

**SUMMARY OF INVESTMENT SECURITIES IN THE PERMANENT TRUST FUNDS, INCLUDING
INVESTED FUNDS FOR RETIREMENT AND PUBLIC WELFARE ASSOCIATIONS AND
OTHER INVESTED FUNDS OF THE STATE OF MINNESOTA**

as of December 31, 1977

PERMANENT TRUST FUNDS:

Permanent School Fund	\$268,719,941.63	
Internal Improvement Land Fund	464,000.00	
TOTAL PERMANENT TRUST FUNDS		\$ 269,183,941.63

**FUNDS INVESTED FOR STATE SUBDIVISIONS AND PUBLIC WELFARE
ASSOCIATIONS AUTHORIZED BY LEGISLATIVE ACT:**

Minnesota Adjustable Fixed Benefit Fund	\$769,258,088.67	
Minnesota State Retirement System	229,654,288.08	
Judges Retirement Fund	2,316,026.89	
Deferred Compensation	204,000.00	
Teachers Retirement Fund	492,227,051.98	
Public Employees Retirement Fund	448,012,888.96	
Public Employees Police and Fire Fund	70,998,449.78	
Highway Patrolmen's Retirement Fund	23,583,278.03	
Supplemental Retirement Funds	76,105,828.84	
Variable Annuity Fund	49,082,516.93	
State Institutions: Social Welfare	1,904,000.00	
Survivors of Probate Court Judges	375,000.00	
Fixed Return Fund	11,008,012.78	
Bequests for State Universities and Community Colleges	176,620.00	
TOTAL RETIREMENT AND WELFARE FUNDS		\$2,174,906,050.94

OTHER INVESTED FUNDS IN SHORT-TERM SECURITIES:

Minnesota Aeronautics Bond Fund	\$ 10,705,000.00	
Endowment School Fund—Current Income	4,773,000.00	
Invested Treasurer's Cash Fund	251,644,384.33	
Trunk Highway Fund	100,841,000.00	
Municipal State Aid Street Fund	53,164,169.41	
County State Aid Highway Fund	92,799,479.34	
School Loan X	4,005,000.00	
Minnesota State Building Fund	29,500,000.00	
Agriculture Seed Potato Fund	125,000.00	
Minnesota Rural Rehabilitation Revolving Fund	5,150,000.00	
Student Loans	1,355,000.00	
Medical Students Loan Reserve Fund	80,000.00	
Minnesota Zoological Gardens	2,165,000.00	
Zoo Board Gift Fund	1,420,000.00	
Housing Finance Agency	54,700,000.00	
Housing Finance Agency Special Account	365,000.00	
Miller Chapel	220,000.00	
Real Estate Education, Research and Recovery	125,000.00	
Vo-Tech Building Fund	15,495,000.00	
Taconite Area Environmental Protection	1,260,000.00	
Water Pollution Control	14,400,000.00	
Prison Industrial Revolving Fund	800,000.00	
TOTAL SHORT-TERM SECURITIES		\$ 645,092,033.08

GRAND TOTAL **\$3,089,182,025.65**

Above investment securities in all funds consist of U. S. Government, State and Municipal Bonds, Corporate Securities and Certificates of Indebtedness. Fixed income debt securities are included at maturity value and common stocks at cost.

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STATE OF MINNESOTA
Outstanding Bonds and Certificates of
Indebtedness as of December 31, 1977

Minnesota Aeronautics Bonds	\$ 2,570,000.00
Minnesota School Aid Bonds (Debt Service Loan Fund)	37,815,000.00
University State Colleges and State Building Bonds	431,857,000.00
Refunding Bonds	12,780,000.00
Voyageurs Nat'l Park Bond	2,870,000.00
Water Pollution Control Bonds	47,250,000.00
State Zoological Garden Bonds	25,375,000.00
Vietnam Veterans Bonus Bonds	48,000,000.00
Transportation Bonds	25,000,000.00
TOTAL	\$633,517,000.00
Trunk Highway Bonds	64,890,000.00

TOTAL OUTSTANDING
INDEBTEDNESS \$698,407,000.00

\$33,770,000 DECREASE IN OUTSTANDING DEBT

A decrease in the state debt during the first half of fiscal year 1978 of \$33,770,000 brought the total debt as of December 31, 1977, down to \$698,407,000. The decrease is the effect of no new borrowing during the first half of fiscal year 1978.

The following is a summary of the present condition of bonds authorized by the legislature which at this time remain unissued.

School Loan Bonds, 1969 Chapter 1056: of a total authorization of \$20,000,000, \$3,725,000 remains unissued.

Municipal Aid Bonds, 1971 Chapter 856: of a total authorization of \$20,000,000, \$20,000,000 remains unissued.

Building Bonds, 1973 Chapter 778: of a total authorization of \$46,470,000, \$1,065,000 remains unissued.

Building Bonds, 1976 Chapter 348: of a total authorization of \$53,934,000, \$1,864,000 remains unissued.

Building Bonds for Parks and Recreation, 1977 Chapter 421: of a total authorization of \$61,500,000, \$61,500,000 remains unissued.

