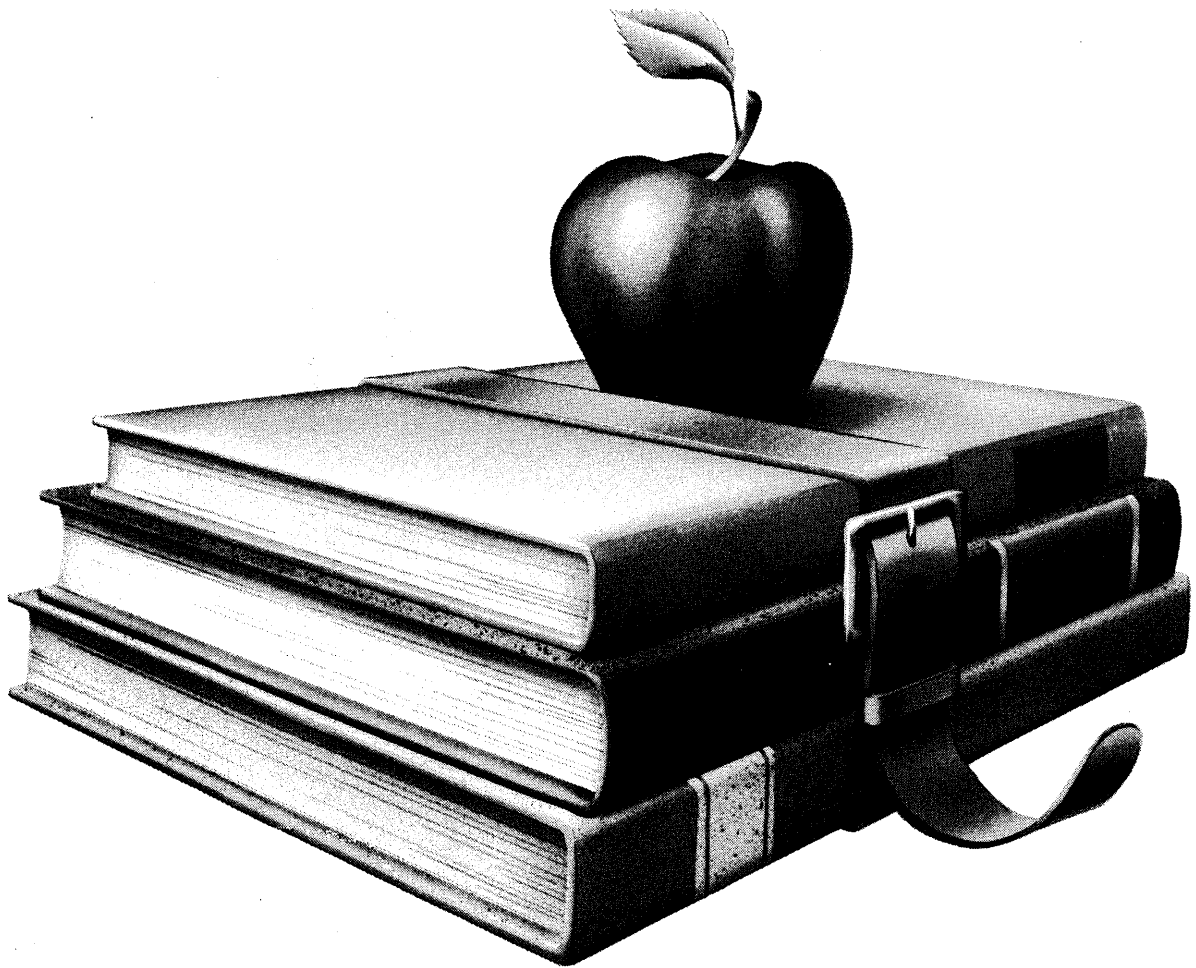




1991-1992 Annual Report of the Board of Trustees

St. Paul Teachers'
Retirement Fund Association



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1991/92

Pursuant to Mn Stat 356.20

St. Paul Teachers' Retirement Fund Association

1619 Dayton Avenue Room 309

Saint Paul, MN 55104

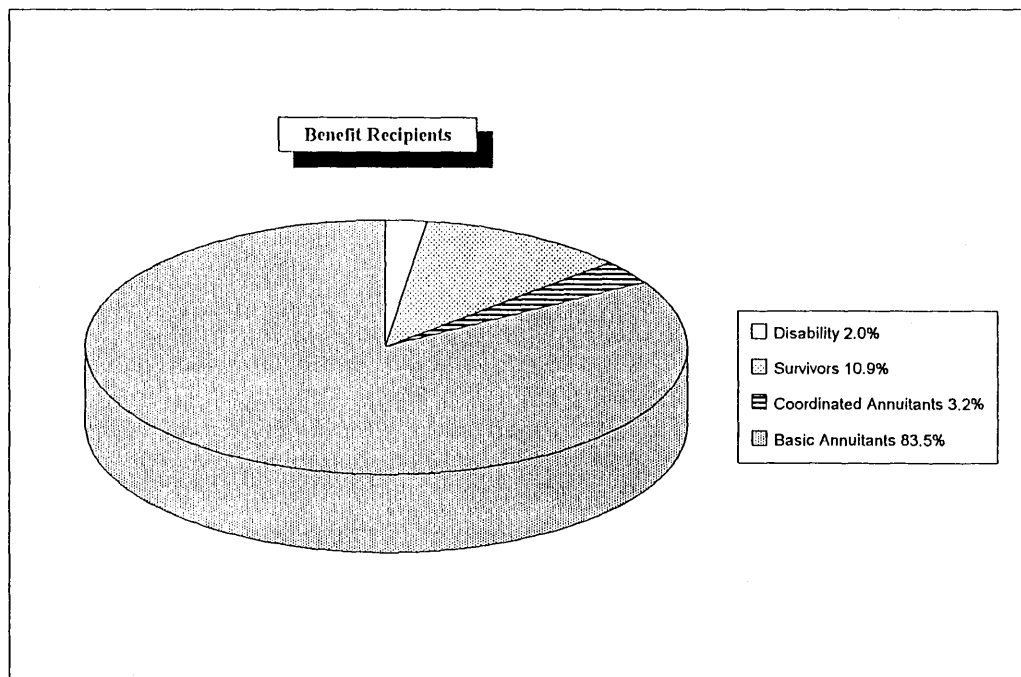
(612) 642-2550

Supplement to the 1991-1992 Annual Report of the Board of Trustees

Corrections:

Page 5 of the Annual Report states that this document is a consolidated summary. This paragraph was printed in error. This copy is the full version of the 1991-1992 Annual Report of the Board of Trustees for the St. Paul Teachers Retirement Fund Association.

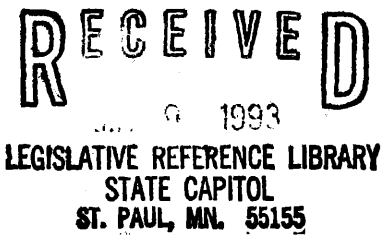
Furthermore, the following graph should replace the information regarding Benefit Recipients on page 38 of this report.



St. Paul Teachers' Retirement Fund Association

ANNUAL REPORT
OF THE BOARD OF TRUSTEES

For the period
July 1, 1991 to June 30, 1992



1619 Dayton Avenue - Room 309
Saint Paul, MN 55104
(612) 642-2550

BOARD OF TRUSTEES

Mr. James P. Gillach	President
Ms. Carol J. Adams	Vice-President
Mr. Eugene R. Waschbusch	Secretary-Treasurer
Mr. Feryle W. Borgeson	Trustee
Mrs. Cheryl Carlson	Trustee
Mr. Richard J. Cherveney	Trustee
Mr. Lyle T. Farmer	Trustee
Mr. Frank D. Jondal	Trustee
Mr. John Kunz	Trustee
Ms. Becky Montgomery Chairperson, Board of Education ISD #625	Ex-Officio, Trustee

AUDITOR

Coopers and Lybrand

ACTUARY

Milliman & Robertson, Inc.

INVESTMENT COUNSEL

CSI Asset Management

LEGAL COUNSEL

Doherty, Rumble and Butler

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Saint Paul Teachers' Retirement Fund Association

BOARD OF TRUSTEES

1619 DAYTON AVENUE, ROOM 309

MEMBERS

Feryle W. Borgeson
Cheryl Carlson
Richard J. Cherveney
Becky Montgomery, Ex-Officio

Lyle T. Farmer
Franklin D. Jondal
John R. Kunz

OFFICERS

James P. Gillach
Carol J. Adams
Eugene R. Waschbusch

President
Vice-President
Secretary-Treasurer

SAINT PAUL, MINNESOTA 55104

PHONE: 642-2550

The Board of Trustees of St. Paul Teachers' Retirement Fund Association submits herewith the Financial Report for the fiscal year July 1, 1991 to June 30, 1992 in accordance with the provisions of Minnesota Statutes 356.20.

The financial statements of the Association were audited by Coopers and Lybrand. A copy of the report is included as a part of this report.

Portions of the Actuarial Valuation from the actuary retained by the Legislative Commission on Pensions and Retirement, Milliman and Robertson, Inc., are included in this report. The complete report is on file in our office.

REVENUES

The reserves required to finance benefits come from employee and employer contributions and through investment gains. During fiscal year 1991-92, total contributions amounted to \$18,310,376. Investment income for the same period was \$34,014,924.

EXPENSES

Benefits to annuitants, disabilitants, survivors and dependent children for the fiscal year totaled \$20,917,828. Refunds to members who left the Association totaled \$505,961. Administrative expenses amounted to \$380,193. Net assets available for plan benefits increased by \$30,521,318 during fiscal year 1991-92.

INVESTMENTS

The investments of St. Paul Teachers' Retirement Fund Association had a rate of return for the fiscal year ending June 30, 1992 of 12%. You are encouraged to read the letter from CSI Asset Management Inc., our primary investment manager. A complete list of our investment portfolio on June 30, 1992 is included in this report.

MEMBER SERVICES

This year the Association staff was expanded by the employment of an Information Specialist who will be writing newsletters and continue the annual visits to the schools and other locations where members work. The purpose of these visits is to provide access to individual pension information.

