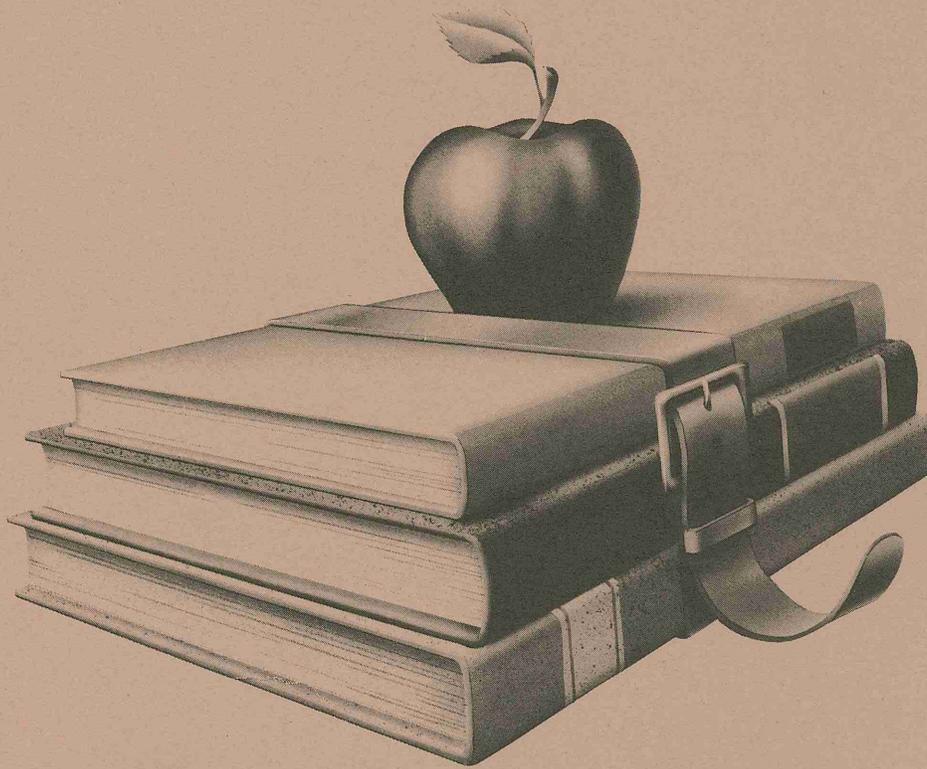


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St. Paul Teachers' Retirement Fund Association



Annual Report of the Board of Trustees for the Fiscal Year Ended June 30, 1993

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Pursuant to Minn. Stat. 356.20

St. Paul Teachers' Retirement Fund Association

**ANNUAL REPORT
OF THE BOARD OF TRUSTEES**

**For the Period
July 1, 1992 to June 30, 1993**

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

BOARD OF TRUSTEES

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

ACTUARY

W. F. Corroon, Inc.

AUDITOR

Coopers and Lybrand

INVESTMENT COUNSEL

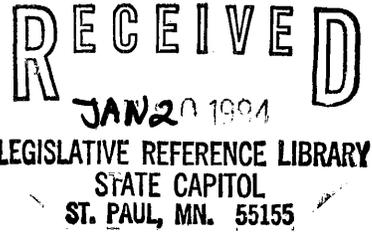
CSI Asset Management
First Asset Management
Investment Advisors, Inc.
Morgan Stanley Asset Management
Oppenheimer Capital
Voyageur Asset Management
Wells Fargo Institutional Trust Co.

LEGAL COUNSEL

Doherty, Rumble and Butler

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St. Paul Teachers' Retirement Fund Association

BOARD OF TRUSTEES

MEMBERS

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

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

OFFICERS

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

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



The Board of Trustees of St. Paul Teachers' Retirement Fund Association (SPTRFA) submits herewith the Financial Report for the fiscal year July 1, 1992 to June 30, 1993 in accordance with the provisions of Minnesota Statutes 356.20.

The financial statements of the Association were audited by Coopers and Lybrand. A copy of their report is included in this document.

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

REVENUES

The reserves required to finance benefits come from employee and employer contributions and through investment gains. During fiscal year 1992-93, total contributions amounted to \$19,041,254. Investment income for the same period was \$40,142,844.

