of Funding Progress

(last six years, in thousands, unaudited)

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND*

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

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

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

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

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

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

Schedule of Employer Contributions

(last six years, in thousands, unaudited)

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND**

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

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

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

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

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

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

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

Required Supplementary Information Notes

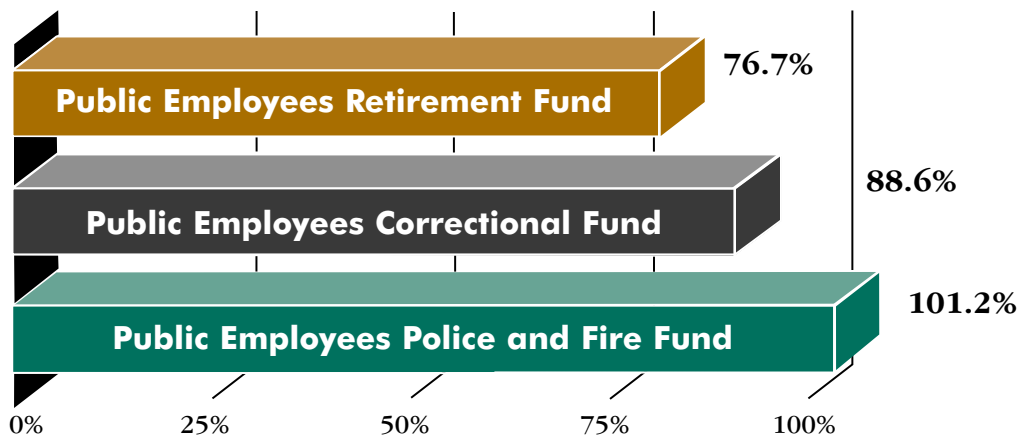
(unaudited)

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

Actuarial Assumptions:

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

FUNDING RATIOS
(Percent Funded)



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

Schedule of Investment Expenses

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

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

Schedule of Commissions and Payments to Consultants

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

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

Schedule of Administrative Expenses

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

PERSONAL SERVICES:

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

PROFESSIONAL SERVICES:

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

COMMUNICATIONS:

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

MAINTENANCE & SUPPLIES:

Maintenance	\$ 36	
Supplies and Materials	<u>441</u>	
Total Maintenance & Supplies		477

OTHER:

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

Total Administrative Expense **\$9,805****ALLOCATION OF ADMINISTRATIVE EXPENSE:**

Defined Benefit Plans		
Public Employees Retirement Fund	\$ 8,830	
Public Employees Police and Fire Fund	712	
Public Employees Correctional Fund	162	

Defined Contribution Plans		
Public Employees Defined Contribution Plan	<u>101</u>	

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



**INVESTMENT
SECTION**

Public Employees
Retirement Association
of Minnesota

MINNESOTA STATE BOARD OF INVESTMENT



Board Members:

Governor
Tim Pawlenty

State Auditor
Pat Anderson

Secretary of State
Mary Kiffmeyer

Attorney General
Mike Hatch

Executive Director:

Howard J. Bicker

60 Empire Drive
Suite 355
St. Paul, MN 55103
(651) 296-3328
FAX (651) 296-9572
E-mail:
minn.sbi@state.mn.us
www.sbi.state.mn.us

An Equal Opportunity
Employer

Investment Authority

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

Investment Policy

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

Investment Objectives

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

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

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

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

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

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

Investment Presentation

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

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

Howard Bicker
Executive Director
State Board of
Investment

Investment Results

FUND PERFORMANCE

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

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

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

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

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

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

INVESTMENT RETURNS BY SECTOR

Performance of Asset Pools (Net of Fees)

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

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

Asset Allocation

ASSET ALLOCATION (AT JUNE 30, 2004)*

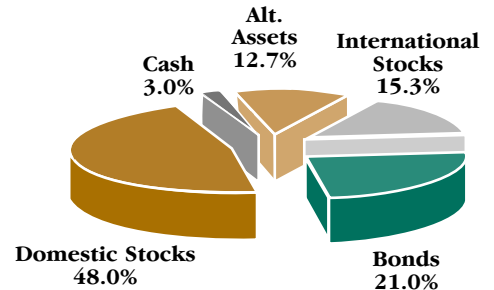
Asset allocation will have a dominant effect on returns. SBI has focused considerable attention on the selection of the appropriate long-term asset allocation policy for the Basic and MPRIF funds.