Each member over 45 years old will be mailed a pension benefit estimate on an annual basis, showing the July 1, 1993 benefit available and estimated benefits at ages 55, 60 and 65.

The document you are reading is a consolidated summary of the Annual Report. A copy of the complete Annual Report is available at the Administration office of each school or location where members work. Complete reports will be available at the Annual Meeting of the members. Any member who wishes a complete report will be sent one on request.

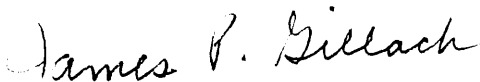
LEGISLATION

The 1992 legislature recognized the underfunding problem of SPTRFA and began to address this problem by requiring an employer supplemental contribution of 1% of coordinated member payroll, paid after June 30, 1993. The legislature also provided that subject to membership approval, the pension reduction of an annuitant who returns to work with St. Paul Schools and exceeds the allowable earnings will change. The new reduction will be changed from a one dollar pension reduction for each one dollar of excess earnings to a reduction of one dollar for each three dollars of excess earnings.

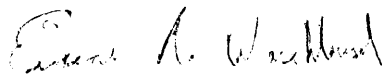
In summary, Fiscal year 1991-92 was another positive year for our fund. The year end value of total assets available for benefits valued at cost was \$348,809,190. This year again, investment returns paid for all pension and fiscal year expenses with the surplus placed in reserve for future benefit obligations.

On behalf of the members of the Board of Trustees we wish to express our gratitude to the Association staff, ISD #625, and to others who have helped assure our successful operation. We pledge to continue to administer the affairs of the Association in the most competent and efficient manner possible.

Respectfully submitted,



James P. Gillach
President



Eugene R. Waschbusch
Secretary-Treasurer

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees of
St. Paul Teachers' Retirement
Fund Association:

We have audited the accompanying balance sheet of the St. Paul Teachers' Retirement Fund Association (Association) as of June 30, 1992, and the related statement of revenues, expenses and changes in fund balance for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the St. Paul Teachers' Retirement Fund Association for the year ended June 30, 1991, were audited by the State of Minnesota Office of the State Auditor whose report dated August 7, 1991, on those statements included an explanatory paragraph which described that the Association adopted a policy in 1991 to prepare its financial statements in conformity with generally accepted accounting principles rather than its prior method which was based on accounting practices prescribed by the State of Minnesota which are not in conformity with generally accepted accounting principles.

We conducted our audit in accordance with generally accepted 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 1992 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplemental schedules as listed in the accompanying index on page 1 are required by the Governmental Accounting Standards Board and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Coopers & Lybrand

St. Paul, Minnesota
September 25, 1992

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

BALANCE SHEET, June 30, 1992 and 1991

ASSETS	<u>1992</u>	<u>1991</u>
Cash	\$ 359,909	\$ 320,545
Investments:		
Commercial paper (market value approximates cost)	34,065,340	26,222,353
United States Government Securities (market value \$126,152,272 and \$123,198,261 in 1992 and 1991, respectively)	122,794,336	123,142,789
Corporate bonds (market value of \$66,420,354 and \$61,995,000 in 1992 and 1991, respectively)	65,273,399	61,036,586
Common stocks (market value of \$96,643,409 and \$84,020,087 in 1992 and 1991, respectively)	84,643,075	71,007,427
Collective Trust Funds (aggregate market value of \$50,021,793 and \$34,417,383 in 1992 and 1991, respectively):		
Bond Index Fund	18,983,202	17,499,125
Equity Index Fund	16,529,275	15,954,853
International Equity Index Fund	10,365,441	
First American Institutional Money Fund (market value approximates cost)	1,234,656	426,126
Real estate, limited partnership (market value of \$712,131 and \$736,161 in 1992 and 1991, respectively)	705,010	728,800
Participation loan receivable		156,212
Total investments	<u>354,593,734</u>	<u>316,174,271</u>
Receivables:		
Contributions	401,498	392,433
Interest	2,232,382	3,058,342
Dividends	218,247	262,855
Security sales	<u>11,419,255</u>	<u>4,290,560</u>
Total receivables	<u>14,271,382</u>	<u>8,004,190</u>
Furniture and fixtures (at cost, less accumulated depreciation of \$20,111 and \$15,616 in 1992 and 1991, respectively)	<u>20,799</u>	<u>23,142</u>
	<u>\$ 369,245,824</u>	<u>\$ 324,522,148</u>

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

LIABILITIES	<u>1992</u>	<u>1991</u>
Accrued bonus payable to annuitants	\$ 3,673,125	\$ 3,264,878
Accounts payable	65,513	38,309
Security purchases payable	<u>16,697,996</u>	<u>2,931,089</u>
Total liabilities	<u>20,436,634</u>	<u>6,234,276</u>
FUND BALANCE		
Actuarial present value of credited projected benefits payable to:		
Retirees and beneficiaries now receiving benefits	183,380,000	166,270,000
Deferred vested and inactive teachers	5,764,000	3,375,000
Active teachers	<u>313,883,000</u>	<u>296,330,000</u>
Total actuarial present value of credited projected benefits	503,027,000	465,975,000
Unfunded actuarial present value of credited projected benefits	<u>(154,217,810)</u>	<u>(147,687,128)</u>
Total fund balance	<u>348,809,190</u>	<u>318,287,872</u>
	<u>\$ 369,245,824</u>	<u>\$ 324,522,148</u>

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

for the years ended June 30, 1992 and 1991

	<u>1992</u>	<u>1991</u>
Revenues:		
Investment income, net:		
Interest	\$ 17,887,171	\$ 19,532,002
Dividends	3,638,688	2,278,381
Net gain on sale of investments	12,979,098	11,487,748
Direct investment expenses	<u>(490,033)</u>	<u>(324,040)</u>
Total investment income	<u>34,014,924</u>	<u>32,974,091</u>
Contributions:		
Governmental units	10,489,037	10,254,928
Members:		
Required withholdings	7,561,382	7,319,824
Voluntary	<u>259,957</u>	<u>197,916</u>
Total contributions	<u>18,310,376</u>	<u>17,772,668</u>
Total revenue	<u>52,325,300</u>	<u>50,746,759</u>
Expenses:		
Benefits to participants:		
Retirement	19,170,849	17,661,979
Disability	603,250	559,773
Survivor	1,116,459	971,835
Dependent children	27,270	21,436
Contribution refunds	<u>505,961</u>	<u>235,502</u>
Total benefits and refunds	21,423,789	19,450,525
Administrative expenses	<u>380,193</u>	<u>340,750</u>
Total expenses	<u>21,803,982</u>	<u>19,791,275</u>
Revenues in excess of expenses	30,521,318	30,955,484
Fund balance, beginning of year	<u>318,287,872</u>	<u>287,332,388</u>
Fund balance, end of year	<u>\$348,809,190</u>	<u>\$318,287,872</u>

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

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

The St. Paul Teachers' Retirement Fund (Fund) is a defined benefit pension fund administered by the St. Paul Teachers' Retirement Fund Association (Association), pursuant to the Association's bylaws and Minnesota Statutes Chapters 354A and 356. The Fund's membership consists of eligible employees of Independent School District 625, St. Paul. The Association is governed by a ten-member Board of Trustees.

INVESTMENTS:

Investments are reported at cost, subject to adjustment for market value declines judged to be other than temporary.

INVESTMENT INCOME:

Interest income is recognized when earned on an accrual basis and dividend income is recorded on the ex dividend date. Purchases and sales of securities are recorded on the trade date.

CONTRIBUTIONS:

Member employee contributions are recognized when withheld or when paid directly by the member employee.

Employer contributions are recognized as a percentage of covered payroll as earned.

FURNITURE AND FIXTURES:

Furniture and fixtures are carried at cost less accumulated depreciation. Depreciation has been provided using the straight-line method over estimated useful lives of five years.

2. Description of Plans:

The following brief description of the plans is provided for general information purposes only. Participants should refer to the plan agreements for more complete information.

The plans are not subject to the provisions of the Employee Retirement Income Security Act of 1974.

Continued

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS, Continued

2. Description of Plans, continued:

GENERAL:

The Association was created to provide retirement and other specified benefits for its members. The Association maintains two defined benefit pension plans covering all teachers in the St. Paul Public School System. The basic plan provides all retirement benefits for its members, while the coordinated plan combines benefits from the plan with Social Security.

MEMBERSHIP:

At June 30, 1992 and 1991, the St. Paul Teachers' Retirement Fund Association's membership consisted of:

	<u>1992</u>	<u>1991</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,417</u>	<u>1,376</u>
Current employees (including members on leave):		
Vested	2,362	2,572
Nonvested	<u>1,120</u>	<u>857</u>
Total current employees	<u>3,482</u>	<u>3,429</u>
Total membership	<u>4,899</u>	<u>4,805</u>

PENSION BENEFITS:

Members who satisfy required length of service and minimum age requirements are entitled to annual pension benefits equal to a certain percentage of final average salary (as defined in each plan) multiplied by the number of years of accredited service.

DISABILITY BENEFITS:

Active members who become totally and permanently disabled and satisfy required length of service requirements are entitled to receive annual disability benefits as calculated under each plan.

Continued

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS, Continued

2. Description of Plans, continued:

OTHER BENEFITS:

Limited service pensions, deferred pensions, survivor benefits and family benefits are available to qualifying members and their survivors.

BONUS PAYMENTS:

The plans provide a bonus payment plan for all annuitants who have been receiving benefits for at least three years at fiscal year end. The aggregate bonus amount is determined by the Board of Trustees but may not exceed one percent of the asset value of the Fund at the end of the previous fiscal year and is payable in each year that the Fund earns a return on its assets of at least six percent.

Each eligible annuitant receives a bonus payment amount based upon a combination of years of service and years in which benefit payments have been received by the eligible annuitant. During the years ended June 30, 1992 and 1991, annuitants had the option of electing to take their bonus as a lump sum payment or as an adjustment to their monthly annuity. Accrued bonus payable to annuitants includes annuitized bonus payable of \$178,325 and \$89,352 at June 30, 1992 and 1991, respectively.

3. Deposits and Investments:

DEPOSITS:

Minnesota Statutes Section 118.005 authorized the Association to deposit its cash in financial institutions designated by the Board of Trustees. All cash deposits of the Association at June 30, 1992 and 1991 were insured or collateralized with securities held by the Association or its agent in the Association's name.

