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ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
ANNUAL REPORT
1994 - 1995

St. Paul Teachers' Retirement Fund Association

1994-95 Annual Report

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Doherty, Rumble and Butler

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St. Paul Teachers' Retirement Fund Association

BOARD OF TRUSTEES

MEMBERS

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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, 1994 to June 30, 1995 in accordance with the provisions of Minnesota Statutes 356.20.

The financial statements of the Association were audited by the Office of the State Auditor. 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 1994-95, total contributions amounted to \$21,871,642. Realized investment income, that is dividends, interest and gains on sales, for the same period was \$28,949,886.

EXPENSES

Benefits to annuitants, disabilitants, survivors and dependent children for the fiscal year totaled \$26,792,480. Refunds to members who left the Association totaled \$429,303. Administrative expenses amount to \$355,226. Revenues in excess of benefit payments and expenses amounted to \$23,244,519 during fiscal year 1994-95. This year benefits and refunds account for 98.7% of all expenses.

INVESTMENTS

The investments of SPTRFA had a rate of return of 18.81% for the fiscal year ending June 30, 1995. This return is well over the 8.5% rate the actuaries assume when determining our funding status. Our 18.81% return placed us in the top 6% of comparable pension funds in the country.

MEMBER SERVICES

Member service continues 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, 1995 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 summary 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 \$38,458,000 to \$445,733,000. Our accrued liability funding ratio has improved to 70.41%.

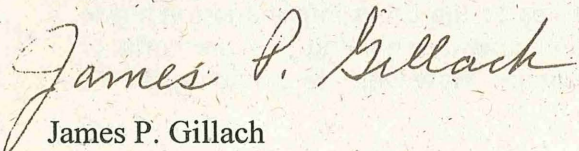
LEGISLATION

The 1995 legislative session was a good news/bad news story. The good news was that the legislature, both Senate and House, approved the SPTRFA endorsed post-retirement package which (1) removed the earnings threshold from the 13th check and guaranteed its annual payment and (2) provided our retirees with an additional adjustment to the base pension in years when the investment returns exceeded the actuarial assumptions. The bad news was that the package, which had no actuarial impact on funding requirements, was vetoed by Governor Carlson. Your board hopes that the governor will understand the rationale for these proposals and support them in the future.

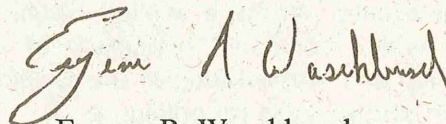
You will notice in this report the addition of a summary of the calculation of the member service charge. The service charge continues this year to be .07% (.0007) of payroll for active members and the same .07% (.0007) of benefits received for retirees.

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



JUDITH H. DUTCHER
STATE AUDITOR

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

SUITE 400
525 PARK STREET
SAINT PAUL 55103

(612) 296-2551 (Voice)
(612) 297-5353 (TDD)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Paul Teachers' Retirement Fund Association

We have audited the basic financial statements of the St. Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 1995, as listed in the table of contents. These basic financial statements are the responsibility of the St. Paul Teachers' Retirement Fund Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The financial statements of the St. Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 1994, were audited by other auditors whose report, dated November 7, 1994, expressed an unqualified opinion on those statements.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 1995, 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. The supplemental schedules referred to in the table of contents are not a required part of the basic financial statements but are required by the Governmental Accounting Standards Board. Such information as of and for the year ended June 30, 1995, 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. We have applied certain limited procedures to the other information in these schedules which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in dark ink, appearing to read "Judith H. Dutcher".

JUDITH H. DUTCHER
STATE AUDITOR

A handwritten signature in dark ink, appearing to read "Greg Hierlinger".

GREG HIERLINGER, CPA
ASSISTANT STATE AUDITOR

September 21, 1995

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

EXHIBIT 1

**COMPARATIVE BALANCE SHEET
JUNE 30, 1995 AND 1994**

	<u>1995</u>	<u>1994</u>
<u>Assets</u>		
Cash	\$ 484,235	\$ 184,923
Investments		
Commercial paper (market value approximates cost)	\$ 23,558,351	\$ 21,124,711
U.S. government securities (market value of \$117,087,660 and \$124,453,169 in 1995 and 1994, respectively)	118,127,172	128,507,533
Corporate bonds (market value of \$31,308,593 and \$47,939,440 in 1995 and 1994, respectively)	30,881,067	52,891,541
Common stocks (market value of \$163,175,100 and \$133,329,809 in 1995 and 1994, respectively)	127,115,308	125,571,276
Collective Trust Funds (aggregate market value of \$114,379,827 and \$74,418,102 in 1995 and 1994, respectively)		
Bond Index Fund	33,661,176	22,047,111
Equity Index Fund	34,563,777	33,463,527
International Equity Index Fund	29,980,128	12,289,052
First American Institutional Money Fund (market value approximates cost)	14,796,547	8,382,526
Wells Fargo money market (market value approximates cost)	15,000,000	-
Real estate, limited partnership (market value of \$678,128 and \$678,128 in 1995 and 1994, respectively)	671,347	671,347
Total investments	\$ 428,354,873	\$ 404,948,624
Receivables		
Contributions	\$ 880,278	\$ 667,429
Interest	2,872,101	2,946,377
Dividends	372,299	350,380
Security sales	590,640	735,694
Total receivables	\$ 4,715,318	\$ 4,699,880
Furniture and fixtures (at cost, less accumulated depreciation of \$36,881 and \$35,143 in 1995 and 1994, respectively)	\$ 22,426	\$ 20,964
Total Assets	\$ 433,576,852	\$ 409,854,391

The notes to the financial statements are an integral part of this statement.

