


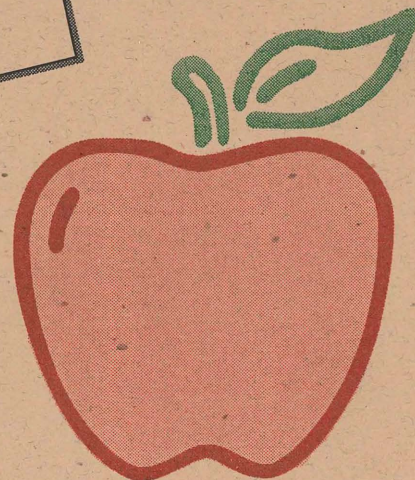


ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION



Annual Report
of the
Board of Trustees
for the
Fiscal Year
Ended
June 30, 1994

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St. Paul Teachers' Retirement Fund Association

1993-94 Annual Report

Board of Trustees

James P. Gillach	President
Carol J. Adams	Vice President
Eugene R. Waschbusch	Secretary-Treasurer
Gregory Filice	Ex-Officio
Feryle W. Borgeson	Trustee
Cheryl Braunworth Carlson	Trustee
Richard J. Cherveney	Trustee
Franklin D. Jondal	Trustee
John R. Kunz	Trustee
Erma E. McGuire	Trustee

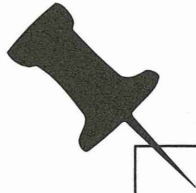
Executive and Professional

W. F. Corroon, Inc.
Actuary

Coopers and Lybrand
Auditor

CSI Asset Management
Investment Advisors, Inc.
Morgan Stanley Asset Management
Oppenheimer Capital
Voyageur Asset Management
Wells Fargo Institutional Trust Co.
Investment Counsel

Doherty, Rumble and Butler
Legal Counsel



Notes

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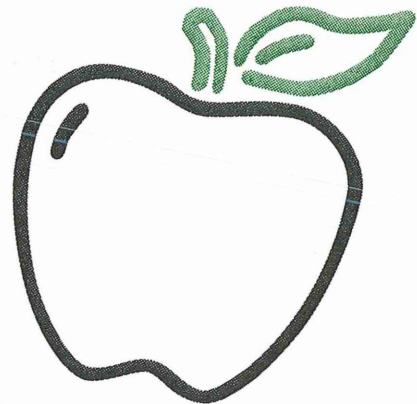


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St. Paul Teachers' Retirement Fund Association

BOARD OF TRUSTEES

MEMBERS

Feryle W. Borgeson
Cheryl Braunworth Carlson
Richard J. Cherveney
Gregory Filice, Ex-Officio

Franklin D. Jondal
John R. Kunz
Erma E. McGuire

OFFICERS

James P. Gillach President
Carol J. Adams Vice President
Eugene R. Waschbusch Secretary-Treasurer

1619 DAYTON AVENUE, ROOM 309
SAINT PAUL, MN 55104-6206
PHONE (612) 642-2550

The Board of Trustees of St. Paul Teachers' Retirement Fund Association (SPTRFA) submits herewith the Financial Report for the fiscal year July 1, 1993 to June 30, 1994 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 their report is included in this document.

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.

Legal services were performed by the firm of Doherty, Rumble & Butler, our legal counsel.

REVENUES

The reserves required to finance benefits come from employee and employer contributions and through investment gains. During fiscal year 1993-94, total contributions amounted to \$20,836,240. Investment income for the same period was \$25,199,649.

EXPENSES

Benefits to annuitants, disabilitants, survivors and dependent children for the fiscal year totaled \$24,868,189. Refunds to members who left the Association totaled \$332,676. Administrative expenses amount to \$324,684, a decrease of almost \$10,000 which will reduce the legislatively mandated service charge assessed to all members to approximately \$20 per member. Net assets available for plan benefits increased by \$20,500,000 during fiscal year 1993-94. In total administrative expenses represented only 0.25% of payroll while benefits paid to retired members and refunds account for 98.7% of all expenses.

INVESTMENTS

The investments of St. Paul Teachers' Retirement Fund Association had a rate of return for the fiscal year ending June 30, 1994 of 1.2% which is below our assumed 8.5% and far below the over 13% annual rate we have been experiencing for over 10 years. The capital markets were not unkind to just SPTRFA but to investors in general. Our 1.2% return placed us in the upper half of pension funds in the United States. A complete listing of our investment portfolio on June 30, 1994 is included in this report.

MEMBER SERVICES

Member services continue to be an important reason for our independent existence. Again this year, through school visitations, each member was able to obtain pertinent information about his/her pension benefits.

Additionally, each member over 45 years old was mailed a pension benefit estimate showing the July 1, 1994 benefit available and estimated benefits at ages 55, 60 and 65.

The document you are reading is the complete Annual Report of the Board of Trustees. A copy of this report will be mailed to each school building and location where members work. To save printing costs each member has been sent a summarized version of this report which contains all of the relevant information but less detail. A complete Annual Report will be sent to any member on request.

FUNDING

The Actuary for the State of Minnesota, Milliman & Robertson, Inc. determines the funding status of our Association. This year, the actuarial value of our assets increased by \$14,107,000 to \$407,275,000. Our accrued liability funding ratio is 68.2%. This year the fund received an additional \$500,000 from the State of Minnesota and an approximate \$300,000 additional amount from ISD #625.

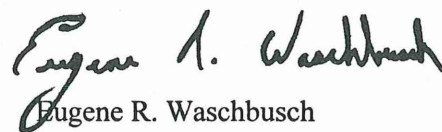
LEGISLATION

The 1994 legislature passed a law which required the members of the Association to vote at the annual meeting, either in person or by proxy, on restructuring the composition up of the Board of Trustees and the process to elect the Trustees. Currently, three Trustees are elected at large each year for a three year term. The proposal asks the members to consider a change to active members electing two active member Trustees and retirees electing one retiree Trustee each year. All trustee terms will be for three year terms. Additionally, the election process which is currently conducted by proxy as is common practice in the corporate world, would be changed to a mail ballot conducted two months in advance of the annual meeting. A more complete explanation of the issues was mailed to the members in December.

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



Coopers & Lybrand L.L.P.

a professional services firm

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 (the Association) as of June 30, 1994 and 1993, and the related statement of revenues, expenses and changes in fund balance for the years 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 audits.

We conducted our audits 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 audits provide 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, 1994 and 1993 and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

Our audits were 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.

St. Paul, Minnesota
November 7, 1994

Coopers + Lybrand L.L.P.