Building Bonds, 1977 Chapter 451: of a total authorization of \$34,866,000, \$34,866,000 remains unissued.

Pollution Control Bonds, 1975 Chapter 354: of a total authorization of \$29,000,000, \$29,000,000 remains unissued.

Pollution Control Bonds, 1977 Chapter 418: of a total authorization of \$40,000,000, \$40,000,000 remains unissued.

State Transportation Bridge Bonds and Trunk Highway Bonds, 1977 Chapter 277: of a total authorization of \$100,000,000, \$100,000,000 remains unissued.

All of the above bonds are general obligation bonds (backed by the full faith and credit of the State of Minnesota and its taxing powers).

As of December 31, 1977, the total amount of all bonds authorized but not issued is \$292,020,000. The State of Minnesota intends to issue \$134,000,000 of this unissued amount in January of 1978. The \$134,000,000 will consist of the following: \$11,000,000 State Building Bonds, \$54,000,000 State Park and Recreation Bonds, \$38,000,000 State Transportation Bonds, and \$31,000,000 Trunk Highway Bonds.

As in the past, the State of Minnesota is currently ranked as one of the most stable and financially managed states. Minnesota bonds continue to be rated Aaa, the highest rating available. Minnesota's debt situation is referred to as being very good, and when compared to other states, Minnesota's debt liability is termed favorable.

STATE OF MINNESOTA
SUMMARY OF ACTIVE ACCOUNTS

Compensating Balances Maintained in 11 Minnesota Banks	\$ 1,459,353.16
Treasurer's Revolving Fund	100,000.00
TOTAL BALANCES IN 11 MINNESOTA BANKS	\$ 1,559,353.16
Uncollected Funds on Deposit in 270 Accounts in Minnesota Banks	8,570,653.83
TOTAL CASH AND CHECKS COLLECTED AND UNCOLLECTED, ON HAND AND IN ALL BANKS ON DEPOSIT	\$10,130,006.99

INVESTMENT SECURITIES MAINTAIN
3 BILLION DOLLAR LEVEL

Investment securities declined some \$183,000,000 during the past six months. This decline is largely due to a \$303,000,000 decrease in the Invested Treasurer's Cash Fund and increases of some \$132,000,000 in retirement fund balances. The total State Board of Investment portfolio, as described on the reverse side, is \$3.089 billion. The major portions of this 3.089 billion dollar figure are the funds invested for state subdivisions and public welfare associations, including all the public employee retirement funds, all totaling \$2,174,906,050.94. Other invested funds in short-term securities totaled \$645 million. The Invested Treasurer's Cash Fund, the actual operating fund from which the state pays bills and deposits revenues, accounts for almost 40% of the total \$645 million. The Invested Treasurer's Cash Fund is down some \$303 million from the end of F.Y. '77, as indicated earlier. The decrease is mostly attributed to annual payments for the purposes of local government aids, home-stead credit, education aids to school districts, property tax refunds to homeowners under the age of 65. These aids in large part exceeded revenues deposited. The permanent trust funds accounted for \$269 million of the total portfolio.

The retirement funds increased some \$132 million, with the total portfolio showing an average yield of 6.32%. The funds consist largely of common stocks (\$1,053,755,010.16, earning at 4.54%); corporate bonds (\$779,041,329.62, earning at 8.12%); Canadian Provincial Obligations (\$114,385,000.00, earning at 8.32%); and \$132,846,043.67 of United States government guaranteed obligations, earning at 8.16%.

The Permanent School Fund is a mature fund, with all interest money going directly to school aids. The rate of return on the \$269 million fund has improved from six months ago (7.04%) to 7.21% as of December 31, 1977. The major portion of income is derived from United States government obligations, totaling \$130,648,640.56, earning at 8.09%; \$75,408,490.82 corporate bonds, earning at 6.90%; and \$52,546,810.25 common stocks, earning at 5.40%.

Closer monitoring of state bank deposits in the Treasurer's Office has enabled the average non-interest bearing balances to be decreased to the lowest levels ever reported, thus enabling the state to earn additional interest income on those funds. The figure indicated above of \$1,459,353.16 represents the approximate amount of monies on deposit to compensate banks for services provided, as per the competitive bid process for state accounts. The figure of \$8,570,653.83 represents those monies on deposit in banks today and not available for immediate use. All other monies have been drawn out of banks and invested on behalf of the state.

Respectfully submitted,

Jim Lord
JIM LORD, STATE TREASURER



TREASURER'S REPORT
ON THE CONDITION OF
THE TREASURY

December 31, 1977

STATE'S DEBT SERVICE
DECREASES \$33,770,000

MINNESOTA'S INVESTMENT
PORTFOLIO IN EXCESS OF
\$3 BILLION

MINNESOTA MAINTAINS
HIGHEST FINANCIAL RATING
(AAA)

STATE TREASURER'S OFFICE

STATE OF MINNESOTA
303 Administration Building
St. Paul, Minnesota 55105

APR 14 1978

Jan Anderson
Secretary of State

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(Prepared and issued pursuant to
M.S. 3.195, 7.05, 15.18, and 16.81)