INVESTMENTS:

The Association's investments are categorized to give an indication of the level of credit risk assumed by the Fund at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the

Continued

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS, Continued

3. Deposits and Investments, continued:

INVESTMENTS, continued:

Association or its agent in the Association's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Association's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Association's name. This risk categorization does not reflect market risk.

Minnesota Statutes Section 11A.24 authorizes the types of securities available to the Association for investment. Following are the carrying amounts and market value of the Association's investments at June 30, 1992 and 1991, and the level of credit risk for these investments.

<u>1992</u>	<u>Risk Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Commercial paper	2	\$ 34,065,340	\$ 34,065,340
United States Government Securities	1	122,794,336	126,152,272
Corporate bonds	1	64,773,561	65,933,406
Corporate bonds	2	499,838	486,948
Common stocks	1	84,643,075	96,643,409
Real estate limited partnerships	1	705,010	712,131
Total		307,481,160	323,993,506
Add:			
Collective Trust Funds		45,877,918	50,021,793
Mutual fund		1,234,656	1,234,656
Total investments		<u>\$354,593,734</u>	<u>\$375,249,955</u>
<u>1991</u>			
Commercial paper	2	26,222,353	26,222,353
United States Government Securities	1	123,142,789	123,198,261
Corporate bonds	1	59,245,410	60,144,220
Corporate bonds	2	1,791,176	1,850,780
Common stocks	1	71,007,427	84,020,087
Real estate limited partnerships	1	728,800	736,161
Participation loan receivable	1	156,212	
Total		282,294,167	296,171,862
Add:			
Collective Trust Funds		33,453,978	34,417,383
Mutual fund		426,126	426,126
Total investments		<u>\$316,174,271</u>	<u>\$331,015,371</u>

Continued

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS, Continued

3. Deposits and Investments, continued:

INVESTMENTS, continued:

The investments of the Association are governed primarily by an investment authority known as the "prudent person rule." The prudent person rule, as set forth in Minnesota Statutes Section 356A.04, subdivision 2, establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the system.

4. Funding Status and Progress:

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

Assumptions to determine the pension benefit obligation were part of an actuarial valuation at June 30, 1992 and 1991. Significant actuarial assumptions that were used in the actuarial valuations include (a) a rate of return on the investment of present and future assets of 8.5 percent per year and (b) projected salary increases of 6.5 percent per year.

Effective July 1, 1992, members covered under the basic plan who retired prior to July 1, 1978 are entitled to certain supplemental benefits. This change in plan provisions has been recognized in the actuarial valuation used at June 30, 1992, the effect of which was to increase the pension benefit obligation by \$2,393,000.

Continued

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS, Continued

4. Funding Status and Progress, continued:

Total unfunded pension benefit obligation of the Association as of June 30, 1992 and 1991, is shown below:

	<u>1992</u>	<u>1991</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$189,144,000	\$166,270,000
Current employees:		
Accumulated employee contributions, including allocated investment income	117,674,000	108,903,000
Employer-financed, vested	165,391,000	158,110,000
Employer-financed, nonvested	<u>30,818,000</u>	<u>32,692,000</u>
Total pension benefit obligation	503,027,000	465,975,000
Net assets available for benefits (market value of \$369,465,411 and \$333,128,972 in 1992 and 1991, respectively)	<u>348,809,190</u>	<u>318,287,872</u>
Unfunded pension benefit obligation	<u>\$154,217,810</u>	<u>\$147,687,128</u>

The measurement of the pension benefit obligation is based on actuarial valuations as of June 30, 1992 and 1991. Net assets available to pay pension benefits were valued as of the same date.

5. Contributions Required and Made:

The Association's funding policy provides for periodic employer contributions at actuarial determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The Association also uses the level percentage of payroll method to amortize the unfunded liability.

Under the basic plan, member employees contributed eight percent of their salaries during the years ended June 30, 1992 and 1991. Employer contributions are paid in an amount provided for by statute, which was 12.63 percent for the years ended June 30, 1992 and 1991.

Continued

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

NOTES TO FINANCIAL STATEMENTS, Continued

5. Contributions Required and Made, continued:

Effective July 1, 1978, the Association established, pursuant to Minnesota Statutes, a coordinated retirement plan for all new teachers qualifying for membership and any present members who wished to coordinate with Social Security. Participants contributed 4.5 percent of their salaries to the coordinated plan for the years ended June 30, 1992 and 1991. Employer contributions of 4.5 percent under this plan were also paid for the years ended June 30, 1992 and 1991.

Contributions to the Fund for the years ended June 30, 1992 and 1991, were:

	<u>1992</u>	<u>1991</u>
Employer	\$10,489,037	\$10,254,928
Employee	<u>7,821,339</u>	<u>7,517,740</u>
Total	<u>\$18,310,376</u>	<u>\$17,772,668</u>

The following required contribution rates have been determined by an actuarial valuation performed as of June 30, 1992 and 1991:

<u>1992</u>	<u>Percentage of Covered Payroll</u>		
	<u>Basic Plan</u>	<u>Coordinated Plan</u>	<u>Combined</u>
Employee contribution	8.00%	4.50%	6.33%
Employer contribution	<u>12.63</u>	<u>4.50</u>	<u>8.76</u>
Total contribution	<u>20.63%</u>	<u>9.00%</u>	<u>15.09</u>
Normal cost	<u>15.04%</u>	<u>8.89%</u>	12.11
Amortization of unfunded actuarial accrued liability			6.88
Allowance for expenses			<u>.75</u>
Total required contributions			<u>19.74</u>
Contribution deficiency			<u>(4.65)%</u>

Continued

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTA

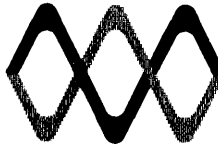
NOTES TO FINANCIAL STATEMENTS, Continued

5. Contributions Required and Made, continued:

<u>1991</u>	<u>Percentage of Covered Payroll</u>		
	<u>Basic Plan</u>	<u>Coordinated Plan</u>	<u>Combined</u>
Employee contribution	8.00%	4.50%	6.44%
Employer contribution	<u>12.63</u>	<u>4.50</u>	<u>9.00</u>
Total contribution	<u>20.63%</u>	<u>9.00%</u>	<u>15.44</u>
Normal cost	<u>14.14%</u>	<u>8.44%</u>	11.60
Amortization of unfunded actuarial accrued liability			6.67
Allowance for expenses			<u>.60</u>
Total required contributions			<u>18.87</u>
Contribution deficiency			<u>(3.43)%</u>

6. Ten-Year Historical Trend Information:

Historical trend information designed to provide information about the Fund's progress in accumulating sufficient assets to pay benefits when due is presented as supplementary information in Supplemental Schedules 1 and 2.



MILLIMAN & ROBERTSON, INC.

Actuaries and Consultants

Suite 1850
8500 Normandale Lake Boulevard
Minneapolis, Minnesota 55437
Telephone: 612/897-5300
Fax: 612/897-5301

October 2, 1992

Legislative Commission on
Pensions and Retirement
55 State Office Building
St. Paul, Minnesota 55155

Re: *St. Paul Teachers' Retirement Fund*

Commission Members:

Pursuant the terms of our actuarial services contract, we have performed an actuarial valuation of the St. Paul Teachers' Retirement Fund as of July 1, 1992.

The results of our calculations are set forth in the following report, as are the actuarial assumptions upon which our calculations have been made. We have relied on the basic employee data and asset figures as submitted by the St. Paul Teachers' Retirement Fund.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with the requirements of Section 356.215, Minnesota Statutes, and the requirements of the Standards of Actuarial Work, adopted by the Commission on July 8, 1992.

Respectfully submitted,

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

Lance M. Burma, F.S.A., M.A.A.A.
Actuary

Enclosure

Albany • Atlanta • Boston • Chicago • Cincinnati • Dallas • Denver • Hartford • Houston
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St. Paul Teachers' Retirement Fund
Report Highlights
(dollars in thousands)

	July 1, 1991 Valuation	July 1, 1992 Valuation
A. CONTRIBUTIONS (Table 11)		
1. Statutory Contributions - Chapter 354A % of Payroll*	15.44%	15.09%*
2. Required Contributions - Chapter 356 % of Payroll	18.87%	19.74%*
3. Sufficiency (Deficiency): (A1-A2)*	(3.43)%	(4.65)%*
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$ 326,357	\$ 355,998
b. Current Benefit Obligations (Table 8)	\$ 465,975	\$ 503,027
c. Funding Ratio: (a/b)	70.04%	70.77%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 326,357	\$ 355,998
b. Actuarial Accrued Liability (Table 9)	\$ 495,740	\$ 533,865
c. Funding Ratio: (a/b)	65.83%	66.68%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets*	\$ 528,548	\$ 546,032*
b. Current and Expected Future Benefit Obligations	\$ 615,681	\$ 654,328
c. Funding Ratio: (a/b)	85.85%	83.45%

* See "Changes in Plan Provisions" and "Changes in Actuarial Assumptions" in Commentary Section of this report.