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

**EXHIBIT 1
(Continued)**

**COMPARATIVE BALANCE SHEET
JUNE 30, 1995 AND 1994**

	<u>1995</u>	<u>1994</u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Accrued bonus payable to annuitants	\$ 4,458,214	\$ 4,069,951
Accounts payable	244,515	103,940
Security purchases payable	366,515	417,411
Total Liabilities	\$ 5,069,244	\$ 4,591,302
Fund Balance		
Actuarial present value of credited projected benefits payable to		
Retirees and beneficiaries now receiving benefits	\$ 248,399,000	\$ 222,488,000
Deferred vested and inactive teachers	4,458,000	3,677,000
Active teachers	347,580,000	338,275,000
Total actuarial present value of credited projected benefits	\$ 600,437,000	\$ 564,440,000
Unfunded actuarial present value of credited projected benefits	(171,929,392)	(159,176,911)
Total Fund Balance	\$ 428,507,608	\$ 405,263,089
Total Liabilities and Fund Balance	\$ 433,576,852	\$ 409,854,391

The notes to the financial statements are an integral part of this statement.

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

EXHIBIT 2

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 1995 AND 1994**

	<u>1995</u>	<u>1994</u>
Revenues		
Investment income		
Interest	\$ 17,132,098	\$ 15,846,459
Dividends	5,314,638	6,068,237
Gain on sale of investments	7,736,872	4,440,229
Investment expenses	<u>(1,233,722)</u>	<u>(1,155,276)</u>
Net investment income	\$ 28,949,886	\$ 25,199,649
Contributions		
Governmental units		
Employer	\$ 12,583,574	\$ 11,236,192
State of Minnesota	500,000	500,000
Members		
Required withholdings	8,559,156	8,191,128
Voluntary	<u>228,912</u>	<u>908,920</u>
Total contributions	\$ 21,871,642	\$ 20,836,240
Total Revenues	\$ 50,821,528	\$ 46,035,889
Expenses		
Benefits to participants		
Retirement	\$ 24,489,256	\$ 22,744,216
Disability	816,553	753,486
Survivor	1,471,867	1,356,356
Dependent children	14,804	14,131
Contribution refunds	<u>429,303</u>	<u>332,676</u>
Total benefits and refunds	\$ 27,221,783	\$ 25,200,865
Administrative expenses	<u>355,226</u>	<u>324,684</u>
Total Expenses	\$ 27,577,009	\$ 25,525,549
Revenues in Excess of Expenses	\$ 23,244,519	\$ 20,510,340
Fund Balance, Beginning of Year	<u>405,263,089</u>	<u>384,752,749</u>
Fund Balance, End of Year	\$ <u>428,507,608</u>	\$ <u>405,263,089</u>

The notes to the financial statements are an integral part of this statement.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1995**

1. Summary of Significant Accounting Policies

Financial Reporting Entity

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 Minn. Stat. chs. 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.

Basis of Presentation

The accompanying financial statements are presented in accordance with National Council on Governmental Accounting Statement 1 and the *Codification of Governmental Accounting and Financial Reporting Standards*, which designate accounting principles and financial reporting standards applicable to state and local governmental units. They include solely the accounts of the Fund, which include all programs, activities, and functions relating to the accumulation and investment of the assets and related income necessary to provide the service, disability, and death benefits required.

Basis of Accounting

The basis of accounting is the method by which revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is used for the Fund. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred.

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.

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

1. Summary of Significant Accounting Policies (Continued)

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 ranging from five to ten 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.

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.

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

2. Description of Plans (Continued)

Membership

At June 30, 1995 and 1994, the Association's membership consisted of:

	<u>1995</u>	<u>1994</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,646</u>	<u>1,471</u>
Current employees (including members on leave)		
Vested	2,714	2,636
Nonvested	<u>1,138</u>	<u>1,036</u>
Total current employees	<u>3,852</u>	<u>3,672</u>
Total membership	<u>5,498</u>	<u>5,143</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.

Other Benefits

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

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

2. Description of Plans (Continued)

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 of 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, 1995 and 1994, 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

Minn. Stat. § 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, 1995 and 1994, 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 custodial 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 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.

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

3. Deposits and Investments

Investments (Continued)

Minn. Stat. § 356A.06 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, 1995 and 1994, and the level of credit risk for these investments.

<u>1995</u>	<u>Risk Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Commercial paper	2	\$ 23,558,351	\$ 23,558,351
U.S. government securities	1	118,127,172	117,087,660
Corporate bonds	1	30,881,067	31,308,593
Common stocks	1	127,115,308	163,175,100
Real estate limited partnership	1	671,347	678,128
Total		\$300,353,245	\$335,807,832
Add			
Collective Trust Funds		98,205,081	114,379,827
Mutual Funds		29,796,547	29,796,547
Total Investments		\$428,354,873	\$479,984,206
<u>1994</u>	<u>Risk Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Commercial paper	2	\$ 21,124,711	\$ 21,124,711
U.S. 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		\$404,948,624	\$410,325,885

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

3. Deposits and Investments

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 Minn. Stat. § 356A.04, subd. 2, establishes a standard for all fiduciaries, which includes any party that has authority with respect to the system.

4. Security Lending Program

Certain U.S. government securities, corporate stocks, and bonds owned by the Association are loaned to banks and brokers to generate additional income. As of June 30, 1995, securities loaned and collateral by account, at market value, are \$159,006,761 and \$161,927,024, respectively. The collateral is held by the Association's asset custodian.

5. 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 6.

Assumptions to determine the pension benefit obligation were part of actuarial valuations at June 30, 1995 and 1994. 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.

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

5. Funding Status and Progress (Continued)

The total unfunded pension benefit obligation of the Association as of June 30, 1995 and 1994, is shown below:

	<u>1995</u>	<u>1994</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 252,857,000	\$ 226,165,000
Current employees		
Accumulated employee contributions, including allocated investment income	137,421,000	131,624,000
Employer-financed, vested	178,234,000	175,117,000
Employer-financed, nonvested	<u>31,925,000</u>	<u>31,534,000</u>
Total pension benefit obligation	\$ 600,437,000	\$ 564,440,000
Net assets available for benefits (market value of \$480,136,941 and \$410,640,350 in 1995 and 1994, respectively)	<u>428,507,608</u>	<u>405,263,089</u>
Unfunded pension benefit obligation	<u>\$ 171,929,392</u>	<u>\$ 159,176,911</u>

The measurement of the pension benefit obligation is based on actuarial valuations as of June 30, 1995 and 1994. Net assets available to pay pension benefits were valued as of the same date.