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

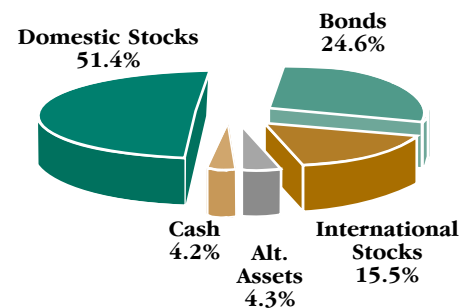
* Source: Minnesota State Board of Investment (SBI) FY2004 Annual Report.

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

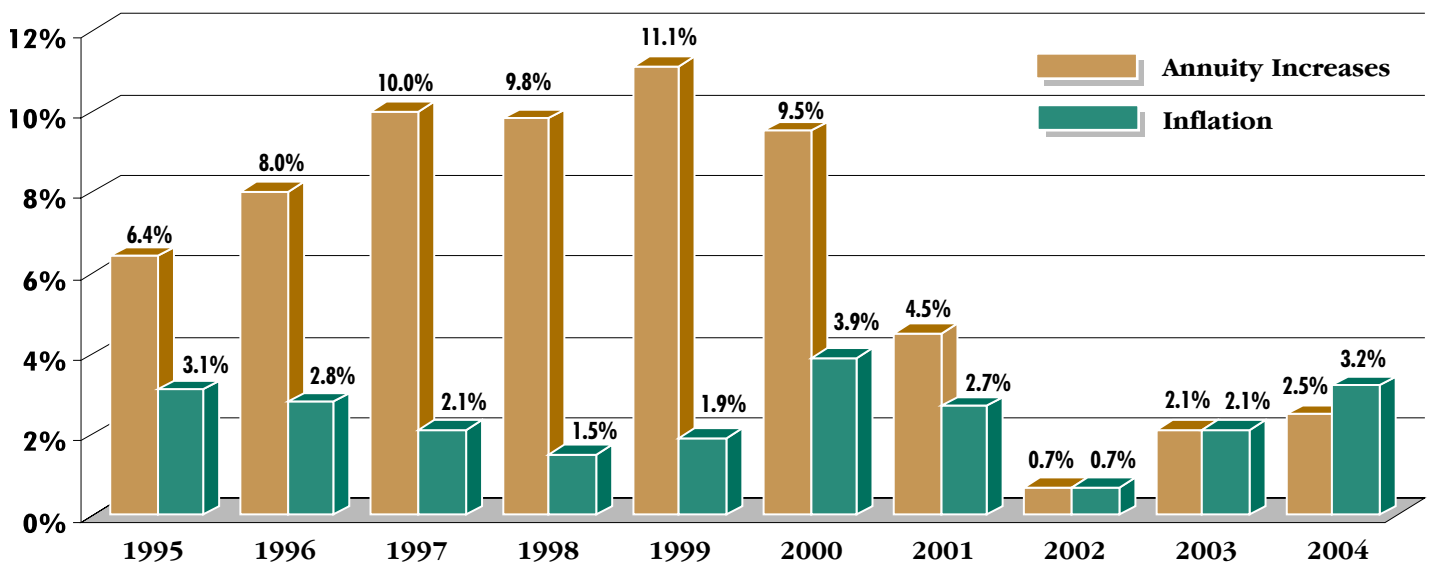
BASIC FUNDS



POST RETIREMENT INVESTMENT FUND



ANNUITY INCREASE VS. INFLATION (LAST 10 YEARS)



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

List of Largest Assets Held

June 30, 2004

COMPOSITE OF TOP TEN EQUITY HOLDINGS (BY FAIR VALUE)

