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Annual Report

of the BOARD OF TRUSTEES

For the Period

July 1, 1990 — June 30, 1991

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ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

St. Paul, Minnesota 55104

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Milliman & Robertson, Inc.

Auditor
Office of the State Auditor

Investment Counsel
CSI Asset Management

Legal Counsel
Doherty, Rumble and Butler

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
1619 Dayton Avenue Room 309
St. Paul, Minnesota 55104
612-642-2550

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Saint Paul Teachers' Retirement Fund Association

BOARD OF TRUSTEES

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Vice-President
Secretary-Treasurer

1619 DAYTON AVENUE, ROOM 309

SAINT PAUL, MINNESOTA 55104

PHONE: 642-2550

The Board of Trustees of St. Paul Teachers' Retirement Fund Association submits herewith the Financial Report for the fiscal year July 1, 1990 to June 30, 1991 in accordance with the provisions of Minnesota Statutes 356.20.

The financial statements of the Association were audited by the State Auditor of Minnesota. A copy of the report is included as a part of this report.

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

REVENUES

The reserves required to finance benefits come from employee and employer contributions and through investment gains. During fiscal year 1990-91, total contributions amounted to \$17,772,668. Investment income for the same period was \$32,974,091.

EXPENSES

Benefits to annuitants, disabilitants, survivors and dependent children for the fiscal year totaled \$19,209,242. Refunds to members who left the Association totaled \$235,502. Administrative expenses amounted to \$340,750. Net assets available for plan benefits increased by \$30,955,484 during fiscal year 1990-91.

INVESTMENTS

The investments of St. Paul Teachers' Retirement Fund Association had a rate of return for the fiscal year ending June 30, 1991 of 9.22%. You are encouraged to read the letter from CSI Asset Management Inc., our primary investment manager. A complete list of our investment portfolio on June 30, 1991 is included in this report.

MEMBER SERVICES

This year the Association staff continued the two year cycle of visits to the schools and other locations where members work. The purpose of these visits is to provide access to individual pension information. Each member over 50 years old will receive a pension benefit estimate showing the July 1, 1991 benefit available and estimated benefits at ages 55, 60 and 65.

LEGISLATION

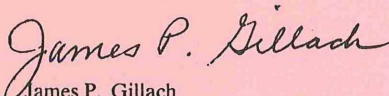
A Supplemental Bonus Check was approved for members of St. Paul Teachers' Retirement Fund Association who retired before July 1, 1978. This Supplemental Bonus Check is essentially the same increase as was granted to the pre-70 retirees in 1989.


Although the legislature approved Senate File 449 which would have made our Bonus (13th) Check a permanent feature, it was vetoed by Governor Carlson. Because of this veto, the Bonus (13th) Check will continue to be paid if investment returns are satisfactory. Your Board of Trustees will continue to search for ways to provide adequate benefits to all members on a financially sound basis.

In summary, Fiscal year 1990-91 was another positive year for our fund. The year end value of total assets available for benefits valued at cost was \$318,287,872. This year again, investment returns paid for all pension and fiscal year expenses with a surplus for future benefit payments.

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



MARK B. DAYTON
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR
SUITE 400
525 PARK STREET
SAINT PAUL 55103

296-2551

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Paul Teachers' Retirement
Fund Association

We have audited the accompanying statements of net assets available for plan benefits of the St. Paul Teachers' Retirement Fund Association as of June 30, 1991 and 1990, and the related statements of changes in net assets available for plan benefits for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the St. Paul Teachers' Retirement Fund 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.

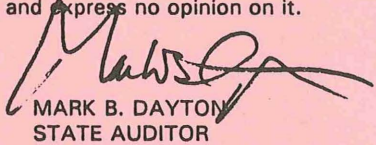
As described in Note 1 to the financial statements, the Association's policy, adopted in 1991, is to prepare its financial statements in conformity with generally accepted accounting principles. The 1990 financial statements are prepared on the basis of accounting practices prescribed by State of Minnesota statutes. Accordingly, the 1990 financial statements are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles.

AN EQUAL OPPORTUNITY EMPLOYER



In our opinion, the 1991 financial statements referred to above present fairly, in all material respects, information regarding the Fund's net assets available for benefits at June 30, 1991, and changes therein for the year then ended, in conformity with generally accepted accounting principles. In our opinion, the 1990 financial statements referred to above present fairly, in all material respects, information regarding the Fund's net assets available for benefits at June 30, 1990, and changes therein for the year then ended, in conformity with statutory requirements as described in Note 1.

The supplemental information referred to in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures 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.



MARK B. DAYTON
STATE AUDITOR

August 7, 1991

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

EXHIBIT 1

**COMPARATIVE STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
JUNE 30, 1991 AND 1990**

	<u>1991</u>	<u>1990</u>
Assets		
Cash	\$ 320,545	\$ 53,865
Investments (aggregate market value of \$331,015,371)		
Commercial paper	\$ 26,222,353	\$ 60,361,850
Bankers acceptance	-	994,340
United States Government Securities	123,142,789	43,864,264
Corporate bonds	61,036,586	83,805,998
Common stock	71,007,427	64,196,980
Collective Trust Funds		
Bond Index Fund	17,499,125	16,075,329
Equity Index Fund	15,954,853	15,404,523
First American Institutional Money Fund	426,126	197,665
Real estate, limited partnership	728,800	728,800
Participation loan receivable	156,212	186,616
Total investments - Note 2	<u>\$ 316,174,271</u>	<u>\$ 285,816,365</u>
Receivables		
Contributions	\$ 392,433	\$ 906,917
Interest	3,058,342	3,006,440
Dividends	262,855	244,109
Security sales	4,223,107	1,967,000
Bonds, principal repayments	66,847	198,387
Net gain on partial redemption	606	739
Total receivables	<u>\$ 8,004,190</u>	<u>\$ 6,323,592</u>
Furniture and fixtures (at cost, less accumulated depreciation of \$15,616 and \$15,894 in 1991 and 1990, respectively)	<u>\$ 23,142</u>	<u>\$ 23,637</u>
Total Assets	<u>\$ 324,522,148</u>	<u>\$ 292,217,459</u>

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 STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
Liabilities		
Accrued bonus payable to annuitants - Note 3	\$ 3,264,878	\$ 2,861,335
Accounts payable	38,309	52,361
Security purchases payable	<u>2,931,089</u>	<u>1,971,375</u>
Total Liabilities	<u>\$ 6,234,276</u>	<u>\$ 4,885,071</u>
Net Assets Available for Plan Benefits - Note 4	<u>\$ 318,287,872</u>	<u>\$ 287,332,388</u>
Summary of net assets available for plan benefits		
Actuarial present value of credited projected benefits payable to		
Beneficiaries now receiving benefits	\$ 166,270,000	\$ 153,815,000
Deferred vested and inactive teachers	3,375,000	2,120,000
Active teachers	<u>296,330,000</u>	<u>281,021,000</u>
Total projected benefits payable - Note 4	\$ 465,975,000	\$ 436,956,000
Unfunded actuarial present value of credit projected benefits - Note 4	<u>(147,687,128)</u>	<u>(149,623,612)</u>
Total Net Assets Available for Plan Benefits - Note 4	<u>\$ 318,287,872</u>	<u>\$ 287,332,388</u>