St. Paul Teachers' Retirement Fund
Report Highlights
(dollars in thousands)

	July 1, 1991 Valuation	July 1, 1992 Valuation
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	3,299	3,336
b. Projected Annual Earnings	\$ 117,291	\$ 122,767
c. Average Annual Earnings (Actual \$)	\$ 35,554	\$ 36,801
d. Average Age	43.8	44.1
e. Average Service	11.5	11.8
f. Additional Members on Leave of Absence*	130	146
2. Others		
a. Service Retirements (Table 4)	1,136	1,176
b. Disability Retirements (Table 5)	29	33
c. Survivors (Table 6)	144	148
d. Deferred Retirements (Table 7)	67	60
e. Terminated Other Non-Vested (Table 7)	935	931
f. Total	2,311	2,348

* Valued as Deferred Retirements

TABLE 1

St. Paul Teachers' Retirement Fund
Accounting Balance Sheet
(dollars in thousands)

July 1, 1992

	Market Value	Cost Value
A. ASSETS		
1. Cash, Equivalents, Short-Term Securities	\$ 34,425	\$ 34,425
2. Investments		
a. Fixed Income	213,996	208,285
b. Equity	126,835	111,538
c. Real Estate	705	705
3. Equity in Minnesota Post-Retirement Investment Fund (MPRIF)	0	0
4. Other*	14,655	14,392
B. TOTAL ASSETS	<u>\$ 390,616</u>	<u>\$ 369,345</u>
C. AMOUNTS CURRENTLY PAYABLE	<u>\$ 20,437</u>	<u>\$ 20,437</u>
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$ 73,204	\$ 73,204
2. Employer Reserves	296,975	275,704
3. MPRIF Reserves	0	0
4. Non-MPRIF Reserves	0	0
5. Total Assets Available for Benefits	<u>\$ 370,179</u>	<u>\$ 348,908</u>
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	<u>\$ 390,616</u>	<u>\$ 369,345</u>
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Cost Value of Assets Available for Benefits (D5)		\$ 348,908
2. Market Value (D5)	\$ 370,179	
3. Cost Value (D5)	348,908	
4. Market Over Cost: (F2-F3)	<u>\$ 21,271</u>	
5. 1/3 of Market Over Cost: (F4)/3		7,090
6. Actuarial Value of Assets (F1+F5)		<u>\$ 355,998</u>

* See "Asset Information" in Commentary Section of this report.

TABLE 2

St. Paul Teachers' Retirement Fund
Change In Assets Available For Benefits
(dollars in thousands)

Year Ending June 30, 1992

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 335,965	\$ 321,553
B. OPERATING REVENUES		
1. Member Contributions	\$ 7,821	7,821
2. Employer Contributions	10,489	10,489
3. Investment Income	21,525	21,525
4. MPRIF Income	0	0
5. Net Realized Gain (Loss)	12,979	12,979
6. Other	0	0
7. Net Change in Unrealized Gain (Loss)	6,859	0
8. Total Revenue	<u>\$ 59,673</u>	<u>\$ 52,814</u>
C. OPERATING EXPENSES		
1. Service Retirements	\$ 22,336	\$ 22,336
2. Disability Benefits	603	603
3. Survivor Benefits	1,144	1,144
4. Refunds	506	506
5. Expenses	870	870
6. Other	0	0
7. Total Disbursements	<u>\$ 25,459</u>	<u>\$ 25,459</u>
D. OTHER CHANGES IN RESERVES	0	0
E. ASSETS AVAILABLE AT END OF PERIOD	<u>\$ 370,179</u>	<u>\$ 348,908</u>

TABLE 7

St. Paul Teachers' Retirement Fund
Reconciliation of Members

	Actives*	Terminated	
		Deferred Retirement	Other Non-Vested
A. ON JUNE 30, 1991	3,429	67	935
B. ADDITIONS	400	16	192
C. DELETIONS			
1. Service Retirement	(48)	(1)	(3)
2. Disability	(5)	-	(1)
3. Death - Survivor	(1)	-	-
4. Death - Other	(2)	-	-
5. Terminated - Deferred	(15)	-	(1)
6. Terminated - Refund	(129)	(9)	(167)
7. Terminated - Other Non-Vested	(144)	(12)	-
8. Returned as Active	-	-	(32)
D. DATA ADJUSTMENTS	(3)	(1)	8
Vested	2,362		
Non-Vested	1,120		
E. TOTAL ON June 30, 1992	3,482	60	931

	Recipients		
	Retirement Annuitants	Disabled	Survivors
A. ON JUNE 30, 1991	1,136	29	144
B. ADDITIONS	65	6	12
C. DELETIONS			
1. Service Retirement	-	-	-
2. Death	(27)	(2)	(8)
3. Annuity Expired	-	-	-
4. Returned as Active	-	-	-
D. DATA ADJUSTMENTS	2	-	-
E. TOTAL ON June 30, 1992	1,176	33	148

* Includes members on leave of absence.

TABLE 8

St. Paul Teachers' Retirement Fund
Actuarial Balance Sheet
(dollars in thousands)

July 1, 1992

A.	CURRENT ASSETS (TABLE 1, F6)			\$	355,998
B.	EXPECTED FUTURE ASSETS				
1.	Present Value of Expected Future Statutory Supplemental Contributions*				69,571
2.	Present Value of Future Normal Costs				120,463
3.	Total Expected Future Assets				<u>190,034</u>
C.	TOTAL CURRENT AND EXPECTED FUTURE ASSETS			\$	<u>546,032</u>
D.	CURRENT BENEFIT OBLIGATIONS	Non-Vested	Vested		Total
1.	Benefit Recipients**				
a.	Retirement Annuities	\$	\$ 164,255	\$	164,255
b.	Disability Benefits		7,542		7,542
c.	Surviving Spouse and Child Benefits		11,583		11,583
2.	Deferred Retirements With Future Augmentation**		5,069		5,069
3.	Former Members Without Vested Rights		695		695
4.	Active Members**				
a.	Retirement Annuities	4,827	253,682		258,509
b.	Disability Benefits	20,065	0		20,065
c.	Survivors' Benefits	4,229	0		4,229
d.	Deferred Retirements	1,697	27,785		29,482
e.	Refund Liability Due to Death or Withdrawal	0	1,598		1,598
5.	Total Current Benefit Obligations	\$ 30,818	\$ 472,209	\$	<u>503,027</u>
E.	EXPECTED FUTURE BENEFIT OBLIGATIONS			\$	<u>151,301</u>
F.	TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS			\$	<u>654,328</u>
G.	CURRENT UNFUNDED ACTUARIAL LIABILITY: (D5-A)			\$	147,029
H.	CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY: (F-C)			\$	108,296

* See "Changes in Plan Provisions" in Commentary Section of this report.

** See "Sources of Actuarial Gains and Losses" in the Commentary Section of this report.

TABLE 9

St. Paul Teachers' Retirement Fund
Determination of Unfunded Actuarial Accrued Liability (UAAL) and
Supplemental Contribution Rate
(dollars in thousands)

July 1, 1992			
	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
	(1)	(2)	(3)
A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)			
1. Active Members*			
a. Retirement Annuities	\$ 386,667	\$ 76,063	\$ 310,604
b. Disability Benefits	28,472	11,932	16,540
c. Survivors' Benefits	6,390	2,151	4,239
d. Deferred Retirements	40,881	24,809	16,072
e. Refunds Due to Death or Withdrawal	2,774	5,508	(2,734)
f. Total	<u>\$ 465,184</u>	<u>\$ 120,463</u>	<u>\$ 344,721</u>
2. Deferred Retirements With Future Augmentation*	5,069		5,069
3. Former Members Without Vested Rights	695		695
4. Annuitants in MPRIF	0		0
5. Recipients Not in MPRIF*	183,380		183,380
6. Total	<u>\$ 654,328</u>	<u>\$ 120,463</u>	<u>\$ 533,865</u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. AAL: (A6)			\$ 533,865
2. Current Assets (Table 1, F6)			355,998
3. UAAL: (B1-B2)			<u>\$ 177,867</u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of July 1, 2020			\$ 2,587,082
2. Supplemental Contribution Rate: (B3/C1)			6.88%

* See "Sources of Actuarial Gains and Losses" in the Commentary Section of this report.

TABLE 10

St. Paul Teachers' Retirement Fund
Changes in Unfunded Actuarial Accrued Liability (UAAL)
(dollars in thousands)

Year Ending June 30, 1992

A.	UAAL AT BEGINNING OF YEAR	\$ 169,383
B.	CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1.	Normal Cost and Expenses	\$ 14,311
2.	Contribution	(18,310)
3.	Interest on A, B1 and B2	13,090
4.	Total: (B1+B2+B3)	<u>\$ 9,091</u>
C.	EXPECTED UAAL AT END OF YEAR: (A+B4)	\$ 178,474
D.	INCREASE (DECREASE) DUE TO ACTUARIAL LOSSES (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1.	Salary Increases	\$ (6,032)
2.	Investment Return	(9,202)
3.	MPRIF Mortality	0
4.	Mortality of Other Benefit Recipients	98
5.	Other Items*	12,136*
6.	Total	<u>\$ (3,000)</u>
E.	UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS: (C+D5)	\$ 175,474
F.	CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO PLAN AMENDMENTS**	2,393
G.	CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	0
H.	UAAL AT END OF YEAR: (E+F+G)	<u><u>\$ 177,867</u></u>

* See "Sources of Actuarial Gains and Losses" in the Commentary Section of this report.

** See "Changes in Plan Provisions" in the Commentary Section of this report.

TABLE 11

St. Paul Teachers' Retirement Fund
Determination of Contribution Sufficiency
(dollars in thousands)

July 1, 1992

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	6.33%	\$ 7,776
2. Employer Contributions*	8.76%*	10,755
3. Total	<u>15.09%</u>	<u>\$ 18,531</u>
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost**		
a. Retirement Benefits	7.62%	\$ 9,352
b. Disability Benefits	1.30%	1,603
c. Survivors' Benefits	0.22%	269
d. Deferred Retirement Benefits	2.42%	2,965
e. Refunds Due to Death or Withdrawal	0.55%	680
f. Total	<u>12.11%</u>	<u>\$ 14,869</u>
2. Supplemental Contribution Amortization by July 1, 2020 of UAAL	<u>6.88%</u>	<u>\$ 8,446</u>
3. Allowance for Expenses	0.75%	\$ 921
4. Total	<u>19.74%</u>	<u>\$ 24,236</u>
C. CONTRIBUTION SUFFICIENCY (DEFICIENCY): (A3-B4)	<u>(4.65)%*</u>	<u>\$ (5,705)</u>

* See "Changes in Plan Provisions" in Commentary Section of this report.

** See "Changes in Actuarial Assumptions" in Commentary Section of this report.

Note: Projected Annual Payroll for Fiscal Year Beginning on July 1, 1992 is \$122,767.