EXPENSES

Benefits to annuitants, disabilitants, survivors and dependent children for the fiscal year totaled \$22,665,279. Refunds to members who left the Association totaled \$240,697. Administrative expenses amounted to \$334,563. Net assets available for plan benefits increased by over \$36,000,000 during fiscal year 1992-93.

INVESTMENTS

The investments of St. Paul Teachers' Retirement Fund Association had a rate of return for the fiscal year ending June 30, 1993 of 13.3%. Fiscal year 1992-93 was a transition year in our portfolio. During this fiscal year your Board of Trustees hired three new domestic equity managers. Investment Advisors, Inc., Minneapolis, was hired to run a regional equity portfolio. Oppenheimer, Inc., New York, was hired to run a mid-cap value oriented equity portfolio. Voyager Asset Management, Minneapolis, was hired to run a large capitalization growth equity portfolio. In addition to the hiring of these equity managers, Callan Associates was hired as a consultant to the board to track the performance of our investment managers. A complete listing of our investment portfolio on June 30, 1993 is included in this report.

MEMBER SERVICES

Member services continues to be an important reason for our independent existence. Again this year, through school visitations, each active 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, 1993 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. To save printing costs each member has been sent a summarized version of this report which contains all of the relevant information but less detail.

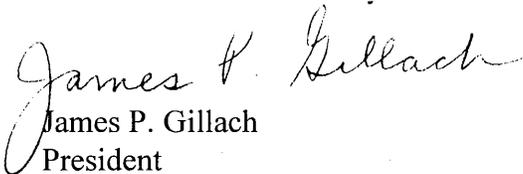
LEGISLATION

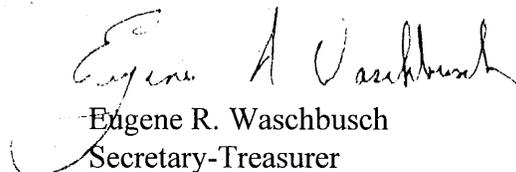
The 1993 legislature continued to address the past underfunding problem of SPTRFA by requiring a coordinated member employer supplemental contribution of 0.5% of the coordinated member payroll paid after June 30, 1993, and employer supplemental contribution of 1.5% of the coordinated payroll after June 30, 1994. An employer supplemental contribution of 3.64% of total payroll will be required after June 30, 1995. The State of Minnesota is also required to contribute \$500,000 per year as a direct appropriation starting in fiscal year 1993-94. Finally, according to the law, active and retired members will contribute approximately \$30.00 per year to defray the cost of administrative expenses.

In summary, fiscal year 1992-93 was another positive year for our fund. The year end value of total assets available for benefits valued at cost was \$384,752,749.

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

Respectfully submitted,


James P. Gillach
President


Eugene R. Waschbusch
Secretary-Treasurer

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying balance sheet of the St. Paul Teachers' Retirement Fund Association (the Association) as of June 30, 1993 and 1992, and the related statement of revenues, expenses and changes in fund balance for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 1993 and 1992 and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

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

Coopers & Lybrand

St. Paul, Minnesota
October 18, 1993

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

BALANCE SHEET, June 30, 1993 and 1992

ASSETS	<u>1993</u>	<u>1992</u>
Cash	\$ <u>1,345,034</u>	\$ <u>359,909</u>
Investments:		
Commercial paper (market value approximates cost)	24,007,361	34,065,340
United States Government Securities (market value \$160,519,372 and \$126,152,272 in 1993 and 1992, respectively)	154,330,738	122,794,336
Corporate bonds (market value of \$47,029,579 and \$66,420,354 in 1993 and 1992, respectively)	46,434,635	65,273,399
Common stocks (market value of \$125,972,495 and \$96,643,409 in 1993 and 1992, respectively)	112,211,075	84,643,075
Collective Trust Funds (aggregate market value of \$56,279,125 and \$50,021,793 in 1993 and 1992, respectively):		
Bond Index Fund	20,504,178	18,983,202
Equity Index Fund	17,128,072	16,529,275
International Equity Index Fund	10,838,668	10,365,441
First American Institutional Money Fund (market value approximates cost)	1,237,666	1,234,656
Real estate, limited partnership (market value of \$712,131 in 1993 and 1992)	<u>705,010</u>	<u>705,010</u>
Total investments	<u>387,397,403</u>	<u>354,593,734</u>
Receivables:		
Contributions	652,021	401,498
Interest	1,289,491	2,232,382
Dividends	241,506	218,247
Security sales	<u>14,824,879</u>	<u>11,419,255</u>
Total receivables	<u>17,007,897</u>	<u>14,271,382</u>
Furniture and fixtures (at cost, less accumulated depreciation of \$27,314 and \$20,111 in 1993 and 1992, respectively)	<u>27,408</u>	<u>20,799</u>
	<u>\$ 405,777,742</u>	<u>\$ 369,245,824</u>