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 CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
Additions		
Investment income (loss)		
Interest	\$ 19,532,002	\$ 17,838,659
Dividends	2,278,381	2,379,817
Gain on sale of investments	14,704,317	23,062,645
Loss on sale of investments	(3,318,680)	(4,108,712)
Gain on partial redemptions	123,081	131,226
Loss on partial redemptions	(20,970)	(7,152)
Direct investment expenses	<u>(324,040)</u>	<u>(256,692)</u>
Total investment income	<u>\$ 32,974,091</u>	<u>\$ 39,039,791</u>
Contributions		
Governmental units	\$ 10,254,928	\$ 9,787,509
Members		
Required withholdings	7,319,824	6,980,739
Voluntary	<u>197,916</u>	<u>142,401</u>
Total contributions - Note 5	<u>\$ 17,772,668</u>	<u>\$ 16,910,649</u>
Other income		
Miscellaneous	<u>\$ (5,781)</u>	<u>\$ 6,617</u>
Total Additions	<u>\$ 50,740,978</u>	<u>\$ 55,957,057</u>
Deductions		
Benefits to participants		
Retirement	\$ 17,656,198	\$ 16,270,398
Disability	559,773	549,883
Survivor	971,835	919,047
Dependent children	21,436	25,239
Contribution refunds	<u>235,502</u>	<u>480,503</u>
Total benefits and refunds	<u>\$ 19,444,744</u>	<u>\$ 18,245,070</u>
Administrative expenses	<u>340,750</u>	<u>315,030</u>
Total Deductions	<u>\$ 19,785,494</u>	<u>\$ 18,560,100</u>

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

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

EXHIBIT 2
(Continued)

COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
Change in net assets available for plan benefits	\$ 30,955,484	\$ 37,396,957
Net assets available for plan benefits, beginning	<u>287,332,388</u>	<u>249,935,431</u>
Net Assets Available for Plan Benefits, Ending - Note 4	<u>\$ 318,287,872</u>	<u>\$ 287,332,388</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

1. Summary of Significant Accounting Policies

The St. Paul Teachers' Retirement Fund is a defined benefit pension plan administered by the St. Paul Teachers' Retirement Fund Association, pursuant to the Association 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.

A. Basis of Accounting and Financial Statement Presentation

The St. Paul Teachers' Retirement Fund Association maintains its accounting records on the accrual basis. Prior to 1991, Minn. Stat. § 356.20 established cost as the accounting basis for investments, which in certain instances may vary from the valuation of investments as required by generally accepted accounting principles. The accompanying 1990 financial statements were prepared on the basis prescribed by statutes and are not intended to present financial position or results of operations of the Association in accordance with generally accepted accounting principles. For the year ended June 30, 1991, the Association changed its policy of accounting for investments at cost per statutory requirements to accounting for investments in conformity with generally accepted accounting principles. The cumulative effect of this change in accounting principle on the 1991 financial statements was zero.

B. Investments

For the year ended June 30, 1991, investments are reported at cost, subject to adjustment for market value declines judged to be other than temporary. For the year ended June 30, 1990, investments are carried at cost.

C. Revenue Recognition

Investment income is recognized when earned.

Member employee contributions are recorded as revenues when withheld or when paid directly by the member employee.

Employer contributions are computed as a percentage of covered payroll. These revenues are recorded based upon covered payroll.

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

2. Deposits and Investments

Deposits

Minn. Stat. § 118.005 authorized the Association to deposit its cash in financial institutions designated by the Board of Trustees. At June 30, 1991 and 1990, the Association had cash deposits of \$374,264 and \$56,746, respectively, all of which were insured or collateralized with securities held by the Association or its agent in the Association's name. The carrying amount of these deposits was \$320,545 and \$53,865 at June 30, 1991 and 1990, respectively.

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 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.

Minn. Stat. § 11A.24 authorizes the types of securities available to the Association for investment. Following are the carrying amounts and market values of the Association's investments at June 30, 1991, and the level of credit risk for these investments.

	<u>Risk Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Commercial paper	2	\$ 26,222,353	\$ 26,222,353
United States Government Securities	1	123,142,789	123,198,261
Corporate bonds	1	59,245,410	60,144,220
Corporate bonds	2	1,791,176	1,850,780
Common stocks	1	71,007,427	84,020,087
Real estate limited partnerships	1	728,800	736,161
Participation loan receivable	1	<u>156,212</u>	<u>*</u>

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

2. Deposits and Investments

Investments (Continued)

	<u>Risk Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Total		\$ 282,294,167	\$ 296,171,862
Add			
Collective Trust Fund		33,453,978	34,417,383
Mutual Fund		<u>426,126</u>	<u>426,126</u>
Total Investments		<u>\$ 316,174,271</u>	<u>\$ 331,015,371</u>

* Market Value has not been determined.

The investments of St. Paul Teachers' Retirement Fund 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 anyone that has authority with respect to the system.

3. 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 St. Paul Teachers' Retirement Fund 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**

3. Description of Plans (Continued)

Membership

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

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,376</u>
Current employees (including members on leave)	
Vested	2,572
Nonvested	<u>857</u>
Total	<u>3,429</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**

3. Description of Plans (Continued)

Bonus Payments

The plans provide a bonus payment plan for all annuitants who have been receiving benefits for at least three years. The amount of the bonus is equal to up to one percent of the asset value of the fund at the end of the previous fiscal year and is payable in each year that the fund earns a return on its assets of at least six percent. The amount of the bonus is determined by the board of trustees subject to the one percent maximum.

Each annuitant receiving benefits for more than three years receives a bonus payment based upon a combination of years of service and years in which benefit payments have been received by the eligible person. Beginning the year ended June 30, 1990, annuitants have the option of electing to take their bonus as a lump sum payment or as an adjustment to their monthly annuity. Bonus payments totaling \$3,264,878 and \$2,861,335 were accrued for the years ended June 30, 1991 and 1990, respectively. This includes the annuitized bonus payable of \$89,352 at June 30, 1991.

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 employees retirement systems. The measure is independent of the actuarial funding method used to determine contributions.

Credited projected benefits are those future periodic payments, including lump-sum distributions, that are attributable under the plans' provisions to the service employees have rendered. Credited projected benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The credited projected benefits for active employees are based on their age, service, and earnings up to the date as of which the benefit information

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

4. Funding Status and Progress (Continued)

is presented (the valuation date). Benefits payable under all circumstances--retirement, death, disability--are included, to the extent that they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of credited projected benefits is determined by an actuary, using the entry age normal cost method, and is that amount that results from applying actuarial assumptions to adjust the credited projected benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements, such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. Significant actuarial assumptions used at June 30, 1991, include (a) a rate of return on the investment of present and future assets of 8.5 percent per year, (b) projected salary increases of 6.5 percent per year.

There was a change in the retirement age actuarial assumption in 1990 that was recognized in the actuarial valuation used at June 30, 1990. The effect of this change was a decrease in the pension benefit obligation at June 30, 1990, of \$2,537,000. There were no changes in actuarial assumptions reflected in the actuarial valuation at June 30, 1991.

Total unfunded pension benefit obligation of the Association as of June 30, 1991 and 1990, is shown below.