6. Contributions Required and Made

The Association's funding policy provides for periodic employer contributions at actuarially 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 a percent of their salaries during the years ended June 30, 1995 and 1994. 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, 1995 and 1994.

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

6. 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 wish to coordinate with Social Security. Participants contributed 4.5 percent of their salaries to the coordinated plan for the years ended June 30, 1995 and 1994. Employer contributions of 6 percent (regular contribution of 4.5 percent plus supplemental contribution of 1.5 percent) and 5 percent under this plan were also paid for the years ended June 30, 1995 and 1994, respectively.

During fiscal year 1993, legislation was passed that affected 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 years 1995 and 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 were required to include an amount equal to the relative difference (per member) between the administrative expenses incurred by the Association and the TRA.

The following required contribution rates have been determined by actuarial valuations performed as of July 1, 1995 and 1994:

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

6. Contributions Required and Made (Continued)

<u>July 1, 1995</u>	<u>Percentage of Covered Payroll</u>		
	<u>Basic Plan</u>	<u>Coordinated Plan</u>	<u>Combined</u>
Employee contribution	8.00%	4.50%	5.90%
Employer contribution	11.64	8.14	9.54
State contribution	.34	.34	.34
Administrative expense assessment	.09	.09	.09
Total contribution	20.07%	13.07%	15.87%
Normal cost	14.66%	8.80%	11.15%
Amortization of unfunded actuarial accrued liability			6.55
Allowance for expenses			.26
Total required contributions			17.96%
Contribution Deficiency			(2.09)%

<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	21.09%	10.96%	15.45%
Normal cost	14.80%	8.83%	11.48%
Amortization of unfunded actuarial accrued liability			6.90
Allowance for expenses			.25
Total required contributions			18.63%
Contribution Deficiency			(3.18)%

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

7. 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.

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

Schedule 1

**ANALYSIS OF FUNDING PROGRESS
(IN MILLIONS OF DOLLARS)
LAST NINE FISCAL PERIODS**

Fiscal Year*	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Actuarial Credited Pension Benefit Obligation	Annual Covered Payroll	Unfunded Actuarial Credited Pension Benefit Obligation as a Percentage of Covered Payroll
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
1995	428.5	600.4	71.4	171.9	148.2	116.0

* Year ended June 30

Ten-year historical trend information is required by Governmental Accounting Standards Board (GASB) Statement 5. The pension benefit obligation based on the standardized measure required by GASB Statement 5 was not calculated by the actuary for years prior to 1987; therefore, only nine 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 benefit 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 the percentage, the stronger the retirement system.

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

Schedule 2

**REVENUES BY SOURCE AND EXPENSES BY TYPE
LAST TEN FISCAL PERIODS**

Fiscal Year	Revenues by Source			Total
	Employee Contributions	Employer Contributions	Investment Income (Net)	
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	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(b)	9,100,048	11,736,192	25,199,649	46,035,889
1995(b)	8,788,068	13,083,574	28,949,886	50,821,528

Fiscal Year	Expenses by Type			Total
	Employee Benefits	Administrative Expenses	Refunds	
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(a)	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
1995	26,792,480	355,226	429,303	27,577,009

(a) 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, 1994, and 1995 presentations. Years prior to 1992 have not been restated for the reclassification.

(b) Employer contributions include \$500,000 received from the State of Minnesota.

MILLIMAN & ROBERTSON, INC.

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November 14, 1995

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, 1995.

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

St. Paul Teachers' Retirement Fund

Report Highlights

(dollars in thousands)

	July 1, 1994 Valuation	July 1, 1995 Valuation
A. CONTRIBUTIONS (Table 11)		
1. Statutory Contributions - Chapter 354A % of Payroll	15.45%	15.87%
2. Required Contributions - Chapter 356 % of Payroll	18.63%	17.96%
3. Sufficiency (Deficiency): (A1-A2)	(3.18)%	(2.09)%
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$ 407,275	\$ 445,733
b. Current Benefit Obligations (Table 8)	\$ 564,440	\$ 600,437
c. Funding Ratio: (a/b)	72.16%	74.23%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 407,275	\$ 445,733
b. Actuarial Accrued Liability (Table 9)	\$ 596,441	\$ 633,070
c. Funding Ratio: (a/b)	68.28%	70.41%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$ 654,505	\$ 706,209
b. Current and Expected Future Benefit Obligations	\$ 724,429	\$ 768,231
c. Funding Ratio: (a/b)	90.35%	91.93%

St. Paul Teachers' Retirement Fund

Report Highlights

(dollars in thousands)

	July 1, 1994 Valuation	July 1, 1995 Valuation
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	3,560	3,742
b. Projected Annual Earnings	\$137,713	\$148,221
c. Average Annual Earnings (Actual \$)	\$38,683	\$39,610
d. Average Age	44.0	43.9
e. Average Service	11.6	11.2
f. Additional Members on Leave of Absence*	112	110
2. Others		
a. Service Retirements (Table 4)	1,277	1,334
b. Disability Retirements (Table 5)	32	35
c. Survivors (Table 6)	162	170
d. Deferred Retirements (Table 7)	97	107
e. Terminated Other Non-Vested (Table 7)	1,054	1,066
f. Total	2,622	2,712

* Valued as deferred retirements; liability included with actives.

