

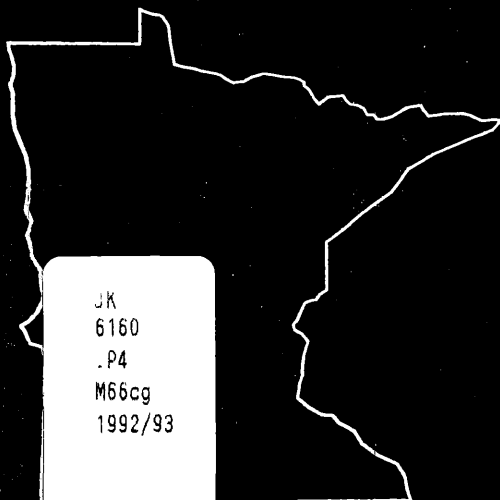
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COMPONENT UNIT FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 1993



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Minnesota State Retirement System

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COMPONENT UNIT FINANCIAL REPORT OF THE MINNESOTA STATE RETIREMENT SYSTEM

July 1, 1992 — June 30, 1993

David Bergstrom
Executive Director
Minnesota State Retirement System
175 West Lafayette Frontage Road,
Suite 300
St. Paul, MN 55107-1425

Prepared by:
MSRS, Finance and Systems Division
Minnesota State Retirement System
Component Unit Financial Report
Fiscal Year Ended June 30, 1993

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Minnesota State Retirement System

INTRODUCTORY SECTION

Letter of Transmittal



December 1, 1993

Board of Directors
Minnesota State Retirement System
175 W. Lafayette Frontage Road, Suite 300
St. Paul, MN 55107-1425

Dear Directors:

We are pleased to present this Component Unit Financial Report of the Minnesota State Retirement System (MSRS) for the fiscal year ended June 30, 1993. We currently administer 10 plans, covering 63,000 active employees, 17,000 retirees, and 8,500 members no longer contributing but eligible for future monthly benefits.

The information contained in this report is the responsibility of the management of the Minnesota State Retirement System. We feel the data in this report is accurate and provides complete disclosure of the financial status of the various funds administered by MSRS.

This report is comprised of four sections as follows:

- | | |
|-------------------------|------------------------|
| 1) Introductory Section | 3) Actuarial Section |
| 2) Financial Section | 4) Statistical Section |

Accounting Systems and Reports

This report is prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standard Board. These financial statements also comply with reporting requirements established under Minnesota Statutes, Section 356.20.

Internal accounting controls reasonably ensure the reliability of all financial records and adequately safeguard assets.

Transactions of the General Employees Retirement Plan, State Patrol Plan, Correctional Plan, Judges Plan, Elective State Officers Plan, Legislators Plan, Military Affairs Plan, Transportation Pilots Plan, Unclassified Plan, and the Deferred Compensation Plan are reported on the accrual basis of accounting.

Revenues

The revenues needed to finance retirement benefits are accumulated through the collection of employer and member contributions, and through income on investments. Income for FY 93 totaled \$464 million. The outstanding performance of the stocks and bonds provided the majority of the revenue. A total rate of return of 13.5% generated \$325 million of income and accounted for 70% of the revenue. Employer and employee contributions totaling \$139 million comprised the remaining revenue.

The statutory contribution rate of the General Employees Retirement Plan was increased effective January 1, 1993. The employee contribution rate was increased from 3.99 to 4.07 percent, while the employer contribution rate was increased from 4.12 to 4.20 percent.

Expenses

Expenses in 1993 totaled \$146 million, an increase of 9% over the previous fiscal year. Monthly benefits to retirees, survivors and disabled persons, and lump sum refunds of employee contributions plus interest paid to terminated members totaled \$140 million. Administrative expenses, exclusive of investment expenses, totaled \$2,594,000 which represents only 1.8% of total expenses.

Total revenues of \$471 million exceeded expenses by \$325 million during 1993.

Investments

Assets of the MSRS Funds are invested by the State Board of Investment (SBI) which is comprised of the Governor, Attorney General, Secretary of State, State Auditor and State Treasurer. Members of the SBI are subject to the prudent person rule, fiduciary standards detailed in Minnesota Statutes Section 356A and investment guidelines in Section 11A.

A 17-member Investment Advisory Council (IAC) provides advice to the SBI on investment policy. Investment consultants are also hired to monitor and evaluate the investment performance of the various firms investing funds.

Pension assets of the Minnesota State Retirement System are pooled with the assets of the other statewide retirement funds. The SBI divides assets into two components. Assets of retired employees are invested in the Minnesota Post Retirement Investment Fund. All other assets, mainly assets of members actively contributing to MSRS, are invested in the Basic Retirement Fund.

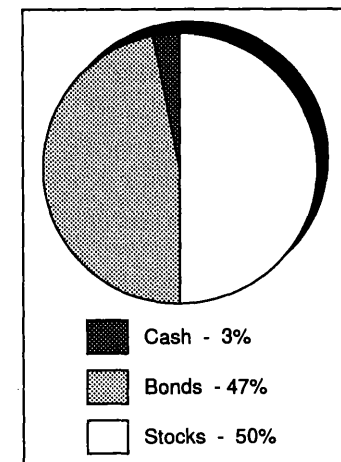
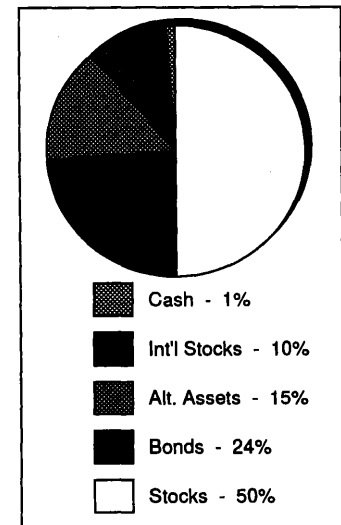
The goal of the Basic Retirement Fund is to finance future retirement benefits. Minnesota Statutes, Section 356, sets the actuarial assumed rate of return at 8.5 percent. Over a five year period, the Basic Retirement Fund is expected to outperform the median fund of public and private funds with a similar asset allocation and to outperform a composite of market indices that corresponds to the asset allocation of the funds. Over a ten year period, the Basic Funds are expected to provide rates of return 3-5 percentage points over the rate of inflation. The asset allocation shown on the graph on the right has been established to meet these objectives.

In 1993, the rate of return in the Basic Fund was 14.4 percent.

At the time of retirement, assets sufficient to pay monthly benefits for a retiree's lifetime are transferred from the Basic Retirement Fund to the Post Retirement Fund with the expectation that these funds will earn at least 5 percent. The goal of the Post Retirement Fund is to provide income to pay monthly benefits plus generate additional earnings to provide for a cost-of-living increase based on inflation as measured by the Consumer Price Index. The cost-of-living component of the post retirement increase is capped at 3.5%.

If the rate of return from the Post Retirement Fund is more than needed to meet the expected 5% return and cost-of-living increase, the investment gains will be spread over a five year period to help fund future increases. If the return is not sufficient to meet these financial requirements, the losses will be distributed over the next five year period.

This past year, the asset allocation of the Post Fund was dramatically changed to correspond with the new postretirement adjustment method listed above. At the end of F. Y. 1992, over 90% of the assets were invested in bonds or cash. The new targeted asset allocation is shown on the right. During this transition, the Post Fund had a rate of return of 12.4%, generating a 6.017% benefit increase to eligible retirees effective January 1, 1994.



Funding

The overall objective of any retirement system is to fund current and future benefit payments. Adequate funding assures that future pension benefits are secure.

The funding ratio of each of the retirement funds administered by MSRS can be found on pages 50 to 51. As of June 30, 1993, the assets, liabilities, and funding ratio of each fund was as follows:

	(in thousands)		Funding
	Liabilities	Assets	Ratio
State Employees Retirement Fund	3,563,492	2,905,578	81.54%
State Patrol Retirement Fund	258,202	244,352	94.64%
Correctional Employees Retirement Fund	134,280	135,939	101.24%
Judges Retirement Fund	90,509	44,156	48.79%
Legislators Retirement Fund	36,801	17,168	46.65%
Elective State Officers Retirement Fund	2,689	322	11.97%

The actuarial funding method used by MSRS is the entry age normal with level contributions as a percent of payroll. Actuarial requirements are governed by Minnesota Statutes, Section 356.215.

All advance-funded defined benefit plans administered by MSRS are targeted to reach full funding by the year 2020. The progress toward reaching this full funding goal can be found on page 29.

Review of Operations and Activities of 1993

Management of MSRS is vested in an 11-member Board of Directors. At their September meeting, the Directors elected Vice-Chair Kenneth Yozamp to become the new Board Chair and Allen Willie to serve as Vice-Chair.

Many significant changes were made this past year to improve operations of the System. To comply with new federal notification and withholding requirements on lump sum withdrawals, a computer program was developed to immediately generate a letter containing all pertinent information. Computer capabilities have also been enhanced to automatically produce letters which previously required manual processing.

Newsletters to retirees and active members were redesigned this past year. Additional graphics and new layout make the publications easier and more enjoyable to read. Similar changes were made to our component unit financial report.

Many other projects were completed to enhance administrative capabilities. We will continue to review current processes and make changes where necessary.

Professional Services

The F.Y. 93 actuarial valuations of the MSRS funds were completed by Milliman & Robertson, Inc. in October 1993. Valuations were reviewed by William M. Mercer, Inc. Prior to June 30, 1993, Deloitte and Touche provided consulting services.

The State of Minnesota Deferred Compensation Plan (DCP) offers investment opportunities with three insurance companies, Minnesota Mutual, Northwestern National Life, and Great West Life. Ochs Services and National Benefits are contracted to provide administrative services for the deferred compensation program. Gabriel, Roeder, Smith & Company conducted a review of the DCP.

The State's Legislative Auditor conducted an independent audit of the MSRS financial statements. The comments of the Auditor can be found on page 17. Legal counsel is provided by the State's Attorney General.

Acknowledgments

This report is intended to provide complete and reliable information as a basis for making management decisions and determining compliance with legal and fiduciary requirements. A summary will be published in the next issue of the MSRS MESSENGER and retiree NEWSLETTER.

We would like to express thanks to the Board of Directors, staff and other associates who worked diligently to ensure the successful operation of MSRS in 1993.

Respectfully submitted,



David Bergstrom
Executive Director



Arvin Herman
Assistant Director

Board Chair's Report



To: All Members, Benefit Recipients, and Employers:

The 1993 Component Unit Financial Report of the Minnesota State Retirement System (MSRS) presents a detailed view of the financial strength of your retirement system. As of June 30, 1993, the MSRS funds had a combined total of \$4.232 billion in assets, a growth of \$458 million--a 12.1% increase over the previous fiscal year.

This significant growth in plan assets is largely attributable to strong investment performance, which is critical to preserving the financial integrity of the System. The 13.5% rate of return earned from July 1, 1992 through June 30, 1993 improved the funding of the plans administered by MSRS and funded a cost of living increase for eligible retirees. The State Board of Investment should be commended for another excellent year.

The Board continues to implement changes to improve services. Manual benefit calculations are being automated to deliver retirement, disability, and survivor payments more quickly and accurately. In the past, it took from six to ten weeks to issue the first monthly benefit payment. This waiting period will be cut in half when the new system is completed. Many other changes are planned to provide the best service in a cost effective manner.

The Board and I thank you for your support this past year. With your involvement, we continue to be recognized as a leader in state employee retirement systems.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth Yozamp".

Kenneth Yozamp, Vice-Chair
MSRS Board of Directors

Administrative Organization — June 30, 1993

Minnesota State Retirement System

Minnesota State Retirement System

Board Of Directors

Francis C. Marshall, Chair
Department of Transportation
Room 419 Transportation Bldg.
St. Paul, MN 55155
Telephone: (612) 296-3420
Term: May 4, 1992 — May 6, 1996
Elected — State Employee

Kenneth Yozamp, Vice-Chair
Department of Corrections
Minnesota Correctional Facility
Box B
St. Cloud, MN 56302
Telephone: (612) 255-5000
Term: May 4, 1992 — May 6, 1996
Elected — Correctional Plan Member

Appointed — State Official

Otto T. Bang
American Agency, Inc.
5851 Cedar Lake Road
St. Louis Park, MN 55416
Telephone: (612) 593-8703
Term: April 7, 1991 — January 2, 1995
Appointed — Public Member

Mary Benner
Dept. of Trade & Econ. Development
500 Metro Square Bldg.
121 - 7th Place East
St. Paul, MN 55101-2146
Telephone: (612) 296-8897
Term: May 4, 1992 — May 6, 1996
Elected — State Employee

Mel Tan
1609 Selsmer Avenue
Cloquet, MN 55720
Telephone: (218) 897-7689
Term: May 18, 1993 - January 6, 1997
Appointed — Public Member

Richard K. Hull
Minnesota State Patrol, Dist. 2800
1991 Industrial Park Road South, PO Box 644
Brainerd, MN 56401
Telephone: (218) 828-2230
Term: March 5, 1990 — May 2, 1994
Elected — State Patrol Member

John Johnson
Metropolitan Transit Commission
312 Central Avenue, Suite 438
Minneapolis, MN 55414
Telephone: (612) 779-1254
Term: May 4, 1992 — May 6, 1996
Appointed — MTC Designate

Luther Thompson
Department of Public Service
Suite 200 Metro Square Bldg.
121 - 7th Place East
St. Paul, MN 55101-2145
Telephone: (612) 296-1065
Term: March 5, 1990 — May 2, 1994
Elected — State Employee

Robert A. Whitaker
1303 Watson Avenue
St. Paul, MN 55116
Telephone: (612) 298-3315
Term: March 2, 1992 — May 2, 1994
Elected — Retired State Employee

Allen D. Willie
University of Minnesota
1300 South Second Street, Suite 275
Minneapolis MN 55454
Telephone: (612) 625-5898
Term: March 5, 1990 — May 2, 1994
Elected — State Employee