	<u>1991</u>	<u>1990</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 166,270,000	\$ 155,935,000
Current Employees		
Accumulated employee contributions including allocated investment income	108,903,000	102,297,000*
Employer-financed vested	158,110,000	151,639,000
Employer-financed nonvested	<u>32,692,000</u>	<u>27,085,000</u>
Total Pension Benefit Obligation	\$ 465,975,000	\$ 436,956,000
Net assets available for benefits (market value of \$333,128,972 and \$307,172,476 1991 and 1990 respectively)	<u>318,287,872</u>	<u>287,332,388</u>
Unfunded Pension Benefit Obligation	<u>\$ 147,687,128</u>	<u>\$ 149,623,612</u>

* Estimated

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

4. Funding Status and Progress (Continued)

The measurement of the pension benefit obligation is based on actuarial valuations as of June 30, 1991 and 1990. Net assets available to pay pension benefits were valued as of the same date.

5. Contributions Required and Made

Under the basic program, member employees contributed eight percent of their salaries during the years ended June 30, 1991 and 1990. Employer contributions are paid in an amount provided for by statute, which was 12.63 percent for the years ended June 30, 1991 and 1990.

Effective July 1, 1978, the Association established, pursuant to Minnesota statutes, a coordinated retirement program 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, 1991 and 1990. Employer contributions of 4.5 percent under this program were also paid for the years then ended.

Contributions to the Fund for the years ended June 30, 1991 and 1990, were:

	<u>1991</u>	<u>1990</u>
Employer	\$ 10,254,928	\$ 9,787,509
Employee	<u>7,517,740</u>	<u>7,123,140</u>
Total	<u>\$ 17,772,668</u>	<u>\$ 16,910,649</u>

Using the actuarial assumptions prescribed by state statutes as of June 30, 1991, the consulting actuary has calculated the required contribution rate to be:

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

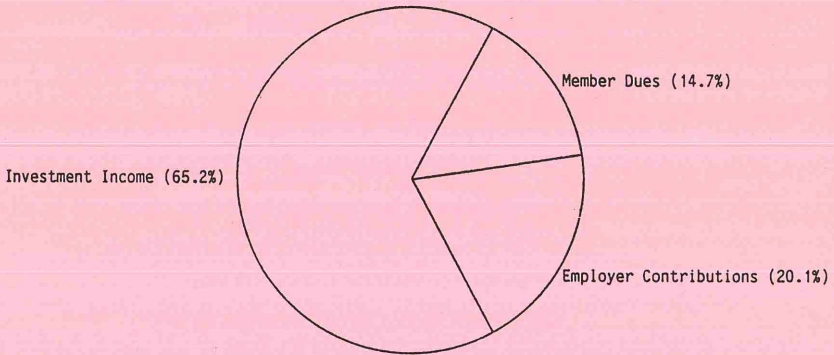
5. Contributions Required and Made

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

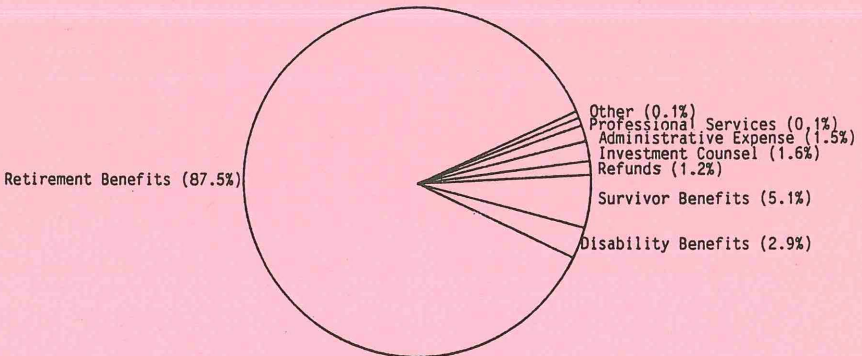
The actuarial present value of credited projected benefits is in excess of the net assets available for plan benefits by approximately \$147,687,128 and \$149,623,612 at June 30, 1991 and 1990, respectively.

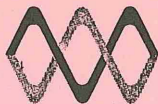
1991 REVENUE AND EXPENDITURES

Revenue by Source



Expenditures by Type





MILLIMAN & ROBERTSON, INC.

Actuaries and Consultants

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

December 2, 1991

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, 1991.

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 September 20, 1989.

Respectfully submitted,

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

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

Enclosure

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

	July 1, 1990 Valuation	July 1, 1991 Valuation
A. CONTRIBUTIONS (Table 11)		
1. Statutory Contributions - Chapter 354A % of Payroll	15.64%	15.44%
2. Required Contributions - Chapter 356 % of Payroll	18.86%	18.87%
3. Sufficiency (Deficiency): (A1-A2)	(3.22%)	(3.43)%
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$ 296,819	\$ 326,357
b. Current Benefit Obligations (Table 8)	\$ 436,956	\$ 465,975
c. Funding Ratio: (a/b)	67.93%	70.04%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 296,819	\$ 326,357
b. Actuarial Accrued Liability (Table 9)	\$ 466,137	\$ 495,740
c. Funding Ratio: (a/b)	63.68%	65.83%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$ 501,700	\$ 528,548
b. Current and Expected Future Benefit Obligations	\$ 580,264	\$ 615,681
c. Funding Ratio: (a/b)	86.46%	85.85%

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

	<u>July 1, 1990 Valuation</u>	<u>July 1, 1991 Valuation</u>
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	3,343	3,299
b. Projected Annual Earnings	\$ 109,881	\$ 117,291
c. Average Annual Earnings (Actual \$)	\$ 32,869	\$ 35,554
d. Average Age	43.3	43.8
e. Average Service	11.3	11.5
f. Additional Members on Leave of Absence	129	130
2. Others		
a. Service Retirements (Table 4)	1,111	1,136
b. Disability Retirements (Table 5)	30	29
c. Survivors (Table 6)	129	144
d. Deferred Retirements (Table 7)	36	67
e. Terminated Other Non-Vested (Table 7)	888	935
f. Total	<u>2,194</u>	<u>2,311</u>

TABLE 1

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

July 1, 1991

	Market Value	Cost Value
A. ASSETS		
1. Cash, Equivalents, Short-Term Securities	\$ 26,543	\$ 26,699
2. Investments		
a. Fixed Income	202,518	202,105
b. Equity	101,108	86,962
c. Real Estate	729	729
3. Equity in Minnesota Post-Retirement Investment Fund (MPRIF)	0	0
4. Other	8,036	8,027
B. TOTAL ASSETS	<u>\$ 338,934</u>	<u>\$ 324,522</u>
C. AMOUNTS CURRENTLY PAYABLE	<u>\$ 2,969</u>	<u>\$ 2,969</u>
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$ 68,917	\$ 68,917
2. Employer Reserves	267,048	252,636
3. MPRIF Reserves	0	0
4. Non-MPRIF Reserves	0	0
5. Total Assets Available for Benefits	<u>\$ 335,965</u>	<u>\$ 321,553</u>
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	<u>\$ 338,934</u>	<u>\$ 324,522</u>
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Cost Value of Assets Available for Benefits (D5)		\$ 321,553
2. Market Value (D5)	\$ 335,965	
3. Cost Value (D5)	321,553	
4. Market Over Cost: (F2-F3)	<u>\$ 14,412</u>	
5. 1/3 of Market Over Cost: (F4)/3		4,804
6. Actuarial Value of Assets (F1+F5)		<u>\$ 326,357</u>