TABLE 1

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

July 1, 1995

	Market Value	Cost Value
A. ASSETS		
1. Cash, Equivalents, Short-Term Securities	\$ 24,090	\$ 24,043
2. Investments		
a. Fixed Income	213,204	212,465
b. Equity	242,543	191,659
c. Real Estate	678	671
3. Equity in Minnesota Post-Retirement Investment Fund (MPRIF)	0	0
4. Other	4,738*	4,738*
B. TOTAL ASSETS	<u>\$ 485,253</u>	<u>\$ 433,576</u>
C. AMOUNTS CURRENTLY PAYABLE	<u>\$ 5,069</u>	<u>\$ 5,069</u>
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$ 87,004	\$ 87,004
2. Employer Reserves	393,180	341,503
3. MPRIF Reserves	0	0
4. Non-MPRIF Reserves	0	0
5. Total Assets Available for Benefits	<u>\$ 480,184</u>	<u>\$ 428,507</u>
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	<u>\$ 485,253</u>	<u>\$ 433,576</u>
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Cost Value of Assets Available for Benefits (D5)		\$ 428,507
2. Market Value (D5)	\$ 480,184	
3. Cost Value (D5)	428,507	
4. Market Over Cost: (F2-F3)	<u>\$ 51,677</u>	
5. 1/3 of Market Over Cost: (F4)/3		17,226
6. Actuarial Value of Assets (F1+F5)		<u>\$ 445,733</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, 1995

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 411,298	\$ 405,263
B. OPERATING REVENUES		
1. Member Contributions	\$ 8,788	\$ 8,788
2. Employer Contributions	13,084	13,084
3. State Contributions	*	*
4. Investment Income	23,761	23,761
5. MPRIF Income	0	0
6. Net Realized Gain (Loss)	6,422	6,422
7. Other	0	0
8. Net Change in Unrealized Gain (Loss)	45,642	0
9. Total Revenue	\$ 97,697	\$ 52,055
C. OPERATING EXPENSES		
1. Service Retirements	\$ 24,490	\$ 24,490
2. Disability Benefits	817	817
3. Survivor Benefits	1,486	1,486
4. Refunds	429	429
5. Administrative Expenses	355	355
6. Investment Expenses	1,234	1,234
7. Total Disbursements	\$ 28,811	\$ 28,811
D. OTHER CHANGES IN RESERVES	0	0
E. ASSETS AVAILABLE AT END OF PERIOD	\$ 480,184	\$ 428,507

* included in Employer Contributions

Table 7

St. Paul Teachers' Retirement Fund
Reconciliation of Members

	Actives*	Terminated	
		Deferred Retirement	Other Non-Vested
A. ON JUNE 30, 1994	3,672	97	1,054
B. ADDITIONS	551	26	224
C. DELETIONS			
1. Service Retirement	(76)	(3)	(11)
2. Disability	(2)	-	-
3. Death - Survivor	(1)	-	-
4. Death - Other	-	-	-
5. Terminated - Deferred	(26)	-	-
6. Terminated - Refund	(54)	(8)	(166)
7. Terminated - Other Non-Vested	(209)	(3)	-
8. Returned as Active	-	(2)	(36)
D. DATA ADJUSTMENTS	(3)	-	1
Vested	2,714		
Non-Vested	1,138		
E. TOTAL ON June 30, 1995	3,852	107	1,066

	Retirement Annuitants	Recipients	
		Disabled	Survivors
A. ON JUNE 30, 1994	1,277	32	162
B. ADDITIONS	93	3	15
C. DELETIONS			
1. Service Retirement	-	-	-
2. Death	(35)	-	(7)
3. Annuity Expired	-	-	-
4. Returned as Active	-	-	-
D. DATA ADJUSTMENTS	(1)	-	-
E. TOTAL ON June 30, 1995	1,334	35	170

* Includes members on leave of absence.

TABLE 8

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

July 1, 1995

A.	CURRENT ASSETS (TABLE 1, F6)			\$	445,733
B.	EXPECTED FUTURE ASSETS				
1.	Present Value of Expected Future Statutory Supplemental Contributions				125,315
2.	Present Value of Future Normal Costs				135,161
3.	Total Expected Future Assets				<u>260,476</u>
C.	TOTAL CURRENT AND EXPECTED FUTURE ASSETS			\$	<u>706,209</u>
D.	CURRENT BENEFIT OBLIGATIONS	Non-Vested	Vested		Total
1.	Benefit Recipients				
a.	Retirement Annuities	\$	\$ 224,650	\$	224,650
b.	Disability Benefits		9,067		9,067
c.	Surviving Spouse and Child Benefits		14,682		14,682
2.	Deferred Retirements With Future Augmentation		3,355		3,355
3.	Former Members Without Vested Rights		1,103		1,103
4.	Active Members				
a.	Retirement Annuities*	5,587	286,474		292,061
b.	Disability Benefits	19,947	0		19,947
c.	Survivors' Benefits	4,759	0		4,759
d.	Deferred Retirements	1,632	27,017		28,649
e.	Refund Liability Due to Death or Withdrawal	0	2,164		2,164
5.	Total Current Benefit Obligations	\$ 31,925	\$ 568,512	\$	<u>600,437</u>
E.	EXPECTED FUTURE BENEFIT OBLIGATIONS			\$	<u>167,794</u>
F.	TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS			\$	<u>768,231</u>
G.	CURRENT UNFUNDED ACTUARIAL LIABILITY: (D5-A)			\$	154,704
H.	CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY: (F-C)			\$	62,022

* 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, 1995			
	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*	\$ 433,912	\$ 87,062	\$ 346,850
b. Disability Benefits	29,079	12,098	16,981
c. Survivors' Benefits	7,558	2,847	4,711
d. Deferred Retirements	40,777	25,115	15,662
e. Refunds Due to Death or Withdrawal	4,048	8,039	(3,991)
f. Total	<u>\$ 515,374</u>	<u>\$ 135,161</u>	<u>\$ 380,213</u>
2. Deferred Retirements With Future Augmentation	3,355		3,355
3. Former Members Without Vested Rights	1,103		1,103
4. Annuitants in MPRIF	0		0
5. Recipients Not in MPRIF	248,399		248,399
6. Total	<u>\$ 768,231</u>	<u>\$ 135,161</u>	<u>\$ 633,070</u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. AAL: (A6)			\$ 633,070
2. Current Assets (Table 1, F6)			445,733
3. UAAL: (B1-B2)			<u>\$ 187,337</u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of July 1, 2020			\$ 2,860,665
2. Supplemental Contribution Rate: (B3/C1)			6.55%