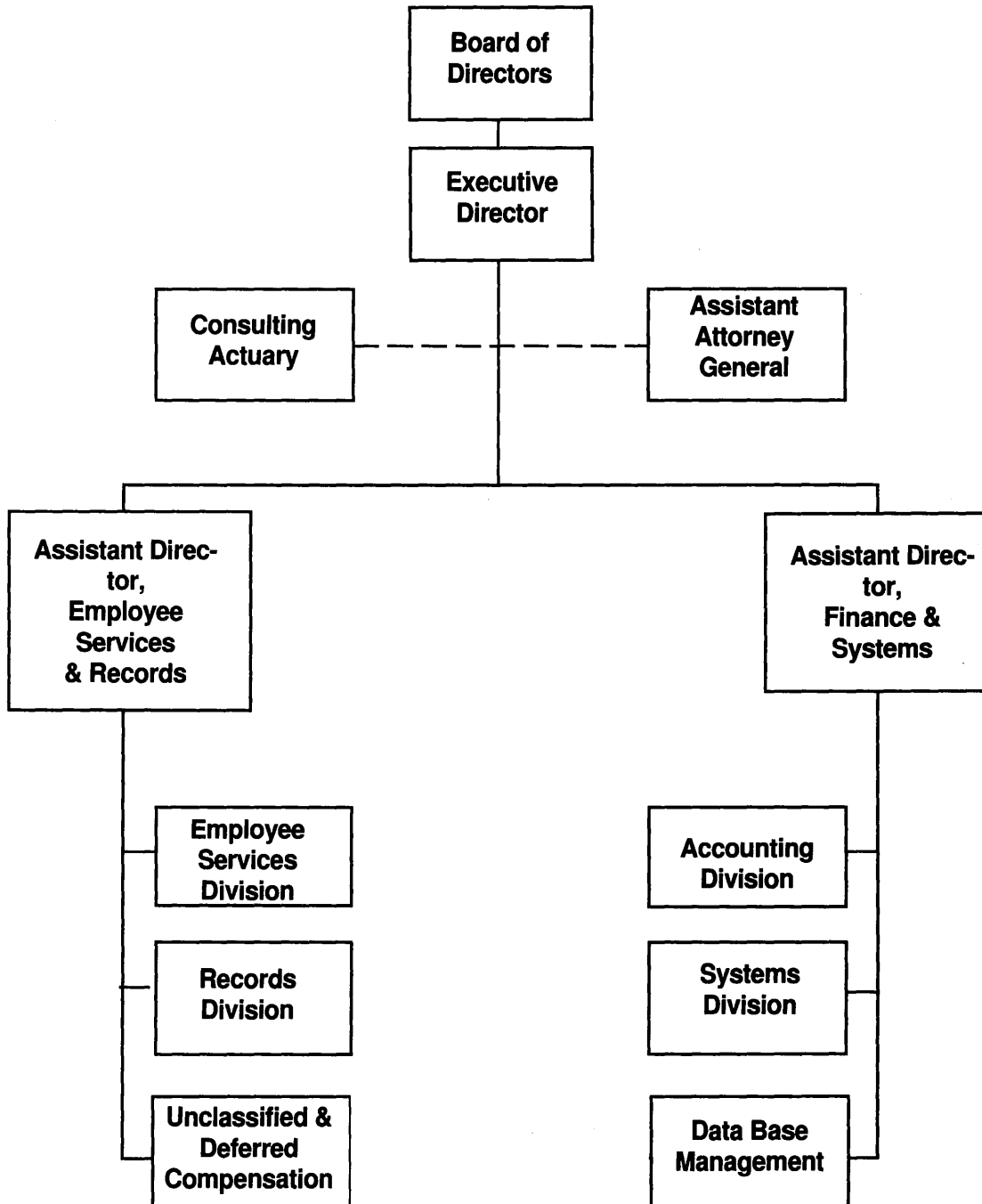
Administrative Staff

Executive Director: David Bergstrom
Assistant Directors:
Douglas Mewhorter, Employee Services & Records
Arvin L. Herman, Finance & Systems

Professional Consultants

Legislative Actuary: Milliman & Robertson, Inc.
Consulting Actuary: William M. Mercer, Inc.
Legal Counsel: Assistant Attorney General,
Jon Murphy
Medical Advisor: Minnesota Department of Health

Minnesota State Retirement System Organization Chart — June 30, 1993



Summary Of Retirement Plans

Purpose

The Minnesota State Retirement System was established by the State Legislature in 1929 to provide retirement benefits to state employees. The System currently administers seven defined benefit plans and two defined contribution plans for most state employees and selected other public employees.

Administration

The administration of the System is governed by an eleven member Board of Directors. The Board includes four elected General Plan members, one elected State Patrol plan member, one elected Correctional Plan member, one elected retired member, one designated Metropolitan Transit Commission representative and three members appointed by the Governor.

The management of the System is vested with the Executive Director who administers the plans in accordance with Minnesota Law and the policies of the Board. The following is a description of plans included in this report.

Defined Benefit Plans

General Employees Plan

- (a) Coverage and Contributions — Most state employees, and selected metropolitan agency employees. Contributions are 4.07% employee and 4.2% employer.
- (b) Benefit Formula
 - 1% of high five year salary for first 10 years plus 1.5% for each year over 10 with subsidized early retirement adjustment.
 - or, 1.5% for all years of service with actuarial equivalent early retirement reduction.
- (c) Retirement age and years of service
 - Age 65 with one year service — no reduction.
 - Age 62 with 30 years service — no reduction.
 - Rule of 90 — no reduction.
 - Age 55 with 3 years service — reduced from age 65.
 - At any age with 30 years service — reduced from age 62.
 - Total and permanent disability with 3 years service.
- (d) Surviving Spouse Benefit
 - If employee has at least 3 years of service at death, generally, the spouse is eligible for a 100% joint and survivor annuity or a refund.
- (e) Refunds
 - Contributions with 6% interest.
- (f) Annuity and Disability Options
 - 100% joint and survivor with bounce back.
 - 50% joint and survivor with bounce back.
 - 15 year period certain and life thereafter.

Military Affairs and Transportation Pilots Plans

Provisions different from General Plan.

- (a) Coverage and Contributions
 - Employees required to retire from federal military status at age 60 or 62 for transportation pilots. Contributions are 5.67% employee and 5.8% employer.

- (b) Retirement Age and Years of Service
 - Age 60, 62 for pilots, with at least 3 years of service – no reduction.
- (c) Disability
 - Unable to perform job disability with 5 years service.
 - Formula as General Plan with no reduction.
 - Pilots are entitled to 75% of salary for maximum of 5 years.

State Patrol Retirement Plan

- (a) Coverage and Contributions
 - State of Minnesota state troopers, conservation officers and crime bureau officers. Contributions are 8.5% employee and 14.88% employer.
- (b) Benefit Formula
 - 2.5% of high five successive years salary for each year of service.
- (c) Retirement Age and Years of Service
 - Age 55 with 3 years of service – no reduction.
 - Age 50 with 3 years service – reduced from age 55.
 - Unable to perform job disability with 3 years service, immediate coverage if disabled on the the job.
 - If disability is job related, benefit is equal to 50% of high five average salary plus 2.5% for each year in excess of 20. The minimum non duty disability is 37%.
- (d) Survivor Benefits
 - Death of member in service – spouse gets 20% of final average salary. With 10 or more years of service, changes to a 100% joint and survivor annuity amount as of the date the employee would have attained age 65.
 - Children get 10% of final average salary per child plus \$20 per month prorated equally to such children until age 18 or 23 if a student, or until married. Total benefit limited to 40% of final average salary.
 - Refund with 6% interest if no survivor benefit payable.
- (e) Refunds
 - Contributions with 6% interest.
- (f) Annuity and Disability Option
 - 100% joint and survivor with bounce back.
 - 50% joint and survivor with bounce back.

Correctional Employees Plan

Provisions different from General Plan

- (a) Coverage and Contributions
 - State employees who have direct contact with inmates at Minnesota Correctional Facilities. Contributions are 4.9% employee and 6.27 employer.
- (b) Benefit Formula
 - 2.5% of high five year average salary for each year of service to a maximum of 75%, payable for 84 months or until age 65, then reverts to General Plan formula.
- (c) Retirement Age and Years of Service
 - Age 55 with 3 years service
 - Age 50 with 3 years service, reduced from age 55.
 - Disability same as State Patrol Retirement Plan.

Judges Retirement Plan**(a) Coverage and Contributions**

- All Minnesota District, Appellate and Supreme Court Judges. Judges not covered by Social Security pay 8.15%. Judges covered by Social Security pay 6.27%. Employer contributions are 22%.

(b) Benefit Formula

- 2.5% for each year of service prior to July 1, 1980 plus 3% of same average salary for service after June 30, 1980. Formula applied to high five average salary within the last 10 years.

(c) Retirement Age and Years of Service

- Age 70 with 1 year service – no reduction.
- Age 65 with 5 years service – no reduction.
- Age 62 with 5 years service – reduced from age 65.

(d) Disability

- Unable to perform the duties.
- Continuation of full salary for one year, then as computed under the formula with no reduction, subject to minimum of 25% of high five year salary.

(e) Survivor Benefits

- Spouse eligible for 60% of normal annuity subject to a minimum of 25% of final average salary.

(f) Refunds

- Contributions with 5% interest.

(g) Annuity and Disability Options

- 100% joint and survivor, with or without bounce back.
- 50% joint and survivor, with or without bounce back.
- 10 year certain and life thereafter.
- 15 year certain and life thereafter.

General Fund Plans***Legislators Retirement Plan*****(a) Coverage and Contributions**

- All Legislators. Contributions are 9% employee and as needed from general fund appropriation for employer.

(b) Benefit Formula

- 2.5% of high five year average salary.

(c) Retirement Age and Years of Service

- Age 62 with 6 years of service – No reduction.
- Age 60 with 6 years of service – Reduced from age 62.

(d) Survivor benefits

- Spouse gets 50% of benefit.
- First child gets 25%, the next two children get 12.5% for a maximum of 100% of member benefit.

(e) Refunds

- Contributions with 6% interest.

Elective State Officers Plan**(a) Coverage and Contributions**

- Elected Constitutional Officers. Contributions are 9% employee and as needed from general fund appropriation for employer.

- (b) Benefit Formula
 - 2.5% of high five year average salary.
- (c) Retirement Age and Years of Service
 - Age 62 with 8 years of service – No reduction.
 - Age 60 with 8 years of service – Reduced from age 62.
- (d) Survivor benefits
 - Spouse gets 50% of benefit.
 - First child gets 25%, the next two children get 12.5% for a maximum of 100% of member benefit.
- (e) Refunds
 - Contributions with 6% interest.

Defined Contribution Plan

Unclassified Employees Plan

- (a) Coverage and Contributions
 - Certain specified employees of the State of Minnesota in unclassified positions. Contributions are 4% employee and 6% employer.
- (b) Benefits
 - Withdrawal of account balance or annuity benefit based on age and 5% interest assumption.
- (c) Retirement Age and Years of Service
 - Age 55 with any length of service.
- (d) Refunds
 - Value of account.
- (e) Annuity and Disability Option
 - 100% joint and survivor with bounce back.
 - 50% joint and survivor with bounce back.
 - 15% year period certain.

Agency Fund Plan

Deferred Compensation Plan – IRS Code 457

- (a) Coverage and Contributions
 - Optional for all State employees and employees of political subdivisions. Contributions are tax deferred with a \$10 per pay period minimum and a maximum of 25% of gross taxable compensation or \$7,500.
- (b) Investment Selection
 - Minnesota Supplemental Investment Fund
 - Income Share Account.
 - Growth Share Account.
 - Money Market Account.
 - Common Stock Index Account.
 - Fixed Interest Account.
 - Bond Market Account
 - Minnesota Mutual Life Insurance Company
 - Fixed annuity contract.
 - Variable annuity contract with stock, bond, money market, managed, mortgage securities and index accounts.
 - Great West Life Assurance Company
 - Daily Interest Guarantee Fund.
 - Guaranteed Certificate Fund – 36, 60 and 84 month.

- Growth Fund.
- Bond Fund.
- Money Market.

(c) Withdrawal Events

- Termination of service or death.
- Unforeseeable emergency.

(d) Withdrawal Options

- Minnesota Supplemental Investment Fund
 - Lump sum.
 - Lump sum purchase of a fixed or variable annuity contract from insurance company.
 - Monthly installment over a period specified.
- Insurance Companies
 - The life of the participant.
 - The life of the participant or a period certain, whichever is greater.
 - The joint lifetime of the participant and a named beneficiary.
 - Term certain payment.

These summary plan descriptions are not intended to be all inclusive, they are provided for general information purposes only.

**FINANCIAL
SECTION**

Independent Auditor's Report

Members of the Board and
Executive Director
Minnesota State Retirement System

We have audited the accompanying financial statements of the Minnesota State Retirement System and the combining and individual fund financial statements of the system as of and for the year ended June 30, 1993, as presented in the financial section of this report. These financial statements are the responsibility of the system's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As explained in Note 2, investments are valued at cost or amortized cost as required by generally accepted accounting principles. Minnesota statutes require valuation of all securities at cost plus one-third of unrealized capital gains or losses. Since the statutory provision deviates from generally accepted accounting principles, the basic statements are not in compliance with the statute. Note 9 contains the disclosures which must be considered together with the basic financial statements to achieve statutory reporting requirements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota State Retirement System at June 30, 1993, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of the individual funds of the Minnesota State Retirement System at June 30, 1993, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles. In addition, except for the valuation of securities, as discussed in the preceding paragraph, the aforementioned financial statements are in compliance with the reporting requirements of Minn. Stat. Section 356.20.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole and on the combining and individual fund financial statements. The supplemental schedule of administrative expenses, which is the responsibility of the system's management is presented for purposes of additional analysis and is not a required part of the financial statements of the Minnesota State Retirement System. The information has been subjected to the auditing procedures applied in the audit of the combined, combining, and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of the respective individual funds taken as a whole.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

November 24, 1993

Combined Balance Sheet

June 30, 1993 (In Thousands)					
		Defined Contribution Fund	Agency Fund	Memorandum Only	
	Defined Benefit Funds	Unclassified Retirement Fund	Deferred Compensation Fund	1993 Totals	1992 Totals
ASSETS:					
Cash	\$ 186	\$ 37	\$ 11	\$ 234	\$ 227
Short term investments (at cost)	68,475	852	2,274	71,601	34,004
Accounts receivable:					
Member contributions	2,881	110	2,542	5,533	4,699
Employer contributions	2,654	164	0	2,818	2,455
Other	21	6	77	104	79
Accrued Interest	150	0	0	150	63
Due from MPRI fund	403	0	0	403	1
Due from other plans	686	70	0	756	451
Due from other funds	26	0	0	26	42
Prepaid Expenses	1	0	0	1	0
Fixed Investments (at cost)	597,733	0	0	597,733	535,850
Equity Investments (at cost)	1,345,310	0	0	1,345,310	1,233,556
Deposits with Insurance Companies	0	0	611,617	611,617	509,607
Fixed Assets	173	0	0	173	210
Nondedicated Member Deposits	5,445	0	0	5,445	5,308
Restricted Assets	1,259,977	103,144	227,266	1,590,387	1,447,367
Total Assets	\$ 3,284,121	\$ 104,383	\$ 843,787	\$ 4,232,291	\$3,773,919
LIABILITIES:					
Accounts Payable					
Accrued expenses	\$ 924	\$ 83	\$ 220	\$ 1,227	\$ 899
Deferred Revenue	10	0	0	10	10
Due to MPRI fund	2,295	0	0	2,295	2,101
Due to other plans	280	177	301	758	452
Member Deferred Compensation	0	0	843,266	843,266	708,771
Total Liabilities	\$ 3,509	\$ 260	\$ 843,787	\$ 847,556	\$ 712,233
FUND BALANCE:					
MPRI Fund reserve	\$ 1,259,977	\$ 0	\$ 0	\$ 1,259,977	\$1,160,237
Member reserve	524,142	104,123	0	628,265	572,428
NonMPRI Fund reserve	28,845	0	0	28,845	28,579
State reserve	2,273,008	0	0	2,273,008	1,931,881
Total Required Reserves	\$ 4,085,972	\$ 104,123	\$ 0	\$ 4,190,095	\$3,693,125
Unfunded accrued liability (at cost)	(805,360)	0	0	(805,360)	(631,439)
Total Fund Balance	\$ 3,280,612	\$ 104,123	\$ 0	\$ 3,384,735	\$3,061,686
Total Liabilities and Fund Balance	\$ 3,284,121	\$ 104,383	\$ 843,787	\$ 4,232,291	\$3,773,919

See notes to Financial Statements.