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

BALANCE SHEET, June 30, 1994 and 1993

ASSETS	<u>1994</u>	<u>1993</u>
Cash	\$ 184,923	\$ 1,345,034
Investments:		
Commercial paper (market value approximates cost)	21,124,711	24,007,361
United States Government Securities (market value of \$124,453,169 and \$160,519,372 in 1994 and 1993, respectively)	128,507,533	154,330,738
Corporate bonds (market value of \$47,939,440 and \$47,029,579 in 1994 and 1993, respectively)	52,891,541	46,434,635
Common stocks (market value of \$133,329,809 and \$125,972,495 in 1994 and 1993, respectively)	125,571,276	112,211,075
Collective Trust Funds (aggregate market value of \$74,418,102 and \$56,279,125 in 1994 and 1993, respectively):		
Bond Index Fund	22,047,111	20,504,178
Equity Index Fund	33,463,527	17,128,072
International Equity Index Fund	12,289,052	10,838,668
First American Institutional Money Fund (market value approximates cost)	8,382,526	1,237,666
Real estate, limited partnership (market value of \$678,128 and \$712,131 in 1994 and 1993, respectively)	<u>671,347</u>	<u>705,010</u>
Total investments	<u>404,948,624</u>	<u>387,397,403</u>
Receivables:		
Contributions	667,429	652,021
Interest	2,946,377	1,289,491
Dividends	350,380	241,506
Security sales	<u>735,694</u>	<u>14,824,879</u>
Total receivables	<u>4,699,880</u>	<u>17,007,897</u>
Furniture and fixtures (at cost, less accumulated depreciation of \$35,143 and \$27,314 in 1994 and 1993, respectively)	<u>20,964</u>	<u>27,408</u>
	<u>\$ 409,854,391</u>	<u>\$ 405,777,742</u>

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

LIABILITIES	<u>1994</u>	<u>1993</u>
Accrued bonus payable to annuitants	\$ 4,069,951	\$ 3,931,940
Accounts payable	103,940	81,406
Security purchases payable	<u>417,411</u>	<u>17,011,647</u>
Total liabilities	<u>4,591,302</u>	<u>21,024,993</u>

FUND BALANCE		
Actuarial present value of credited projected benefits payable to:		
Retirees and beneficiaries now receiving benefits	222,488,000	206,322,000
Deferred vested and inactive teachers	3,677,000	3,867,000
Active teachers	<u>338,275,000</u>	<u>329,032,000</u>
Total actuarial present value of credited projected benefits	564,440,000	539,221,000

Unfunded actuarial present value of credited projected benefits	<u>(159,176,911)</u>	<u>(154,468,251)</u>
Total fund balance	<u>405,263,089</u>	<u>384,752,749</u>
	<u>\$ 409,854,391</u>	<u>\$ 405,777,742</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, 1994 and 1993

	<u>1994</u>	<u>1993</u>
Revenues:		
Investment income, net:		
Interest	\$ 15,846,459	\$ 16,294,063
Dividends	6,068,237	4,119,622
Net gain on sale of investments	4,440,229	20,486,095
Investment expenses	<u>(1,155,276)</u>	<u>(756,936)</u>
Total investment income, net	<u>25,199,649</u>	<u>40,142,844</u>
Contributions:		
Governmental units:		
Employer	11,236,192	10,839,120
State of Minnesota	500,000	
Members:		
Required withholdings	8,191,128	7,921,952
Voluntary	<u>908,920</u>	<u>280,182</u>
Total contributions	<u>20,836,240</u>	<u>19,041,254</u>
Total revenues	<u>46,035,889</u>	<u>59,184,098</u>
Expenses:		
Benefits to participants:		
Retirement	22,744,216	20,722,369
Disability	753,486	706,353
Survivor	1,356,356	1,220,982
Dependent children	14,131	15,575
Contribution refunds	<u>332,676</u>	<u>240,697</u>
Total benefits and refunds	25,200,865	22,905,976
Administrative expenses	<u>324,684</u>	<u>334,563</u>
Total expenses	<u>25,525,549</u>	<u>23,240,539</u>
Revenues in excess of expenses	20,510,340	35,943,559
Fund balance, beginning of year	<u>384,752,749</u>	<u>348,809,190</u>
Fund balance, end of year	<u>\$405,263,089</u>	<u>\$384,752,749</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 (the Fund) is a defined benefit pension fund administered by the St. Paul Teachers' Retirement Fund Association (the 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. Substantially all market values of investments disclosed herein are determined through published market price quotations.

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.

State of Minnesota contributions are recognized pursuant to state statute.

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.

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

2. Description of Plans, continued:

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

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, 1994 and 1993, the Association's membership consisted of:

	<u>1994</u>	<u>1993</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,471</u>	<u>1,434</u>
Current employees (including members on leave):		
Vested	2,636	2,600
Nonvested	<u>1,036</u>	<u>962</u>
Total current employees	<u>3,672</u>	<u>3,562</u>
Total membership	<u>5,143</u>	<u>4,996</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 a minimum of one year at each fiscal year-end. The aggregate bonus amount is determined by the Board of Trustees, but may not exceed one percent of the actuarial asset value of the Fund at the end of the fiscal year, and is payable in each year that the Fund earns a return on its assets, as defined, 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, 1994 and 1993, annuitants had the option of electing to take their bonus as a lump sum payment or as an adjustment to their monthly annuity.

3. Deposits and Investments:

DEPOSITS:

Minnesota Statutes Section 118.005 authorizes the Association to deposit its cash in financial institutions designated by the Board of Trustees. All cash deposits of the Association at June 30, 1994 and 1993 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 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

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

3. Deposits and Investments, continued:

INVESTMENTS, continued:

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, 1994 and 1993, and the level of credit risk for these investments.

<u>1994</u>	<u>Risk Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Commercial paper	2	\$ 21,124,711	\$ 21,124,711
United States Government Securities	1	128,507,533	124,453,169
Corporate bonds	1	52,891,541	47,939,440
Common stocks	1	125,571,276	133,329,809
Real estate limited partnership	1	671,347	678,128
Total		328,766,408	327,525,257
Add:			
Collective Trust Funds		67,799,690	74,418,102
Mutual fund		8,382,526	8,382,526
Total investments		<u>\$404,948,624</u>	<u>\$410,325,885</u>
<u>1993</u>			
Commercial paper	2	24,007,361	24,007,361
United States Government Securities	1	154,330,738	160,519,372
Corporate bonds	1	45,934,797	46,615,682
Corporate bonds	2	499,838	413,897
Common stocks	1	112,211,075	125,972,495
Real estate limited partnership	1	705,010	712,131
Total		337,688,819	358,240,938
Add:			
Collective Trust Funds		48,470,918	56,279,125
Mutual fund		1,237,666	1,237,666
Total investments		<u>\$387,397,403</u>	<u>\$415,757,729</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 actuarial valuations at June 30, 1994 and 1993. 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.