FINANCIAL SECTION

**THE FOLLOWING UNAUDITED REPORTS
WERE PREPARED BY
ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION**

STATEMENT OF REVENUE AND EXPENDITURES
FOR JULY 1, 1991 THROUGH JUNE 30, 1992

Revenue

Employer (ISD # 625) Contributions

Basic	7,954,760.37	
Coordinated	<u>2,534,276.13</u>	
		\$10,489,036.50

Member Contributions

Basic Member Dues	5,037,799.85	
Coordinated Member Dues	2,537,495.57	
Sabbatical Leave Dues	5,450.03	
Repayment of Refunded Dues	<u>240,594.19</u>	
		\$7,821,339.64

Investment Income

Interest	17,569,274.64	
Dividends	3,384,057.67	
Rents - BKX	108,703.92	
Gain on Sale of Bonds	8,442,367.09	
Loss on Sale of Bonds	(392,702.56)	
Gain on Redemption of Bonds	47,532.65	
Gain on Sale of Stock	7,080,680.56	
Loss on Sale of Stock	(1,981,801.20)	
Security Lending	<u>246,844.74</u>	
		\$34,504,957.51

TOTAL REVENUE	<u><u>\$52,815,333.65</u></u>
----------------------	--------------------------------------

Expenditures

Benefits

Pensions	14,816,907.22	
Reversionary Pensions	8,713.59	
Survivor Benefits	1,116,459.33	
Family Benefits	27,269.68	
Disability Benefits	603,250.42	
Bonus (13th) Check 1992	3,094,397.20	
Bonus Payable in 1993	3,494,800.00	
Supplemental Bonus Check	<u>842,338.05</u>	
		\$24,004,135.49

Refunds of Dues

Basic Refunds	303,045.92	
Coordinated Refunds	202,914.97	
	<hr/>	\$505,960.89

Operating Expenses

Administrative	4,733.46	
Bank Service Charge	4,948.08	
Data Processing	2,419.67	
Delegate	11,315.60	
Depreciation	5,790.46	
Dues - Affiliations	590.00	
Office Expense	7,370.81	
Office Rent	20,100.00	
Office Utilities	1,279.66	
Postage	8,174.48	
Printing	3,015.95	
Telephone	2,586.65	
	<hr/>	\$72,324.82

Employee Compensation

Salaries	209,733.29	
Retirement - Employer Contribution	19,832.82	
Medical Insurance	13,501.24	
Life Insurance	180.05	
Taxes - Social Security and Unemployment	15,094.44	
Travel and Training	2,615.75	
	<hr/>	\$260,957.59

Insurance

General Insurance	847.21	
Workers Compensation	721.00	
	<hr/>	\$1,568.21

Professional Services

Actuarial	27,169.84	
Auditing	10,004.00	
Legal	8,415.89	
	<hr/>	\$45,589.73

Investment Services

Management Fees	447,368.44	
Trust Services	42,664.12	
	<hr/>	\$490,032.56

TOTAL EXPENDITURES

\$25,380,569.29

Net Revenue over Expenditures
(To be Applied to Reserves)

\$27,434,764.36



ASSET MANAGEMENT

225 West Washington, Suite 1050, Chicago, IL 60606 312/236-8271
FAX 312/236-8057

A. LEE THUROW, CFA
DIRECTOR

November 17, 1992

Mr. Eugene R. Waschbusch
Secretary - Treasurer
**St. Paul Teachers' Retirement
Fund Association**
1619 Dayton Avenue, Room 309
St. Paul, Minnesota 55104

Dear Board Members:

We are pleased to report that our portion of the St. Paul Teachers' Retirement Fund had another good fiscal year in the period ending June 30, 1992, with a total return of 12.2%, as shown on the DeMarche & Associates report. This maintains the pattern of averaging over 10% per year in the portfolio.

The bond portion of the portfolio did particularly well, increasing 15.5% to remain in the top quartile of DeMarche's universe. Total results outperformed most indices, although the equity only portion lagged at 7.0%.

We very much appreciate the opportunity to work with you and look forward to continue assisting you in reaching your goals.

Sincerely,

Lee Thurow

/dr

cc: Charles H. Self, III

ASSET LISTING

Corporate Bond Holdings

Name	Rate	Maturity	Par	Cost	Market
A.T.T. Capital Corp.	5.76	2/3/95	\$2,000,000.00	\$2,000,000.00	\$2,007,100.00
Bankers Trust	7.50	1/15/02	5,000,000.00	4,843,100.00	5,039,050.00
Bear Stearns CMO	9.05	12/1/18	121,902.58	120,950.26	123,921.29
Chemical Bank Grantor	9.13	9/15/94	105,016.79	104,721.44	107,050.97
CMO SECS Corp.	7.30	7/20/14	185,420.50	185,043.90	188,491.06
Comdiso Receivable	7.70	5/15/96	193,102.77	192,739.75	198,181.37
Commercial Credit Inc	6.75	1/15/97	11,000,000.00	6,376,430.00	6,491,875.00
Fleet Fin Home Eqt	6.70	10/15/06	342,797.12	342,047.29	346,944.97
Ford Credit Grantor	8.53	10/17/94	173,562.60	175,488.11	177,197.00
Ford Motor Corp.	6.15	1/14/94	3,250,000.00	3,250,000.00	3,305,315.00
General Motors Accept	6.75	11/8/93	350,000.00	349,734.00	356,349.00
General Motors Accept	5.05	1/15/97	271,294.60	270,362.04	271,633.72
General Motors Accept	6.25	6/23/95	6,000,000.00	6,000,000.00	6,000,000.00
GFAC Grantor Trust	6.45	12/14/97	294,765.86	293,522.34	293,474.79
Household Finance	5.80	5/20/07	340,561.67	339,976.34	341,732.35
Household Finance	7.50	8/1/94	350,000.00	353,916.50	358,256.50
Leader FDG Corp CMO	7.40	12/20/13	79,966.99	79,742.09	80,016.57
ML Home Equity Loan	7.60	5/15/16	279,212.53	279,168.92	289,683.00
New Jersey Bell Telephone	8.00	6/1/22	7,000,000.00	6,818,630.00	6,829,340.00
Pacific Bell Telephone	7.25	7/1/02	6,000,000.00	5,846,160.00	5,846,160.00
Pacific Gas & Electric	7.88	3/1/02	4,000,000.00	3,991,680.00	4,045,600.00
Pacific Gas & Electric	8.75	1/1/01	5,500,000.00	5,689,530.00	5,823,125.00
Pepsico Inc., Notes	6.88	5/15/97	6,000,000.00	5,956,200.00	6,033,720.00
Philip Morris Corp.	9.15	2/16/95	5,250,000.00	5,657,610.00	5,610,937.50
Premier Auto Trust	5.90	11/15/97	325,000.00	324,438.40	327,333.50
Residential Fed Mortg	8.40	1/25/21	48,148.57	47,952.99	48,148.57
Rothchild Mortg	7.48	2/1/04	108,594.16	108,017.29	109,170.79
Ryland Accept Corp.	7.60	10/20/11	112,839.99	111,711.61	112,486.80
SCFC Rec Vehicle	7.25	9/15/06	244,286.92	243,103.68	247,567.69
SecPac Home Equity	8.25	5/10/03	154,669.06	154,548.29	158,922.46
Sun Coast CMO	7.90	12/1/99	192,325.79	190,462.67	197,433.96
Thrift Financial Corp.	7.50	4/20/11	73,363.27	72,056.50	73,706.61
Toyota Mtr Finance (AUD)	13.00	1/18/94	600,000.00	499,837.78	486,948.00
US Auto Recv Trust	8.75	8/15/95	130,489.40	130,142.84	133,180.09
Total Corporate Bond Holdings				\$61,399,025.03	\$62,060,053.56

Government and Agency Bond Holdings

Name	Rate	Maturity	Par	Cost	Market
CIT Group Holdings	8.875	6/15/96	\$2,000,000.00	\$1,959,980.00	\$2,149,680.00
Conseco Comm'l Mortg CMO	9.700	10/15/15	2,000,000.00	1,903,600.00	2,110,000.00
Fed Natl Mortg Assn	7.10	12/25/97	234,346.44	221,164.46	235,590.82
Fed Natl Mortg Assn	8.250	12/18/00	3,000,000.00	3,099,375.00	3,201,300.00
Federal Home Loan Mortg	6.500	5/15/01	5,000,000.00	4,987,500.00	5,032,800.00
Federal Home Loan Mortg	7.000	1/15/22	3,000,000.00	2,620,781.25	2,649,360.00
Federal Home Loan Mortg	10.250	3/15/09	1,808,399.12	1,774,407.56	1,872,235.61
FNMA REMIC 91 CMO	8.000	1/25/05	4,500,000.00	4,684,218.75	4,640,625.00
FNMA REMIC 91-12G	7.000	11/25/19	8,000,000.00	7,547,200.00	7,547,200.00
Tennessee Valley Authority	8.250	4/15/42	6,800,000.00	6,591,580.00	6,621,500.00
U.S. Treasury - Strips	0.000	2/15/00	10,600,000.00	6,097,968.00	6,148,000.00
U.S. Treasury Bonds	12.000	8/15/13	3,000,000.00	4,115,625.00	4,185,930.00
U.S. Treasury Notes	6.875	4/30/97	2,000,000.00	2,049,375.00	2,049,375.00
U.S. Treasury Notes	7.250	11/15/96	9,000,000.00	9,336,093.75	9,398,500.00
U.S. Treasury Notes	7.625	4/30/96	37,750,000.00	37,579,651.72	39,932,327.50
U.S. Treasury Notes	7.875	1/15/98	3,100,000.00	3,160,509.38	3,298,586.00
U.S. Treasury Notes	8.500	11/15/00	17,000,000.00	18,429,062.50	18,535,270.00
U.S. Treasury Notes	9.500	11/15/95	6,525,000.00	7,257,023.44	7,283,531.25
U.S. Treasury Notes	9.500	10/15/94	3,000,000.00	3,253,593.75	3,283,140.00
Total Government and Agency Bonds				\$126,668,709.56	\$130,174,951.18

Indexed Bond Holdings as of June 30, 1992

	<i>Cost</i>	<i>Market</i>
Wells Fargo Institutional Trust Company	\$18,983,345.87	\$19,830,292.48

Money Market as of June 30, 1992

	<i>Cost</i>	<i>Market</i>
First Asset Management	\$1,234,511.02	\$1,234,511.02

Real Estate as of June 30, 1992

	<i>Cost</i>	<i>Market</i>
Lartnec Investments, Inc.	\$705,009.62	\$712,130.93

Indexed Equity Holdings as of June 30, 1992

	<i>Cost</i>	<i>Market</i>
Wells Fargo Institutional Trust Company	\$16,529,275.33	\$19,328,977.98