Combined Statement of Revenues, Expenses and Changes in Fund Balance

Minnesota State Retirement System

Year Ended June 30, 1993 (In Thousands)				
	Defined Benefit Funds	Defined Contribution Fund Unclassified Retirement Fund	Memorandum Only	
			1993 Totals	1992 Totals
OPERATING REVENUES:				
Member contributions	\$ 66,840	\$ 0	\$ 66,840	\$ 65,217
Employer contributions	72,331	0	72,331	71,814
General Fund revenues	3,805	0	3,805	711
Investment income	162,338	62	162,400	202,627
MPRI Fund income	108,732	0	108,732	96,599
Gain/Loss on Investments	38,437	11,628	50,065	51,007
Realized and unrealized gains	0	0	0	0
Administrative cost collected	0	89	89	0
Other income	13	0	13	20
Total Operating Revenues	\$ 452,496	\$ 11,779	\$ 464,275	\$ 487,995
OPERATING EXPENSES:				
Annuity benefits	\$ 125,748	\$ 0	\$ 125,748	\$ 114,596
Refunds	6,871	0	6,871	6,820
Interest on refunds	1,756	0	1,756	1,473
Interest to MPRI Fund	1,090	0	1,090	1,179
Administrative expenses	1,997	94	2,091	2,114
Administrative expense rebated	0	83	83	0
Investment fees	2,730	0	2,730	2,343
Total Operating Expenses	\$ 140,192	\$ 177	\$ 140,369	\$ 128,525
OTHER CHANGES IN RESERVES:				
Member contributions	\$ 0	\$ 2,912	\$ 2,912	\$ 2,956
Employer contributions	0	4,163	4,163	4,203
Member withdrawals	0	(5,597)	(5,597)	(5,207)
Transfers to General Fund	0	0	0	(245)
Plan transfers	1,920	(1,920)	0	0
Total Other Changes in Reserves	\$ 1,920	\$ (442)	\$ 1,478	\$ 1,707
Net Fund Balance Additions	\$ 314,224	\$ 11,160	\$ 325,384	\$ 361,177
Fund Balance at June 30, 1992	\$2,969,069	\$ 92,617	\$ 3,061,686	\$2,700,509
Residual Equity Transfers	\$ (2,681)	\$ 346	\$ (2,335)	\$ 0
Fund Balance at June 30, 1993	\$ 3,280,612	\$ 104,123	\$ 3,384,735	\$3,061,686

See notes to Financial Statements

Notes to the Financial Statements

1. Description of the System

The Minnesota State Retirement System is the administrator of a multiple-employer, cost-sharing public employee retirement system. It consists of six defined benefit funds, one defined contribution fund and one agency fund. The System is a component unit of the State of Minnesota's reporting entity and is included with their fiduciary funds. At June 30, 1993 the number of employers contributing to the various funds was:

State of Minnesota	1
University of Minnesota	1
Counties	20
Cities	65
School Districts	96
Other Employers	73
	<hr/>
	256

2. Summary of Significant Accounting Policies

(a) *Basis of accounting*

The basic financial statements were prepared using the accrual basis of accounting in accordance with the National Council of Governmental Accounting, Statement 1, "Governmental Accounting and Financial Reporting Principles".

(b) *Investments*

Short-term and equity investments are reported at cost. Fixed income securities are reported at amortized cost. Market value at June 30, 1993 was \$2.55 billion. At June 30, 1992, the market value of all investments was \$2.21 billion. Space restrictions make it impractical to print the entire investment portfolio in this report. However, a portfolio list is available upon request.

(c) *Risk Categories*

Investments are classified according to their level of risk into the following categories:

- 1 – Investments which are insured or registered, or for which the securities are held by the state or its agent in the state's name.
- 2 – Investments which are uninsured or unregistered, and for which the securities are held by a broker or dealer's trust department or agent in the state's name.
- 3 – Same as Category 2 but the securities are not held in the state's name.

(d) *Restricted Assets*

Restricted assets are the MSRS funds' participation in various investment trust funds administered by the State Board of Investment. For the defined benefit funds, these amounts are invested in the MPRI Fund. For the defined contribution and agency funds, these amounts are invested in the Minnesota Supplemental Investment Fund (MSIF).

(e) *Fixed Assets*

Fixed assets consist entirely of office equipment and fixtures which were capitalized at historical cost at the time of acquisition. Depreciation is computed on the straight-line method over estimated useful lives ranging from 3-20 years.

(f) *Fund Balance*(1) Employee Reserve

The Employee Reserve is credited with the cumulative employee contributions. Upon retirement these contributions are combined with the necessary state reserve funds and transferred to the MPRI Fund to provide an annuity. Employees who terminate their employment prior to retirement may elect to receive a refund of their contributions plus interest or a deferred annuity.

(2) State Reserve

The State Reserve is credited with all investment earnings and employer contributions. Also included in this reserve is the unfunded accrued liability which is the actuarially determined amount necessary to place the retirement fund on a fully funded basis.

(3) MPRI Fund Reserve

The MPRI Fund Reserve equals the corresponding assets invested in the MPRI Fund, the proceeds from which are used to pay the monthly pension benefits of eligible retirees. This account is adjusted annually to fully fund the actuarial value of benefits remaining.

(4) Non MPRI Fund Reserve

The Non MPRI Fund reserve is the unfunded actuarial value of future benefits to be paid to retirees and beneficiaries who are not eligible to participate in the MPRI Fund.

(g) *Deposits with Insurance Companies*

Deposits with Insurance Companies is the Deferred Compensation Fund combined participant account balances and annuity contracts held by authorized insurance companies.

(h) *Nondedicated Member Deposits*

Member contributions of the Legislators and Elective State Officers Funds are deposited into the general operating revenues of the state. In the event of plan termination, the State Department of Finance and the Legislative Auditor have determined that the State General Fund is legally obligated to repay member contributions. Because of the unlikelihood of this contingency, these amounts have not been appropriated in the State General Fund.

(i) *Actuarial Valuations*

Actuarial valuations and experience studies are performed annually. The entry age normal method, a projected benefit cost method, is used to value the funds with contributions being made as a level percentage of covered employee salaries. A salary scale of 6.5% and interest assumption of 8.5% are prescribed by statute.

3. Capital Equipment

Cost of Equipment and Fixtures	\$319,077
Less: Accumulated Depreciation	(151,024)
Undepreciated Cost	\$168,053

4. Cash And Investments(a) *Cash*

MSRS cash is deposited into state treasury accounts. At June 30, 1993 and throughout the fiscal year, these accounts were secured by pledged collateral and deposit insurance to the extent required by Minnesota Statutes.

(b) *Investment Policies*

Pursuant to Minnesota Statutes, the assets of the MSRS funds are pooled with those of other funds and invested by the State Board of Investment. Investments primarily include obligations and stocks of the United States and Canadian governments, their agencies and their registered corporations and short-term obligations of specific high quality. Various alternative investments including international securities are limited by statute to 35% of the fund pool.

(c) *Investment Risk*

All MSRS investments were classified as Risk Category 1.

(d) *Investment Values*

Market values and costs of investments at June 30, 1993 were as follows (In Thousands):

		State Employees Fund	State Patrol Fund	Correctional Employees Fund	Judges Fund
At Market:	Total				
Short-Term	\$ 68,476	\$ 58,838	\$ 4,453	\$ 3,669	\$ 1,516
Debt Security	621,528	550,125	40,724	28,613	2,066
Pooled Equity	1,522,220	1,347,341	99,741	70,078	5,060
Total	\$2,212,224	\$1,956,304	\$ 144,918	\$ 102,360	\$ 8,642
At Cost:					
Short-Term	\$ 68,476	\$ 58,838	\$ 4,453	\$ 3,669	\$ 1,516
Debt Security	597,733	528,899	39,232	27,511	2,091
Pooled Equity	1,345,310	1,190,185	88,400	61,839	4,886
Total	\$2,011,519	\$1,777,922	\$ 132,085	\$ 93,019	\$ 8,493

5. Minnesota Post Retirement Investment Fund (MPRI Fund)

(a) MPRI Fund is a joint investment fund for retired members. When members retire, the money required to pay the annuity for the expected life is transferred to the MPRI Fund. Participation in the MPRI Fund is shown as the required reserves as determined by the actuary.

(b) MPRI Fund income represents the 5% earnings on the required reserves for fiscal year 1993 plus the 1992 income used to pay the January 1993 benefit increase. Income in excess of 5% was distributed according to Minnesota Statutes, Section 11A.18, Subdivision 9.

6. Deferred Compensation Fund

All member contributions to the Deferred Compensation Fund remain the property and responsibility of the participating employers. MSRS is responsible for exercising due care in the administration of the fund.

7. Leases

The office facilities are leased by an agreement through September 30, 1996. Annual rental by fiscal year is as follows:

Fiscal Year 1993	149,377
1994	155,814
1995	162,644
1996	169,278

8. Required Supplemental Information

Ten-year historical trend information designed to provide information about progress in accumulating sufficient assets to pay benefits when due is presented on the pages which follow these notes. For those funds for which certain information was not available, that information which was available has been presented.

9. Actuarial Valuations

Minnesota Statutes require annual actuarial valuations using the entry age normal cost method with an 8.5% interest rate assumption and a 6.5% salary increase assumption. Minnesota Statutes also provide that actuarial valuations include one third of unrealized market value gains or losses. The lower of cost or market value is required on the balance sheet. The following shows the unfunded liability with each method.

	Unfunded Liability (In Thousands)	
	Cost Basis	Actuarial Basis
State Employees Retirement Fund	\$717,375	\$657,914
State Patrol Retirement Fund	18,127	13,850
Correctional Employees Retirement Fund	1,455	(1,659)
Judges Retirement Fund	46,403	46,353
Legislators Retirement Fund	19,633	19,633
Elective State Officers Retirement Fund	2,367	2,367

10. Pension Benefit Obligation

The pension benefit obligation is a standardized measure of the actuarial present value of credited projected benefits. It is intended to help statement users assess the funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The assumptions are the same as those of the statutory method, however the method of computation is different. This valuation is as of June 30, 1993.

	(In Thousands)					
	State Employees Retirement Fund	State Patrol Retirement Fund	Correctional Employees Retirement Fund	Judges Retirement Fund	Legislators Retirement Plan	Elective State Officers Retirement Plan
Retirees and beneficiaries receiving benefits and terminated employees not receiving benefits	\$1,149,575	\$117,805	\$48,440	\$49,473	\$24,283	\$1,611
Current Employees:						
Accumulated employee contribution including allocated investment income	736,405	46,302	24,848	14,887	4,104	401
Employee financed-vested	998,315	61,591	36,858	14,608	5,549	429
Employer financed-nonvested	173,619	21,935	5,742	8,464	1,058	107
Pension Benefit Obligation	\$3,057,914	\$247,633	\$115,888	\$87,432	\$34,994	\$2,548
Net assets available for benefits (Cost Basis)	2,846,117	240,075	132,825	44,106	17,168	322
Unfunded (Assets in Excess of) Pension Benefit Obligation	\$211,797	\$7,558	\$(16,937)	\$43,326	\$17,826	\$2,226

11. Comparison of Contributions

The contribution rates for each of the defined benefit funds are not actuarially determined but rather are set by statute. These rates are intended to be sufficient to fully fund the actuarial liabilities by the year 2020. Annual reviews are made by the actuary to determine their sufficiency. Comparisons of the actual to the actuarially required contributions are as follows:

	(In Thousands)					
	State Employees Retirement Fund	State Patrol Retirement Fund	Correctional Employees Retirement Fund	Judges Retirement Fund	Legislative Retirement Plan	Elective State Officers Retirement Plan
Employee Contributions as a % of payroll	\$ 59,130 4.07%	\$ 3,040 8.50%	\$ 2,560 4.90%	\$ 1,409 6.27%	\$ 615 9.00%	\$ 45 9.00%
Employer Contributions as a % of payroll	\$ 58,979 4.20%	\$ 5,288 14.88%	\$ 3,211 6.27%	\$ 4,845 22.0%	\$ 0 N/A	\$ 0 N/A
Total Contributions Made as a % of payroll	\$ 118,109 8.27%	\$ 8,238 23.38%	\$ 5,771 11.17%	\$ 6,254 28.27%	\$ 615 9.00%	\$ 45 9.00%
Required Contributions (per actuary) as a % of payroll	\$ 116,806 8.27%	\$ 7,867 22.27%	\$ 5,818 11.41%	\$ 5,831 26.59%	\$ 2,074 30.49%	\$ 98 36.23%
Funding Surplus (Deficit)	\$ 1,303	\$ 371	\$ (47)	\$ 423	\$ (1,459)	\$ (53)

12. Descriptions of Individual Defined Benefit Funds**(a) State Employees Retirement Fund**

The State Employees Retirement Fund includes the General Employees Plan, a multiple-employer, cost-sharing plan, and the Military Affairs and Transportation Pilots Plan, a single-employer plan. Only certain employees of the Departments of Military Affairs and Transportation are eligible to be members of the Military Affairs and Transportation Pilots Plan, but all state employees who are not members of another plan are members of the General Employees Plan.

Membership statistics at June 30, 1993 were as follows:

Members receiving benefits:	
Retirees	13,950
Beneficiaries	1,117
Terminated members:	
Vested, not receiving benefits	3,839
Non-vested	4,492
Active members:	
Vested	37,899
Nonvested	10,931
Total	72,228
Annualized Payroll (06/30/93)	\$1,694,520,000

Minnesota Statutes, Section 352.04 required that eligible employees contribute 3.99% of their total compensation, with a matching employer contribution of 4.12%. Effective January 1, 1993 these rates were increased to 4.07% and 4.20%, respectively.

Retirement benefits may be computed by two methods: the step formula and the level formula. Step formula benefits are 1% of the high five year average salary for each of the first ten years plus 1.5% for each year thereafter. It also includes full benefits under the "Rule of 90". In contrast, the level formula does not include the "Rule of 90", benefits are 1.5% of the high five year average salary for all years of service and full benefits are available at the "normal retirement age".

At the time of retirement, members first employed prior to July 1, 1989 will have their benefit computed under the method providing the higher amount. Those employed July 1 or later are only eligible for the level formula method.

(b) *State Patrol Retirement Fund*

The State Patrol Retirement Fund includes only the State Patrol Retirement Plan, a single-employer plan. Membership is limited to only those state employees who are state troopers, conservation officers, or crime bureau officers.

Membership statistics at June 30, 1993 were as follows:

Members receiving benefits:	
Retirees	392
Beneficiaries	119
Terminated members:	
Vested, not receiving benefits	18
Nonvested	3
Active members:	
Vested	726
Nonvested	55
Total	1,313
Annualized Payroll (06/30/93)	\$40,654,000

Minnesota Statutes, Section 352B.02 requires that eligible employees contribute 8.50% of their total compensation; the matching employer contribution is 14.88%. Members become eligible for normal retirement benefits upon reaching the age of 55 with a minimum of three years of service. The benefit is 2.5% of the high five year average salary for each year of service.