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

4. Funding Status and Progress, continued:

The total unfunded pension benefit obligation of the Association as of June 30, 1994 and 1993, is shown below:

	<u>1994</u>	<u>1993</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$226,165,000	\$210,189,000
Current employees:		
Accumulated employee contributions, including allocated investment income	131,624,000	123,769,000
Employer-financed, vested	175,117,000	173,126,000
Employer-financed, nonvested	<u>31,534,000</u>	<u>32,137,000</u>
Total pension benefit obligation	564,440,000	539,221,000
Net assets available for benefits (market value of \$410,640,350 and \$413,113,075 in 1994 and 1993, respectively)	<u>405,263,089</u>	<u>384,752,749</u>
Unfunded pension benefit obligation	<u>\$159,176,911</u>	<u>\$154,468,251</u>

The measurement of the pension benefit obligation is based on actuarial valuations as of June 30, 1994 and 1993. 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 8 percent of their salaries during the years ended June 30, 1994 and 1993. Employer contributions are paid in an amount provided for by statute, which was 12.63 percent (regular contribution of 8 percent plus supplemental contribution of 4.63 percent) for the years ended June 30, 1994 and 1993.

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, 1994 and 1993. Employer contributions of 5.0 percent (regular contribution of 4.5 percent plus supplemental contribution of .5 percent) and 4.5 percent under this plan were also paid for the years ended June 30, 1994 and 1993.

During fiscal year 1993, legislation was passed that affects fiscal year 1994 and future contributions to the Association as follows:

- . An employer supplemental contribution (based on a percentage of covered payroll) is required for basic and coordinated members as follows:

	<u>Basic</u>	<u>Coordinated</u>
Fiscal year 1994	4.63%	0.5%
Fiscal year 1995	4.63%	1.5%
Fiscal year 1996 and thereafter	3.64%	3.64%

- . The State of Minnesota was required to contribute \$500,000 to the Fund in fiscal year 1994. The contribution will increase in future years by a defined reference rate. The contributions will continue until the Fund reaches the same funded status as the Minnesota Teachers' Retirement Association (the TRA).
- . Beginning in fiscal year 1994, employee contributions are required to include an amount equal to the relative difference (per member) between the administrative expenses incurred by the Association and TRA.

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

5. Contributions Required and Made, continued:

The following required contribution rates have been determined by an actuarial valuation performed as of July 1, 1994 and 1993:

<u>July 1, 1994</u>	<u>Percentage of Covered Payroll</u>		
	<u>Basic Plan</u>	<u>Coordinated Plan</u>	<u>Combined</u>
Employee contribution	8.00%	4.50%	6.05%
Employer contribution	12.63	6.00	8.94
State contribution	.36	.36	.36
Administrative expense assessment	.10	.10	.10
Total contribution	<u>21.09%</u>	<u>10.96%</u>	<u>15.45</u>
Normal cost	<u>14.80%</u>	<u>8.83%</u>	11.48
Amortization of unfunded actuarial accrued liability			6.90
Allowance for expenses			<u>.25</u>
Total required contributions			<u>18.63</u>
Contribution deficiency			<u>(3.18) %</u>

<u>July 1, 1993</u>	<u>Percentage of Covered Payroll</u>		
	<u>Basic Plan</u>	<u>Coordinated Plan</u>	<u>Combined</u>
Employee contribution	8.00%	4.50%	6.19%
Employer contribution	12.63	5.00	8.68
State contribution	.38	.38	.38
Administrative expense assessment	.12	.12	.12
Total contribution	<u>21.13%</u>	<u>10.00%</u>	<u>15.37</u>
Normal cost	<u>14.88%</u>	<u>8.88%</u>	11.78
Amortization of unfunded actuarial accrued liability			6.63
Allowance for expenses			<u>.27</u>
Total required contributions			<u>18.68</u>
Contribution deficiency			<u>(3.31) %</u>

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

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.

SCHEDULE 1

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ST. PAUL, MINNESOTAANALYSIS OF FUNDING PROGRESS
(in millions of dollars)

(last seven fiscal periods)

<u>Fiscal Year</u>	<u>Net Assets Available for Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Credited Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Credited Pension Benefit Obligations as a Percentage of Covered Payroll</u>
1987	\$208.1	\$340.6	61.1%	\$132.5	\$ 88.7	149.4%
1988	228.4	360.5	63.4	132.1	91.2	144.8
1989	249.9	405.6	61.6	155.7	95.4	163.2
1990	287.3	436.9	65.8	149.6	102.3	146.2
1991	318.3	466.0	68.3	147.7	109.9	134.4
1992	348.8	503.0	69.3	154.2	115.3	133.7
1993	384.8	539.2	71.4	154.5	122.9	125.7
1994	405.3	564.5	71.8	159.2	129.3	123.1

* Year ended June 30.

Ten-year historical trend information is required by Governmental Accounting Standards Board (GASB) Statement No. 5. The pension benefit obligation based on the standardized measure required by GASB Statement No. 5 was not calculated by the actuary for years prior to 1987; therefore, only eight years of the required supplementary disclosures are presented. This information is intended to help users assess the Association's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other associations.

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

SCHEDULE 2

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

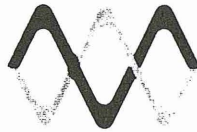
REVENUES BY SOURCE AND EXPENSES BY TYPE

(last ten fiscal years)

<u>Fiscal Year</u>	<u>Revenues by Source</u>			<u>Total</u>
	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	
1985 (a)	\$3,143,531	\$ 4,563,109	\$ 7,030,030	\$14,736,670
1986	5,825,234	8,506,315	18,980,646	33,312,195
1987	6,234,314	8,478,763	37,480,797	52,193,874
1988	6,314,269	8,866,122	20,892,151	36,072,542
1989	6,625,244	9,205,036	22,176,521	38,006,801
1990	7,123,140	9,787,509	39,039,791	55,950,440
1991	7,517,740	10,254,928	32,974,091	50,746,759
1992 (b)	7,821,339	10,489,037	33,909,940	52,220,316
1993	8,202,134	10,839,120	40,142,844	59,184,098
1994 (c)	9,100,048	11,736,192	25,199,649	46,035,889

<u>Fiscal Year</u>	<u>Expenses by Type</u>			<u>Total</u>
	<u>Employee Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	
1985 (a)	\$ 5,576,454	\$104,495	\$405,370	\$ 6,086,319
1986	11,494,373	208,133	375,930	12,078,436
1987	13,211,859	250,780	360,659	13,823,298
1988	14,866,181	273,852	655,392	15,795,425
1989	15,908,135	315,157	251,638	16,474,930
1990	17,764,567	315,030	480,503	18,560,100
1991	19,215,023	340,750	235,502	19,791,275
1992 (b)	20,917,828	275,209	505,961	21,698,998
1993	22,665,279	334,563	240,697	23,240,539
1994	24,868,189	324,684	332,676	25,525,549

- (a) Information presented is for the six months ended June 30, 1985. Fiscal years ended after June 30, 1985 include twelve months.
- (b) In connection with the legislation requiring employee contributions for administrative costs incurred, the Association refined its classification of expenses between administrative expenses and investment expenses. The administrative and investment expenses for 1992 have been reclassified to conform with the 1993 and 1994 presentations. Years prior to 1992 have not been restated for the reclassification.
- (c) Employer contributions include \$500,000 received from the State of Minnesota.