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

COMPOSITE OF TOP TEN BOND HOLDINGS (BY FAIR VALUE)

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

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

Investment Summary at Cost

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

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND

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

PUBLIC EMPLOYEES CORRECTIONAL FUND

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

Investment Summary at Fair Value

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

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND

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

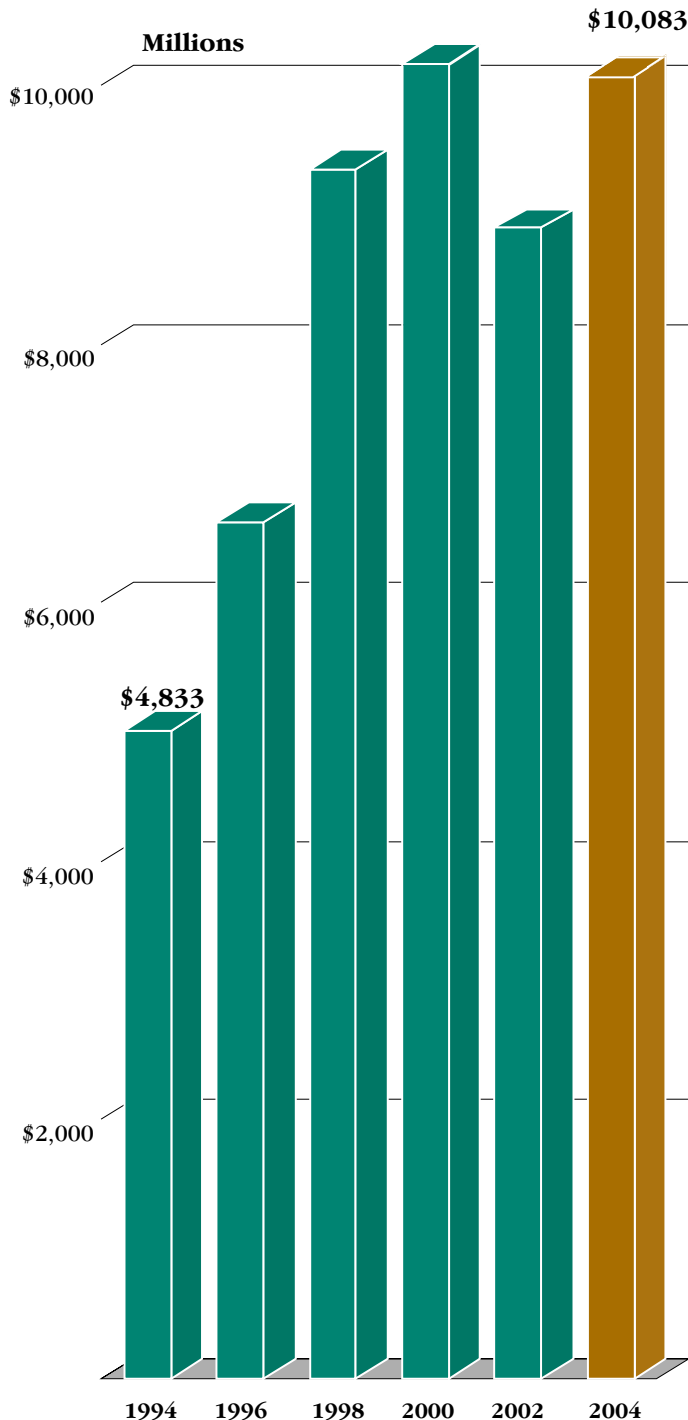
PUBLIC EMPLOYEES CORRECTIONAL FUND

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

Fair Value of Investments

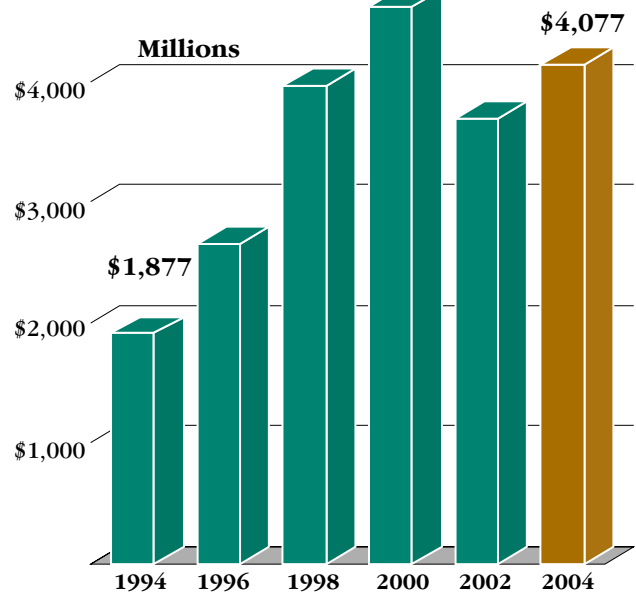
Last 10 Years

PUBLIC EMPLOYEES RETIREMENT FUND*



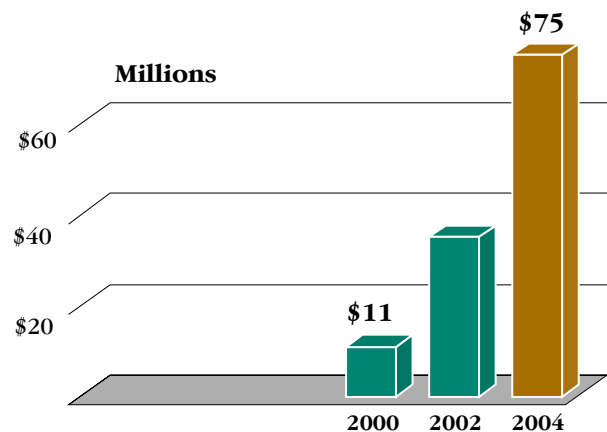
Over the past 10 years, the value of investments of the Public Employees Retirement Fund has grown from \$5 billion to \$10 billion.

POLICE AND FIRE FUND*



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

PUBLIC EMPLOYEES CORRECTIONAL FUND*



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

* Charts indicate value of both Active and MPRIF holdings.



ACTUARIAL
SECTION

Public Employees
Retirement Association
of Minnesota

PENSION TRUST FUNDS OF THE STATE OF MINNESOTA

Certification Letter



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

January 12, 2005

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

Members of the Board:

We have completed our annual actuarial valuation of the Public Employees Retirement Association of Minnesota to test how well the fundamental financing objectives are being achieved and to determine the actuarial status of the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Public Employees Correctional Fund (PECF) as of June 30, 2004.

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

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

The actuarial valuation was based upon applicable GASB 25 and statutory provisions and the Standards for Actuarial Work in effect on July 1, 2004. In the aggregate, the basic financial and membership data provided to us by the association office appears reasonable in comparison to last year, and we have relied upon the data as submitted in performing the actuarial valuation and preparing trend data schedules. It is our understanding that the data has subsequently been audited with no significant changes made. We are responsible for providing the numbers for each of the supporting schedules in the Actuary section of PERA's comprehensive annual financial report. We are also responsible for preparing both of the Required Supplementary Information schedules found in the Financial section of this annual report.

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

changes recommended by the actuary, adopted by the PERA Board and approved by the Legislative Commission on Pensions and Retirement.

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

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

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

Respectfully submitted,

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

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

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

Summary of Actuarial Assumptions and Methods

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE & FIRE FUND

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

Adoption Dates

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

Summary of Actuarial Assumptions and Methods

(Continued)

PUBLIC EMPLOYEES CORRECTIONAL FUND

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

Actuarial Assumptions

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

Adoption Dates

* 1960 †† 1999 ††† 2000

OTHER ASSUMPTIONS

Salary Increases

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

Separation

PERF uses Select Table for first three years.

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

PEPFF also uses Select Table for first three years.