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

LIABILITIES	<u>1993</u>	<u>1992</u>
Accrued bonus payable to annuitants	\$ 3,931,940	\$ 3,673,125
Accounts payable	81,406	65,513
Security purchases payable	<u>17,011,647</u>	<u>16,697,996</u>
Total liabilities	<u>21,024,993</u>	<u>20,436,634</u>

FUND BALANCE		
Actuarial present value of credited projected benefits payable to:		
Retirees and beneficiaries now receiving benefits	206,322,000	183,380,000
Deferred vested and inactive teachers	3,867,000	5,764,000
Active teachers	<u>329,032,000</u>	<u>313,883,000</u>
Total actuarial present value of credited projected benefits	539,221,000	503,027,000
Unfunded actuarial present value of credited projected benefits	<u>(154,468,251)</u>	<u>(154,217,810)</u>
Total fund balance	<u>384,752,749</u>	<u>348,809,190</u>
	<u>\$ 405,777,742</u>	<u>\$ 369,245,824</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

for the years ended June 30, 1993 and 1992

	<u>1993</u>	<u>1992</u>
Revenues:		
Investment income, net:		
Interest	\$ 16,294,063	\$ 17,887,171
Dividends	4,119,622	3,638,688
Net gain on sale of investments	20,486,095	12,979,098
Investment expenses	<u>(756,936)</u>	<u>(595,017)</u>
Total investment income, net	<u>40,142,844</u>	<u>33,909,940</u>
Contributions:		
Governmental units	10,839,120	10,489,037
Members:		
Required withholdings	7,921,952	7,561,382
Voluntary	<u>280,182</u>	<u>259,957</u>
Total contributions	<u>19,041,254</u>	<u>18,310,376</u>
Total revenues	<u>59,184,098</u>	<u>52,220,316</u>
Expenses:		
Benefits to participants:		
Retirement	20,722,369	19,170,849
Disability	706,353	603,250
Survivor	1,220,982	1,116,459
Dependent children	15,575	27,270
Contribution refunds	<u>240,697</u>	<u>505,961</u>
Total benefits and refunds	22,905,976	21,423,789
Administrative expenses	<u>334,563</u>	<u>275,209</u>
Total expenses	<u>23,240,539</u>	<u>21,698,998</u>
Revenues in excess of expenses	35,943,559	30,521,318
Fund balance, beginning of year	<u>348,809,190</u>	<u>318,287,872</u>
Fund balance, end of year	<u>\$384,752,749</u>	<u>\$348,809,190</u>

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

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

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

INVESTMENTS:

Investments are reported at cost, subject to adjustment for market value declines judged to be other than temporary. Substantially all market values of investments disclosed herein are determined through published market price quotations.

INVESTMENT INCOME:

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

CONTRIBUTIONS:

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

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

FURNITURE AND FIXTURES:

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

2. Description of Plans:

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

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

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

2. Description of Plans, continued:

GENERAL:

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

MEMBERSHIP:

At June 30, 1993 and 1992, the Association's membership consisted of:

	<u>1993</u>	<u>1992</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,434	1,417
Current employees (including members on leave):		
Vested	2,600	2,362
Nonvested	<u>962</u>	<u>1,120</u>
Total current employees	<u>3,562</u>	<u>3,482</u>
Total membership	<u>4,996</u>	<u>4,899</u>

PENSION BENEFITS:

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

DISABILITY BENEFITS:

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

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

2. Description of Plans, continued:

OTHER BENEFITS:

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

BONUS PAYMENTS:

The plans provide a bonus payment plan for all annuitants who have been receiving benefits for a minimum number of years at each fiscal year-end. In 1993, the Association's members implemented a bylaw change which decreased the minimum number of years from three to one year effective with the bonus payment for fiscal year 1993. 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 previous fiscal year, and is payable in each year that the Fund earns a return on its assets, as defined, of at least six percent.