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Actuaries and Consultants

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November 3, 1994

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, 1994.

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.
Consulting Actuary

Enclosure

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

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Philippines • Spain • United Kingdom • United States • West Indies

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

	July 1, 1993 Valuation	July 1, 1994 Valuation
A. CONTRIBUTIONS (Table 11)		
1. Statutory Contributions - Chapter 354A % of Payroll	15.37%	15.45%
2. Required Contributions - Chapter 356 % of Payroll	18.68%	18.63%
3. Sufficiency (Deficiency): (A1-A2)	(3.31)%	(3.18)%
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$ 393,168	\$ 407,275
b. Current Benefit Obligations (Table 8)	\$ 539,221	\$ 564,440
c. Funding Ratio: (a/b)	72.91%	72.16%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 393,168	\$ 407,275
b. Actuarial Accrued Liability (Table 9)	\$ 571,059	\$ 596,441
c. Funding Ratio: (a/b)	68.85%	68.28%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$ 633,601	\$ 654,505
b. Current and Expected Future Benefit Obligations	\$ 696,581	\$ 724,429
c. Funding Ratio: (a/b)	90.96%	90.35%

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

	July 1, 1993 Valuation	July 1, 1994 Valuation
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	3,441	3,560
b. Projected Annual Earnings	\$130,921	\$137,713
c. Average Annual Earnings (Actual \$)	\$38,047	\$38,683
d. Average Age	44.0	44.0
e. Average Service	11.6	11.6
f. Additional Members on Leave of Absence*	121	112
2. Others		
a. Service Retirements (Table 4)	1,244	1,277
b. Disability Retirements (Table 5)	36	32
c. Survivors (Table 6)	154	162
d. Deferred Retirements (Table 7)	89	97
e. Terminated Other Non-Vested (Table 7)	889	1,054
f. Total	2,412	2,622

* Valued as deferred retirements; liability included with actives.

TABLE 1

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

July 1, 1994

	Market Value	Cost Value
A. ASSETS		
1. Cash, Equivalents, Short-Term Securities	\$ 21,309	\$ 21,309
2. Investments		
a. Fixed Income	194,480	203,446
b. Equity	194,510	179,516
c. Real Estate	678	671
3. Equity in Minnesota Post-Retirement Investment Fund (MPRIF)	0	0
4. Other	4,912*	4,912*
B. TOTAL ASSETS	<u>\$ 415,889</u>	<u>\$ 409,854</u>
C. AMOUNTS CURRENTLY PAYABLE	<u>\$ 4,591</u>	<u>\$ 4,591</u>
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$ 82,964	\$ 82,964
2. Employer Reserves	328,334	322,299
3. MPRIF Reserves	0	0
4. Non-MPRIF Reserves	0	0
5. Total Assets Available for Benefits	<u>\$ 411,298</u>	<u>\$ 405,263</u>
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	<u>\$ 415,889</u>	<u>\$ 409,854</u>
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Cost Value of Assets Available for Benefits (D5)		\$ 405,263
2. Market Value (D5)	\$ 411,298	
3. Cost Value (D5)	405,263	
4. Market Over Cost: (F2-F3)	<u>\$ 6,035</u>	
5. 1/3 of Market Over Cost: (F4)/3		2,012
6. Actuarial Value of Assets (F1+F5)		<u>\$ 407,275</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, 1994

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 409,997	\$ 384,753
B. OPERATING REVENUES		
1. Member Contributions	\$ 9,100	\$ 9,100
2. Employer Contributions	11,236	11,236
3. State Contributions	500	500
4. Investment Income	21,932	21,932
5. MPRIF Income	0	0
6. Net Realized Gain (Loss)	4,423	4,423
7. Other	0	0
8. Net Change in Unrealized Gain (Loss)	(19,209)	0
9. Total Revenue	<u>\$ 27,982</u>	<u>\$ 47,191</u>
C. OPERATING EXPENSES		
1. Service Retirements	\$ 22,745	\$ 22,745
2. Disability Benefits	753	753
3. Survivor Benefits	1,368	1,368
4. Refunds	333	333
5. Administrative Expenses	327	327
6. Investment Expenses	1,155	1,155
7. Total Disbursements	<u>\$ 26,681</u>	<u>\$ 26,681</u>
D. OTHER CHANGES IN RESERVES	0	0
E. ASSETS AVAILABLE AT END OF PERIOD	<u>\$ 411,298</u>	<u>\$ 405,263</u>

Table 7

**St. Paul Teachers' Retirement Fund
Reconciliation of Members**

	Actives*	Terminated	
		Deferred Retirement	Other Non-Vested
A. ON JUNE 30, 1993	3,562	89	889
B. ADDITIONS	489	25	334 **
C. DELETIONS			
1. Service Retirement	(69)	(1)	(4)
2. Disability	(2)	-	-
3. Death - Survivor	(2)	-	-
4. Death - Other	(3)	-	-
5. Terminated - Deferred	(24)	-	(1)
6. Terminated - Refund	(51)	(8)	(145)
7. Terminated - Other Non-Vested	(224)	(2)	-
8. Returned as Active	-	(2)	(26)
D. DATA ADJUSTMENTS	(4)	(4)	7
Vested	2,636		
Non-Vested	1,036		
E. TOTAL ON June 30, 1994	3,672	97	1,054

	Recipients		
	Retirement Annuitants	Disabled	Survivors
A. ON JUNE 30, 1993	1,244	36	154
B. ADDITIONS	76	2	16
C. DELETIONS			
1. Service Retirement	-	-	-
2. Death	(43)	(6)	(8)
3. Annuity Expired	-	-	-
4. Returned as Active	-	-	-
D. DATA ADJUSTMENTS	-	-	-
E. TOTAL ON June 30, 1994	1,277	32	162

* Includes members on leave of absence.