TABLE 2

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

Year Ending June 30, 1991

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 310,072	\$ 290,193
B. OPERATING REVENUES		
1. Member Contributions	\$ 7,518	\$ 7,518
2. Employer Contributions	10,255	10,255
3. Investment Income	21,811	21,812
4. MPRIF Income	0	0
5. Net Realized Gain (Loss)	11,487	11,487
6. Other	0	0
7. Net Change in Unrealized Gain (Loss)	(5,466)	0
8. Total Revenue	<u>\$ 45,605</u>	<u>\$ 51,072</u>
C. OPERATING EXPENSES		
1. Service Retirements	\$ 17,259	\$ 17,259
2. Disability Benefits	560	560
3. Survivor Benefits	993	993
4. Refunds	235	235
5. Expenses	665	665
6. Other	0	0
7. Total Disbursements	<u>\$ 19,712</u>	<u>\$ 19,712</u>
D. OTHER CHANGES IN RESERVES	0	0
E. ASSETS AVAILABLE AT END OF PERIOD	<u>\$ 335,965</u>	<u>\$ 321,553</u>

TABLE 7

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

	Actives*	Terminated	
		Deferred Retirement	Other Non-Vested
A. ON JUNE 30, 1990	3,472	36	888
B. ADDITIONS	373	23	237
C. DELETIONS			
1. Service Retirement	(46)	(2)	(10)
2. Disability	(1)	0	0
3. Death - Survivor	(2)	0	0
4. Death - Other	0	0	0
5. Terminated - Deferred	(23)	0	0
6. Terminated - Refund	(137)	0	(134)
7. Terminated - Other Non-Vested	(206)	0	0
8. Returned as Active		(1)	(16)
D. DATA ADJUSTMENTS	(1)	11	(30)
Vested	2,572		
Non-Vested	857		
E. TOTAL ON JUNE 30, 1991	3,429	67	935

	Recipients		
	Retirement Annuitants	Disabled	Survivors
A. ON JUNE 30, 1990	1,111	30	129
B. ADDITIONS	61	3	18
C. DELETIONS			
1. Service Retirement		0	
2. Death	(36)	(4)	0
3. Annuity Expired	0	0	(3)
4. Returned as Active	0	0	0
D. DATA ADJUSTMENTS	0	0	0
E. TOTAL ON JUNE 30, 1991	1,136	29	144

* Includes members on leave of absence.

TABLE 8

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

July 1, 1991

A. CURRENT ASSETS (TABLE 1, F6)				\$ 326,357
B. EXPECTED FUTURE ASSETS				
1. Present Value of Expected Future Statutory Supplemental Contributions				82,250
2. Present Value of Future Normal Costs				119,941
3. Total Expected Future Assets				<u>202,191</u>
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS				<u>\$ 528,548</u>
D. CURRENT BENEFIT OBLIGATIONS	Non-Vested	Vested	Total	
1. Benefit Recipients				
a. Retirement Annuities	\$	\$ 150,049	\$	150,049
b. Disability Benefits		6,079		6,079
c. Surviving Spouse and Child Benefits		10,142		10,142
2. Deferred Retirements With Future Augmentation		2,867		2,867
3. Former Members Without Vested Rights		508		508
4. Active Members				
a. Retirement Annuities	6,351	235,157		241,508
b. Disability Benefits	19,880	0		19,880
c. Survivors' Benefits	4,089	0		4,089
d. Deferred Retirements	2,372	27,035		29,407
e. Refund Liability Due to Death or Withdrawal	0	1,446		1,446
5. Total Current Benefit Obligations	<u>\$ 32,692</u>	<u>\$ 433,283</u>		<u>\$ 465,975</u>
E. EXPECTED FUTURE BENEFIT OBLIGATIONS				<u>\$ 149,706</u>
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS				<u>\$ 615,681</u>
G. CURRENT UNFUNDED ACTUARIAL LIABILITY: (D5-A)				\$ 139,618
H. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY: (F-C)				\$ 87,133

TABLE 9

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

July 1, 1991			
	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	\$ 367,794	\$ 75,765	\$ 292,029
b. Disability Benefits	28,409	12,207	16,202
c. Survivors' Benefits	6,226	2,150	4,076
d. Deferred Retirements	41,088	25,091	15,997
e. Refunds Due to Death or Withdrawal	2,519	4,728	(2,209)
f. Total	<u>\$ 446,036</u>	<u>\$ 119,941</u>	<u>\$ 326,095</u>
2. Deferred Retirements With Future Augmentation	2,867		2,867
3. Former Members Without Vested Rights	508		508
4. Annuitants in MPRIF	0		0
5. Recipients Not in MPRIF	166,270		166,270
6. Total	<u>\$ 615,681</u>	<u>\$ 119,941</u>	<u>\$ 495,740</u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. AAL: (A6)			\$ 495,740
2. Current Assets (Table 1, F6)			326,357
3. UAAL: (B1-B2)			<u>\$ 169,383</u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of July 1, 2020			\$ 2,538,567
2. Supplemental Contribution Rate: (B3/C1)			6.67%

TABLE 10

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

Year Ending June 30, 1991

A.	UAAL AT BEGINNING OF YEAR	\$ 169,318
B.	CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1.	Normal Cost and Expenses	\$ 13,098
2.	Contribution	(17,773)
3.	Interest on A, B1 and B2	13,015
4.	Total: (B1+B2+B3)	<u>\$ 8,340</u>
C.	EXPECTED UAAL AT END OF YEAR: (A+B4)	\$ 177,658
D.	INCREASE (DECREASE) DUE TO ACTUARIAL LOSSES (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1.	Salary Increases	\$ 743
2.	Investment Return	(9,289)
3.	MPRIF Mortality	0
4.	Mortality of Other Benefit Recipients	919
5.	Other Items	(648)
6.	Total	<u>\$ (8,275)</u>
E.	UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS: (C+D5)	\$ 169,383
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)	<u><u>\$ 169,383</u></u>

TABLE 11

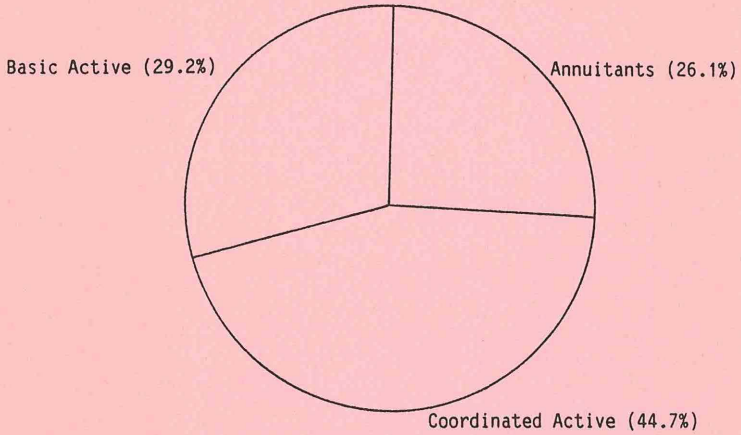
St. Paul Teachers' Retirement Fund
Determination of Contribution Sufficiency
(dollars in thousands)