International Equities as of June 30, 1992

	<i>Cost</i>	<i>Market</i>
Morgan Stanley Asset Management	\$10,365,441.31	\$10,862,666.77

Current Stock Holdings

Name	Shares	Cost	Market
Air Products & Chemicals	70,000	\$1,908,257.00	\$2,975,000.00
Am Barrick Resources	80,000	2,064,000.00	2,220,000.00
American Cyanamid	40,000	2,522,904.00	2,225,000.00
Amoco Corp	25,000	1,208,250.00	1,208,250.00
Archer-Daniels-Midland Co	80,000	2,159,000.00	1,890,000.00
Automatic Data Processing	50,000	1,963,500.00	2,137,500.00
Banc One Corp.	66,000	2,361,189.00	3,011,250.00
Bausch & Lomb Inc.	34,600	974,968.80	1,652,150.00
Baxter International	60,000	2,167,350.00	2,182,500.00
Bemis Inc	60,000	1,336,878.80	1,462,500.00
Cbi Industries Inc.	100,000	2,530,735.94	3,350,000.00
Central Southwest	80,000	2,122,400.00	2,260,000.00
Con Agra Inc.	49,400	1,456,541.68	1,290,575.00
Cooper Industries - Preferred	75,000	2,166,115.00	2,203,125.00
Dreyfus Corp	50,000	2,106,700.00	1,887,500.00
Exxon Corp.	60,000	3,511,050.00	3,712,500.00
General Electric Co	30,000	1,727,400.00	2,332,500.00
General Motors E	100,000	1,629,785.00	2,800,000.00
Hilton Hotels Corp	32,000	1,602,240.00	1,468,000.00
Illinois Tool Works	30,000	1,629,150.00	1,826,250.00
Ingersoll-Rand Inc	68,000	2,135,290.00	1,870,000.00
Ipaleo Enterprises, Inc.	75,000	1,963,875.00	2,625,000.00
Jefferson Pilot Corp.	60,000	1,913,989.70	2,512,500.00
Knight-Ridder Inc	34,000	2,150,636.00	1,984,750.00
May Department Stores	34,000	1,982,540.00	1,882,750.00
Minnesota Mining & Mfg.	20,000	666,541.03	1,940,000.00
Morton International	34,000	2,122,756.00	1,848,750.00
Newell Co.	28,700	1,151,128.30	1,026,025.00
Pfizer Inc.	20,000	1,301,600.00	1,460,000.00
Pitney Bowes Inc	80,000	2,521,815.00	2,310,000.00
Policy Mgt Systems	20,000	1,072,931.00	1,260,000.00
Readers Digest Assoc	50,000	1,878,970.00	2,312,500.00
Service Corp Int'l	75,000	1,203,321.00	1,281,247.00
Sherwin Williams	100,000	1,913,353.50	2,750,000.00
Sigma Aldrich	35,000	1,425,000.00	1,754,375.00
Southern Company	120,000	2,126,128.50	4,185,000.00
Southwest Airlines	25,000	965,652.50	1,071,875.00
Suntrust Banks	60,000	2,128,600.00	2,430,000.00
Texaco Inc.	25,000	1,687,750.00	1,543,750.00
Texas Utilities Company	97,864	2,906,354.73	3,829,036.00
Toys-R-Us	60,000	2,020,920.00	2,070,000.00
Wachovia Corp.	50,000	2,865,912.00	3,081,250.00
Wal-Mart Stores	40,000	1,656,075.00	2,150,000.00
Walgreens Co.	50,000	1,837,932.90	1,693,750.00
Whirlpool Corp.	45,000	1,895,587.16	1,676,250.00
Total Stock Holdings		\$84,643,074.54	\$96,643,408.00

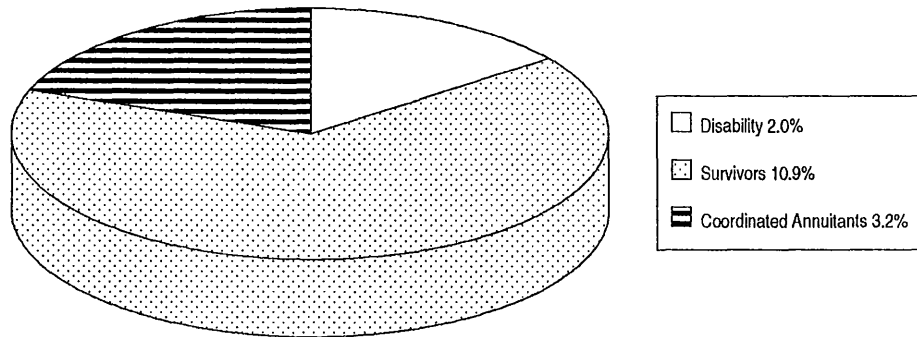
Commercial Paper Inventory

Name	Rate	Maturity	Cost	Face
American Crystal Sugar	4.01	7/30/92	\$1,495,000	\$1,500,000
Directors Mortgage LC	3.81	7/13/92	1,496,992	1,500,000
Discover Card Credit Corp.	3.81	7/8/92	998,311	1,000,000
Discover Card Credit Corp.	3.83	7/10/92	2,996,808	3,000,000
DRM Funding LC	3.76	7/30/92	1,993,542	2,000,000
General Electric Captial Corp.	3.76	7/1/92	1,487,256	1,500,000
General Electric Credit Corp.	3.71	7/15/92	997,842	1,000,000
General Motors Acceptance Corp.	3.86	7/1/92	1,347,834	1,350,000
General Motors Acceptance Corp.	3.50	7/1/92	1,898,707	1,900,000
Gneral Motors Acceptance Corp.	3.88	7/10/92	2,996,771	3,000,000
Heller Financial Corp.	3.79	9/1/92	1,486,213	1,500,000
I.T.T. Fiancial Corp.	3.80	7/10/92	2,996,833	3,000,000
I.T.T. Financial Corp.	3.80	7/1/92	1,998,522	2,000,000
I.T.T. Financial Corp.	3.83	7/6/92	1,896,371	1,900,000
Norwest Commercial Paper	3.86	7/30/92	1,495,188	1,500,000
Pru-Bache Financial	3.68	8/3/92	1,487,833	1,500,000
Sears Roebuck Acceptanc Corp.	3.87	7/10/92	2,996,775	3,000,000
Sears Roebuck Acceptance Corp.	3.75	7/1/92	1,998,542	2,000,000
Total Commercial Paper Holdings			\$34,065,340	\$34,150,000

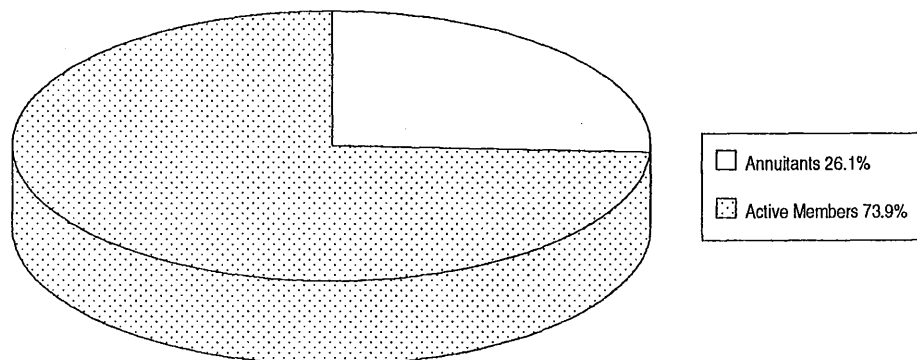
Total Portfolio Holdings as of June 30, 1992

	<i>Cost</i>	<i>Market</i>
Bonds	\$208,285,591	\$213,299,808
Equities	111,537,791	126,835,053
Real Estate	705,010	712,131
Commercial Paper	34,065,340	34,150,000
Total Value	\$354,593,732	\$374,996,992