* 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, 1995

A.	UAAL AT BEGINNING OF YEAR	\$ 189,166
B.	CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1.	Normal Cost and Expenses	\$ 16,149
2.	Contribution	(21,872)
3.	Interest on A, B1 and B2	16,522
4.	Total: (B1+B2+B3)	\$ 10,799
C.	EXPECTED UAAL AT END OF YEAR: (A+B4)	\$ 199,965
D.	INCREASE (DECREASE) DUE TO ACTUARIAL LOSSES (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1.	Salary Increases	\$ 3,994
2.	Investment Return	(9,417)
3.	MPRIF Mortality	0
4.	Mortality of Other Benefit Recipients	(2,127)
5.	Other Items	(5,078)
6.	Total	\$ (12,628)
E.	UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS: (C+D5)	\$ 187,337
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)	\$ 187,337

TABLE 11

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

July 1, 1995

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	5.90%	\$ 8,748
2. Employer Contributions	9.54%	14,144
3. State Contribution	0.34%	500
4. Administrative Expense Assessment	0.09%	133
5. Total	15.87%	\$ 23,525
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.05%	\$ 10,447
b. Disability Benefits	1.10%	1,635
c. Survivors' Benefits	0.22%	328
d. Deferred Retirement Benefits	2.07%	3,066
e. Refunds Due to Death or Withdrawal	0.71%	1,056
f. Total	11.15%	\$ 16,532
2. Supplemental Contribution Amortization by July 1, 2020 of UAAL	6.55%	\$ 9,708
3. Allowance for Expenses	0.26%	\$ 385
4. Total	17.96%	\$ 26,625
C. CONTRIBUTION SUFFICIENCY (DEFICIENCY): (A5-B4)	(2.09)%	\$ (3,100)

Note: Projected Annual Payroll for Fiscal Year Beginning on July 1, 1995 is \$148,221.

Active Fixed Income Account
As Of June 30, 1995

NAME	RATE	MATURITY	PAR	MARKET
Bank One Master Trust	7.800	12/15/00	\$2,100,000	\$2,194,017
Federal Home Ln Mtg Corp. #1617	6.000	2/15/22	5,140,000	4,812,325
Federal Home Ln Mtg Corp. #1118-Z	8.250	7/15/21	2,723,221	2,811,946
Federal Natl Mtg Assoc. #190059	9.500	8/1/22	4,144,293	4,422,820
Federal Natl Mtg Assoc. #050995	7.500	1/1/24	2,748,532	2,777,660
Federal Natl Mtg Assoc. #50746	6.500	6/1/23	4,522,503	4,374,407
Federal Natl Mtg Assoc. #1993-4 M	7.500	3/25/22	7,500,000	7,560,900
Federal Natl Mtg Assoc. #90-111Z	8.750	9/25/20	2,270,859	2,358,734
Ford Holdings Inc.	9.375	3/1/20	2,840,000	3,381,361
General Electric Capital Mtg Inc.	6.500	2/25/24	3,725,000	3,592,140
Govt Natl Mtg Assoc. #360248	7.000	5/1/24	7,428,482	7,338,510
Govt Natl Mtg Assoc #397450	7.000	5/15/24	2,502,138	2,464,565
Household Finance Corp.	8.150	3/19/96	3,211,663	3,369,058
Inter American Dev Bank	7.125	3/15/23	2,700,000	2,624,130
ITT Receivables Master Trust	3.763	2/15/99	6,250,000	6,253,750
MBNA Credit Card Trust	8.250	6/30/98	1,387,500	1,669,679
Quebec Province CDA	7.500	7/15/23	6,000,000	5,814,360
Residential Funding Mtg Inc.	6.250	5/25/23	1,589,644	1,612,392
Resolution Trust Corp.	4.513	6/25/24	716,613	797,706
U.S. Treasury Notes	5.375	5/31/98	6,600,000	6,509,250
U.S. Treasury Notes	7.875	1/15/98	19,680,000	20,590,200
U.S. Treasury Notes	8.125	8/15/19	9,100,000	10,598,679
U.S. Treasury Notes	8.500	11/15/00	11,520,000	12,819,571
U.S. Treasury Notes	9.250	8/15/98	25,300,000	27,648,093
TOTAL CSI ASSET MANAGEMENT			\$142,256,056	\$148,396,253

Indexed Fixed Income Fund
As of June 30, 1995

NAME	MARKET
Wells Fargo Nikko Investment Advisors	\$50,011,871
TOTAL WELLS FARGO NIKKO INVESTMENT ADVISORS	\$50,011,871

INVESTMENT SECTION

Active Domestic Equity Accounts

As Of June 30, 1995

SHARES	NAME	MARKET
55,000	Central & Southwest Corp.	\$1,443,750
100,000	General Motors Corp. Class E	2,175,000
80,000	Iowa Illinois Gas & Electric Co.	1,750,000
10,000	Midwest Resources Inc.	148,750
40,000	Minnesota Mining & Mfg Co.	1,147,500
160,000	Southern Co.	1,342,500
109,476	Texas Utilities Co.	4,231,531
TOTAL IN-HOUSE PORTFOLIO		\$12,239,031

SHARES	NAME	MARKET
8,500	Abbott Laboratories	\$344,250
13,000	ABC Rail Products Corp.	299,000
4,300	ADC Telecommunications Inc.	153,725
13,000	Aetrium Inc.	237,250
18,000	Ameritech Corp.	792,000
7,500	Amoco Corp.	499,688
17,000	Aptargroup Inc.	546,125
22,000	Archer-Daniels-Midland Co.	409,750
10,200	Automotive Industries Holding Inc.	276,675
46,400	Bandag Inc.	562,500
25,000	Bankers Life Holdings Corp.	475,000
9,000	Banta Corp.	299,250
10,000	Baxter International Inc.	363,750
10,200	Bell & Howell Holdings Co.	206,550
10,000	Bemis Inc.	260,000
12	Berkshire-Hathaway Inc.	281,400
30,000	BMC Industries Inc.	753,750
8,500	Boise Cascade Office Products Corp.	189,125
12,000	Borg Warner Automotive	342,000
3,000	Briggs & Stratton Corp.	103,500
18,300	Buffets Inc.	251,625
19,100	Caseys General Store Inc.	343,800
7,000	Caterpillar Inc.	449,750
49,000	CIMA Labs Inc.	208,250
3,600	Clarcor Inc.	82,350
8,000	Cyberoptics Corp.	203,000
6,500	Department 56 Inc.	248,625
13,000	Diametrics Medical Inc.	125,125
16,900	Donnelley, R.R. & Sons Co.	608,400
15,000	Equitable of Iowa Cos.	493,125
6,000	First Chicago Corp.	359,250
Continued ...		