(c) *Correctional Employees Retirement Fund*

The Correctional Employees Retirement Fund includes only the Correctional Plan, a single-employer plan. Membership is limited to only those state employees who have direct responsibility for inmates at Minnesota correctional facilities.

Membership statistics at June 30, 1993 were as follows:

Members receiving benefits:	
Retirees	394
Beneficiaries	15
Terminated members:	
Vested, not receiving benefits	225
Nonvested	51
Active members:	
Vested	1,175
Nonvested	443
Total	2,303
Annualized Payroll (06/30/93)	\$60,330,000

Minnesota Statutes, Section 352.91 requires that eligible employees contribute 4.90% of their total compensation; the matching employer contribution is 6.27%.

Members become eligible for normal retirement benefits upon reaching the age of 55 with a minimum of three years of service. The benefit is 2.5% of the high five year average salary for each year of service payable for 84 months or until age 65. At age 65 or after 84 months but not before age 62, benefits revert to those of the General Employees Plan.

(d) *Judges Retirement Fund*

The Judges Retirement Fund includes only the Judges Retirement Plan, a single-employer plan. Active membership is limited to Minnesota district, appellate and Supreme Court judges. Retirees also include municipal and county court judges.

Membership statistics at June 30, 1993 were as follows:

Members receiving benefits:	
Retirees	131
Beneficiaries	69
Terminated members:	
Vested, not receiving benefits	6
Nonvested	0
Active members:	
Vested	194
Nonvested	73
Total	473
Annualized Payroll (06/30/93)	\$22,469,000

Minnesota Statutes, Section 490.123 requires that eligible employees covered by Social Security contribute 6.27% of the total compensation, employees not covered by Social Security contribute 8.15%. The employer contribution is 22.00% for all employees.

Members become eligible for retirement benefits upon reaching the age of 65 with five years of service, 62 with 5 years of service and a reduced benefit, or mandatory retirement at age 70 with one year of service. The benefit is 2.5% for each year of service prior to July 1, 1980 plus 3% of same average salary for service after June 30, 1980. The formula is applied to the high five year average salary.

(e) *General Fund Plans*

The General Fund Plans include the Legislators Retirement Plan and the Elective State Officers Plan, both of which are single-employer plans. Members of the Minnesota House of Representatives and Senate are included in the Legislators Retirement Plan; the Elective State Officers Plan includes only the elected constitutional officers.

Membership statistics at June 30, 1993 were as follows:

	Legislators Retirement Plan	Elective State Officers Plan
Members receiving benefits:		
Retirees	147	6
Beneficiaries	53	4
Terminated members:		
Vested, not receiving benefits	137	4
Nonvested	6	0
Active members:		
Vested	111	3
Nonvested	89	3
Total	543	20
Annualized Payroll (06/30/93)	\$6,891,000	\$462,000

Minnesota Statutes, Sections 3A.03 and 352C.09 require that legislators contribute 9.00% of their salary including certain per diem payments and elected officers contribute 9.00% of their salary. Both plans are funded by annual appropriations from the State's General Fund.

Legislators become eligible for full retirement benefits upon reaching the age of 62 with 6 years of service or for a reduced benefit at age 60 with the same service. The benefit is 2.5% per year of service times the high five year average covered compensation, but not to exceed their final annual compensation. The Elective State Officers Plan has the same benefit eligibility requirements except a minimum of eight years of service is required.

13. **Defined Contribution Plan**

The Unclassified Fund includes only the Unclassified Employees Retirement Plan, a multiple-employer defined contribution plan. Membership is limited to certain specified employees of the State of Minnesota and various other statutorily designated entities. Membership statistics at June 30, 1993 were as follows:

Active members	1,521
Inactive members	1,164
Total	2,685
Annualized Payroll (06/30/93)	\$83,224,000

Minnesota Statutes, Section 352D.01.12 authorize creation of this plan and specify contribution rates of 4% for the employee and 6% for the employer. Member benefits vest only to the extent of the value of their accounts; i.e., cumulative employee contributions and employer contributions plus investment income less administrative expenses. Retirement and disability benefits are available through conversion, at the member's option, to the General Employee Plan, provided they have at least ten years of service.

14. Optional Retirement Annuities

In the defined benefit funds, two joint and survivor annuity options are available. Either 50% or 100% joint and survivor options may be elected. Annuities take the form of joint and survivor options with reversion to the single-life amount if the beneficiary predeceases. A fifteen year certain and life thereafter option is available, and for the Judges Plan, a ten year certain option is provided. Legislators and Elective State Officers plans have no options but automatically provide a 50% benefit continuance to a surviving spouse.

15. Residual Equity Transfers

The Deferred Compensation Fund and the Unclassified Retirement Fund were overcharged for administrative expenses during the period July 1, 1973 through June 30, 1992. The amounts of these overcharges including investment earnings were \$2,274,685 and \$334,314, respectively. These amounts plus additional interest earned to the date of transfer were returned from the State Employees Retirement Fund to the overcharged funds during fiscal year 1993.

Required Supplemental Information Analysis of Funding Progress

(In Thousands) Unaudited						
Fiscal Year	Net Assets Available for Benefits (Cost)	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll (Historical)	Unfunded Benefit Percentage of Covered Payroll
STATE EMPLOYEES RETIREMENT FUND:						
1986*	1,370,049	1,439,134	95.2	69,085	998,258	6.9
1987*	1,585,971	1,650,993	96.1	65,022	1,058,471	6.1
1988	1,609,381	1,775,445	90.6	166,064	1,091,511	15.2
1989	1,824,416	2,109,272	86.5	284,856	1,163,800	24.5
1990	2,067,688	2,328,167	88.8	260,479	1,254,991	20.8
1991	2,267,368	2,520,042	90.0	252,674	1,390,183	18.2
1992	2,576,920	2,742,278	94.0	165,358	1,381,115	12.0
1993	2,846,117	3,057,914	93.1	211,797	1,412,267	15.0
*Note: Includes the Correctional Employees Retirement Fund.						
STATE PATROL RETIREMENT FUND:						
1986	118,175	142,626	82.9	24,451	24,163	101.2
1987	136,397	153,107	89.1	16,710	25,132	66.5
1988	146,068	167,349	87.3	21,281	26,085	81.6
1989	164,033	184,250	89.0	20,217	27,765	72.8
1990	182,966	198,359	92.2	15,393	30,150	51.1
1991	197,502	214,626	92.0	17,124	32,323	53.0
1992	219,764	224,478	97.9	4,714	32,630	14.4
1993	240,075	247,633	96.9	7,558	35,326	21.4
CORRECTIONAL EMPLOYEES RETIREMENT FUND:						
1988*	72,446	69,142	104.8	(3,304)	33,155	(10.0)
1989	83,206	79,143	105.1	(4,063)	35,475	(11.5)
1990	95,015	87,554	108.5	(7,461)	38,999	(19.1)
1991	103,982	95,097	109.3	(8,885)	43,247	(20.5)
1992	119,122	105,604	112.8	(13,518)	46,512	(29.1)
1993	132,825	115,888	114.6	(16,937)	50,991	(33.2)

**Note: Prior years were included in the State Employees Retirement Fund until July 1, 1987.

Required Supplemental Information Analysis of Funding Progress

(In Thousands)
Unaudited

Fiscal Year	Net Assets Available for Benefits (Costs)	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll (Historical)	Unfunded Benefit Percentage of Covered Payroll
JUDGES RETIREMENT FUND:						
1986	15,983	51,178	31.2	35,195	14,913	236.0
1987	18,781	53,677	35.0	34,896	15,644	223.1
1988	20,774	59,389	35.0	38,615	16,102	239.8
1989	23,325	64,106	36.4	40,781	18,006	226.5
1990	28,205	68,487	41.2	40,282	19,134	210.5
1991	33,559	74,444	45.1	40,885	20,660	197.9
1992	37,770	82,383	45.8	44,613	21,297	209.5
1993	44,106	87,432	50.5	43,326	21,928	197.6
LEGISLATORS RETIREMENT FUND:						
1986	9,535	20,532	46.4	10,997	4,366	251.9
1987	11,158	21,950	50.8	10,792	4,786	225.5
1988	11,857	23,758	49.9	11,901	4,386	271.3
1989	12,317	26,998	45.6	14,681	4,668	314.5
1990	12,748	29,654	43.0	16,906	5,859	288.5
1991	14,694	29,641	49.6	14,947	6,707	222.9
1992	15,160	32,272	47.0	17,112	6,286	272.2
1993	17,168	34,994	49.1	17,826	6,801	262.1
ELECTIVE STATE OFFICERS RETIREMENT FUND:						
1986	230	1,555	14.8	1,325	344	385.2
1987	246	1,619	15.2	1,373	355	386.8
1988	281	1,757	16.0	1,476	365	404.4
1989	314	1,938	16.2	1,624	387	419.6
1990	351	2,108	16.7	1,757	404	434.9
1991	308	2,160	14.3	1,852	425	435.8
1992	334	2,268	14.7	1,934	375	515.7
1993	322	2,548	12.6	2,226	373	596.8

Required Supplemental Information

Revenues by Sources

Minnesota State Retirement System

(In Thousands)
Unaudited

STATE EMPLOYEES RETIREMENT FUND:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total
1984*	\$ 33,343	\$ 50,640	\$ 83,322	\$1,355	\$ 168,660
1985*	35,220	37,625	108,531	1,331	182,707
1986*	38,356	40,565	161,728	1,299	241,948
1987*	40,625	42,911	192,178	1,245	276,959
1988	41,632	42,951	136,396	1,201	222,180
1989	43,957	45,401	205,180	1,099	295,637
1990	55,671	57,200	220,092	29	332,992
1991	56,895	57,986	182,747	4	297,632
1992	58,478	59,244	297,879	8	415,609
1993	59,130	58,980	269,405	3	387,518

*NOTE: Includes the Correctional Employees Retirement Fund.

STATE PATROL RETIREMENT FUND:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total
1984	\$ 1,877	\$ 4,638	\$ 6,776	\$ 59	\$ 13,350
1985	1,964	4,362	9,145	63	15,534
1986	2,062	4,598	13,686	62	20,408
1987	2,164	4,778	16,462	63	23,467
1988	2,244	4,971	12,976	62	20,253
1989	2,367	5,256	17,746	59	25,428
1990	2,568	5,706	18,870	3	27,147
1991	2,751	4,825	16,013	0	23,589
1992	2,795	4,893	24,569	0	32,257
1993	3,040	5,288	22,595	0	30,923

CORRECTIONAL EMPLOYEES RETIREMENT FUND:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total
1988	\$ 1,753	\$ 3,089	\$ 5,721	\$ 0	\$ 10,563
1989	1,748	3,084	9,254	0	14,086
1990	1,925	3,412	10,133	0	15,470
1991	2,128	2,731	8,035	0	12,894
1992	2,332	2,955	14,121	0	19,408
1993	2,554	3,217	12,680	0	18,451

*NOTE: The Correctional Employees Retirement Fund was included in the State Employees Retirement Fund until July 1, 1987.

Required Supplemental Information Revenues by Sources

Minnesota State Retirement System

(In Thousands)
Unaudited

JUDGES RETIREMENT FUND:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total
1984	\$ 466	\$ 1,671	\$ 951	\$ 86	\$ 3,174
1985	501	2,226	1,219	84	4,030
1986	562	2,173	1,661	81	4,477
1987	563	2,405	2,699	62	5,729
1988	565	2,650	1,980	57	5,252
1989	733	2,875	2,443	44	6,095
1990	779	5,500	2,494	39	8,812
1991	799	5,900	2,927	20	9,646
1992	988	4,722	3,407	11	9,128
1993	1,409	4,844	3,853	1,444	11,550

LEGISLATORS RETIREMENT FUND:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total
1984	\$ 331	\$ 0	\$ 305	\$ 794	\$ 1,430
1985	357	0	620	604	1,581
1986	387	0	749	981	2,117
1987	430	0	979	1,847	3,256
1988	397	0	976	925	2,298
1989	431	0	980	860	2,271
1990	546	0	764	451	1,761
1991	637	0	882	1,889	3,408
1992	590	0	872	601	2,003
1993	659	0	974	2,283	3,916

ELECTIVE STATE OFFICERS RETIREMENT FUND:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total
1984	\$ 27	\$ 0	\$ 0	\$ 101	\$ 128
1985	29	0	0	95	124
1986	31	0	0	101	132
1987	32	0	0	132	164
1988	34	0	0	132	166
1989	35	0	0	141	176
1990	36	0	0	112	148
1991	38	0	0	40	78
1992	34	0	0	111	145
1993	45	0	0	88	133

Required Supplemental Information Expenses by Type

Minnesota State Retirement System

(In Thousands)
Unaudited

STATE EMPLOYEES RETIREMENT FUND:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1984*	\$ 37,137	\$ 1,406	\$ 14,800	\$ 11,563	\$ 64,906
1985*	42,957	1,372	7,500	1,266	53,095
1986*	49,432	1,357	7,724	1,374	59,887
1987*	57,057	1,449	7,996	1,475	67,977
1988*	63,697	1,550	7,490	1,958	74,695
1989	69,603	1,166	7,898	1,969	80,636
1990	76,040	1,542	8,203	3,230	89,015
1991	85,977	1,531	7,912	3,199	98,619
1992	95,010	1,590	7,886	3,132	107,618
1993	104,361	1,786	8,116	3,339	117,602

*NOTE: Includes the Correctional Employees Retirement Fund.

STATE PATROL RETIREMENT FUND:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1984	\$ 3,431	\$ 47	\$ 279	\$ 802	\$ 4,559
1985	3,970	54	6	80	4,110
1986	4,646	59	52	88	4,845
1987	5,431	74	99	93	5,697
1988	6,263	58	9	178	6,508
1989	7,186	66	78	137	7,467
1990	7,847	76	27	264	8,214
1991	8,720	79	18	236	9,053
1992	9,603	84	104	205	9,996
1993	10,253	61	37	262	10,613

CORRECTIONAL EMPLOYEES RETIREMENT FUND:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1988	\$ 2,678	\$ 82	\$ 196	\$ 50	\$ 3,006
1989	2,964	87	270	91	3,412
1990	3,187	116	248	141	3,692
1991	3,493	113	200	125	3,931
1992	3,772	255	156	129	4,313
1993	4,015	87	296	177	4,710

*NOTE: The Correctional Employees Retirement Fund was included in the State Employees Retirement Fund until July 1, 1987.