** Includes refund repayments.

TABLE 8

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

July 1, 1994

A.	CURRENT ASSETS (TABLE 1, F6)			\$	407,275
B.	EXPECTED FUTURE ASSETS				
1.	Present Value of Expected Future Statutory Supplemental Contributions				119,242
2.	Present Value of Future Normal Costs				127,988
3.	Total Expected Future Assets				<u>247,230</u>
C.	TOTAL CURRENT AND EXPECTED FUTURE ASSETS			\$	<u>654,505</u>
D.	CURRENT BENEFIT OBLIGATIONS	Non-Vested	Vested		Total
1.	Benefit Recipients				
a.	Retirement Annuities	\$	\$	201,184	\$ 201,184
b.	Disability Benefits			7,858	7,858
c.	Surviving Spouse and Child Benefits			13,446	13,446
2.	Deferred Retirements With Future Augmentation			2,649	2,649
3.	Former Members Without Vested Rights			1,028	1,028
4.	Active Members				
a.	Retirement Annuities*	4,938	277,868		282,806
b.	Disability Benefits	19,902	0		19,902
c.	Survivors' Benefits	4,629	0		4,629
d.	Deferred Retirements	2,065	26,945		29,010
e.	Refund Liability Due to Death or Withdrawal	0	1,928		1,928
5.	Total Current Benefit Obligations	\$ <u>31,534</u>	\$ <u>532,906</u>	\$	<u>564,440</u>
E.	EXPECTED FUTURE BENEFIT OBLIGATIONS			\$	<u>159,989</u>
F.	TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS			\$	<u>724,429</u>
G.	CURRENT UNFUNDED ACTUARIAL LIABILITY: (D5-A)			\$	157,165
H.	CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY: (F-C)			\$	69,924

* Includes members on leave of absence.

TABLE 9

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

July 1, 1994			
	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*	\$ 418,303	\$ 81,638	\$ 336,665
b. Disability Benefits	28,610	11,838	16,772
c. Survivors' Benefits	7,203	2,628	4,575
d. Deferred Retirements	40,661	24,697	15,964
e. Refunds Due to Death or Withdrawal	3,487	7,187	(3,700)
f. Total	<u>\$ 498,264</u>	<u>\$ 127,988</u>	<u>\$ 370,276</u>
2. Deferred Retirements With Future Augmentation	2,649		2,649
3. Former Members Without Vested Rights	1,028		1,028
4. Annuitants in MPRIF	0		0
5. Recipients Not in MPRIF	222,488		222,488
6. Total	<u>\$ 724,429</u>	<u>\$ 127,988</u>	<u>\$ 596,441</u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. AAL: (A6)			\$ 596,441
2. Current Assets (Table 1, F6)			407,275
3. UAAL: (B1-B2)			<u>\$ 189,166</u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of July 1, 2020			\$ 2,741,260
2. Supplemental Contribution Rate: (B3/C1)			6.90%

* Includes members on leave of absence.

TABLE 10

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

Year Ending June 30, 1994

A.	UAAL AT BEGINNING OF YEAR	\$ 177,891
B.	CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1.	Normal Cost and Expenses	\$ 15,772
2.	Contribution	(20,836)
3.	Interest on A, B1 and B2	15,576
4.	Total: (B1+B2+B3)	\$ 10,512
C.	EXPECTED UAAL AT END OF YEAR: (A+B4)	\$ 188,403
D.	INCREASE (DECREASE) DUE TO ACTUARIAL LOSSES (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1.	Salary Increases	\$ (4,619)
2.	Investment Return	13,219
3.	MPRIF Mortality	0
4.	Mortality of Other Benefit Recipients	(2,455)
5.	Other Items	(5,382)
6.	Total	\$ 763
E.	UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS: (C+D5)	\$ 189,166
F.	CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO PLAN AMENDMENTS	0
G.	CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	0
H.	UAAL AT END OF YEAR: (E+F+G)	\$ 189,166

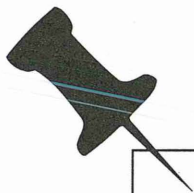
TABLE 11

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

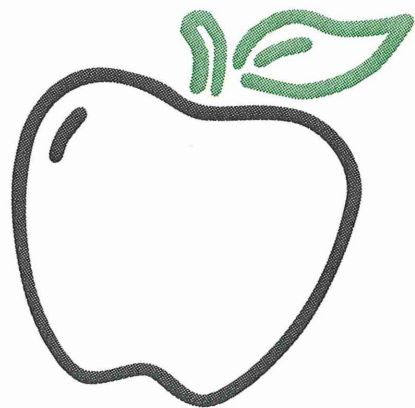
July 1, 1994

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	6.05%	\$ 8,335
2. Employer Contributions	8.94%	12,314
3. State Contribution	0.36%	500
4. Administrative Expense Assessment	0.10%	138
5. Total	<u>15.45%</u>	<u>\$ 21,287</u>
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.22%	\$ 9,944
b. Disability Benefits	1.17%	1,613
c. Survivors' Benefits	0.23%	312
d. Deferred Retirement Benefits	2.18%	3,006
e. Refunds Due to Death or Withdrawal	0.68%	930
f. Total	<u>11.48%</u>	<u>\$ 15,805</u>
2. Supplemental Contribution Amortization by July 1, 2020 of UAAL	<u>6.90%</u>	<u>\$ 9,502</u>
3. Allowance for Expenses	0.25%	\$ 344
4. Total	<u>18.63%</u>	<u>\$ 26,651</u>
C. CONTRIBUTION SUFFICIENCY (DEFICIENCY): (A5-B4)	<u>(3.18)%</u>	<u>\$ (5,364)</u>

Note: Projected Annual Payroll for Fiscal Year Beginning on July 1, 1994 is \$137,713.