July 1, 1991

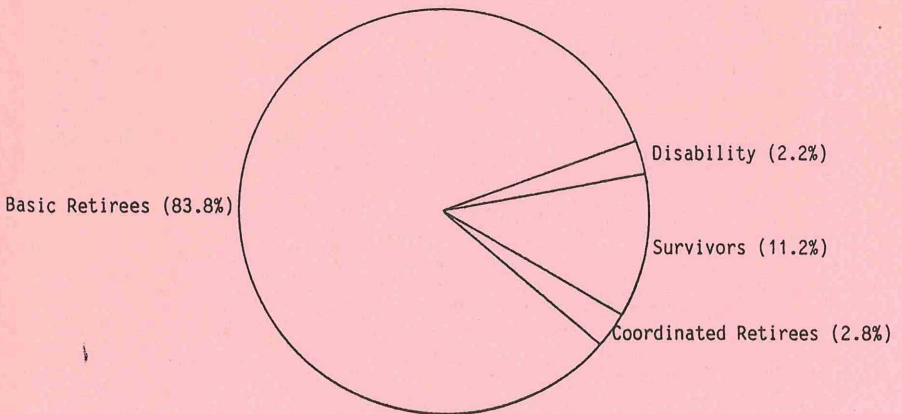
	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	6.44%	\$ 7,553
2. Employer Contributions	9.00%	10,562
3. Total	<u>15.44%</u>	<u>\$ 18,115</u>
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.33%	\$ 8,600
b. Disability Benefits	1.28%	1,497
c. Survivors' Benefits	0.21%	248
d. Deferred Retirement Benefits	2.34%	2,739
e. Refunds Due to Death or Withdrawal	0.44%	523
f. Total	<u>11.60%</u>	<u>\$ 13,607</u>
2. Supplemental Contribution Amortization by July 1, 2020 of UAAL	6.67%	\$ 7,823
3. Allowance for Expenses	0.60%	\$ 704
4. Total	<u>18.87%</u>	<u>\$ 22,134</u>
C. CONTRIBUTION SUFFICIENCY (DEFICIENCY): (A3-B4)	<u>(3.43)%</u>	<u>\$ (4,019)</u>

Note: Projected Annual Payroll for Fiscal Year Beginning on July 1, 1991 is \$117,291.

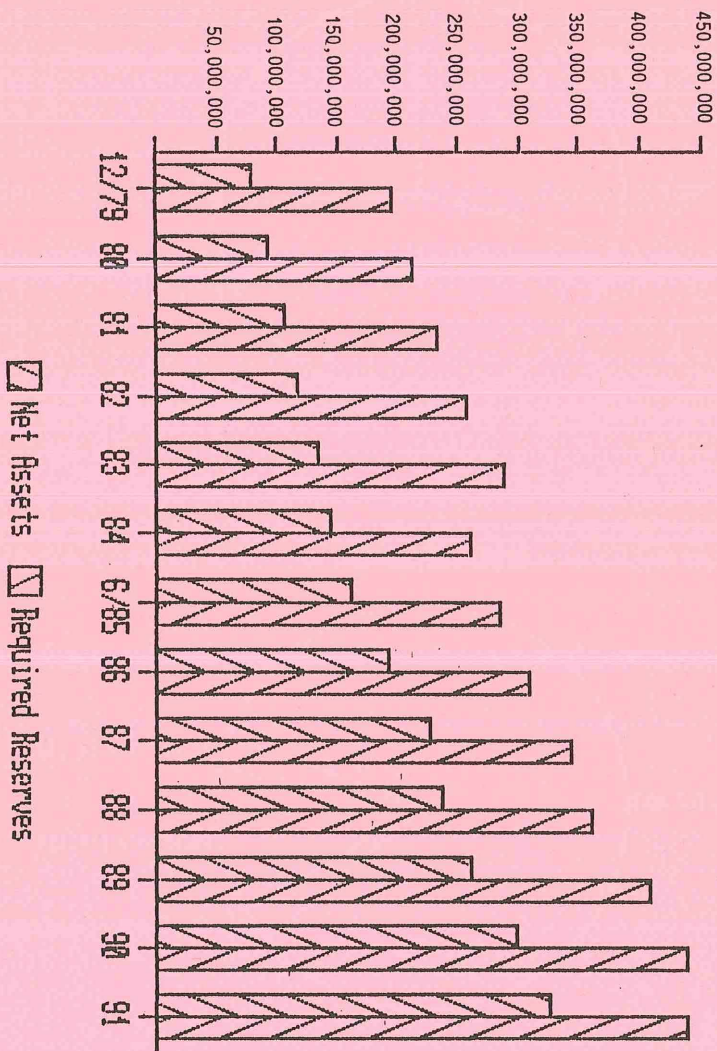
SPTRFA Current Membership



Benefit Recipients



Summary of Net Assets, Required Reserves



FINANCIAL SECTION

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

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

Statement of Revenues and Expenditures For the Period July 1, 1990 through June 30, 1991

REVENUES

Employer Contributions			
ISD #625	-Basic	\$ 7,990,157.60	
	-Coordinated	<u>2,264,770.42</u>	\$10,254,928.02
Member Contributions			
Current Dues	-Basic	\$ 5,063,635.68	
	-Coordinated	2,269,477.09	
	-Sabbatical Leave	3,645.14	
Repayment of Refunded Dues		<u>180,981.88</u>	\$ 7,517,739.79
Investment Income			
Interest		\$18,820,902.73	
Dividends		2,825,056.48	
Rents - BKX		105,757.92	
Gain on Sale of Bonds		6,640,494.74	
Loss on Sale of Bonds		-826,898.63	
Gain on Redemption of Bonds		102,111.81	
Gain on Sale of Stock		8,063,821.77	
Loss on Sale of Stock		-2,491,782.07	
Securities Lending		<u>59,266.12</u>	\$33,298,730.87
 TOTAL REVENUES			 \$51,071,398.68

EXPENDITURES

Benefits Paid			
Pensions		\$13,929,214.42	
Reversionary Pensions		9,540.24	
Survivor Benefits		971,835.15	
Family Benefits		21,435.93	
Disability Benefits		559,772.70	
Bonus (13th) Checks		2,777,960.17	
Supplemental Bonus Checks		<u>541,918.25</u>	\$18,811,676.86
Refunds of Dues			
Basic Refunds		\$ 37,850.42	
Coordinated Refunds		<u>197,651.39</u>	\$ 235,501.81

EXPENDITURES - Continued

Operating Expenses

Administrative Expenses	\$ 3,497.62	
Bank Service Charges	6,004.63	
Data Processing Expense	2,104.06	
Delegate Expense	14,065.19	
Depreciation Expense	5,711.54	
Dues - Affiliations	<u>580.00</u>	
		\$ 31,963.04

Employee Compensation -

Salaries	\$200,338.74	
Retirement - Employer Contribution	18,942.56	
Medical Insurance	12,677.44	
Life Insurance	<u>186.07</u>	
		\$ 232,144.81

Insurance -

General Insurances	\$ 738.45	
Workers Compensation	<u>568.84</u>	
		\$ 1,307.29

Investment Services	\$ 324,040.25
Office Expense	\$ 8,617.95
Office Rent	\$ 18,600.00
Office Utilities	\$ 1,163.07
Postage	\$ 6,000.00
Printing	\$ 3,105.60

Professional Services -

Actuarial Services	\$ 5,360.31	
Auditing Services	8,409.50	
Legal Services	<u>7,273.20</u>	
		\$ 21,043.01

Taxes - Social Security / Unemployment	\$ 14,320.64
Telephone	\$ 2,529.12
Travel & Training Expense	\$ 357.75

TOTAL EXPENDITURES \$19,712,371.20

NET REVENUES OVER EXPENDITURES \$31,359,027.48
(To be applied to reserves)



ASSET MANAGEMENT

20 North Clark Street, Suite 700, Chicago, IL 60602-4109 312/236-8271
FAX 312/236-8057

September 13, 1991

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

Dear Trustees:

The results for fiscal year 1991 were positive for your portfolio, with a total return of 9.5%, comparing favorably with the Indata Balanced Fund universe which returned 8.5%. In the fiscal year ending 6/30/91, the bond market outperformed the stock market with a 10.2% return for the Lehman Brothers Government/Corporate Bond Index and a 7.4% return for the Standard and Poor's 500. Your balanced investment approach, which provided a return between the two markets, again served the fund very well. Further, we are very please to maintain a better than 10% average return on your portfolio since we started working together in 1976.