SHARES	NAME	MARKET
17,000	Fiserv Inc.	\$478,125
15,000	General Instrument Corp.	573,750
49,000	Grainger W.W. Inc.	176,250
21,200	Harley Davidson Inc.	514,100
13,000	Harnischfeger Industries Inc.	450,125
4,000	Honeywell Inc.	172,500
8,350	Idex Corp.	279,725
22,000	Illinois Central Corp.	759,000
6,600	Illinois Tool Works Inc.	363,000
13,000	Intel Corp.	507,000
5,000	ITI Technologies Inc.	118,750
5,500	Johnson Controls Inc.	310,750
10,000	Juno Ltd Inc.	160,000
4,000	Kohls Corp.	182,500
10,300	Lindsay Mfg Co.	357,925
4,000	Manpower Inc.	102,000
82,000	Mc Donalds Corp.	860,750
2,000	Medtronic Inc.	154,250
12,500	Merrill Corp.	237,500
20,000	Minnesota Mining & Mfg Co.	401,625
9,000	Motorola Inc.	604,125
15,000	NALCO Chemical Co.	545,625
19,000	Newell Co.	463,125
10,000	Recovery Engineering Inc.	155,000
22,500	Reliastar Financial Corp.	860,625
25,200	Roosevelt Financial Group Inc.	420,538
4,000	Royal Dutch Petroleum Co.	487,500
100,000	Sara Lee Corp.	399,000
14,000	Sears Roebuck & Co.	833,000
20,000	Spine-Tech Inc.	215,000
21,700	Sybron International Corp.	865,288
23,000	Truck Components Inc.	362,250
8,000	United Healthcare Corp.	331,000
6,000	Valspar Corp.	227,250
6,000	Vigoro Corp.	249,000
4,500	Warner-Lambert Co.	388,688
5,000	WI Central Transport Corp.	245,000
10,000	Winnebago Industries Inc.	87,500
15,000	Winthrop Resources Corp.	210,000
6,700	Woodhead Industries Inc.	92,125
7,000	Wrigley Wm. Jr. Co.	324,625
11,000	Zebra Technologies Corp.	585,750
TOTAL INVESTMENT ADVISORS, INC.		\$26,880,225

Active Domestic Equity Accounts

As Of June 30, 1995

SHARES	NAME	MARKET
76,000	Abbott Laboratories	\$3,078,000
38,600	American Home Products Corp.	2,986,675
50,800	Anheuser Busch Cos. Inc.	2,889,250
40,000	Automatic Data Processing Inc.	2,515,000
9,000	Bandag Inc.	2,900,000
95,000	Bemis Inc.	2,470,000
120,000	Circuit City Stores Inc.	3,795,000
100,000	Dillard Dept Stores Inc.	2,937,500
52,000	Gannett Inc.	2,821,000
48,000	General Electric Co.	2,706,000
73,000	Genuine Parts Co.	2,764,875
3,000	Grainger W.W. Inc.	2,878,750
62,000	Heinz H. J. Inc.	2,751,250
48,000	Hewlett Packard Co.	3,576,000
40,000	Kellogg Co.	2,855,000
22,000	Mc Donalds Corp.	3,208,250
63,000	Merck & Co. Inc.	3,094,875
38,500	Motorola Inc.	2,584,313
70,000	PepsiCo Inc.	3,185,000
45,000	Philip Morris Cos. Inc.	3,346,875
75,000	Pitney Bowes Inc.	2,868,750
21,000	Royal Dutch Petroleum Co.	2,559,375
90,000	Rubbermaid Inc.	2,497,500
14,000	Sara Lee Corp.	2,850,000
72,000	Schering Plough Corp.	3,177,000
35,000	Shell Trans. & Trading Plc.	2,533,125
71,000	Sigma Aldrich Corp.	3,487,875
50,000	Suntrust Banks Inc.	2,912,500
25,000	Torchmark Corp.	943,750
57,000	Walgreens Co.	2,857,125
TOTAL VOYAGEUR ASSET MANAGEMENT		\$86,030,613

Indexed Equity Fund

As Of June 30, 1995

NAME	MARKET
Wells Fargo Nikko Investment Advisors	\$46,441,145
TOTAL WELLS FARGO NIKKO INVESTMENT ADVISORS	\$46,441,146

SHARES	NAME	MARKET
12,000	Alliant Techsystems Inc.	\$501,000
38,000	American Express Co.	1,339,500
18,000	Avon Products Inc.	1,206,000
22,000	Becton Dickinson & Co.	1,281,500
37,000	Champion International Corp.	1,928,625
20,000	Coltec Industries Inc.	345,000
70,000	Countrywide Credit Inds Inc.	1,470,000
40,000	Exel Limited	2,080,000
32,000	Federal Home Loan Mtg Corp.	2,200,000
11,000	First Empire State Corp.	1,886,500
60,000	Freeport McMoran Inc.	1,057,500
35,000	Hasbro Inc.	1,111,250
39,000	Hercules Inc.	1,901,250
20,000	Intel Corp.	1,266,260
54,000	Laboratory Corp.	715,500
12,231	Laboratory Corp. - Warrants	18,347
22,000	Lockheed Martin Corp.	1,388,750
21,000	Mapco Inc.	1,218,000
70,000	Mattel Inc.	1,837,500
48,000	McDonnell Douglas Corp.	3,684,000
70,000	Mellon Bank Corp.	2,913,750
30,000	Reebok International Ltd.	1,020,000
100,000	Shaw Industries Inc.	1,700,000
18,000	Sundstrand Corp.	1,075,500
25,000	Transamerica Corp.	1,456,250
5,000	Warner-Lambert Co.	431,875
5,500	Wells Fargo & Co.	991,375
TOTAL OPPENHEIMER CAPITAL		\$38,025,232