Notes



**Active Fixed Income Account
As Of June 30, 1994**

NAME	RATE	MATURITY	PAR	MARKET
CIT Group Holdings Inc.	8.88	6/15/96	\$2,000,000	\$2,084,680
Federal Home Ln Mtg Corp. #A01095	10.00	10/1/20	3,116,592	3,326,962
Federal Home Ln Mtg Corp. #1617	6.00	2/15/22	5,140,000	4,489,430
Federal Home Ln Mtg Corp. #1118-Z	8.25	7/15/21	2,491,154	2,430,420
Federal Home Ln Mtg Corp. #1443-OP	9.43	12/15/22	1,202,300	764,956
Fleet Mtg Secs Inc. #1993-1	7.20	10/25/23	3,121,680	3,067,972
Federal Natl Mtg Assoc. #190059	9.50	8/1/22	4,913,653	5,198,210
Federal Natl Mtg Assoc. #050995	7.50	1/1/24	2,946,163	2,824,222
Federal Natl Mtg Assoc. #50746	6.50	6/1/23	4,764,056	4,286,332
Federal Natl Mtg Assoc. #1993-4 M	7.50	3/25/22	7,500,000	7,542,150
Federal Natl Mtg Assoc. #90-111Z	8.75	9/25/20	2,066,199	2,071,445
Ford Holdings Inc.	9.38	3/1/20	2,840,000	3,083,615
General Electric Capital Mtg Inc.	6.00	9/25/08	1,379,225	1,332,247
General Electric Capital Mtg Inc.	6.50	2/25/24	3,725,000	3,381,020
Govt Natl Mtg Assoc. #360248	7.00	5/1/24	7,561,185	6,959,781
Govt Natl Mtg Assoc #397450	7.00	5/15/24	2,621,833	2,413,365
Household Finance Corp.	4.21	7/21/96	5,000,000	4,770,150
Household Finance Corp.	8.15	3/19/96	4,487,481	4,587,881
Inter American Dev Bank	7.13	3/15/23	2,700,000	2,338,740
ITT Receivables Master Trust	3.76	2/15/99	6,250,000	6,254,875
MBNA Credit Card Trust	8.25	6/30/98	3,330,000	3,394,502
New York Telephone Co.	7.25	2/15/24	3,500,000	3,176,250
Quebec Province CDA	7.50	7/15/23	6,000,000	5,172,180
Residential Funding Mtg Inc.	6.25	5/25/23	1,883,478	1,846,468
Resolution Trust Corp.	4.51	6/25/24	832,211	814,442
Southern New England Telephone Co.	7.25	12/15/33	3,500,000	3,057,425
Standard Credit Card Master Trust	8.35	1/8/00	1,600,000	1,646,992
U.S. Treasury Notes	5.38	5/31/98	6,600,000	6,282,408
U.S. Treasury Notes	7.88	1/15/98	19,680,000	20,399,501
U.S. Treasury Notes	8.13	8/15/19	9,100,000	9,458,358
U.S. Treasury Notes	8.50	11/15/00	11,520,000	12,326,400
U.S. Treasury Notes	9.25	8/15/98	25,300,000	27,466,439
U.S. Treasury Notes	0.00	11/15/09	13,710,000	4,129,452
TOTAL CSI ASSET MANAGEMENT			\$182,382,209	\$172,379,270

**Indexed Fixed Income Fund
As Of June 30, 1994**

NAME	MARKET
Wells Fargo Institutional Trust Company	\$22,100,339
TOTAL WELLS FARGO INSTITUTIONAL TRUST CO.	\$22,100,339

Active Domestic Equity Account As Of June 30, 1994

SHARES	NAME	MARKET
55,000	Central & Southwest Corp.	\$1,168,750
100,000	General Motors Corp. Class E	3,487,500
40,000	Minnesota Mining & Mfg Co.	1,985,000
160,000	Southern Co.	3,000,000
109,476	Texas Utilities Co.	3,505,555
TOTAL IN-HOUSE PORTFOLIO		\$13,146,805

Active Domestic Equity Account As Of June 30, 1994

SHARES	NAME	MARKET
15,000	Abbott Laboratories	\$435,000
10,000	ADC Telecommunications Inc.	402,500
21,300	Aetrium Inc.	207,675
8,000	Anchor Bancorp WI Inc.	218,000
10,000	Andrew Corp.	367,500
20,000	Apache Corp.	552,500
10,000	Arctco Inc.	262,500
16,000	Automotive Industries Hldg Inc.	424,000
20,000	Bemis Inc.	445,000
10,000	Best Buy Inc.	288,750
15,000	BMC Industries Inc.	406,875
15,000	Buffets Inc.	275,625
30,000	Caseys General Store Inc.	341,250
40,000	Computer Network Tech. Corp.	280,000
18,000	Control Data Systems Inc.	164,250
35,000	Crop Growers Corp.	275,625
9,800	Department 56 Inc.	312,375
10,800	Discovery Zone Inc.	141,750
4,400	Donaldson Co.	98,450
20,000	Enron Corp.	655,000
20,000	FCB Financial Corp.	295,000
10,000	Fingerhut Cos. Inc.	242,500
6,500	First Bank System Inc.	235,625
20,000	First Financial Corp. WI	300,000
11,000	Fiserv Inc.	225,500
25,000	Funco Inc.	337,500

SHARES	NAME	MARKET
8,000	Green Tree Financial Inc.	\$224,000
8,800	Grow Biz International Inc.	99,000
10,000	Harley Davidson Inc.	457,500
9,000	Illinois Tool Works Inc.	351,000
16,000	Inland Steel Industries Inc.	558,000
10,000	Intel Corp.	585,000
12,000	Intl. Dairy Queen Inc.	198,000
2,600	Itel Corp.	80,042
5,000	Johnson Controls Inc.	241,875
10,000	LaCrosse Footwear Inc.	82,500
38,800	Life USA Holdings Inc.	344,350
10,000	Lincoln Telecommunications Co.	152,500
10,000	Marcus Corp.	258,750
20,000	Mc Donalds Corp.	577,500
6,000	Medtronic Inc.	480,750
7,600	Merrill Corp.	167,200
15,000	Metropolitan Financial Corp.	236,250
10,000	MGIC Investment Corp.	263,750
7,000	Morton International Inc.	546,000
15,000	Motorola Inc.	669,375
25,000	Musicland Stores Corp.	400,000
10,000	Newell Co.	462,500
10,000	Norand Corp.	350,000
15,000	Norwest Corp.	391,875
15,000	NWNL Cos. Inc.	498,750
5,000	Pioneer Hi-Bred Intl. Inc.	163,750
25,100	Racotek Inc.	172,563
2,500	Recovery Engineering Inc.	31,875
20,000	Sara Lee Corp.	425,000
16,600	Scimed Life Systems Inc.	431,600
15,000	Snap-On Inc.	558,750
15,300	St. Francis Capital Corp.	263,925
10,000	St. Jude Medical Inc.	325,000
20,000	Supervalu Inc.	605,000
10,000	TCF Financial Corp.	338,750
10,000	Tellabs Inc.	310,000
12,500	Toro Co.	296,875
10,000	Tribune Co.	532,500
10,000	Tricord Systems Inc.	107,500
13,000	Tucker Properties Corp.	208,000
5,000	United Healthcare Corp.	225,625
10,000	Valspar Corp.	365,000
12,000	Walgreens Co.	436,500
34,000	Westerfed Financial Corp.	480,250
25,000	Winnebago Industries Inc.	218,750
25,000	Winthrop Resources Corp.	300,000

TOTAL INVESTMENT ADVISORS, INC.	\$23,664,430
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Active Domestic Equity Account As Of June 30, 1994