Our outlook for the next year reflects our belief in a very modest recovery from the recession with inflation remaining in check. We currently believe bonds are positioned to do well and equities are somewhat overvalued. Given this outlook and the desire to preserve principal, our asset mix remains conservative with a weighting towards bonds. In addition, the quality of both equity and fixed-income holdings remains very high.

As always, we want to thank you for the opportunity to work for and with you.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Lee'.

Lee Thurow
Director

LT/eao

cc: Board Members

An Affiliate of
ThePrudential The Prudential logo, featuring a stylized rock formation inside a circle.

ASSET LISTING

Corporate Bond Holdings As Of June 30, 1991

<u>Description</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Par</u>	<u>Cost</u>	<u>Market</u>
American General Finance	8.875	08-05-91	\$ 300,000.00	\$ 300,869.40	\$ 300,750.00
Amerifirst Capital Corp.	8.500	10-01-97	228,293.66	226,510.13	229,868.89
Canadian Govt Series H	8.750	12-15-91	1,200,000.00	978,382.98	1,049,605.78
Chemical Bank Grantor	9.125	09-15-94	214,934.80	214,330.22	217,557.00
Comdisco Receivables	7.700	05-15-96	350,000.00	349,342.00	347,970.00
Continental Pipeline Co.	7.500	05-01-94	29,000.00	29,000.00	27,727.00
Discover Card Credit	8.375	06-16-96	900,000.00	896,193.00	910,080.00
Dover Credit Card Trust	8.250	04-15-97	4,000,000.00	3,994,375.00	4,008,800.00
Ford Credit Grantor	8.530	10-17-94	333,718.52	337,420.72	335,908.72
General Electric Capital	8.375	03-01-01	400,000.00	389,696.00	394,060.00
General Electric Capital	8.750	11-26-96	3,000,000.00	3,000,000.00	3,056,700.00
General Electric Credit	8.750	11-15-92	2,000,000.00	1,991,240.00	2,045,000.00
General Motors Acceptance	8.600	07-15-93	3,100,000.00	3,118,445.00	3,135,154.00
General Motors Acceptance	8.700	01-07-94	3,000,000.00	3,017,250.00	3,033,330.00
GMAC Australia	16.000	05-22-92	500,000.00	406,833.62	397,460.00
GMAC Medium Term Notes	8.650	05-29-96	2,000,000.00	1,993,480.00	1,971,374.00
JCP Master Credit Card Ser	9.625	06-15-00	4,000,000.00	3,997,251.25	4,062,400.00
Kraft, Inc. (AUD)	13.757	08-27-91	525,000.00	405,959.53	403,714.66
MBNA Credit Card Trust	9.050	12-31-92	200,000.00	200,531.26	200,060.00
Norwest Master Card Trust	9.150	12-15-95	1,000,000.00	1,017,500.00	1,028,400.00
Pembroke Capital Co.	11.500	08-01-05	2,000,000.00	1,921,800.00	2,306,600.00
Philip Morris Co.	7.650	04-08-93	5,000,000.00	4,994,100.00	5,010,850.00
Salomon Inc.	9.200	03-15-94	350,000.00	357,976.50	354,812.50
Sears Credit Acct. Trust	9.000	07-15-96	1,000,000.00	1,019,062.50	1,017,500.00
Standard Credit Card Trust	8.875	09-07-99	2,000,000.00	1,986,600.00	1,985,000.00
Westinghouse Credit Corp.	7.750	06-21-93	7,000,000.00	6,974,590.00	6,956,250.00
			\$44,630,946.98	\$44,118,739.11	\$44,786,932.55

Government & Agency Bond Holdings as of June 30, 1991

<u>Description</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Par</u>	<u>Cost</u>	<u>Market</u>
American Southwest	8.500	08-01-09	\$ 375,024.52	\$ 366,492.71	\$ 374,907.51
Bear Stearns Invs CMO	9.050	12-01-18	229,376.88	227,584.89	232,519.34
C.A.T.S. - Series D	0.000	05-15-01	3,000,000.00	942,150.00	1,318,110.00
Cajun Electric Corp Trust	8.920	03-15-19	2,000,000.00	2,020,000.00	1,971,240.00
CIT Group Holdings	8.875	06-15-96	2,000,000.00	1,959,980.00	2,021,560.00
CMO Trust 21	8.100	05-01-17	1,756,798.37	1,755,919.98	1,727,108.48
CMO Trust One-2 Class C	9.050	07-20-04	31,386.30	31,308.56	31,267.03
Community Program Loan	4.500	10-01-97	2,000,000.00	1,484,375.00	1,473,000.00
Conseco Mortgage CMO	9.700	10-15-15	2,000,000.00	1,903,600.00	2,073,400.00
Drexel Burnham Lambert CMO	7.375	01-01-06	273,634.87	269,487.39	272,102.51
Drexel Burnham Lambert CMO	8.550	09-20-15	2,000,000.00	1,987,500.00	1,910,600.00
Federal Home Loan Mort.	10.250	03-15-09	2,022,200.00	1,984,188.98	2,136,575.63
Federal Natl Mortgage	7.100	12-25-97	250,000.00	235,937.50	247,100.00
Federal Natl Mortgage	9.000	08-25-19	2,000,000.00	1,956,875.00	1,973,200.00
Federal Natl Mortgage	9.250	08-01-16	128,752.16	122,958.93	129,074.74
First Boston Mortgage	9.450	08-20-08	2,000,000.00	1,938,750.00	2,034,400.00
GNMA Pool #48044	13.750	04-15-96	25,511.18	25,072.60	27,490.91
GNMA Pool #49506	13.750	05-15-96	19,320.15	19,029.74	20,819.39
MLTR II CMO	8.050	12-01-13	337,980.00	335,445.40	340,515.10
MLTR VIII CMO	5.000	11-20-12	239,282.75	234,796.20	234,796.20
Private Export Funding	8.600	06-30-94	1,000,000.00	1,030,750.00	1,030,780.00
Residential Fdg Mtg	8.400	01-25-21	283,980.07	282,826.42	281,850.22
Resolution Trust Co Series	0.000	04-15-04	9,000,000.00	2,567,610.00	2,941,830.00
Security Pac Home Equity	8.250	05-10-03	266,725.10	266,516.73	268,142.21
Small Business Admin	9.050	09-01-09	1,427,251.96	1,408,746.05	1,409,224.77
Suncoast CMO Trust	7.900	12-01-99	308,223.12	305,237.21	305,818.98
Tennessee Valley Authority	8.625	11-15-29	5,250,000.00	4,787,225.00	4,895,625.00
Thrift Financial Corp CMO	7.500	04-20-11	264,809.84	260,092.92	263,988.93
U.S. Treasury Bonds	7.500	11-15-16	6,500,000.00	5,850,156.25	5,803,265.00
U.S. Treasury Bonds	8.375	08-15-00	700,000.00	696,190.50	700,875.00
U.S. Treasury Bonds	8.750	08-15-20	2,000,000.00	2,145,000.00	2,059,380.00
U.S. Treasury Bonds	8.875	02-15-19	1,000,000.00	1,007,500.00	1,037,500.00
U.S. Treasury Bonds	9.125	05-15-09	1,000,000.00	960,625.00	1,050,000.00
U.S. Treasury Bonds	10.750	05-15-03	20,000,000.00	23,836,917.75	23,493,800.00
U.S. Treasury Notes	7.000	05-15-94	12,000,000.00	11,964,840.00	11,913,720.00
U.S. Treasury Notes	7.625	04-30-96	33,250,000.00	33,154,570.31	32,865,630.00
U.S. Treasury Notes	7.625	12-31-94	7,200,000.00	7,254,812.50	7,233,768.00
U.S. Treasury Notes	7.875	01-15-98	2,000,000.00	1,995,625.00	1,975,000.00
U.S. Treasury Notes	8.125	08-15-19	5,000,000.00	4,893,750.00	4,796,900.00
U.S. Treasury Notes	8.875	12-15-99	10,875,000.00	11,382,382.81	11,258,996.25
U.S. Treasury Notes	12.000	08-15-13	3,000,000.00	3,950,625.00	3,900,000.00
US Auto Receivables Trust	8.750	08-15-95	257,868.55	257,183.60	260,034.65