Required Supplemental Information Expenses by Type

Minnesota State Retirement System

(In Thousands)
Unaudited

JUDGES RETIREMENT FUND:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1984	\$ 1,979	\$ 28	\$ 108	\$ 262	\$ 2,377
1985	2,158	29	1	6	2,194
1986	2,391	32	0	6	2,429
1987	2,726	34	0	7	2,767
1988	3,110	0	0	0	3,110
1989	3,451	47	24	21	3,543
1990	3,846	55	1	30	3,932
1991	4,183	62	30	17	4,292
1992	4,593	59	0	20	4,672
1993	5,144	37	0	33	5,214

LEGISLATORS RETIREMENT FUND:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1984	\$ 696	\$ 27	\$ 53	\$ 0	\$ 776
1985	784	31	119	0	934
1986	885	29	3	63	980
1987	1,038	34	130	0	1,202
1988	1,149	31	19	2	1,201
1989	1,211	36	14	1	1,263
1990	1,263	37	30	1	1,331
1991	1,362	42	47	11	1,462
1992	1,500	40	48	9	1,597
1993	1,697	24	178	9	1,908

ELECTIVE STATE OFFICERS RETIREMENT FUND:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1984	\$ 95	\$ 3	\$ 3	\$ 0	\$ 101
1985	102	4	17	0	123
1986	99	2	0	2	103
1987	97	2	17	0	116
1988	97	2	0	0	99
1989	105	1	0	0	106
1990	111	1	0	0	112
1991	119	2	0	0	121
1992	117	2	0	0	119
1993	143	2	0	0	145

Combining Balance Sheet Defined Benefit Funds

Minnesota State Retirement System

June 30, 1993
(In Thousands)

	State Employees	State Patrol	Correctional Employees	Judges	Legislators	Elective State Officers	Memorandum Only Totals
ASSETS:							
Cash	\$ 185	\$ 0	\$ 1	\$ 0	\$ 0	\$ 0	\$ 186
Short term investments (at cost)	58,837	4,453	3,669	1,516	0	0	68,475
Accounts receivable:							
Member contributions	2,595	139	130	16	0	1	2,881
Employer contributions	2,251	210	136	57	0	0	2,654
Other	19	1	0	1	0	0	21
Accrued Interest	132	10	7	1	0	0	150
Due from MPRI fund	403	0	0	0	0	0	403
Due from other plans	686	0	0	0	0	0	686
Due from other funds	0	0	0	0	25	1	26
Prepaid Expenses	1	0	0	0	0	0	1
Fixed Investments (at cost)	528,899	39,232	27,511	2,091	0	0	597,733
Equity Investments (at cost)	1,190,185	88,400	61,839	4,886	0	0	1,345,310
Fixed Assets	173	0	0	0	0	0	173
Nondedicated Member Deposits	0	0	0	0	5,123	322	5,445
Restricted Assets	1,062,677	108,664	40,027	36,155	12,454	0	1,259,977
Total Assets	\$2,847,043	\$ 241,109	\$ 133,320	\$ 44,723	\$ 17,602	\$ 324	\$3,284,121
LIABILITIES:							
Accounts Payable							
Accrued expenses	\$ 856	\$ 39	\$ 27	\$ 2	\$ 0	\$ 0	\$ 924
Deferred Revenue	0	0	0	10	0	0	10
Due to MPRI fund	0	937	381	568	409	0	2,295
Due to other plans	59	87	37	25	2	280	70
Total Liabilities	\$ 926	\$ 1,035	\$ 495	\$ 617	\$ 434	\$ 2	\$ 3,509
FUND BALANCE:							
MPRI Fund reserve	\$1,062,677	\$ 108,664	\$ 40,027	\$ 36,155	\$ 12,454	\$ 0	\$1,259,977
Member reserve	466,596	27,006	18,537	6,558	5,123	322	524,142
NonMPRI Fund reserve	5,529	6,693	0	12,551	2,699	1,373	28,845
State reserve	2,028,690	115,838	75,716	35,245	16,525	994	2,273,008
Total Required Reserves	\$ 3,563,492	\$ 258,201	\$ 134,280	\$ 90,509	\$ 36,801	\$ 2,689	\$ 4,085,972
Unfunded accrued liability(at cost)	(717,375)	(18,127)	(1,455)	(46,403)	(19,633)	(2,367)	(805,360)
Net Fund Balance	\$ 2,846,117	\$ 240,074	\$ 132,825	\$ 44,106	\$ 17,168	\$ 322	\$ 3,280,612
Total Liabilities and Fund Balance	\$2,847,043	\$241,109	\$133,320	\$ 44,723	\$ 17,602	\$ 324	\$3,284,121

See notes to Financial Statements.

Combining Statement of Revenues, Expenses and Changes in Fund Balance — Defined Benefit Funds

Year Ended June 30, 1993
(In Thousands)

	State Employees	State Patrol	Correctional Employees	Judges	Legislators	Elective State Officers	Memorandum Only Totals
OPERATING REVENUES:							
Member contributions	\$ 59,132	\$ 3,040	\$ 2,555	\$ 1,409	\$ 659	\$ 45	\$ 66,840
Employer contributions	58,982	5,288	3,217	4,844	0	0	72,331
General Fund revenues	0	0	0	1,434	2,283	88	3,805
Investment income	143,531	10,673	7,474	660	0	0	162,338
MPRI Fund income	91,946	9,475	3,439	2,898	974	0	108,732
Gain/Loss on Investments	33,928	2,447	1,767	295	0	0	38,437
Other income	3	0	0	10	0	0	13
Total Operating Revenues	\$ 387,522	\$ 30,923	\$ 18,452	\$11,550	\$ 3,916	\$ 133	\$ 452,496
OPERATING EXPENSES:							
Annuity benefits	\$ 104,361	\$ 10,253	\$ 4,150	\$ 5,144	\$ 1,697	\$ 143	\$ 125,748
Refunds	6,480	23	230	0	138	0	6,871
Interest on refunds	1,636	14	66	0	40	0	1,756
Interest to MPRI Fund	923	85	51	22	9	0	1,090
Administrative expenses	1,786	61	87	37	24	2	1,997
Investment fees	2,416	177	126	11	0	0	2,730
Total Operating Expenses	\$ 117,602	\$ 10,613	\$ 4,710	\$ 5,214	\$ 1,908	\$ 145	\$ 140,192
OTHER CHANGES IN RESERVES:							
Transfers to General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Plan transfers	1,959	0	(39)	0	0	0	1,920
Total Other Changes	\$ 1,959	\$ 0	\$ (39)	\$ 0	\$ 0	\$ 0	\$ 1,920
Net Reserve Additions	\$ 271,879	\$ 20,310	\$ 13,703	\$ 6,336	\$ 2,008	\$ (12)	\$ 314,224
Fund Balance June 30, 1992	\$2,576,919	\$219,764	\$119,122	\$37,770	\$ 15,160	\$ 334	\$2,969,069
Residual Equity Transfers	\$ (2,681)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,681)
Fund Balance June 30, 1993	\$2,846,117	\$240,074	\$132,825	\$44,106	\$ 17,168	\$ 322	\$3,280,612

See notes to Financial Statements.

State Employees Retirement Fund

Statement of Revenues, Expenses and Changes in Reserves

Minnesota State Retirement System

Year Ended June 30, 1993
(In Thousands)

	Total	Member Reserve	NonMPRIF Reserve	MPRIF Reserve	State Reserve
OPERATING REVENUES:					
Member Contributions	\$ 59,133	\$ 57,802	\$ 0	\$ 0	\$ 1,331
Employer Contributions	58,982	0	0	0	58,982
General Fund revenues	0	0	0	0	0
Investment Income	143,531	0	0	0	143,531
MPRI Fund Income	91,945	0	0	91,945	0
Gain (Loss) on Investments	33,928	0	0	0	33,928
Other income	3	0	0	0	3
Total Operating Revenues	\$ 387,522	\$ 57,802	\$ 0	\$ 91,945	\$ 237,775
OPERATING EXPENSES:					
Annuity Benefits	\$ 104,362	\$ 0	\$ 1,113	\$ 103,249	\$ 0
Refunds	6,480	6,480	0	0	0
Interest on Refunds	1,636	0	0	0	1,636
Interest to MPRI Fund	923	0	0	0	923
Administrative Expenses	1,785	0	0	0	1,785
Investment Fees	2,416	0	0	0	2,416
Total Operating Expenses	\$ 117,602	\$ 6,480	\$ 1,113	\$ 103,249	\$ 6,760
OTHER CHANGES IN RESERVES:					
Actuarial Transfers	\$ 0	\$ 0	\$ 498	\$ (403)	\$ (95)
Inactive Employee Transfers	0	(81)	0	0	81
New Annuity Transfers	0	(12,185)	0	93,337	(81,152)
Plan Transfers	1,959	220	0	0	1,739
Plan Transfers	(2,681)	0	0	0	(2,681)
Total Other Changes	\$ (722)	\$ (12,046)	\$ 498	\$ 92,934	\$ (82,108)
Net Reserve Additions	\$ 269,198	\$ 39,276	\$ (615)	\$ 81,630	\$ 148,907
Balance June 30, 1992	\$2,576,919	\$427,320	\$ 6,144	\$ 981,047	\$1,162,408
Balance June 30, 1993	\$2,846,117	\$466,596	\$ 5,529	\$1,062,677	\$1,311,315

See notes to Financial Statements

State Patrol Retirement Fund

Statement of Revenues, Expenses and Changes in Reserves

Year Ended June 30, 1993 (In Thousands)					
	Total	Member Reserve	NonMPRIF Reserve	MPRIF Reserve	State Reserve
OPERATING REVENUES:					
Member Contributions	\$ 3,040	\$ 3,021	\$ 0	\$ 0	\$ 19
Employer Contributions	5,288	0	0	0	5,288
General Fund Appropriations	0	0	0	0	0
Investment Income	10,673	0	0	0	10,673
MPRI Fund Income	9,476	0	0	9,476	0
Gain (Loss) on Investments	2,447	0	0	0	2,447
Other Income	0	0	0	0	0
Total Operating Revenues	\$ 30,924	\$ 3,021	\$ 0	\$ 9,476	\$ 18,427
OPERATING EXPENSES:					
Annuity Benefits	\$ 10,253	\$ 0	\$ 615	\$ 9,638	\$ 0
Refunds	23	23	0	0	0
Interest on Refunds	14	0	0	0	14
Interest to MPRI Fund	85	0	0	0	85
Administrative Expenses	61	0	0	0	61
Investment Fees	177	0	0	0	177
Total Operating Expenses	\$ 10,613	\$ 23	\$ 615	\$ 9,638	\$ 337
OTHER CHANGES IN RESERVES:					
Actuarial Adjustments	\$ 0	\$ 0	\$ 1,004	\$ 937	\$ (1,941)
Inactive Employee Transfers	0	0	0	0	0
New Annuity Transfers	0	(734)	(776)	6,380	(4,870)
Plan Transfers	0	0	0	0	0
Total Other Changes	\$ 0	\$ (734)	\$ 228	\$ 7,317	\$ (6,811)
Net Reserve Additions	\$ 20,311	\$ 2,264	\$ (387)	\$ 7,155	\$ 11,279
Balance June 30, 1992	\$219,764	\$24,742	\$ 7,081	\$101,509	\$ 86,432
Balance June 30, 1993	\$240,075	\$27,006	\$ 6,694	\$108,664	\$ 97,711

See notes to Financial Statements.

Correctional Employees Retirement Fund

Statement of Revenues, Expenses and Changes in Reserves

Minnesota State Retirement System

Year Ended June 30, 1993
(In Thousands)

	Total	Member Reserve	MPRIF Reserve	State Reserve
OPERATING REVENUES:				
Member Contributions	\$ 2,555	\$ 2,526	\$ 0	\$ 29
Employer Contributions	3,217	0	0	3,217
General Fund appropriations	0	0	0	0
Investment Income	7,474	0	0	7,474
MPRI Fund Income	3,439	0	3,439	0
Gain (Loss) on Investments	1,767	0	0	1,767
Other income	0	0	0	0
Total Operating Revenues	\$ 18,452	\$ 2,526	\$ 3,439	\$12,487
OPERATING EXPENSES:				
Annuity Benefits	\$ 4,150	\$ 0	\$ 4,150	\$ 0
Refunds	230	230	0	0
Interest on Refunds	66	0	0	66
Interest to MPRI Fund	51	0	0	51
Administrative Expenses	87	0	0	87
Investment Fees	126	0	0	126
Total Operating Expenses	\$ 4,710	\$ 230	\$ 4,150	\$ 330
OTHER CHANGES IN RESERVES:				
Actuarial Transfers	\$ 0	\$ 0	\$ 382	\$ (382)
Inactive Employee Transfers	0	3	0	(3)
New Annuity Transfers	0	(476)	3,628	(3,152)
Plan Transfers	(39)	(15)	0	(24)
Total Other Changes	\$ (39)	\$ (488)	\$ 4,010	\$ (3,561)
Net Reserve Additions	\$ 13,703	\$ 1,808	\$ 3,299	\$ 8,596
Balance June 30, 1992	\$119,122	\$16,729	\$36,728	\$65,665
Balance June 30, 1993	\$132,825	\$18,537	\$40,027	\$74,261

See notes to Financial Statements

Judges Retirement Fund

Statement of Revenues, Expenses and Changes in Reserves

Year Ended June 30, 1993 (In Thousands)					
	Total	Member Reserve	NonMPRIF Reserve	MPRIF Reserve	State Reserve
OPERATING REVENUES:					
Member Contributions	\$ 1,409	\$ 1,403	\$ 0	\$ 0	\$ 6
Employer Contributions	4,845	0	0	0	4,845
General Fund Appropriations	1,434	0	0	0	1,434
Investment Income	659	0	0	0	659
MPRI Fund Income	0	0	0	0	0
Gain (Loss) on Investments	3,193	0	0	2,898	295
Other Income	10	0	0	0	10
Total Operating Revenues	\$11,550	\$ 1,403	\$ 0	\$ 2,898	\$ 7,249
OPERATING EXPENSES:					
Annuity Benefits	\$ 5,144	\$ 0	\$ 1,435	\$ 3,709	\$ 0
Refunds	0	0	0	0	0
Interest on Refunds	0	0	0	0	0
Interest to MPRI Fund	22	0	0	0	22
Administrative Expenses	37	0	0	0	37
Investment fees	11	0	0	0	11
Total Operating Expenses	\$ 5,214	\$ 0	\$ 1,435	\$ 3,709	\$ 70
OTHER CHANGES IN RESERVES:					
Actuarial Adjustments	\$ 0	\$ 0	\$ 1,364	\$ 567	\$ (1,931)
Inactive Employee Transfers	0	(2)	0	0	2
New Annuity Transfers	0	(554)	501	5,751	(5,698)
Total Other Changes	\$ 0	\$ (556)	\$ 1,865	\$ 6,318	\$ (7,627)
Net Reserve Additions	\$ 6,336	\$ 847	\$ 430	\$ 5,507	\$ (448)
Balance June 30, 1992	\$37,770	\$ 5,711	\$12,121	\$30,648	\$ (10,710)
Balance June 30, 1993	\$44,106	\$ 6,558	\$12,551	\$36,155	\$ (11,158)

See notes to Financial Statements.