Each eligible annuitant receives a bonus payment amount based upon a combination of years of service and years in which benefit payments have been received by the eligible annuitant. During the years ended June 30, 1993 and 1992, annuitants had the option of electing to take their bonus as a lump sum payment or as an adjustment to their monthly annuity.

3. Deposits and Investments:

DEPOSITS:

Minnesota Statutes Section 118.005 authorized the Association to deposit its cash in financial institutions designated by the Board of Trustees. All cash deposits of the Association at June 30, 1993 and 1992 were insured or collateralized with securities held by the Association or its agent in the Association's name.

INVESTMENTS:

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

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

3. Deposits and Investments, continued:

INVESTMENTS, continued:

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

Minnesota Statutes Section 11A.24 authorizes the types of securities available to the Association for investment. Following are the carrying amounts and market value of the Association's investments at June 30, 1993 and 1992, and the level of credit risk for these investments.

<u>1993</u>	Risk Category	Carrying Amount	Market Value
Commercial paper	2	\$ 24,007,361	\$ 24,007,361
United States Government Securities	1	154,330,738	160,519,372
Corporate bonds	1	45,934,797	46,615,682
Corporate bonds	2	499,838	413,897
Common stocks	1	112,211,075	125,972,495
Real estate limited partnership	1	<u>705,010</u>	<u>712,131</u>
Total		337,688,819	358,240,938
Add:			
Collective Trust Funds		48,470,918	56,279,125
Mutual fund		<u>1,237,666</u>	<u>1,237,666</u>
Total investments		<u>\$387,397,403</u>	<u>\$415,757,729</u>
 <u>1992</u>			
Commercial paper	2	34,065,340	34,065,340
United States Government Securities	1	122,794,336	126,152,272
Corporate bonds	1	64,773,561	65,933,406
Corporate bonds	2	499,838	486,948
Common stocks	1	84,643,075	96,643,409
Real estate limited partnership	1	<u>705,010</u>	<u>712,131</u>
Total		307,481,160	323,993,506
Add:			
Collective Trust Funds		45,877,918	50,021,793
Mutual fund		<u>1,234,656</u>	<u>1,234,656</u>
Total investments		<u>\$354,593,734</u>	<u>\$375,249,955</u>

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

3. Deposits and Investments, continued:

INVESTMENTS, continued:

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

4. Funding Status and Progress:

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

Assumptions to determine the pension benefit obligation were part of actuarial valuations at June 30, 1993 and 1992. Significant actuarial assumptions that were used in the actuarial valuations include (a) a rate of return on the investment of present and future assets of 8.5 percent per year and (b) projected salary increases of 6.5 percent per year.

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

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

4. Funding Status and Progress, continued:

The total unfunded pension benefit obligation of the Association as of June 30, 1993 and 1992, is shown below:

	<u>1993</u>	<u>1992</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 210,189,000	\$189,144,000
Current employees:		
Accumulated employee contributions, including allocated investment income	123,769,000	117,674,000
Employer-financed, vested	173,126,000	165,391,000
Employer-financed, nonvested	<u>32,137,000</u>	<u>30,818,000</u>
Total pension benefit obligation	539,221,000	503,027,000
Net assets available for benefits (market value of \$413,113,075 and \$369,465,411 in 1993 and 1992, respectively)	<u>384,752,749</u>	<u>348,809,190</u>
Unfunded pension benefit obligation	<u>\$ 154,468,251</u>	<u>\$154,217,810</u>

The measurement of the pension benefit obligation is based on actuarial valuations as of June 30, 1993 and 1992. Net assets available to pay pension benefits were valued as of the same date.

5. Contributions Required and Made:

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

Under the basic plan, member employees contributed eight percent of their salaries during the years ended June 30, 1993 and 1992. Employer contributions are paid in an amount provided for by statute, which was 12.63 percent for the years ended June 30, 1993 and 1992.

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

5. Contributions Required and Made, continued:

Effective July 1, 1978, the Association established, pursuant to Minnesota Statutes, a coordinated retirement plan for all new teachers qualifying for membership and any present members who wished to coordinate with Social Security. Participants contributed 4.5 percent of their salaries to the coordinated plan for the years ended June 30, 1993 and 1992. Employer contributions of 4.5 percent under this plan were also paid for the years ended June 30, 1993 and 1992.