SHARES	NAME	MARKET
50,000	Alliant Techsystems Inc.	\$1,450,000
55,000	American Express Co.	1,416,250
22,000	Avon Products Inc.	1,295,250
40,000	Becton Dickinson & Co.	1,635,000
60,000	Coltec Industries Inc.	1,117,500
26,000	Dreyfus Corp.	1,261,000
36,000	Exel Limited	1,390,500
31,000	Federal Home Loan Mtg Corp.	1,875,500
10,000	First Empire State Corp.	1,565,000
24,000	First Interstate Bancorp.	1,848,000
33,000	General Dynamics Corp.	1,348,875
30,000	Hasbro Inc.	888,750
12,000	Hercules Inc.	1,284,000
30,000	Lehman Brothers Holdings Inc.	450,000
20,000	Mapco Inc.	1,180,000
25,000	Martin Marietta Corp.	1,103,115
16,000	McDonnell Douglas Corp.	1,872,000
29,000	Mellon Bank Corp.	1,631,250
15,000	Morgan Stanley Group Inc.	853,125
75,000	Natl Health Laboratories Inc.	975,000
25,000	Sundstrand Corp.	1,175,000
25,000	Transamerica Corp.	1,303,125
18,000	Warner-Lambert Co.	1,188,000

TOTAL OPPENHEIMER CAPITAL	\$30,106,240
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Active Domestic Equity Account As Of June 30, 1994

SHARES	NAME	MARKET
92,000	Abbott Laboratories	\$2,668,000
36,000	American Home Products Corp.	2,043,000
45,000	Anheuser Busch Cos. Inc.	2,283,750
50,000	Automatic Data Processing Inc.	2,656,250
46,000	Bandag Inc.	2,374,750
100,000	Bemis Inc.	2,225,000
60,000	Circuit City Stores Inc.	1,230,000
57,000	Coca Cola Co.	2,315,625

SHARES	NAME	MARKET
53,000	Deluxe Corp.	\$1,397,875
48,000	General Electric Co.	2,238,000
65,000	Genuine Parts Co.	2,348,125
62,000	Heinz H. J. Inc.	1,976,250
31,000	Hewlett Packard Co.	2,332,750
40,000	Kellogg Co.	2,175,000
44,000	Kimberly Clark Corp.	2,326,500
105,000	Limited Inc.	1,811,250
55,000	May Department Stores Co.	2,158,750
92,000	Mc Donalds Corp.	2,656,500
70,000	Merck & Co. Inc.	2,082,500
43,000	Minnesota Mining & Mfg. Co.	2,133,875
30,000	Motorola Inc.	1,338,750
45,000	Philip Morris Cos. Inc.	2,317,500
62,000	Pitney Bowes Inc.	2,363,750
21,000	Royal Dutch Petroleum Co.	2,194,500
100,000	Sara Lee Corp.	2,125,000
37,000	Shell Trans. & Trading Plc.	2,317,125
72,000	Sherwin Williams Co.	2,268,000
50,000	Suntrust Banks Inc.	2,418,750
40,000	Torchmark Corp.	1,560,000
57,000	Walgreens Co.	2,073,375
75,000	WMX Technologies Inc.	1,987,500

TOTAL VOYAGEUR ASSET MANAGEMENT	\$66,398,000
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Indexed Equity Fund As Of June 30, 1994

NAME	MARKET
Wells Fargo Institutional Trust Co.	\$36,836,887

TOTAL WELLS FARGO INSTITUTIONAL TRUST CO.	\$36,836,887
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International Equity Fund As Of June 30, 1994

NAME	MARKET
Morgan Stanley Asset Management	\$15,480,829

TOTAL MORGAN STANLEY ASSET MANAGEMENT	\$15,480,829
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Commercial Paper As Of June 30, 1994

NAME	RATE	MATURITY	MARKET
American Express Corp.	3.73	7/1/94	\$999,897
Prudential Home Mortgage	3.82	7/1/94	799,916
Centerior Fuel LC/Barclays	4.16	7/6/94	999,308
Sears Roebuck Acceptance Corp.	4.30	7/6/94	1,998,567
General Motors Acceptance Corp.	4.20	7/6/94	499,650
Bankers Acceptance, FBNA	4.21	7/7/94	999,183
General Motors Acceptance Corp.	4.25	7/7/94	999,174
Goldman Sachs Group	4.16	7/11/94	1,997,464
International Multifoods Corp.	4.32	7/13/94	1,597,516
General Motors Acceptance Corp.	4.34	7/20/94	1,995,200
Norwest Corp.	4.30	7/26/94	1,246,136
FPL Fuels Inc. LC/Barclays	4.27	8/1/94	996,222
General Electric Capital Corp.	4.53	8/1/94	298,805
Ford Motor Credit Corp.	4.06	8/1/94	697,499
General Electric Capital Corp.	3.84	8/1/94	996,622
Associates Corp. of No America	4.37	8/12/94	795,843
Ford Motor Credit Corp.	4.60	9/1/94	1,785,699
Heller Financial Corp.	4.41	10/3/94	1,482,781

TOTAL COMMERCIAL PAPER	\$21,185,482
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Money Market Fund As Of June 30, 1994

NAME	MARKET
Investment Advisors, Inc.	\$3,063,896
Oppenheimer Capital	3,439,244
Voyageur Asset Management	1,879,320

TOTAL MONEY MARKET	\$8,382,460
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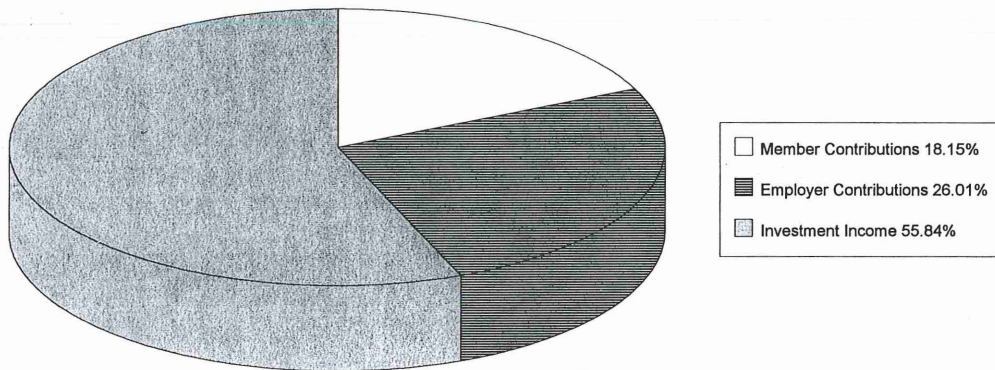
Real Estate Fund As Of June 30, 1994