Legislators Retirement Fund

Statement of Revenues, Expenses and Changes in Reserves

Minnesota State Retirement System

Year Ended June 30, 1993 (In Thousands)					
	Total	Member Reserve	NonMPRIF Reserve	MPRIF Reserve	State Reserve
OPERATING REVENUES:					
Member Contributions	\$ 659	\$ 642	\$ 0	\$ 0	\$ 17
General Fund revenues	2,284	0	0	0	2,284
MPRI Fund Income	974	0	0	974	0
Other Income	0	0	0	0	0
Total Revenues	\$ 3,917	\$ 642	\$ 0	\$ 974	\$ 2,301
OPERATING EXPENSES:					
Annuity Benefits	\$ 1,697	\$ 0	\$ 281	\$ 1,416	\$ 0
Survivor Benefits	0	0	0	0	0
Refunds	138	138	0	0	0
Refunds Upon Death	40	0	0	0	40
Interest on Refunds	9	0	0	0	9
Interest to MPRI Fund	25	0	0	0	25
Administrative Expenses	0	0	0	0	0
Total Expenses	\$ 1,909	\$ 138	\$ 281	\$ 1,416	\$ 74
OTHER CHANGES IN RESERVES:					
Actuarial Transfers	\$ 0	\$ 0	\$ 561	\$ 409	\$ (970)
Inactive Employee Transfers	0	7	0	0	(7)
New Annuity Transfers	0	(363)	167	2,182	(1,986)
Transfers to General Fund	0	0	0	0	0
Total Other Changes	\$ 0	\$ (356)	\$ 728	\$ 2,591	\$ (2,963)
Net Reserve Additions	\$ 2,008	\$ 148	\$ 447	\$ 2,149	\$ (736)
Balance June 30, 1992	\$15,160	\$4,975	\$2,251	\$10,305	\$ (2,371)
Balance June 30, 1993	\$17,168	\$5,123	\$2,698	\$12,454	\$ (3,107)

See notes to Financial Statements.

Elective State Officers Retirement Fund

Statement of Revenues, Expenses and Changes in Reserves

Year Ended June 30, 1993 (In Thousands)				
	Total	Member Reserve	NonMPRIF Reserve	State Reserve
OPERATING REVENUES:				
Member Contributions	\$ 45	\$ 45	\$ 0	\$ 0
General Fund revenues	88	0	0	88
Other revenue	0	0	0	0
Total Revenues	\$ 133	\$ 45	\$ 0	\$ 88
OPERATING EXPENSES:				
Annuity Benefits	\$ 143	\$ 0	\$ 143	\$ 0
Survivor Benefits	0	0	0	0
Refunds	0	0	0	0
Interest on Refunds	0	0	0	0
Administrative Expenses	2	0	0	2
Total Expenses	\$ 145	\$ 0	\$ 143	\$ 2
OTHER CHANGES IN RESERVES:				
Actuarial Adjustments	0	0	136	(136)
Transfers to Annuities	0	(57)	398	(341)
Total Other Changes	\$ 0	\$ (57)	\$ 534	\$ (477)
Net Reserve Additions	\$ (12)	\$ (12)	\$ 391	\$ (391)
Balance June 30, 1992	\$ 334	\$ 334	\$ 982	\$ (982)
Balance June 30, 1993	\$ 322	\$ 322	\$ 1,373	\$ (1,373)

See note to the Financial Statements

Deferred Compensation Fund

Statement of Changes in Assets and Liabilities

Minnesota State Retirement System

	Year Ended June 30, 1993 (In Thousands)			Balance June 30, 1993
	Balance July 1, 1992	Increases	Decreases	
ASSETS:				
Cash	\$ 9	\$ 59,712	\$ 59,710	\$ 11
Short term investments (at cost)	1,604	22,003	21,332	2,275
Accounts Receivable:				
Member contributions	2,069	2,542	2,069	2,542
Accrued Investment Income	0	0	0	0
Other	68	77	68	77
Deposits with Insurance Companies	509,607	137,908	35,898	611,617
Restricted assets	195,466	131,183	99,384	227,265
Total Assets	\$708,823	\$353,425	\$218,461	\$843,787
LIABILITIES:				
Accounts Payable—Accrued Expenses	\$ 13	\$ 220	\$ 13	\$ 220
Due to Other Funds	39	338	76	301
Member Deferred Compensation	708,771	171,569	37,074	843,266
Total Liabilities	\$708,823	\$172,127	\$ 37,163	\$843,787

See notes to Financial Statements.

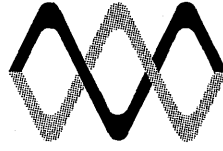
Schedule of Administrative Expenses

Minnesota State Retirement System

Years Ended June 30, 1993 and 1992 (In Thousands)		
	1993 Totals	1992 Totals
Staff salaries	\$1,335	\$1,269
Social Security	104	94
Retirement	60	53
Insurance	126	118
Unemployment and Workers Compensation	1	1
Total	\$1,626	\$1,535
PROFESSIONAL SERVICES:		
Actuarial	\$ 120	\$94
Data processing	153	158
Disability examinations	29	16
Legal counsel	10	7
Other professional services	201	148
Total	\$ 513	\$ 423
COMMUNICATION:		
Printing	\$ 34	\$ 42
Telephone	16	13
Postage	102	118
Travel	6	4
Subscriptions and memberships	6	3
Total	\$ 164	\$ 180
RENTALS:		
Office space	\$ 149	\$ 133
MISCELLANEOUS:		
Utilities	\$ 0	\$ 4
Supplies	28	45
Repairs and maintenance agreements	19	14
Department head and board member expense	14	13
Statewide indirect cost	32	36
Depreciation	48	42
Other purchased services	1	21
Other	0	7
Total	\$ 142	\$ 182
Total Operating Expenses	\$2,594	\$2,453
EXPENSES DISTRIBUTED BY FUND:		
State Employees	\$1,786	\$1,589
State Patrol	61	84
Correctional	87	129
Judges Retirement	37	59
Unclassified Employees	94	210
Deferred Compensation	503	340
Legislators	24	40
Elected Officials	2	2
Total Distribution	\$2,594	\$2,453

Minnesota State Retirement System

ACTUARIAL SECTION



MILLIMAN & ROBERTSON, INC.

Actuaries and Consultants

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Wendell Milliman, F.S.A. (1976)
Stuart A. Robertson, F.S.A.
Chairman Emeritus

November 22, 1993

Board of Directors
Minnesota State Retirement System
175 W. Lafayette Frontage Road
St. Paul, Minnesota 55107-1425

Members of the Board:

We have completed our annual actuarial valuation of the Minnesota State Retirement System to test how well the fundamental financing objectives are being achieved and to determine the actuarial status of the State Employees Retirement Fund (SERF), the State Patrol Retirement Fund (SPRF), the Correctional Employees Retirement Fund (CERF), the Legislators Retirement Fund (LRF), the Elective State Officers Retirement Fund (ESORF) and the Judges Retirement Fund (JRF) as of July 1, 1993.

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 SPRF, CERF and JRF are either ahead of or on schedule to meet the required dates for full funding. The valuation of the LRF and ESORF resulted in a deficiency in the current funding level. The deficiency of 22.12% and 29.64% respectively of payroll was the result of the actuarial contribution requirements of 31.12% and 38.64% respectively exceeding the statutory employee contribution of 9.00%. It should be noted that with respect to the LRF and ESORF, the employer is required to fund the portion of the benefit liabilities which are not funded by the member's accumulated contribution at the time of benefit commencement.

The results for SERF show a modest level of deficiency. The employee and employer contribution levels to SERF were increased in 1993 based on the results of the July 1, 1992 actuarial valuation.

Albany • Atlanta • Boston • Chicago • Cincinnati • Dallas • Denver • Hartford • Houston
Indianapolis • Los Angeles • Milwaukee • Minneapolis • New York • Omaha • Philadelphia
Phoenix • Portland • St. Louis • San Diego • San Francisco • Seattle • Washington, D.C.

Internationally WOODROW MILLIMAN

U.S.A., U.K., Canada, Netherlands, Australia, West Indies, Spain, Belgium, Denmark, Ireland, Norway and Mexico

The actuarial valuation was based upon applicable statutory provisions and the Standards for Actuarial Work in effect on July 1, 1993. In the aggregate, the basic financial and membership data provided to us by the association office appears reasonable in comparison to last year, and we have relied upon the data as submitted in performing the actuarial valuation. It is our understanding that the data has subsequently been audited with no significant changes made.

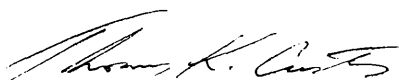
The six valuations were performed by using the actuarial cost methods and actuarial assumptions that are described in a separate table of this report. The actuarial cost method and the assumptions related to asset valuation, investment return, earnings progression and active member payroll growth are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

The following table shows the date for full funding for each of the six plans and the funding percentage for the 1993 valuation. The funding percentage expresses current assets as a percentage of the actuarial accrued liability determined on the entry age normal cost method.

Fund	Funding Date	Funded Percentage
SERF	2020	82%
SPRF	2020	95
CERF	2020	101
LRF	2020	47
ESORF	2020	12
JRF	2020	49

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

Respectfully submitted,


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

TKC/bh

Cost Method and Assumptions

Actuarial Cost Method

Entry Age Normal with costs allocated as level percentage of payroll.

Assumptions

1. Retirement
State Employees Plan, Graded rates from age 58 with 25% of those eligible for Rule of 90 retiring each year; Correctional Plan, age 58; State Patrol, age 58 if hired after June 30, 1961, age 63 if hired before July 1, 1961; Judges Plan, age 68; Elective Officers and Legislators, age 62.
2. Mortality
1971 Group Annuity Mortality Table with an 8 year set back for females. The Combined Annuity Table for disabilitants.
3. Separation
Graded rates based on actual experiences.
4. Expense
Prior year expenses expressed as a percentage of prior year payroll.
5. Interest
8.5% pre-retirement – 5% post-retirement
6. Salary increases
6.5% per year
7. Contribution Refund
Employees withdrawing are assumed to take the larger of a refund or a deferred benefit.
8. Social Security
Correctional Plan, based on the present law and 6.5% salary scale. Only state service earnings used. Judges Plan, \$1,027 per month primary amount, 7.65% contribution rate with \$53,400 covered salary.
9. Asset Valuation
Cost plus 1/3 unrealized gains or losses.

Required Reserves

July 1, 1993
(In Thousands)

	State Employees Fund	State Patrol Fund	Correctional Fund	Judges Fund	Legislative Plan	Elective State Officers Plan
ACTIVE MEMBERS:						
Retirement Annuities	\$2,023,702	\$118,116	\$ 67,419	\$35,640	\$11,170	\$ 782
Disability Benefits	82,085	8,512	1,546	1,697	0	0
Survivors Benefits	104,889	7,238	3,440	3,513	292	14
Deferred Retirements	258,485	7,350	15,537	0	1,224	298
Refunds	(55,244)	(820)	(2,103)	186	(168)	(17)
Total	\$2,413,917	\$140,396	\$ 85,839	\$41,036	\$12,518	\$ 1,077
Deferred Retirements	78,982	2,338	8,305	767	9,088	239
Former Members Not Vested	2,387	111	109	0	42	0
Annuityants in MPRIIF	1,062,677	108,664	40,027	36,155	12,454	0
Annuityants Not in MPRIIF	5,529	6,693	0	12,551	2,699	1,373
Total Required Reserves	\$3,563,492	\$258,202	\$134,280	\$90,509	\$36,801	\$2,689

Actual Compared to Recommended Rates

	Actual Contribution Rates			Recommended
	Employee	Employer	Total	Rate
State Employees Fund	4.07%	4.20%	8.27%	8.93%
State Patrol Fund	8.50	14.88	23.38	21.94
Correctional Fund	4.90	6.27	11.17	10.97
Judges Fund (1)	6.36	22.00	28.36	26.29
Legislative Plan	9.00	0.00 (2)	9.00	31.12
Elected Officers Plan	9.00	0.00 (2)	9.00	38.64

(1) Represents average rate of receipts.

(2) Employer contributions are appropriated directly from State General Fund as needed.

Solvency Test—Funding Ratio

(In Thousands)

STATE EMPLOYEES RETIREMENT FUND:

Valuation Date	(1)	(2)	(3)	(4) Reported Assets	Portion Covered By Reported Assets			Funding Ratio
	Active Member Contributions	Retirees and Beneficiaries	Employer Financed Portion		(1)	(2)	(3)	
	Aggregate Accrued Liabilities							
6-30-84*	\$205,711	\$356,599	\$749,240	\$966,003	100	100	57.9	75.9
6-30-85*	225,879	424,798	868,262	1,158,383	100	100	58.5	76.3
6-30-86*	248,006	497,345	993,546	1,370,049	100	100	62.9	78.8
6-30-87*	271,658	586,695	1,107,870	1,585,971	100	100	65.7	80.7
6-30-88*	286,714	649,064	1,179,698	1,644,145	100	100	60.0	77.7
6-30-89	316,302	714,269	1,426,115	1,871,542	100	100	58.9	76.2
6-30-90	355,216	773,505	1,579,247	2,108,210	100	100	62.0	77.8
6-30-91	391,070	884,089	1,608,444	2,304,312	100	100	64.0	79.9
6-30-92	427,320	987,191	1,710,788	2,613,472	100	100	70.0	83.6
6-30-93	466,594	1,068,206	2,028,690	2,905,578	100	100	67.6	81.5

CORRECTIONAL EMPLOYEES RETIREMENT FUND:

Valuation Date	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Employer Financed Portion	(4) Reported Assets	Portion Covered By Reported Assets			Funding Ratio
					(1)	(2)	(3)	
6-30-88*	\$10,965	\$25,435	\$45,054	\$74,065	100	100	83.6	90.9
6-30-89	12,053	28,492	52,139	85,441	100	100	86.1	92.2
6-30-90	13,452	31,241	57,524	96,945	100	100	90.8	94.8
6-30-91	14,975	33,768	63,428	105,926	100	100	90.2	94.4
6-30-92	16,729	36,728	70,058	121,051	100	100	96.5	98.0
6-30-93	18,537	40,027	75,716	135,939	100	100	102.2	101.2

*The Correctional Plan was included with the State Employees Retirement Fund until July 1, 1987.