Contributions to the Fund for the years ended June 30, 1993 and 1992, were:

	<u>1993</u>	<u>1992</u>
Employer	\$10,839,120	\$10,489,037
Employee	<u>8,202,134</u>	<u>7,821,339</u>
Total	<u>\$19,041,254</u>	<u>\$18,310,376</u>

During fiscal year 1993, legislation was passed that will affect future contributions to the Association as follows:

- . An employer supplemental contribution of 4.63% of basic members' covered payroll and .5% of coordinated members' covered payroll will be required beginning in fiscal year 1994 and will be phased in during the subsequent three fiscal years until it reaches 3.64% for both basic and coordinated members. The supplemental contribution will then be maintained at 3.64% of covered payroll.
- . The State of Minnesota will contribute \$500,000 to the fund beginning in fiscal year 1994. The contribution will be increased by 4% for fiscal year 1995 and will increase in subsequent years by a defined reference rate. The contributions will continue until the fund reaches the same funded status as the Minnesota Teachers' Retirement Association (the TRA).
- . Beginning in fiscal year 1994, employee contributions are required to include an amount equal to the relative difference (per member) between the administrative expenses incurred by the Association and TRA.

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

5. Contributions Required and Made, continued:

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 in the Statement of Revenues, Expenses and Changes in Fund Balance for 1992 have been reclassified to conform with the 1993 presentation.

The following required contribution rates have been determined by an actuarial valuation performed as of June 30, 1993 and 1992:

	<u>Percentage of Covered Payroll</u>		
	<u>Basic Plan</u>	<u>Coordinated Plan</u>	<u>Combined</u>
<u>1993</u>			
Employee contribution	8.00%	4.50%	6.19%
Employer contribution	12.63	5.00	8.68
State contribution	.38	.38	.38
Administrative expense assessment	<u>.12</u>	<u>.12</u>	<u>.12</u>
Total contribution	<u>21.13%</u>	<u>10.00%</u>	<u>15.37</u>
Normal cost	<u>14.88%</u>	<u>8.88%</u>	11.78
Amortization of unfunded actuarial accrued liability			6.63
Allowance for expenses			<u>.27</u>
Total required contributions			<u>18.68</u>
Contribution deficiency			<u>(3.31)%</u>
	<u>Percentage of Covered Payroll</u>		
	<u>Basic Plan</u>	<u>Coordinated Plan</u>	<u>Combined</u>
<u>1992</u>			
Employee contribution	8.00%	4.50%	6.33%
Employer contribution	<u>12.63</u>	<u>4.50</u>	<u>8.76</u>
Total contribution	<u>20.63%</u>	<u>9.00%</u>	<u>15.09</u>
Normal cost	<u>15.04%</u>	<u>8.89%</u>	12.11
Amortization of unfunded actuarial accrued liability			6.88
Allowance for expenses			<u>.75</u>
Total required contributions			<u>19.74</u>
Contribution deficiency			<u>(4.65)%</u>

Continued

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

NOTES TO FINANCIAL STATEMENTS, Continued

6. Ten-Year Historical Trend Information:

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

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

ANALYSIS OF FUNDING PROGRESS
(in millions of dollars)

(last seven fiscal periods)

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

* Year ended June 30.

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

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

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

REVENUES BY SOURCE AND EXPENSES BY TYPE

(last ten fiscal years)

<u>Fiscal Year</u>	<u>Revenues by Source</u>			<u>Total</u>
	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	
1984 (a)	\$5,473,729	\$ 8,370,749	\$12,921,217	\$26,765,695
1985 (b)	3,143,531	4,563,109	7,030,030	14,736,670
1986 (b)	5,825,234	8,506,315	18,980,646	33,312,195
1987 (b)	6,234,314	8,478,763	37,480,797	52,193,874
1988 (b)	6,314,269	8,866,122	20,892,151	36,072,542
1989 (b)	6,625,244	9,205,036	22,176,521	38,006,801
1990 (b)	7,123,140	9,787,509	39,039,791	55,950,440
1991 (b)	7,517,740	10,254,928	32,974,091	50,746,759
1992 (b) (c)	7,821,339	10,489,037	33,909,940	52,220,316
1993 (b)	8,202,134	10,839,120	40,142,844	59,184,098