International Equity Fund

As Of June 30, 1995

NAME	MARKET
Morgan Stanley Pooled International Equity Trust	\$32,926,812
TOTAL MORGAN STANLEY ASSET MANAGEMENT	\$32,926,812

INVESTMENT SECTION

Commercial Paper

As Of June 30, 1995

NAME	RATE	MATURITY	MARKET
Prudential Bache Funding Corp.	5.88	7/3/95	\$1,899,077
Omnibus Funding Corp.	5.91	7/13/95	997,869
Crown Cork & Seal Inc.	6.01	7/19/95	1,993,688
Sears Roebuck Acceptance Corp.	5.92	7/19/95	1,993,772
Triple-A One Funding Corp.	5.90	7/19/95	2,242,994
Bridgestone Firestone Inc.	5.89	7/27/95	2,140,551
General Motors Acceptance Corp.	6.11	7/27/95	1,244,300
James River Cogeneration Co.	5.91	7/27/95	2,488,975
MetLife Funding Inc.	5.83	7/27/95	2,588,690
Norwest Corp.	5.98	7/27/95	1,891,521
Heller International Co.	5.90	8/1/95	1,243,500
Sears Roebuck Acceptance Corp.	6.04	8/1/95	1,989,404
Heller Financial Corp.	5.83	9/1/95	890,944
TOTAL COMMERCIAL PAPER			\$23,605,285

Money Market Fund

As Of June 30, 1995

NAME	MARKET
Investment Advisors, Inc.	\$6,498,916
Oppenheimer Capital	5,320,876
Voyageur Asset Management	2,976,755
TOTAL MONEY MARKET	\$14,796,547

Real Estate Fund

As Of June 30, 1995

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

Total Portfolio Holdings

As Of June 30, 1995

NAME	MARKET
Fixed Income	\$198,408,124
Equities	242,543,057
Commercial Paper	23,605,285
Cash and Cash Equivalents	15,303,208
Real Estate	678,128
TOTAL PORTFOLIO HOLDINGS	\$480,537,802

Calculation Of 1996 Administrative Service Charge

As part of the 1993 increased funding package, SPTRFA members both active and retired are paying an "administrative service charge" to be applied to the fund's administrative expenses.

The calculation of this charge is illustrated in the paragraphs to follow so that all may see that the administrative service charge is distributed equally among all SPTRFA members, both active and retired.

Following are the steps used in determining the administrative service charge:

SPTRFA's administrative expenses (\$355,226) are compared to the State of Minnesota Teachers Retirement Association's administrative expenses (\$227,992). Therefore, the 1996 administrative expense charge to SPTRFA members is \$127,234.

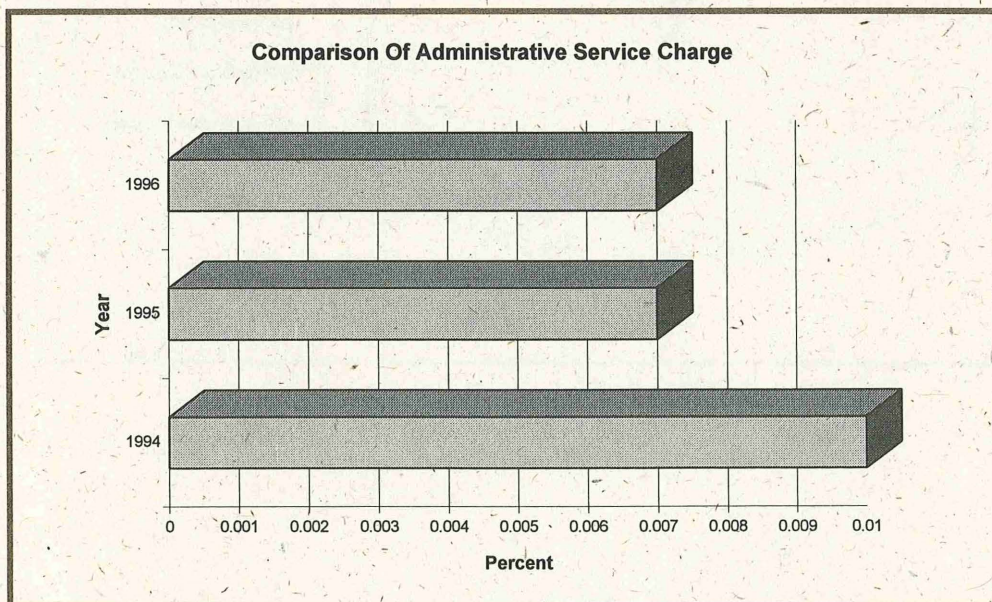
To determine the cost to each member we calculate the total payroll. This is done by adding SPTRFA's anticipated 1996 active member payroll (\$148,221,000) to the actual 1995 retiree payroll (\$26,792,000). As a result, SPTRFA's total payroll amounts to \$175,013,000.

In order to distribute the charge equally we need to break the 1996 administrative expense charge down to a percent of total payroll.

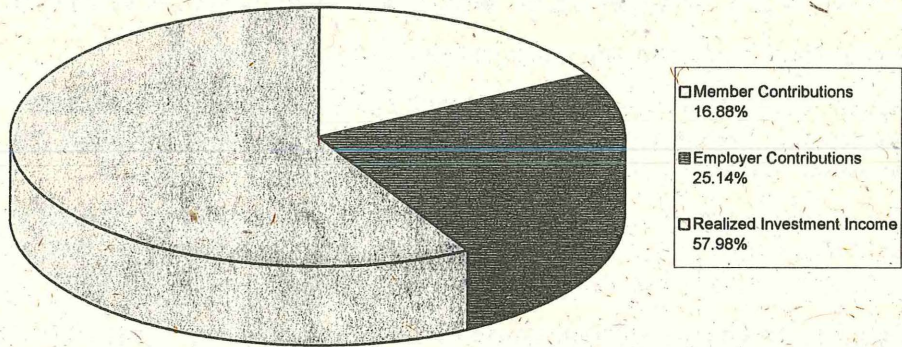
In other words, SPTRFA's administrative charge to members (\$127,234) divided by SPTRFA's total payroll (\$175,013,000) equals 0.07% or 0.0007.