STATE PATROL RETIREMENT FUND:

Valuation Date	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Employer Financed Portion	(4) Reported Assets	Portion Covered By Reported Assets			Funding Ratio
					(1)	(2)	(3)	
6-30-84	\$12,762	\$41,150	\$65,770	\$ 86,785	100	100	50.0	72.5
6-30-85	14,213	50,657	69,569	100,486	100	100	51.2	74.7
6-30-86	15,361	61,006	72,157	118,175	100	100	57.9	79.6
6-30-87	16,856	68,457	75,315	136,397	100	100	67.8	84.9
6-30-88	17,863	80,185	77,014	148,355	100	100	65.3	84.7
6-30-89	19,583	87,385	87,466	167,271	100	100	68.9	86.0
6-30-90	21,276	93,794	92,273	185,699	100	100	76.5	89.6
6-30-91	22,980	101,632	99,421	200,068	100	100	75.9	89.3
6-30-92	24,742	108,590	100,324	222,314	100	100	88.7	95.1
6-30-93	27,006	115,357	115,839	244,352	100	100	88.0	94.6

Solvency Test — Funding Ratio

Minnesota State Retirement System

(In Thousands)

JUDGES RETIREMENT FUND:

Valuation Date	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Employer Financed Portion	(4) Reported Assets	Portion Covered By Reported Assets			Funding Ratio
					(1)	(2)	(3)	
6-30-84	\$3,063	\$18,181	\$21,134	\$11,792	100	52.0	0	27.8
6-30-85	3,310	20,218	23,315	13,784	100	51.8	0	29.4
6-30-86	3,670	21,786	25,645	15,983	100	56.5	0	31.3
6-30-87	3,829	26,595	23,610	18,781	100	56.2	0	34.8
6-30-88	4,018	29,949	25,741	20,670	100	55.9	0	34.8
6-30-89	4,477	32,564	27,813	23,352	100	70.3	0	36.0
6-30-90	4,683	36,120	28,593	28,116	100	64.9	0	40.5
6-30-91	5,125	38,105	33,368	33,559	100	74.6	0	43.8
6-30-92	5,711	42,769	35,489	37,768	100	84.9	0	45.0
6-30-93	6,558	48,706	35,245	44,156	100	77.2	0	48.8

ELECTIVE STATE OFFICERS PLAN:

Valuation Date	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Employer Financed Portion	(4) Reported Assets	Portion Covered By Reported Assets			Funding Ratio
					(1)	(2)	(3)	
6-30-85*	\$197	\$917	\$631	\$197	100	0	0	11.3
6-30-86	228	741	737	230	100	0	0	13.5
6-30-87	245	718	837	246	100	0	0	13.7
6-30-88	278	720	931	281	100	0	0	14.6
6-30-89	313	710	1,078	315	100	0	0	15.0
6-30-90	349	709	1,213	351	100	0	0	15.5
6-30-91	306	952	991	308	100	0	0	13.7
6-30-92	334	982	1,064	334	100	0	0	14.0
6-30-93	322	1,373	994	322	100	0	0	12.0

*Actuarial valuations were not done for the Elective State Officers and Legislators Retirement Plans prior to fiscal year 1985.

LEGISLATORS RETIREMENT PLAN:

Valuation Date	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Employer Financed Portion	(4) Reported Assets	Portion Covered By Reported Assets			Funding Ratio
					(1)	(2)	(3)	
6-30-85*	\$2,417	\$8,384	\$7,344	\$8,398	100	71.3	0	46.3
6-30-86	2,742	9,593	9,256	9,535	100	70.8	0	44.2
6-30-87	2,937	11,354	8,792	11,158	100	72.4	0	48.3
6-30-88	3,296	12,009	9,577	11,857	100	71.3	0	47.7
6-30-89	3,622	12,410	12,789	12,317	100	70.0	0	42.7
6-30-90	4,117	12,661	14,544	12,748	100	68.2	0	40.7
6-30-91	4,462	11,999	13,942	14,694	100	85.2	0	48.3
6-30-92	4,975	12,556	15,693	15,160	100	81.1	0	45.6
6-30-93	5,123	15,153	16,525	17,168	100	79.5	0	46.7

*Actuarial valuations were not done for the Elective State Officers and Legislators Retirement Plans prior to fiscal year 1985.

Unfunded Accrued Liability (UAL)

Minnesota State Retirement System

(In Thousands)

STATE EMPLOYEES RETIREMENT FUND:

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Member Payroll	UAL As a % Payroll
6-30-84*	\$1,311,550	\$996,003	\$315,547	\$ 949,951	33.2
6-30-85*	1,518,939	1,158,383	360,556	1,079,715	33.4
6-30-86*	1,738,897	1,370,049	368,848	1,169,240	31.5
6-30-87*	1,966,223	1,585,971	380,252	1,243,198	30.6
6-30-88*	2,115,476	1,644,145	471,331	1,316,671	35.8
6-30-89	2,456,686	1,871,542	585,144	1,418,160	41.3
6-30-90	2,707,968	2,108,210	599,758	1,513,522	39.6
6-30-91	2,883,603	2,304,312	579,291	1,612,238	35.9
6-30-92	3,125,299	2,613,472	511,827	1,658,792	30.9
6-30-93	3,563,492	2,905,578	657,914	1,694,520	38.8

CORRECTIONAL EMPLOYEES RETIREMENT FUND:

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Member Payroll	UAL As a % Payroll
6-30-88*	\$ 81,454	\$ 74,065	\$ 7,389	\$38,807	19.0
6-30-89	92,684	85,441	7,243	41,976	17.3
6-30-90	102,217	96,945	5,272	47,075	11.2
6-30-91	112,171	105,926	6,245	50,821	12.3
6-30-92	123,515	121,051	2,404	56,044	4.4
6-30-93	134,280	135,939	(1,658)	60,330	3.4

*The Correctional Plan was included with the State Employees Retirement Fund until July 1, 1987.

STATE PATROL RETIREMENT FUND:

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Member Payroll	UAL As a % Payroll
6-30-84	\$119,682	\$86,785	\$32,898	\$23,016	142.9
6-30-85	134,440	100,486	33,953	25,876	131.2
6-30-86	148,524	118,175	30,349	27,474	110.5
6-30-87	160,628	136,397	24,231	28,583	84.8
6-30-88	175,062	148,355	26,707	29,267	91.3
6-30-89	194,434	167,271	27,163	32,591	83.3
6-30-90	207,343	185,699	21,644	34,423	62.9
6-30-91	224,033	200,068	23,965	37,777	63.4
6-30-92	233,656	222,314	11,342	37,113	30.6
6-30-93	258,202	244,352	13,850	40,654	34.1

Unfunded Accrued Liability (UAL)

Minnesota State Retirement System

(In Thousands)

JUDGES RETIREMENT FUND:

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Member Payroll	UAL As a % Payroll
6-30-84	\$42,378	\$11,792	\$30,586	\$14,083	217.2
6-30-85	46,843	13,784	33,058	15,146	218.3
6-30-86	51,102	15,983	35,119	16,616	211.4
6-30-87	54,034	18,781	35,253	15,999	220.3
6-30-88	59,708	20,760	38,948	17,109	227.6
6-30-89	64,854	23,352	41,502	18,759	221.2
6-30-90	69,396	28,116	41,280	20,662	199.8
6-30-91	76,598	33,559	43,039	21,570	199.5
6-30-92	83,969	37,768	46,201	22,181	208.3
6-30-93	90,509	44,156	46,353	22,469	206.3

ELECTIVE STATE OFFICERS PLAN:

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Member Payroll	UAL As a % Payroll
6-30-85	\$1,745	\$ 197	\$ 1,548	\$ 366	423.0
6-30-86	1,706	230	1,476	392	376.5
6-30-87	1,800	246	1,554	373	416.6
6-30-88	1,929	281	1,648	386	426.9
6-30-89	2,101	315	1,786	406	439.9
6-30-90	2,271	351	1,920	428	448.6
6-30-91	2,249	308	1,941	440	441.1
6-30-92	2,380	334	2,046	451	453.7
6-30-93	2,689	322	2,367	462	512.3

LEGISLATORS RETIREMENT:

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Member Payroll	UAL As a % Payroll
6-30-85	\$ 18,145	\$ 8,398	\$ 9,747	\$ 4,507	216.3
6-30-86	21,591	9,535	12,056	4,880	247.0
6-30-87	23,083	11,158	11,925	4,765	250.3
6-30-88	24,882	11,857	13,025	4,932	264.1
6-30-89	28,821	12,317	16,504	5,179	318.7
6-30-90	31,322	12,748	18,574	5,465	339.9
6-30-91	30,403	14,694	15,709	6,589	238.4
6-30-92	33,224	15,160	18,064	6,753	267.5
6-30-93	36,801	17,168	19,633	6,891	284.9

Minnesota State Retirement System

STATISTICAL SECTION

Investment Results Compared to Selected Performance Standards

Minnesota State Retirement System

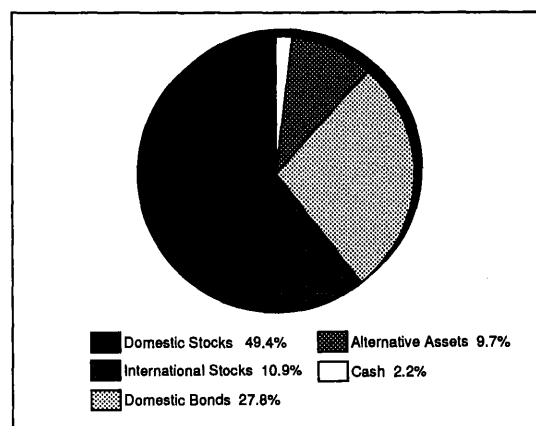
	Fiscal Year					Annualized	
	1989	1990	1991	1992	1993	3 Year	5 Year
Rate of Return - Time Weighted							
Total Fund	15.5%	10.8%	6.7%	14.5%	14.4%	11.8%	12.3%
Composite Index*	16.2	9.8	8.5	12.1	14.0	11.3	11.8
Stocks, Bonds, Cash Only	15.9	11.9	6.8	14.6	16.2	12.4	13.0
Median Fund**	14.3	10.0	8.6	13.4	16.0	11.3	11.9
Inflation	5.2	4.7	4.7	3.1	3.0	3.6	4.1

*60% Wilshire 5000/24% Salomon Broad Investment Grade Bond Index/10% Wilshire Real Estate Index/1% 91 Day T-Bills/2.5% Venture Capital Funds/2.5% Resource Funds since July 1989.

** Wilshire Assoc. Trust Universe Comparison Service (TUCS) median balanced portfolio. TUCS contains

Investment Allocation

	Actual Asset Mix	Policy Target
Domestic Stocks	49.4	50.0%
International Stocks	10.9	10.0
Domestic Bonds	27.8	24.0
Alternative Assets*	9.7	15.0
Unallocated Cash	2.2	1.0
Total	100.0%	100.0%



* Alternative assets are invested in bonds until deployed.

Active Employees*

*These Statistics are not available for the Legislators and Elective State Officers Plans.

Year Ending	Average Entry age For New Members			Averages for All Members								
	Male	Female	Total	Entry Age			Attained Age			Service Credit		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
STATE EMPLOYEES RETIREMENT FUND:												
6-30-84	29.7	29.4	29.6	30.4	30.1	30.3	41.6	37.7	39.5	10.8	7.0	8.8
6-30-85	31.6	31.0	31.2	30.5	30.3	30.4	41.7	38.0	39.7	10.9	7.3	9.0
6-30-86	32.0	31.2	31.5	30.5	30.4	30.5	41.8	38.2	39.9	11.0	7.4	9.1
6-30-87	32.4	31.9	32.1	30.5	30.5	30.5	41.9	38.5	40.1	11.2	7.6	9.3
6-30-88	33.6	33.6	33.6	30.7	30.8	30.8	42.1	39.0	40.4	11.2	7.7	9.3
6-30-89	33.0	32.7	32.8	30.6	30.7	30.7	42.2	39.1	40.5	11.3	7.8	9.4
6-30-90	33.9	33.3	33.5	30.7	31.0	30.9	42.4	39.6	40.9	11.4	8.1	9.6
6-30-91	32.9	32.1	32.5	30.7	31.0	30.9	42.6	40.0	41.2	11.5	8.5	9.9
6-30-92	33.2	32.5	32.8	30.7	30.8	30.8	42.9	40.6	41.6	11.7	9.0	10.2
6-30-93	33.0	32.3	32.6	30.7	30.8	30.8	43.2	41.0	42.0	12.0	9.4	10.6
CORRECTIONAL OFFICERS RETIREMENT FUND:												
6-30-84	28.7	32.4	29.3	28.8	31.1	29.1	35.6	36.2	35.7	6.7	4.4	6.4
6-30-85	29.2	28.6	29.0	28.9	30.4	29.1	35.2	36.2	36.1	7.2	4.8	6.9
6-30-86	29.8	32.1	30.4	29.0	31.1	29.3	36.8	36.2	36.7	7.7	5.2	7.4
6-30-87	30.0	30.0	30.0	29.1	30.8	29.3	37.3	35.9	37.1	8.2	5.2	7.8
6-30-88	29.8	31.5	30.3	29.1	31.0	29.4	37.7	36.2	37.5	8.6	5.2	8.1
6-30-89	29.6	29.3	29.5	29.1	30.2	29.3	38.0	35.5	37.7	8.8	5.2	8.2
6-30-90	30.5	31.1	30.7	29.2	30.3	29.4	38.0	35.4	37.5	8.7	5.0	8.1
6-30-91	31.1	32.2	31.5	29.3	30.6	29.5	38.2	35.7	37.7	8.8	5.0	8.1
6-30-92	31.0	31.0	29.5	29.5	31.5	31.2	38.1	36.5	38.1	8.1	5.0	8.1
6-30-93	31.5	33.6	32.2	29.6	31.9	30.1	38.8	37.0	38.5	5.1	9.1	8.3
STATE PATROL RETIREMENT FUND:												
6-30-84	28.0	31.7	28.3	27.1	26.0	27.0	41.0	32.9	40.7	14.0	6.9	13.8
6-30-85	27.8	23.3	27.4	27.0	25.3	26.9	40.8	32.4	40.5	13.9	7.1	13.7
6-30-86	26.5	22.8	26.4	26.9	25.1	26.8	40.5	33.0	40.3	13.7	7.9	13.5
6-30-87	26.0	36.7	26.4	26.8	25.5	26.7	40.7	34.1	40.5	14.0	8.6	13.8
6-30-88	32.5	34.2	32.7	26.8	25.5	26.7	40.9	35.1	40.6	14.2	9.6	14.0
6-30-89	28.2	24.3	27.9	26.8	24.8	26.8	41.0	34.0	40.7	14.2	9.1	14.0
6-30-90	29.9	30.7	29.9	27.0	25.5	26.9	40.9	34.4	40.6	14.0	8.9	13.8
6-30-91	30.6	31.0	30.6	27.1	26.5	27.1	40.9	35.0	40.7	13.9	8.4	13.6
6-30-92	-	-	-	27.1	26.6	27.1	41.3	35.9	41.1	14.3	9.2	14.0
6-30-93	-	-	-	27.1	26.3	27.0	42.1	36.6	41.8	15.0	10.2	14.8
JUDGES RETIREMENT FUND:												
6-30-84	43.6	44.0	43.7	41.7	41.8	41.7	54.0	45.5	53.3	12.1	3.7	11.4
6-30-85	38.0	25.4	34.2	41.5	41.5	41.5	53.8	45.7	53.1	12.2	4.2	11.5
6-30-86	48.1	38.7	47.2	41.7	41.4	41.7	54.3	46.4	53.5	12.4	5.0	11.8
6-30-87	45.6	48.6	46.4	41.7	42.8	41.8	54.0	48.1	53.4	12.2	5.2	11.5
6-30-88	44.9	43.2	44.6	41.8	43.0	42.0	53.9	48.0	53.2	11.9	5.0	11.1
6-30-89	44.7	-	44.7	42.0	43.0	42.2	54.1	49.0	53.6	11.9	6.0	11.3
6-30-90	43.8	43.0	43.6	41.9	43.0	42.0	53.4	49.1	52.8	11.3	6.0	10.7
6-30-91	46.7	41.2	45.6	42.1	42.8	42.2	53.5	49.2	52.9	11.2	6.4	10.6
6-30-92	47.6	54.2	48.9	43.4	42.3	42.5	53.8	50.4	53.3	11.4	7.0	10.7
6-30-93	44.5	42.9	44.1	42.4	43.4	42.5	53.5	50.8	53.1	11.1	7.5	10.5

Employees Eligible to an Immediate Annuity

Minnesota State Retirement System

June 30, 1993

STATE EMPLOYEES RETIREMENT FUND:

Full Benefit	877
Reduced Benefit Due to Early Retirement	5,239
Proportional Benefit (Age Equal To Or Greater Than 65, Service Less Than 10Years)	82
Rule of 90	410
Vested Employees Not Eligible To Immediate Benefit	31,982
Employees Not Vested	10,233

Totals	48,823
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CORRECTIONAL OFFICERS RETIREMENT FUND:

Full Benefit	59
Vested Employees Not Eligible To Immediate Benefit	1,116
Employees Not Vested	443

Totals	1,618
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STATE PARTOL RETIREMENT FUND:

Full Benefit	50
Vested Employees Not Eligible To Immediate Benefit	676
Employees Not Vested	55

Totals	781
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JUDGES RETIREMENT FUND:

Full Benefit	27
Reduced Benefit	18
Vested Judges Not Eligible To Immediate Benefit	149
Judges Not Vested	73

Totals	267
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LEGISLATIVE PLAN:

Full Benefit	18
Reduced Benefit	9
Vested Members Not Eligible For An Immediate Benefit	84
Members Not Vested	89

Totals	200
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ELECTIVE STATE OFFICERS PLAN:

Full Benefit	0
Vested Members Not Eligible For An Immediate Benefit	3
Members Not Vested	3

Totals	6
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Refund Statistics*

*These statistics are not available for the Legislators and Elective State Officers Plans.