<u>Fiscal Year</u>	<u>Expenses by Type</u>			<u>Total</u>
	<u>Employee Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	
1984 (a)	\$ 9,523,821	\$182,908	\$1,329,843	\$11,036,572
1985 (b)	5,576,454	104,495	405,370	6,086,319
1986 (b)	11,494,373	208,133	375,930	12,078,436
1987 (b)	13,211,859	250,780	360,659	13,823,298
1988 (b)	14,866,181	273,852	655,392	15,795,425
1989 (b)	15,908,135	315,157	251,638	16,474,930
1990 (b)	17,764,567	315,030	480,503	18,560,100
1991 (b)	19,215,023	340,750	235,502	19,791,275
1992 (b) (c)	20,917,828	275,209	505,961	21,698,998
1993 (b)	22,665,279	334,563	240,697	23,240,539

(a) Information presented is for the fiscal years ended December 31.

(b) Information presented is for the six months ended June 30, 1985, and fiscal years ended June 30 thereafter.

(c) 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 presentation. Years prior to 1992 have not been restated for the reclassification.



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October 22, 1993

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, 1993.

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

	July 1, 1992 Valuation	July 1, 1993 Valuation
A. CONTRIBUTIONS (Table 11)		
1. Statutory Contributions - Chapter 354A % of Payroll	15.09%	15.37%
2. Required Contributions - Chapter 356 % of Payroll	19.74%	18.68%
3. Sufficiency (Deficiency): (A1-A2)	(4.65%)	(3.31)%
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$ 355,998	\$ 393,168
b. Current Benefit Obligations (Table 8)	\$ 503,027	\$ 539,221
c. Funding Ratio: (a/b)	70.77%	72.91%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 355,998	\$ 393,168
b. Actuarial Accrued Liability (Table 9)	\$ 533,865	\$ 571,059
c. Funding Ratio: (a/b)	66.68%	68.85%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$ 546,032	\$ 633,601
b. Current and Expected Future Benefit Obligations	\$ 654,328	\$ 696,581
c. Funding Ratio: (a/b)	83.45%	90.96%

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

	July 1, 1992 Valuation	July 1, 1993 Valuation
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	3,336	3,441
b. Projected Annual Earnings	\$ 122,767	\$ 130,921
c. Average Annual Earnings (Actual \$)	\$ 36,801	\$ 38,047
d. Average Age	44.1	44.0
e. Average Service	11.8	11.6
f. Additional Members on Leave of Absence*	146	121
2. Others		
a. Service Retirements (Table 4)	1,176	1,244
b. Disability Retirements (Table 5)	33	36
c. Survivors (Table 6)	148	154
d. Deferred Retirements (Table 7)	60	89
e. Terminated Other Non-Vested (Table 7)	931	889
f. Total	2,348	2,412

* Valued as deferred retirements; liability included with actives.

TABLE 1

St. Paul Teachers' Retirement Fund
Accounting Balance Sheet

(dollars in thousands)

July 1, 1993

	Market Value	Cost Value
A. ASSETS		
1. Cash, Equivalents, Short-Term Securities	\$ 25,352	25,352
2. Investments		
a. Fixed Income	228,640	221,779
b. Equity	159,283	140,907
c. Real Estate	712	705
3. Equity in Minnesota Post-Retirement Investment Fund (MPRIF)	0	0
4. Other	17,034*	17,034*
B. TOTAL ASSETS	\$ 431,021	\$ 405,777
C. AMOUNTS CURRENTLY PAYABLE	\$ 21,024	\$ 21,024
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$ 77,844	\$ 77,844
2. Employer Reserves	332,153	306,909
3. MPRIF Reserves	0	0
4. Non-MPRIF Reserves	0	0
5. Total Assets Available for Benefits	\$ 409,997	\$ 384,753
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	\$ 431,021	\$ 405,777
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Cost Value of Assets Available for Benefits (D5)		\$ 384,753
2. Market Value (D5)	\$ 409,997	
3. Cost Value (D5)	384,753	
4. Market Over Cost: (F2-F3)	\$ 25,244	
5. 1/3 of Market Over Cost: (F4)/3		8,415
6. Actuarial Value of Assets (F1+F5)		\$ 393,168

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

St. Paul Teachers' Retirement Fund
Change In Assets Available For Benefits

(dollars in thousands)