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

Family Composition

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

Special Consideration

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

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND

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

PUBLIC EMPLOYEES CORRECTIONAL FUND

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

Actuarial Tables

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

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND

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

PUBLIC EMPLOYEES CORRECTIONAL PLAN

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

Solvency Test

Last Six Years (in Thousands)

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND*

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

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

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

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

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

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

Schedule of Active Members Valuation Data

Last Six Years

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND*

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

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

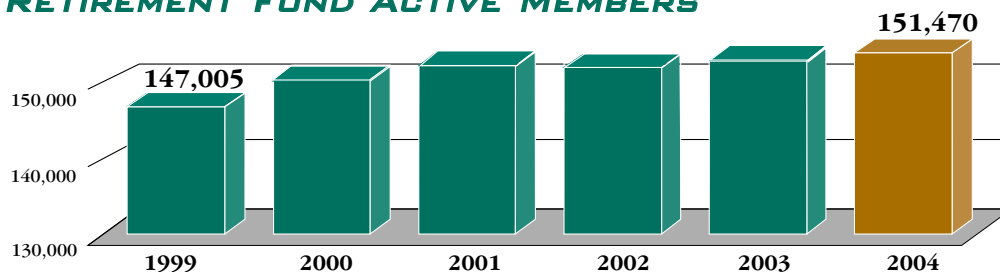
<u>Valuation Date</u>	<u>Number</u>	<u>Valuation Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase in Average Pay</u>
6-30-99	699	\$ 41,753,000	\$59,733	5.7%

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

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

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

RETIREMENT FUND ACTIVE MEMBERS



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

Schedule of Retirees and Beneficiaries

Last Six Years

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND*

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

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

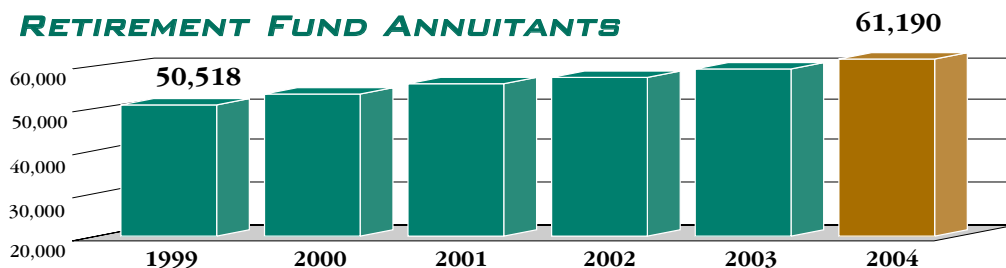
<u>Year Ended</u>	<u>Number Added</u>	<u>Number Removed</u>	<u>Year-End Total</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
			<u>Number</u>	<u>Annual Allowances</u>		
6-30-99	177	107	2,487	\$ 74,564,533	13.4%	\$29,982

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

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

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

RETIREMENT FUND ANNUITANTS



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

Schedule of Changes in Unfunded Actuarial Accrued Liabilities (UAAL)

(in thousands)

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



S *STATISTICAL*
SECTION

Public Employees
Retirement Association
of Minnesota

PENSION TRUST FUNDS OF THE STATE OF MINNESOTA

Schedule of Revenue by Source

(in thousands)

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND*

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

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

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

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

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

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

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

Schedule of Expense by Type

Last Six Years (in thousands)

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND*

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

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

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

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

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

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

Benefit Expense by Type

Last Six Years (in thousands)