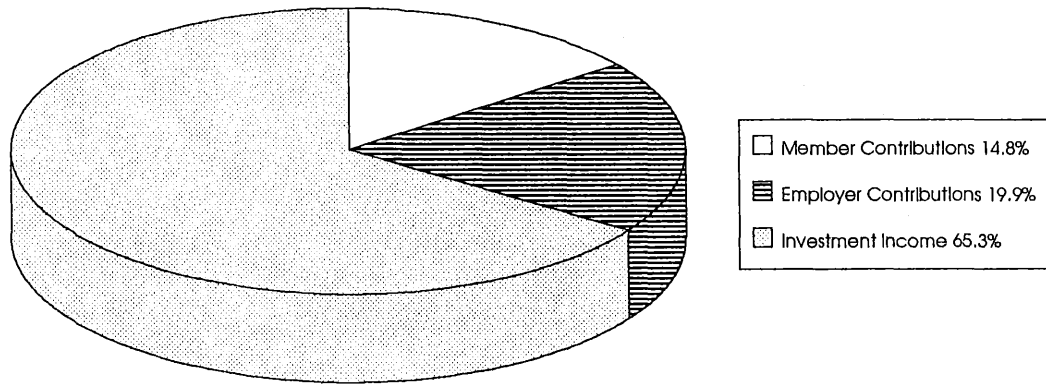
Benefit Recipients



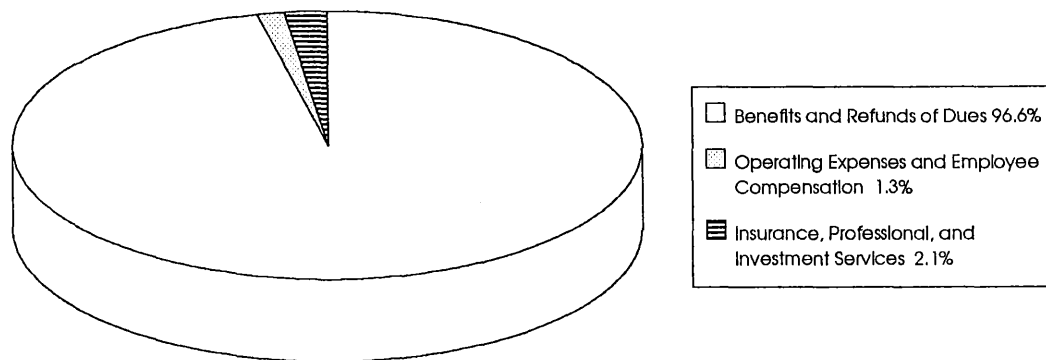
Current Active Membership



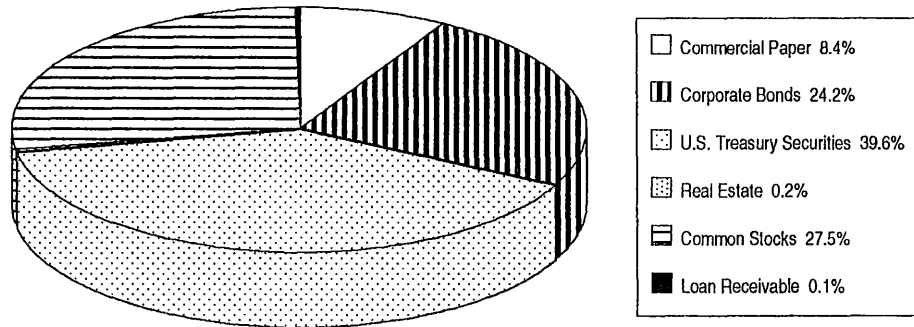
1991-1992 Revenue by Source



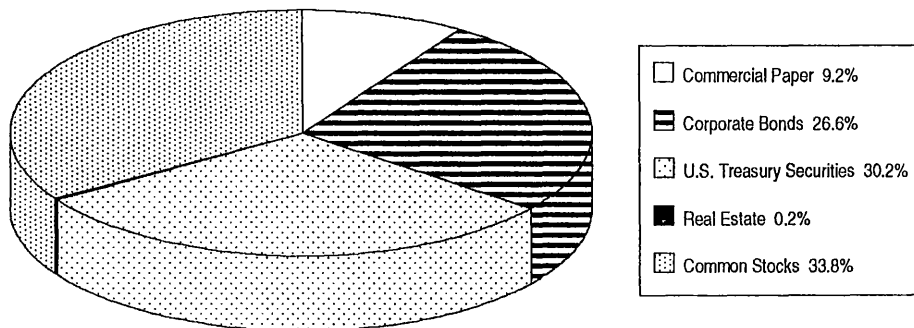
1991-1992 Expenditures by Type

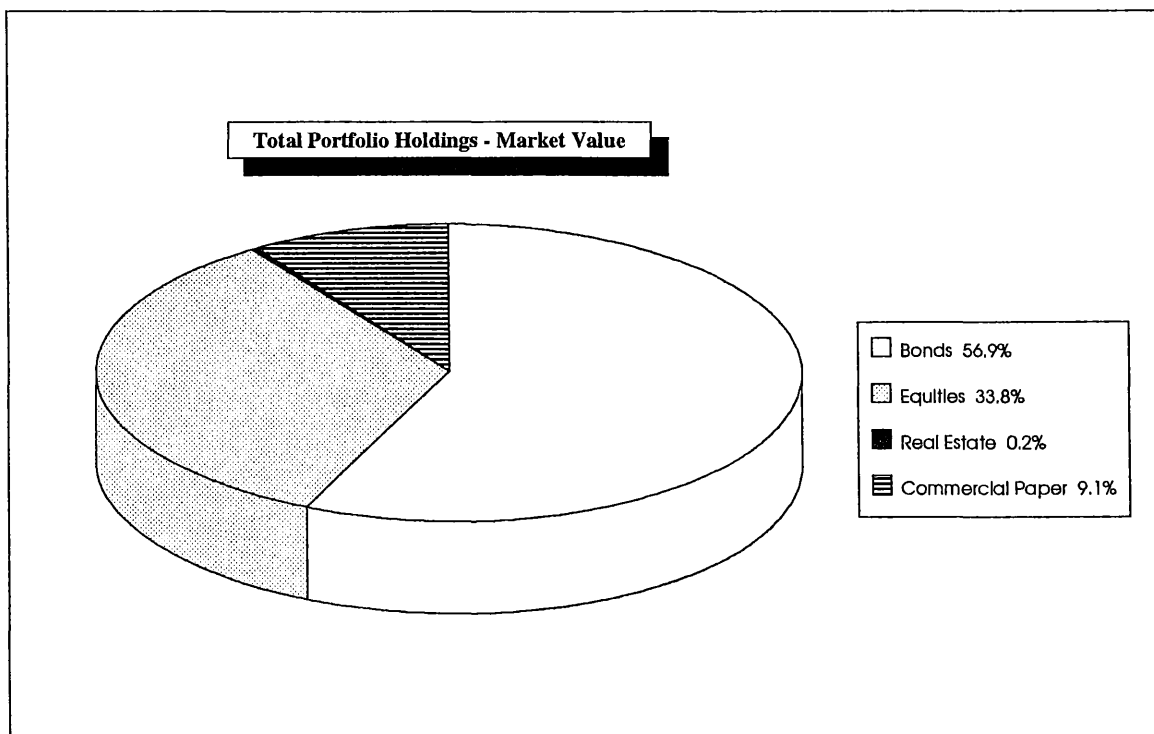
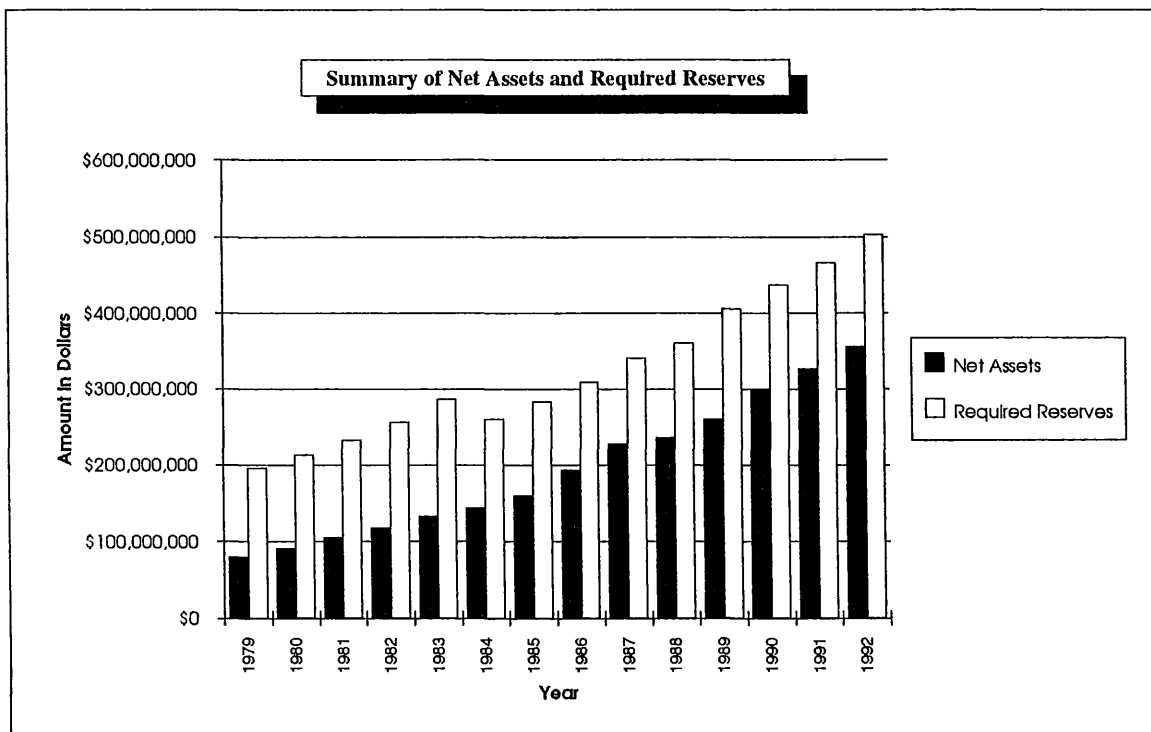


Investments Beginning Fiscal Year 1991-1992



Investments Ending Fiscal Year 1991-1992





SUMMARY OF BASIC PLAN PROVISIONS

Eligibility - A teacher who is employed in a public school district located in the corporate limits of the City of St. Paul and who is not covered by the Social Security Act. Also includes employees of the St. Paul Teachers' Retirement Fund Association.

Contributions - *Member* 8.0% of Salary. *Employer* 12.63% of Salary.

Allowable Service - All periods of service for which salary deductions were made and service during sabbatical leave. After June 30, 1974, St. Paul service for part-time teachers is granted on a proportional basis of actual duty days to the agreed number of annual duty days. Years of service credited prior to May 31, 1976 shall not be recomputed.

Salary - Total Compensation. Excludes lump sum payments for unused vacation leave or unused sick leave at separation.

Average Salary - Average of the 5 highest years of Salary during the last 10 years while making contributions or while disabled.

RETIREMENT

Normal Retirement Benefit - *Eligibility* Age 65 and 5 years of Allowable Service. Proportionate Retirement Annuity is available at age 65 and 1 year of Allowable Service.

Amount - 2.5% of Average Salary for each year of Allowable Service.

Early Retirement Benefit - *Eligibility* Age 55 and 5 years of Allowable Service for a reduced benefit. An unreduced benefit is available for those age 60 and who have 25 years of Allowable Service or Rule of 90: Age plus Allowable Service totals 90.

Amount The greater of 2% of Average Salary for each year of Allowable Service not to exceed 40 years with reduction of 0.25% for each month the Member is under age 65 (age 60 if 25 years of Allowable Service). No reduction if age plus years of Allowable Service totals 90 OR 2.5% of Average Salary for each year of Allowable Service assuming augmentation to age 65 at 3% per year and actuarial reduction for each month the Member is under age 65.

Form of Payment Life Annuity.

Benefit Increases If the investment income of the fund was at least 6% of the asset value of the fund at the end of the fiscal year, the Board of Trustees may declare a bonus of up to 1% of the asset value of the fund at the end of the fiscal year. This bonus is allocated to those eligible on a prorated basis according to the combined number of years of service and years receiving a benefit. A retired Member is eligible if receiving an annuity for at least 3 years.