Year Ending	Number of Refunds			Age		Years Forfeited		Number Forfeiting
	Male	Female	Total	Male	Female	Male	Female	Vested Rights
STATE EMPLOYEES RETIREMENT FUND:								
6-30-84	1,814	3,201	5,015	35.0	33.0	2.7	2.9	217
6-30-85	1,663	3,007	4,670	34.3	32.8	2.9	2.8	200
6-30-86	1,330	2,604	3,934	34.3	32.5	3.3	3.0	175
6-30-87	1,230	2,584	3,814	35.1	33.4	3.3	2.9	184
6-30-88	1,540	2,607	4,147	33.3	33.1	2.5	2.7	177
6-30-89	1,256	2,595	3,851	33.9	33.4	3.0	2.7	652
6-30-90	1,227	2,491	3,718	34.9	33.6	2.9	2.7	1,085
6-30-91	1,271	2,415	3,686	33.9	34.8	2.6	2.6	934
6-30-92	1,019	1,954	2,973	34.6	34.5	3.1	2.9	920
6-30-93	989	1,662	2,651	35.2	34.7	3.5	3.1	819
CORRECTIONAL OFFICERS RETIREMENT FUND:								
6-30-84	69	10	79	32.6	29.7	3.6	2.5	3
6-30-85	68	16	84	31.6	31.9	2.6	3.5	2
6-30-86	66	20	86	31.5	31.6	3.5	2.2	2
6-30-87	56	15	71	32.3	31.6	3.8	2.4	2
6-30-88	48	10	58	31.1	29.4	3.2	2.7	2
6-30-89	42	20	62	32.7	34.6	4.3	2.9	19
6-30-90	38	21	59	34.6	33.6	4.2	2.0	28
6-30-91	34	12	46	33.3	30.0	3.8	3.0	20
6-30-92	39	12	51	32.1	33.9	4.2	2.4	28
6-30-93	30	19	49	36.1	34.3	5.2	2.4	22
STATE PATROL RETIREMENT FUND:								
6-30-84	6	2	8	36.7	27.7	9.5	0.5	2
6-30-85	5	2	7	29.6	28.7	0.4	0.4	0
6-30-86	5	1	6	32.6	33.8	4.5	5.1	1
6-30-87	8	0	8	34.0	-	5.8	-	1
6-30-88	1	0	1	34.5	-	3.8	-	0
6-30-89	6	1	7	32.2	36.1	5.0	1.5	1
6-30-90	2	0	2	33.0	-	5.6	-	2
6-30-91	3	0	3	37.0	-	2.8	-	1
6-30-92	4	0	4	39.5	-	8.7	-	2
6-30-93	1	0	1	35.5	-	11.1	-	1
JUDGES RETIREMENT FUND:								
6-30-84	1	0	1	42.2	-	1.4	-	0
6-30-85	0	0	0	-	-	-	-	0
6-30-86	0	0	0	-	-	-	-	0
6-30-87	0	0	0	-	-	-	-	0
6-30-88	0	1	1	-	37.9	-	3.5	0
6-30-89	1	0	1	43.5	-	14.4	-	1
6-30-90	0	0	0	-	-	-	-	0
6-30-91	5	0	5	40.8	-	3.3	-	2
6-30-92	0	0	0	-	-	-	-	0
6-30-93	0	0	0	-	-	-	-	0

State Employees Retirement Fund

Schedule of Retired Members by Type of Benefit

Minnesota State Retirement System

Amount of Monthly Benefit	Number of Retirees	Type of Retirement					Option Selected			
		1	2	3	4	5	Life	I	II	III
0- 199	3,231	2,785	166	260	0	20	2,433	727	50	21
200- 399	3,713	3,098	265	334	1	15	2,677	943	71	22
400- 599	2,695	2,267	200	220	0	8	1,859	774	53	10
600- 799	1,741	1,541	84	111	1	4	1,128	579	22	12
800- 999	1,221	1,098	40	81	1	1	704	486	16	13
1,000-1,199	847	795	10	40	0	2	451	385	4	8
1,200-1,399	606	570	7	27	1	1	277	322	4	3
1,400-1,599	452	422	6	23	1	0	194	250	4	3
1,600-1,799	267	252	1	14	0	0	120	137	3	7
1,800-1,999	163	160	0	2	1	0	75	88	0	0
Over 2,000	227	221	0	5	1	0	77	149	1	0
Totals	15,163	13,209	779	1,117	7	51	9,996	4,840	228	99

Types:

- 1 General Plan Annuitants
- 2 General Plan Disabilitants
- 3 General Plan Survivors
- 4 Military Affairs Plan
- 5 Unclassified Plan

Options:

- Life Straight Life Annuity
- I Joint & Survivor
- II Death While Eligible
- III Period Certain

State Patrol Retirement Fund

Schedule of Retired Members By Type of Benefit

Amount of Monthly Benefit	Number of Retirees	Type of Retirement			Option Selected		
		1	2	3	Life	I	II
0- 199	10	3	0	7	4	0	6
200- 399	44	9	0	35	12	25	7
400- 599	30	8	1	21	8	18	4
600- 799	25	11	1	13	8	17	0
800- 999	26	14	1	11	7	19	0
1,000- 1,199	23	11	3	9	6	14	3
1,200- 1,399	31	26	1	4	12	18	1
1,400- 1,599	37	28	2	7	13	22	2
1,600- 1,799	47	41	3	3	14	32	1
1,800- 1,999	57	54	0	3	20	37	0
Over 2,000	183	173	3	7	111	69	3
Totals	513	378	15	120	215	271	27

Types:

- 1 Retired Members
- 2 Disabilitants
- 3 Survivors

Options:

- Life Full Life Annuity
- I Joint & Survivor
- II Death While Eligible

Judges Retirement Fund

Schedule of Retired Members by Type of Benefit

Amount of Monthly Benefit	Number of Retirees	Type of Retirement			Life	Option Selected		
		1	2	3		I	II	III
0- 199	6	6	0	0	6	0	0	0
200- 399	0	0	0	0	0	0	0	0
400- 599	8	3	0	5	7	1	0	0
600- 799	10	2	0	8	8	1	1	0
800- 999	4	2	0	2	4	0	0	0
1,000- 1,199	11	4	0	7	8	3	0	0
1,200- 1,399	6	4	0	2	3	2	1	0
1,400- 1,599	24	3	0	21	16	3	5	0
1,600- 1,799	15	5	2	8	7	3	5	0
1,800- 1,999	13	9	0	4	6	3	4	0
Over 2,000	109	91	6	12	26	47	28	8
Totals	206	129	8	69	91	63	44	8

Types:

- 1 Retired Members
- 2 Disabilitants
- 3 Survivors

Options:

- Life Full Life Annuity
- I Joint & Survivor
- II Life + 50% Survivor
- III Period Certain

Correctional Retirement Fund

Schedule of Retired Members by Type of Benefit

Amount of Monthly Benefit	Number of Retirees	Type of Retirement			Life	Option Selected		
		1	2	3		I	II	III
0- 199	25	23	1	1	19	5	1	0
200- 399	52	47	1	4	40	12	0	0
400- 599	74	67	0	7	51	22	1	0
600- 799	78	74	4	0	67	11	0	0
800- 999	50	43	5	2	38	11	0	1
1,000- 1,199	40	34	6	0	25	15	0	0
1,200- 1,399	20	16	3	1	12	8	0	0
1,400- 1,599	23	23	0	0	9	14	0	0
1,600- 1,799	19	19	0	0	8	11	0	0
1,800- 1,999	10	10	0	0	9	1	0	0
Over 2,000	18	18	0	0	9	9	0	0
Totals	409	374	20	15	287	119	2	1

Types:

- 1 Retired Members
- 2 Disabilitants
- 3 Survivors

Options:

- Life Full Life Annuity
- I Joint & Survivor
- III Period Certain

Legislators and Elected State Officers Schedule of Retired Members by Type of Benefit

Amount of Monthly Benefit	Type of Retirement			
	Elected State Officers		Legislators	
	Members	Survivor	Members	Survivor
0- 199	0	0	7	12
200- 399	1	1	20	17
400- 599	0	0	34	12
600- 799	1	1	27	5
800- 999	0	0	14	5
1,000- 1,199	0	0	12	0
1,200- 1,399	1	1	8	0
1,400- 1,599	0	1	7	0
1,600- 1,799	1	0	7	1
1,800- 1,999	0	0	3	0
Over 2,000	2	0	9	0
Totals	6	4	148	52

Deferred Compensation Plan Statistics

Minnesota State Retirement System

These statistics include only participants in the Minnesota Supplemental Investment Fund and not the insurance company participants. On June 30, 1993, there were 9,273 active participants, 3,090 inactive participants and 847 in withdrawal status for a total of 13,210.

INVESTMENT PERFORMANCE:

INVESTMENT PERFORMANCE:	Share Value		Rate of Return	
	June 30, 1992	June 30, 1993	FY 1993	5 Year Average
Income Shares	\$41.82	\$47.85	14.4%	12.7%
Growth Shares	27.73	32.32	16.6%	12.0%
Common Stock Index	19.61	22.89	16.7%	13.7%
Bond Market	17.68	20.24	14.5%	11.9%
	Average Interest Rate			
	FY 1992	FY 1993	5 Year Average	
Money Market	5.1%	3.3%	6.8%	
	November 3-Year Contract Interest Rates			
	1990	1991	1992	1993
Fixed Interest	8.765%	6.625%	5.28%	4.625%

INVESTMENT DISTRIBUTION:

	Current Investments for June 1993			Total Investments as of June 30, 1993		
	% of Participants	% of Dollars	Average Invested	% of Participants	% of Dollars	Average Invested
Income Shares	45.7%	30.2%	\$163	47.9%	26.9%	\$ 9,726
Growth Shares	33.4	18.6	134	35.4	13.9	6,778
Money Market	11.1	8.1	134	33.1	18.9	9,861
Common Stock Index	36.3	22.0	154	32.7	10.1	5,369
Fixed Interest 1990	—	—	—	19.8	8.7	7,678
Fixed Interest 1991	—	—	—	23.7	10.9	7,937
Fixed Interest 1992	17.2	16.7	154	22.4	6.6	5,113
Bond Market	11.1	4.4	112	12.6	4.0	5,471

PARTICIPANT DISTRIBUTION:

	Monthly Investment							
	Under \$50	\$50- \$99	\$100- \$199	\$200- \$299	\$300- \$399	\$400- \$499	\$500- \$599	Over \$600
Age 24 and under	17	10	14	1	2	3	0	5
Age 25 thru 34	386	420	364	119	60	38	17	182
Age 35 thru 44	703	662	788	409	170	128	152	523
Age 45 thru 54	371	468	675	423	218	171	219	558
Age 55 thru 64	92	124	191	170	67	80	129	290
Age 65 and over	8	17	15	16	7	8	17	24

PARTICIPANT WITHDRAWALS:

	FY 1993 Number	Average Dollar
Lump sum withdrawals:		
Partial Withdrawal	66	\$ 6,715
Full Withdrawal	181	\$ 6,428
Transfer to Insurance Co.	145	\$34,767
Survivor's Refund	22	\$30,802
Ongoing Withdrawals — June 30, 1993		
Members	802	\$547 per month
Survivors	45	\$551 per month

Unclassified Employees Retirement Plan

Minnesota State Retirement System

On June 30, 1993, there were 1,521 active participants, and 1,164 inactive participants for a total of 2,685.

INVESTMENT PERFORMANCE:

INVESTMENT PERFORMANCE:	Share Value		Rate of Return	
	June 30, 1992	June 30, 1993	FY 1993	5 Year Average
Income Shares	\$41.82	\$47.85	14.4%	12.7%
Growth Shares	27.73	32.32	16.6%	12.0%
Common Stock Index	19.61	22.89	16.7%	13.7%
Bond Market	17.68	20.24	14.5%	11.9%
	Average Interest Rate			
	FY 1992	FY 1993	5 Year Average	
Money Market	5.1%	3.3%	6.8%	
	November 3-Year Contract Interest Rates			
	1990	1991	1992	1993
Fixed Interest	8.765%	6.625%	5.28%	4.625%

INVESTMENT DISTRIBUTION: Current Investments for June 1993

	Current Investments for June 1993			Total Investments as of June 30, 1993		
	% of Participants	% of Dollars	Average Invested	% of Participants	% of Dollars	Average Invested
Income Shares	77.3%	58.8%	\$278	75.4%	54.2%	\$27,665
Growth Shares	31.1	13.4	153	33.0	15.6	18,224
Money Market	18.1	10.4	162	23.7	12.1	19,797
Bond Market	13.1	4.3	99	14.5	4.3	11,507
Common Stock Index	17.6	8.5	163	16.4	7.1	16,526
Fixed Interest 1990	—	—	—	7.7	1.1	5,459
Fixed Interest 1991	—	—	—	11.4	4.6	15,537
Fixed Interest 1992	9.1	4.6	139	9.3	1.0	4,297

PARTICIPANT DISTRIBUTION:

	Monthly Investment							
	Under \$50	\$50-\$99	\$100-\$199	\$200-\$299	\$300-\$399	\$400-\$499	\$500-\$599	Over \$600
Age 24 and under	1	2	16	2	1	0	0	2
Age 25 thru 34	7	10	84	76	51	17	9	76
Age 35 thru 44	1	11	57	88	91	95	42	126
Age 45 thru 54	2	3	46	53	40	69	82	120
Age 55 thru 64	6	26	28	21	15	25	23	31
Age 65 and over	0	0	8	6	3	6	3	1

PARTICIPANT WITHDRAWALS:

	FY 1993 Number	Average Dollar
Lump sum withdrawals:		
From active status	143	\$26,640
Survivor's Refund	6	\$51,779
Annuitants — As of June 30, 1993	51	\$344 per month