This administrative expense charge will be applied to the required contribution rate of each active member.

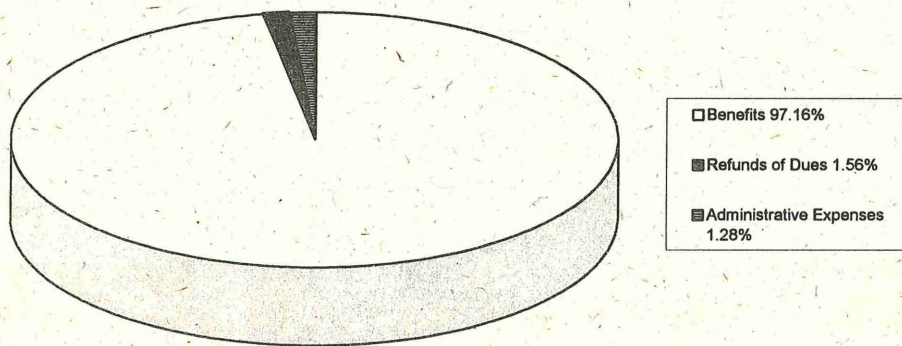
The retiree assessment will be 0.07% of the retiree 1995 total pension payments. This amount will be deducted from the Bonus (13th) Check payable in February.



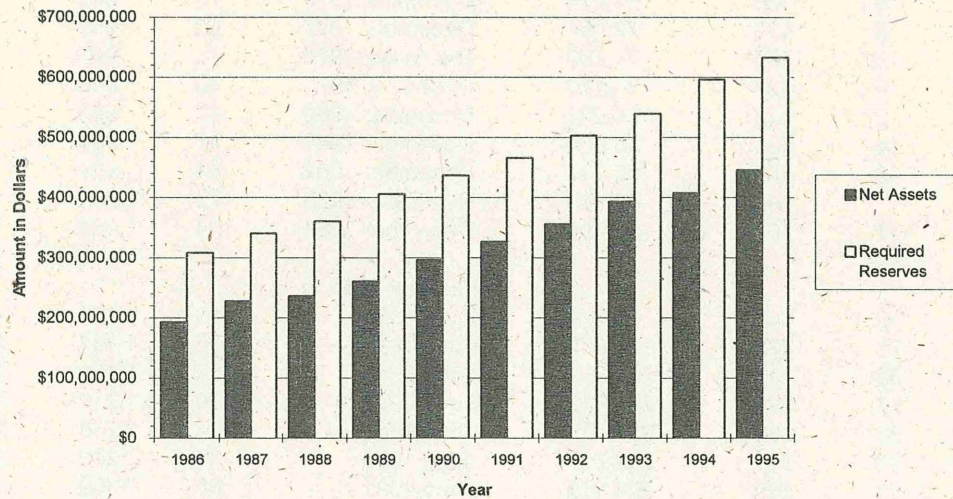
1994-95 Revenue By Source



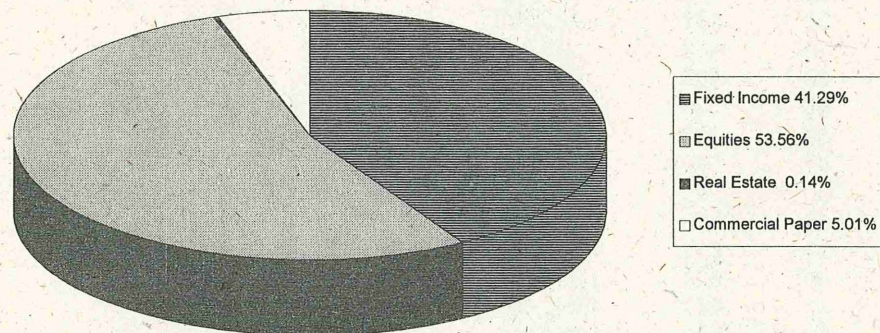
1994-95 Expenses By Type



FYE 1994-95 Summary Of Net Assets And Required Reserves



FYE 1994-95 Total Portfolio Holdings - Market Value



HISTORICAL SECTION

Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)	Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)
June 1910	15	13	\$ 4,860	December 1975	52	778	\$ 3,765,322
June 1931	8	125	69,024	December 1976	77	883	4,393,513
June 1932	8	130	72,961	December 1977	63	919	5,050,507
June 1933	2	126	74,190	December 1978	48	946	5,523,548
June 1934	6	127	74,120	December 1979	40	946	6,240,309
June 1935	9	131	74,001	December 1980	47	963	6,623,804
June 1936	14	135	75,864	December 1981	47	981	7,139,037
June 1937	19	151	80,747	December 1982	61	996	7,725,617
June 1938	17	160	89,709	December 1983	72	1,042	8,555,099
June 1939	11	161	93,184	December 1984	64	1,061	9,466,664
June 1939 to				January 1985 to			
December 1939	0	158	23,870	June 1985	59	1,103	5,324,727
December 1940	71	222	170,685	June 1986	66	1,134	11,267,144
December 1941	35	246	210,257	June 1987	117	1,191	12,478,180
December 1942	27	266	234,217	June 1988	70	1,210	14,690,455
December 1943	38	286	253,031	June 1989	67	1,236	15,506,957
December 1944	34	311	282,299	June 1990	67	1,270	17,382,410
December 1945	56	350	308,113	June 1991	80	1,309	18,811,677
December 1946	51	378	337,512	June 1992	83	1,357	20,509,335
December 1947	28	387	360,571	June 1993	120	1,426	22,763,806
December 1948	42	413	375,912	June 1994	92	1,469	25,044,494
December 1949	42	441	419,618	June 1995	113	1,539	26,792,534
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				