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND*

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

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

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

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

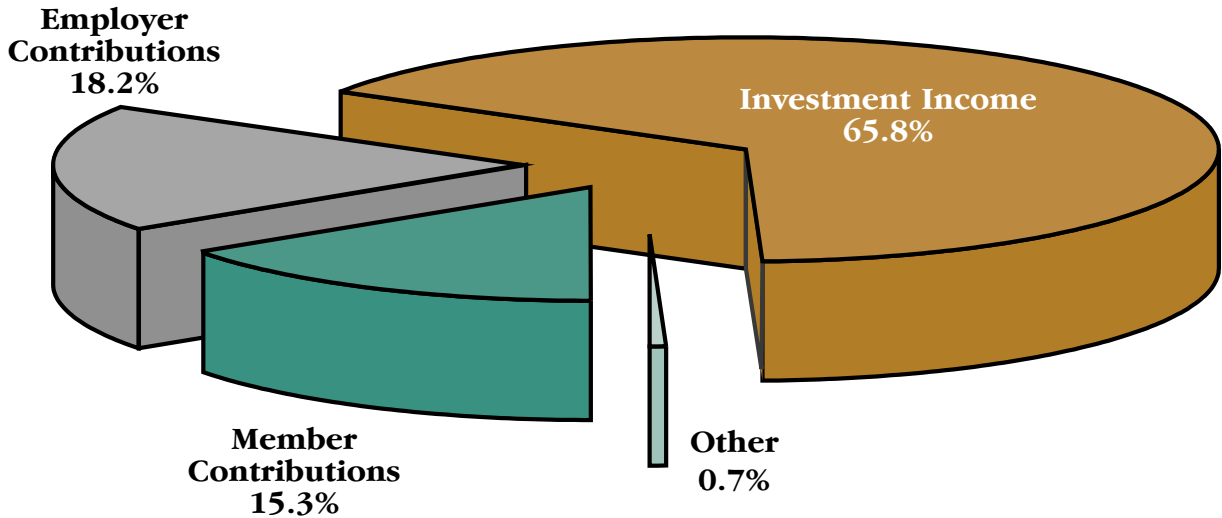
<u>Fiscal Year</u>	<u>Retirement</u>	<u>Survivor</u>	<u>Disability</u>	<u>Refund</u>	<u>Total</u>
2000	\$ 2	\$ 0	\$ 18	\$ 30	\$ 50
2001	12	0	161	160	333
2002	32	0	306	272	610
2003	74	1	484	409	968
2004	160	1	644	588	1,393

Revenues and Expenses

Average over last 20 years

REVENUES BY SOURCE (FY1985 - FY2004)

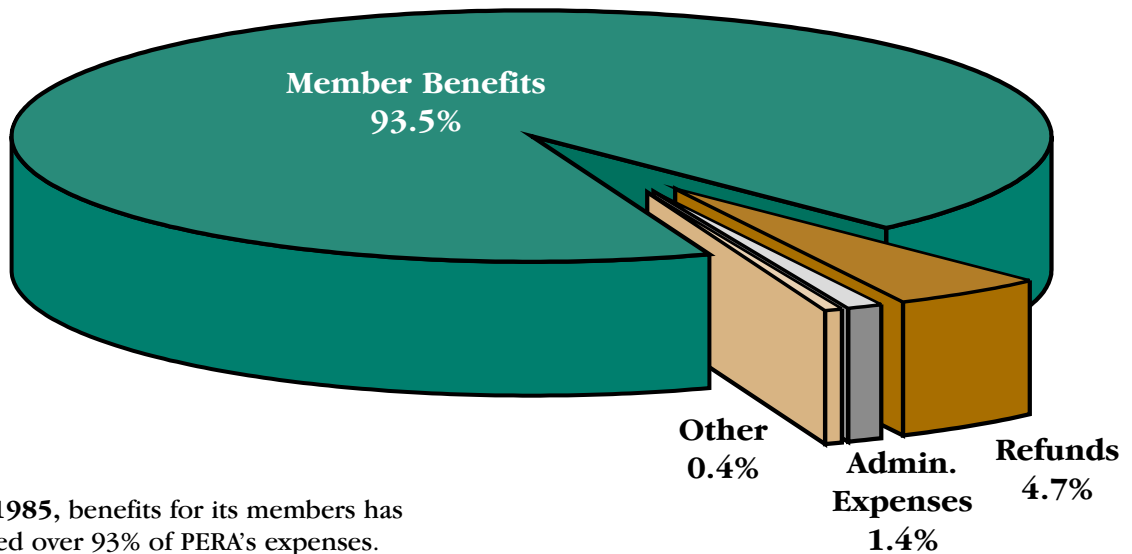
All Funds



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

EXPENSE BY TYPE (FY1985 - FY2004)