\$145,273,125.82 \$140,060,635.93 \$140,295,915.85

Wells Fargo Government-Corporate Bond Indexed Fund

\$ 17,498,988.61 \$ 17,369,173.05

Current Stock Holdings as of June 30, 1991

<u>Name</u>	<u>Shares</u>	<u>Cost</u>	<u>Market</u>
Air Products & Chemicals	60,000	\$ 3,271,299.50	\$ 4,042,500.00
Albertson's Inc.	40,000	1,855,460.00	1,640,000.00
American Cyanamid	15,000	902,805.00	969,375.00
American Greetings Corp.	40,000	1,598,700.00	1,285,000.00
Banc One Corp.	30,000	1,074,009.00	1,147,500.00
Bausch & Lomb Inc.	84,600	2,383,883.80	3,421,012.50
Brunos Inc.	100,000	1,555,660.00	1,925,000.00
CBI Industries Inc.	150,000	3,796,100.94	4,912,500.00
Chubb Corp.	25,000	1,521,825.00	1,743,750.00
Con Agra Inc.	40,000	1,760,450.00	1,670,000.00
Cooper Industries	75,000	2,166,115.00	2,446,875.00
Dean Foods	40,000	1,819,150.00	1,815,000.00
Deluxe Check	60,000	2,300,050.00	2,655,000.00
Dow Chemical Stock Rights	68,246	358,838.00	537,437.25
Duke Power Inc.	80,000	2,427,000.00	2,210,000.00
E Systems	1,600	53,496.00	64,600.00
Exxon Corp.	50,000	2,922,750.00	2,968,750.00
Fluor Corp.	75,000	2,089,498.50	3,525,000.00
General Electric Co	30,000	1,727,400.00	2,220,000.00
General Motors E	70,000	2,281,699.00	3,272,500.00
Halliburton Company	30,000	1,411,635.00	1,095,000.00
Honeywell Inc.	50,000	2,323,393.49	3,031,250.00
Illinois Tool Works	50,000	2,715,250.00	3,143,750.00
Ipalco Enterprises, Inc.	75,000	1,963,875.00	2,062,500.00
Keystone International Inc.	100,000	2,681,346.00	3,112,500.00
Minnesota Mining & Mfg.	25,000	833,176.53	2,340,625.00
Nalco Chemical Co.	110,000	2,717,192.50	3,121,250.00
National Medical	70,000	2,512,669.00	3,053,750.00
Service Corp International	7,900	162,345.00	171,825.00
Sherwin Williams	150,000	2,869,998.50	3,656,250.00
Sigma Aldridge	25,000	1,025,000.00	937,500.00
Southern Company	150,000	2,657,662.50	4,125,000.00
Texaco Inc.	25,000	1,687,750.00	1,503,125.00
Texas Utilities Company	145,328	4,229,618.52	5,050,211.94
Wachovia Corp.	30,000	1,694,250.00	1,496,250.00
Walmart Stores	40,000	<u>1,656,075.00</u>	<u>1,710,000.00</u>
		\$71,007,426.78	\$84,082,586.69
Wells Fargo Indexed Stock		\$15,954,852.68	\$17,048,073.39

SHORT TERM INVENTORY AS OF JUNE 30, 1991

<u>Name</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Face Value</u>
Ford Motor Credit Corp.	6.16	07-01-91	\$ 1,378,755.00	\$ 1,400,000.00
Premark International, Inc.	6.00	07-02-91	1,094,162.67	1,100,000.00
Bighorn Funding LC-Longterm Credit Bank	5.85	07-03-91	994,341.67	1,000,000.00
Directors Mortgage LC-Security Pacific	5.95	07-03-91	995,231.11	1,000,000.00
Discover Card Credit	5.93	07-08-91	1,740,822.22	1,750,000.00
General Motors Acceptance Corp.	5.84	07-08-91	248,469.44	250,000.00
Sears Roebuck Acceptance Corp.	5.88	07-08-91	2,485,781.25	2,500,000.00
Directors Mortgage LC-Security Pacific	5.95	07-09-91	1,590,791.11	1,600,000.00
American Crystal Sugar	6.20	07-10-91	1,989,666.67	2,000,000.00
Calcot Ltd.	6.00	07-16-91	992,881.11	1,000,000.00
Dayton Power & Light	6.13	07-16-91	896,035.00	900,000.00
Dayton Power & Light	6.12	07-16-91	99,627.22	100,000.00
Federal Hoffman LC-First Bank	6.08	07-17-91	1,989,916.67	2,000,000.00
International Multifoods Corp.	6.19	07-22-91	1,988,041.67	2,000,000.00
Rio Grande Resources LC-Security Pacific	6.03	07-22-91	1,991,333.33	2,000,000.00
Tokai Credit Corp. LC-Tokai Bank	6.04	07-23-91	994,166.67	1,000,000.00
Sears Roebuck Acceptance Corp.	5.95	07-24-91	995,066.67	1,000,000.00
General Motors Acceptance Corp.	6.01	07-29-91	994,522.92	1,000,000.00
General Electric Capital Corp.	5.83	08-01-91	1,380,545.83	1,400,000.00
Westinghouse Credit Corp.	5.95	09-03-91	<u>1,382,194.33</u>	<u>1,400,000.00</u>
			\$26,222,352.56	\$26,400,000.00
 First Asset Money Market		07-02-91		\$ 426,262.15

St. Paul Teachers' Retirement Fund Association
Real Estate and Participation Loan Receivable as of June 30, 1991

REAL ESTATE

	<u>Rate</u>	<u>Cost</u>	<u>Market Value</u>
Lartnec Investments Inc.	13.00	\$ 728,800.00	\$ 736,000.00