Members retired under laws in effect before July 1, 1978 receive an additional lump sum payment each year. In 1989, this lump sum payment was the greater of \$25.00 times each full year of Allowable Service or the difference between \$400.00 times each full year of Allowable Service and the sum of the benefits paid from any Minnesota public pension plan plus cash payments from the Social Security Administration for the year preceding the inception of this benefit. In each following year, the lump sum will increase by the same increase that is applied to regular annuities.

DISABILITY

Disability Benefit - Eligibility Totally and permanently disabled before the age of 65 with 5 years of St. Paul service.

Amount An annuity of 75% of the annual contract salary for the last full year of service reduced by any Social Security and Workers' Compensation benefits. Payments are recomputed as a retirement at age 65. Payments stop if disability ceases or death occurs.

Form of Payment Life Annuity

Benefit Increases Same as for retirement

Retirement After Disability - Eligibility Age 65 with continued disability.

Amount Normal Retirement Benefit based on Average Salary and Allowable Service as if Member had continued in his latest position during the period of his disability.

Form of Payment Life annuity.

Benefit Increases Same as for retirement

DEATH

Family Benefits - Eligibility Active Member with 3 years of St. Paul service.

Amount Benefit of 15% of B.A. salary to spouse plus 25% of B.A. salary to each eligible child (maximum of 2). B.A. salary is the maximum salary payable to a teacher holding a B.A. degree. Children's benefits cease upon marriage or age 18 (22 if full time student)

Survivor's Benefits - Eligibility Active or retired Member with 5 years of St. Paul service. A surviving spouse must have been married to the Member for 3 years at the time of his death or retirement, whichever occurs first.

Amount Survivor's payment of the 100% joint and survivor benefit earned by the Member to the date of his death or his retirement, whichever occurs first.

Benefit Increases Same as for a retired person if payments have been made over three years. The allocation is based on the years of service of the person on whose behalf the annuity is paid and the years receiving payment.

Refund of Contributions - Eligibility Death of a Member or former Member when Family Benefits and Survivor's Benefits are not payable.

Amount The excess of the Member's contributions with 6% interest (unless the Member was disabled) over total benefits paid.

TERMINATION

Refund of Contributions - Eligibility Termination of teaching service.

Amount Member's contributions with 5% interest compounded annually if termination occurred before May 16, 1989, and 6% interest compounded annually if termination occurred on or after May 16, 1989. A deferred annuity may be elected in lieu of a refund.

Deferred Annuity - Eligibility 5 years of Allowable Service.

Amount Benefit computed under law in effect at termination and increased by the following annual percentage: 3% until January 1 of the year following attainment of age 55 and 5% thereafter until the annuity begins. Amount is payable as a normal or early retirement.

SUMMARY OF COORDINATED PLAN PROVISIONS

Eligibility - A teacher who is employed by a public school district located in the corporate limits of the City of St. Paul and who is covered by the Social Security Act. Also includes employees of the St. Teachers' Retirement Fund Association.

Contributions - *Member* 4.5% of Salary. *Employer* 4.5% of Salary.

Allowable Service - All periods of service for which salary deductions were made and service during sabbatical leave. After June 30, 1974, St. Paul service for part-time teachers is granted on a proportional basis of actual duty days to the agreed number of annual duty days.

Salary - Total Compensation. Excludes lump sum payments for unused vacation leave or unused sick leave at separation.

Average Salary - Average of the 5 highest successive years of Salary. Average Salary is based on all Allowable Service if less than 5 years.

RETIREMENT

Normal Retirement Benefit - Eligibility First hired before July 1, 1989: Age 65 and 3 years of allowable service. Proportional Retirement Annuity is available at age 65 and 1 year of Allowable Service. First hired after June 30, 1989: The greater of age 65 or the age eligible for full Social Security retirement benefits and 3 years of Allowable Service. Proportionate Retirement Annuity is available at normal retirement age and 1 year of Allowable Service.

Amount 1.5% of Average Salary for each year of Allowable Service.

Early Retirement Benefit - Eligibility Age 55 and 3 years of Allowable Service. Any age with 30 years of Allowable Service. Rule of 90: Age plus Allowable Service totals 90.

Amount First hired before July 1, 1989: The greater of 1% of Average Salary for the first 10 years of Allowable Service and 1.5% of Average Salary for each subsequent year with reduction of 0.25% for each month the Member is under age 65 at time of retirement (age 62 if 30 years of Allowable Service). No reduction if age plus years of Allowable Service totals 90 OR 1.5% of Average Salary for each year of Allowable Service assuming augmentation to age 65 at 3% per year and actuarial reduction for each month the Member is under age 65.

First hired after June 30, 1989: 1.5% of Average Salary for each year of Allowable Service assuming augmentation to the age eligible for full Social Security retirement benefits at 3% per year and actuarial reduction for each month the member is under the Social Security retirement Age.

Form of Payment Life Annuity. Actuarially equivalent options are: Guaranteed refund, 15 year certain and life, 50% or 100% joint and survivor with bounce back feature without additional reduction (option is canceled if Member is predeceased by beneficiary).

Benefit Increases If the investment income of the fund was at least 6% of the asset value of the fund at the end of the fiscal year, the Board of Trustees may declare a bonus of up to 1% of the asset value of the fund at the end of the fiscal year. This bonus is allocated to those eligible on a prorated basis according to the combined number of years of service and years receiving a benefit. A retired Member is eligible if receiving an annuity for at least 3 years.

DISABILITY

Disability Benefit - Eligibility Total and permanent disability before normal retirement age with 3 years of Allowable Service. Also, at least 2 of the years of Allowable Service must have been uninterrupted.

Amount Normal Retirement Benefit based on Allowable Service and Average Salary at disability without reduction for commencement before normal retirement age. Benefit is reduced by Workers' Compensation. Payments are recomputed as a retirement at normal retirement age. Payments stop if disability ceased or death occurs. Benefits may be reduced on resumption of partial employment.

Form of Payment Same as for retirement.

Benefit Increases Same as for retirement

Retirement After Disability - Eligibility Normal retirement age with continued disability.

Amount Any optional annuity continues. Otherwise the larger of the disability benefit paid before normal retirement age or the normal retirement benefit available at normal retirement age, or an actuarially equivalent optional annuity.

Benefit Increases Same as for retirement.

DEATH

Surviving Spouse Annuity - Eligibility Member of former Member who dies before retirement or disability benefits commence, if age 50 with 3 years of Allowable Service or any age with 30 years of Allowable Service. If the Member dies before age 55, benefits commence when Member would have been age 55.

Amount Survivor's payment of the 100 joint and survivor benefit the Member could have elected if terminated.

Benefit Increases Same as for a retired person if payments have been made over three years. The allocation is based on the years of service of the person on whose behalf the annuity is paid and the years receiving payment.

Refund of Contributions - *Eligibility* Member of former Member dies before receiving any disability or retirement benefits and survivor benefits are not payable.

Amount Member's contributions with 5% interest if death occurred before May 16, 1989 and 6% interest if death occurred after May 15, 1989.

TERMINATION

Refund of Contributions - *Eligibility* Termination of teaching service.

Amount Member's contributions with 5% interest compounded annually if death occurred before May 16, 1989, and 6% interest compounded annually if termination occurred on or after May 16, 1989. A deferred annuity may be elected in lieu of a refund.

Deferred Benefit - *Eligibility* 3 years of Allowable Service.

Amount Benefit computed under law in effect at termination and increased by the following annual percentage: 3% until January 1 of the year following attainment of age 55 and 5% thereafter until the annuity begins. Amount is payable as a normal or early retirement.

Retirement Record

Year Ending	Pensions Granted	Persons on Payroll	Benefits Paid
June 1910	15	13	\$4,860.00
June 1931	8	125	69,023.70
June 1932	8	130	72,961.43
June 1933	2	126	74,190.43
June 1934	6	127	74,119.87
June 1935	9	131	74,000.70
June 1936	14	135	75,864.08
June 1937	19	151	80,747.43
June 1938	17	160	89,709.13
June 1939	11	161	93,184.46
June 1939 to December 1939	0	158	23,869.78
December 1940	71	222	170,685.43
December 1941	35	246	210,256.94
December 1942	27	266	234,217.27
December 1943	38	286	253,030.76
December 1944	34	311	282,299.18
December 1945	56	350	308,112.55
December 1946	51	378	337,511.79
December 1947	28	387	360,570.89
December 1948	42	413	375,912.29
December 1949	42	441	419,617.54
December 1950	30	461	450,641.30
December 1951	27	476	472,669.54
December 1952	28	486	508,922.59
December 1953	32	487	525,959.02
December 1954	10	482	529,428.97
December 1955	38	509	666,993.54
December 1956	46	529	750,146.33
December 1957	59	560	840,882.59
December 1958	41	579	1,019,501.72
December 1959	30	585	1,084,505.78
December 1960	38	600	1,144,380.21
December 1961	39	611	1,230,715.41
December 1962	49	624	1,352,779.11
December 1963	42	647	1,467,460.56
December 1964	33	653	1,545,252.32
December 1965	40	668	1,631,554.34
December 1966	43	676	1,770,082.68
December 1967	36	682	1,862,248.99
December 1968	45	695	1,969,759.81
December 1969	53	726	2,319,185.68
December 1970	31	719	2,385,867.50
December 1971	47	731	2,522,349.85
December 1972	51	745	2,742,660.45
December 1973	36	744	3,039,252.98
December 1974	46	754	3,372,452.55
December 1975	52	778	3,765,322.19
December 1976	77	883	4,393,513.35
December 1977	63	919	5,050,507.44
December 1978	48	946	5,523,548.09
December 1979	40	946	6,240,308.59
December 1980	47	963	6,623,803.55
December 1981	47	981	7,139,037.16
December 1982	61	996	7,725,616.62
December 1983	72	1042	8,555,098.87
December 1984	64	1061	9,466,663.63
January 1985 to June 1985	59	1103	5,324,727.30
June 1986	66	1134	11,267,144.00
June 1987	117	1191	12,478,180.00
June 1988	70	1210	14,690,455.00
June 1989	67	1236	15,506,957.00
June 1990	67	1270	17,382,410.00
June 1991	80	1309	18,811,677.00
June 1992	83	1357	20,509,335.00