NAME	MARKET
Lartnec Investments, Inc.	\$678,128
TOTAL REAL ESTATE	\$678,128

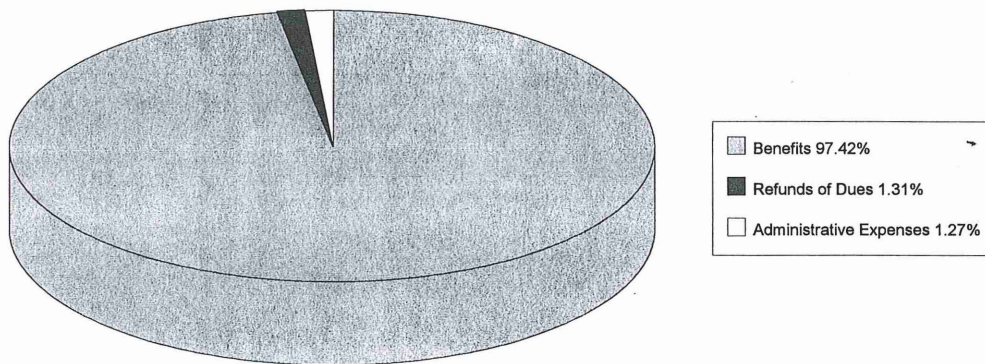
**Total Portfolio Holdings
As Of June 30, 1994**

NAME	MARKET
Fixed Income	\$194,479,629
Equities	185,633,191
Commercial Paper	21,185,482
Cash and Cash Equivalents	8,567,383
Real Estate	678,128
TOTAL PORTFOLIO HOLDINGS	\$410,543,813

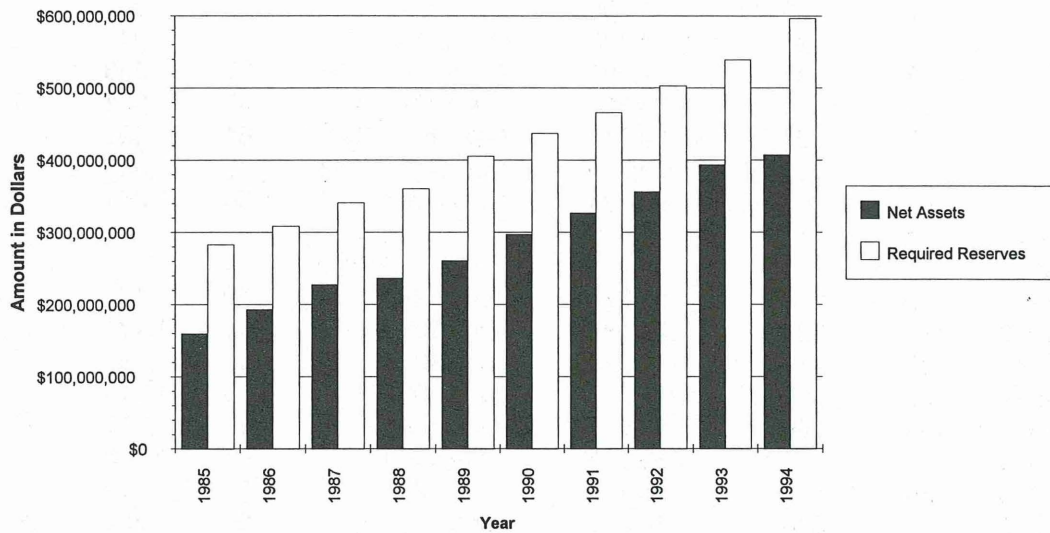
1993-94 Revenue By Source



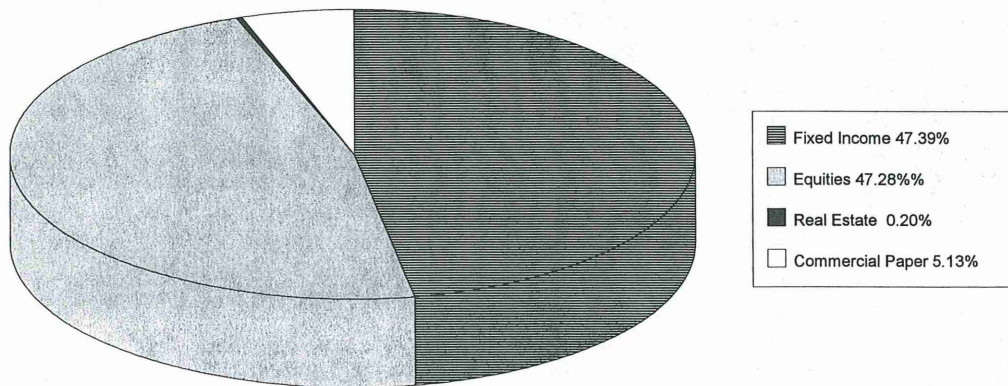
1993-94 Expenses By Type



1993-94 Summary Of Net Assets And Required Reserves



1993-94 Total Portfolio Holdings - Market Value



Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)
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June 1910	15	13	\$ 4,860
June 1931	8	125	69,024
June 1932	8	130	72,961
June 1933	2	126	74,190
June 1934	6	127	74,120
June 1935	9	131	74,001
June 1936	14	135	75,864
June 1937	19	151	80,747
June 1938	17	160	89,709
June 1939	11	161	93,184

June 1939 to			
December 1939	0	158	23,870
December 1940	71	222	170,685
December 1941	35	246	210,257
December 1942	27	266	234,217
December 1943	38	286	253,031
December 1944	34	311	282,299
December 1945	56	350	308,113
December 1946	51	378	337,512
December 1947	28	387	360,571
December 1948	42	413	375,912
December 1949	42	441	419,618
December 1950	30	461	450,641
December 1951	27	476	472,670
December 1952	28	486	508,923
December 1953	32	487	525,959
December 1954	10	482	529,429
December 1955	38	509	666,994
December 1956	46	529	750,146
December 1957	59	560	840,883
December 1958	41	579	1,019,502
December 1959	30	585	1,084,506
December 1960	38	600	1,144,380
December 1961	39	611	1,230,715
December 1962	49	624	1,352,779
December 1963	42	647	1,467,461
December 1964	33	653	1,545,252
December 1965	40	668	1,631,554
December 1966	43	676	1,770,083
December 1967	36	682	1,862,249
December 1968	45	695	1,969,760
December 1969	53	726	2,319,186
December 1970	31	719	2,385,868
December 1971	47	731	2,522,350
December 1972	51	745	2,742,660
December 1973	36	744	3,039,253
December 1974	46	754	3,372,453

Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)
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December 1975	52	778	\$ 3,765,322
December 1976	77	883	4,393,513
December 1977	63	919	5,050,507
December 1978	48	946	5,523,548
December 1979	40	946	6,240,309
December 1980	47	963	6,623,804
December 1981	47	981	7,139,037
December 1982	61	996	7,725,617
December 1983	72	1,042	8,555,099
December 1984	64	1,061	9,466,664

January 1985 to			
June 1985	59	1,103	5,324,727
June 1986	66	1,134	11,267,144
June 1987	117	1,191	12,478,180
June 1988	70	1,210	14,690,455
June 1989	67	1,236	15,506,957
June 1990	67	1,270	17,382,410
June 1991	80	1,309	18,811,677
June 1992	83	1,357	20,509,335
June 1993	120	1,426	22,763,806
June 1994	92	1,469	25,044,494