PARTICIPATION LOAN RECEIVABLE

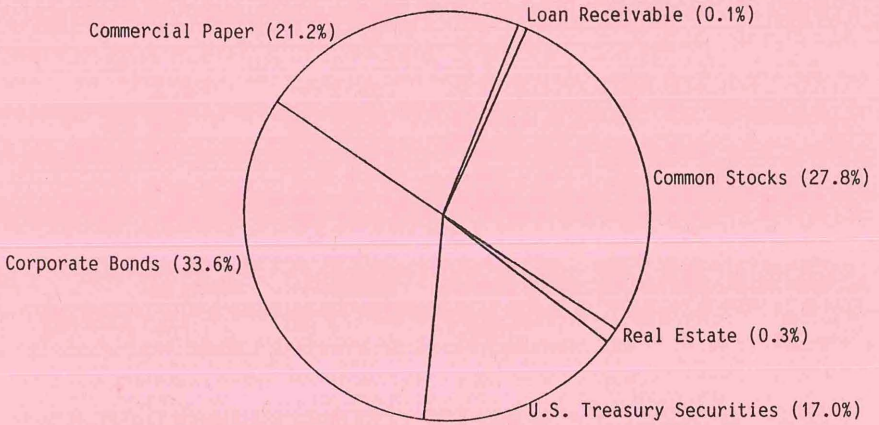
	<u>Rate</u>	<u>Cost</u>	<u>Market Value</u>
Interim Construction Financing -Central Village	Adjustable	\$ 156,212.00	\$ 0.00

TOTAL PORTFOLIO HOLDINGS

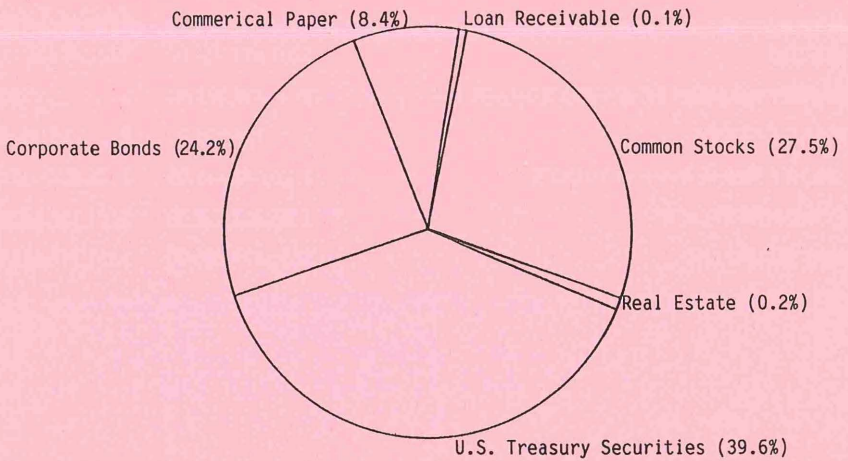
	<u>Cost</u>	<u>Market Value</u>
BONDS	\$201,678,364.00	\$202,452,021.00
PARTICIPATION LOAN RECEIVABLE	\$ 156,212.00	\$ 0.00
REAL ESTATE	\$ 728,800.00	\$ 736,000.00
SHORT TERM INVESTMENTS	\$ 26,648,615.00	\$ 26,827,000.00
COMMON STOCK	<u>\$ 86,962,279.00</u>	<u>\$101,130,660.00</u>
TOTAL VALUE	\$316,174,270.00	\$331,145,681.00

INVESTMENT CHANGES FISCAL YEAR 1991

Investments Beginning Fiscal Year 1990-91



Investments Ending Fiscal Year 1990-91



SUMMARY OF BASIC PLAN PROVISIONS

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

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

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

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

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

RETIREMENT

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

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

Early Retirement Benefit - *Eligibility*: Age 55 and 5 years of Allowable Service. Age 60 and 25 years of Allowable Service. Rule of 90: Age plus Allowable Service totals 90.

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

Form of Payment: Life Annuity.

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

Members retired under laws in effect before July 1, 1978 receive an additional lump sum payment each year. In each following year the lump sum will increase by the rate that is determined by the laws of Minnesota.

DISABILITY

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

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

Form of Payment: Life Annuity

Benefit Increases: Same as for retirement

Retirement After Disability - Eligibility: Age 65 with continued disability.

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

Form of Payment: Life annuity.

Benefit Increases: Same as for retirement

DEATH

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

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

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

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

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

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

Amount: The Excess of the Member's contributions with 6% interest over total benefits paid.

TERMINATION

Refund of Contributions - Eligibility: Termination of teaching service.

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

Deferred Annuity - Eligibility: 5 years of Allowable Service.

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

SUMMARY OF COORDINATED PLAN PROVISIONS

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

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

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

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

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

RETIREMENT

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

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

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

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

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

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

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

DISABILITY

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

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

Form of Payment: Same as for retirement.

Benefit Increases: Same as for retirement.

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

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

Benefit Increases: Same as for retirement.

DEATH

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

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

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

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

Amount: Member's contributions with 6% interest compounded annually.

TERMINATION

Refund of Contributions - Eligibility: Termination of teaching service.

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

Deferred Benefit - Eligibility: 3 years of Allowable Service.

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

RETIREMENT RECORD

YEAR	PENSIONS GRANTED	PERSONS ON PAYROLL AT END OF YEAR	BENEFITS PAID DURING YEAR	YEAR	PENSIONS GRANTED	PERSONS ON PAYROLL AT END OF YEAR	BENEFITS PAID DURING YEAR
1910	15	13	\$ 4,860.00	1960	38	600	\$ 1,144,380.21
1930-31	8	125	69,023.70	1961	39	611	1,230,715.41
1931-32	8	130	72,961.43	1962	49	624	1,352,779.11
1932-33	2	126	74,190.43	1963	42	647	1,467,460.56
1933-34	6	127	74,119.87	1964	33	653	1,545,252.32
1934-35	9	131	74,000.70	1965	40	668	1,631,554.34
1935-36	14	135	75,864.08	1966	43	676	1,770,082.68
1936-37	19	151	80,747.43	1967	36	682	1,862,248.99
1937-38	17	160	89,709.13	1968	45	695	1,969,759.81
1938-39	11	161	93,184.46	1969	53	726	2,319,185.68
1939-				1970	31	719	2,385,867.50
Dec. 39	0	158	23,869.78	1971	47	731	2,522,349.85
1940	71	222	170,685.43	1972	51	745	2,742,660.45
1941	35	246	210,256.94	1973	36	744	3,039,252.98
1942	27	266	234,217.27	1974	46	754	3,372,452.55
1943	38	286	253,030.76	1975	52	778	3,765,322.19
1944	34	311	282,299.18	1976	77	883	4,393,513.35
1945	56	350	308,112.55	1977	63	919	5,050,507.44
1946	51	378	337,511.79	1978	48	946	5,523,548.09
1947	28	387	360,570.89	1979	40	946	6,240,308.59
1948	42	413	375,912.29	1980	47	963	6,623,803.55
1949	42	441	419,617.54	1981	47	981	7,139,037.16
1950	30	461	450,641.30	1982	61	996	7,725,616.62
1951	27	476	472,669.54	1983	72	1042	8,555,098.87
1952	28	486	508,922.59	1984	64	1061	9,466,663.63
1953	32	487	525,959.02	Jan-			
1954	10	482	529,428.97	June 85	59	1103	5,324,727.30
1955	38	509	666,993.54	June 86	66	1134	11,267,144.00
1956	46	529	750,146.33	June 87	117	1191	12,478,180.00
1957	59	560	840,882.59	June 88	70	1210	14,690,455.00
1958	41	579	1,019,501.72	June 89	67	1236	15,506,957.00
1959	30	585	1,084,505.78	June 90	67	1270	17,382,410.00
				June 91	80	1309	18,811,677.00