All Funds



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

Schedule of Retired Members

by Amount and Type of Benefit

PUBLIC EMPLOYEES RETIREMENT FUND

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

PUBLIC EMPLOYEES POLICE AND FIRE FUND

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

PUBLIC EMPLOYEES CORRECTIONAL FUND*

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

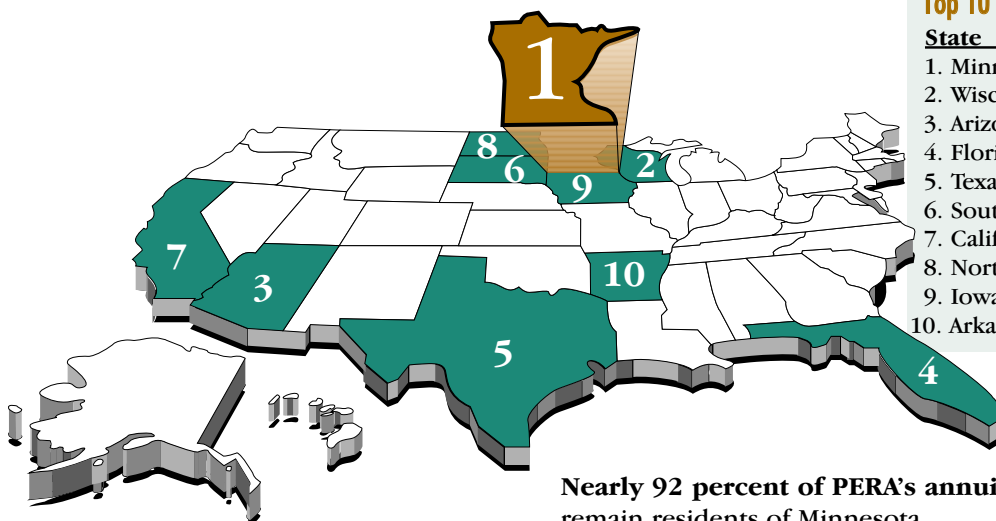
Average Benefit Payments

Last 5 Years

PUBLIC EMPLOYEES RETIREMENT FUND

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

PERA ANNUITANT RESIDENCY



Top 10 States by PERA Annuitant Population

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

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

Average Benefit Payments

Last Five Years

PUBLIC EMPLOYEES POLICE AND FIRE FUND

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

PUBLIC EMPLOYEES CORRECTIONAL FUND*

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

Participating Employers

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

CITIES

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

STATISTICAL SECTION

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

TOWNSHIPS

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

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

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

COUNTIES

AITKIN	ROCK
ANOKA	ROSEAU
BECKER	ST LOUIS
BELTRAMI	SCOTT
BENTON	SHERBURNE
BIG STONE	SIBLEY
BLUE EARTH	STEARNS
BROWN	STEELE
CARLTON	STEVENS
CARVER	SWIFT
CASS	TODD
CHIPPEWA	TRAVERSE
CHISAGO	WABASHA
CLAY	WADENA
CLEARWATER	WASECA
COOK	WASHINGTON
COTTONWOOD	WATONWAN
CROW WING	WILKIN
DAKOTA	WINONA
DODGE	WRIGHT
DOUGLAS	YELLOW MEDICINE
FARIBAULT	
FILLMORE	
FREEBORN	
GOODHUE	
GRANT	
HENNEPIN	
HOUSTON	
HUBBARD	
ISANTI	
ITASCA	
JACKSON	
KANABEC	
KANDIYOHI	
KITTSOON	
KOOCHICHING	
LAC QUI PARLE	
LAKE	
LAKE OF THE WOODS	
LE SUEUR	
LINCOLN	
LYON	
MAHNOMEN	
MARSHALL	

SCHOOLS

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

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

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

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

MISCELLANEOUS

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

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

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

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



Public Employees Retirement Association of Minnesota
60 Empire Drive, Suite 200
St. Paul, Minnesota 55103-2088
(651) 296-7460