Year Ending June 30, 1993

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 370,179	\$ 348,908
B. OPERATING REVENUES		
1. Member Contributions	\$ 8,202	8,202
2. Employer Contributions	10,839	10,839
3. Investment Income	20,414	20,414
4. MPRIF Income	0	0
5. Net Realized Gain (Loss)	20,486	20,486
6. Other	0	0
7. Net Change in Unrealized Gain (Loss)	3,973	0
8. Total Revenue	\$ 63,914	\$ 59,941
C. OPERATING EXPENSES		
1. Service Retirements	\$ 20,821	\$ 20,821
2. Disability Benefits	706	706
3. Survivor Benefits	1,237	1,237
4. Refunds	241	241
5. Administrative Expenses	335	335
6. Investment Expenses	756	756
7. Total Disbursements	\$ 24,096	\$ 24,096
D. OTHER CHANGES IN RESERVES	0	0
E. ASSETS AVAILABLE AT END OF PERIOD	\$ 409,997	\$ 384,753

Table 7

St. Paul Teachers' Retirement Fund
Reconciliation of Members

	Actives*	Terminated	
		Deferred Retirement	Other Non-Vested
A. ON JUNE 30, 1992	3,482	60	931
B. ADDITIONS	460	43	211
C. DELETIONS			
1. Service Retirement	(78)	(2)	(25)
2. Disability	(1)	-	(2)
3. Death - Survivor	(1)	-	(1)
4. Death - Other	(2)	-	(1)
5. Terminated - Deferred	(43)	-	-
6. Terminated - Refund	(74)	(3)	(183)
7. Terminated - Other Non-Vested	(176)	(6)	-
8. Returned as Active	-	(1)	(50)
D. DATA ADJUSTMENTS	(5)	(2)	9
Vested	2,600		
Non-Vested	962		
E. TOTAL ON June 30, 1993	3,562	89	889

	Recipients		
	Retirement Annuitants	Disabled	Survivors
A. ON JUNE 30, 1992	1,176	33	148
B. ADDITIONS	113	3	15
C. DELETIONS			
1. Service Retirement	-	-	-
2. Death	(42)	-	(7)
3. Annuity Expired	-	-	(2)
4. Returned as Active	-	-	-
D. DATA ADJUSTMENTS	(3)	-	-
E. TOTAL ON June 30, 1993	1,244	36	154

* Includes members on leave of absence.

TABLE 8

St. Paul Teachers' Retirement Fund
Actuarial Balance Sheet

(dollars in thousands)

July 1, 1993

A.	CURRENT ASSETS (TABLE 1, F6)		\$ 393,168
B.	EXPECTED FUTURE ASSETS		
1.	Present Value of Expected Future Statutory Supplemental Contributions		114,911
2.	Present Value of Future Normal Costs		125,522
3.	Total Expected Future Assets		240,433
C.	TOTAL CURRENT AND EXPECTED FUTURE ASSETS		\$ 633,601
D.	CURRENT BENEFIT OBLIGATIONS	Non-Vested	Vested
1.	Benefit Recipients		
a.	Retirement Annuities	\$	\$ 185,682
b.	Disability Benefits		8,170
c.	Surviving Spouse and Child Benefits		12,470
2.	Deferred Retirements With Future Augmentation		3,112
3.	Former Members Without Vested Rights		755
4.	Active Members		
a.	Retirement Annuities*	5,577	267,318
b.	Disability Benefits	20,202	0
c.	Survivors' Benefits	4,547	0
d.	Deferred Retirements	1,811	27,913
e.	Refund Liability Due to Death or Withdrawal	0	1,664
5.	Total Current Benefit Obligations	\$ 32,137	\$ 507,084
E.	EXPECTED FUTURE BENEFIT OBLIGATIONS		\$ 157,360
F.	TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS		\$ 696,581
G.	CURRENT UNFUNDED ACTUARIAL LIABILITY: (D5-A)		\$ 146,053
H.	CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY: (F-C)		\$ 62,980

* Includes members on leave of absence.

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

July 1, 1993			
	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*	\$ 406,208	\$ 79,688	\$ 326,520
b. Disability Benefits	28,852	12,010	16,842
c. Survivors' Benefits	7,014	2,530	4,484
d. Deferred Retirements	41,353	25,285	16,068
e. Refunds Due to Death or Withdrawal	2,965	6,009	(3,044)
f. Total	<u>\$ 486,392</u>	<u>\$ 125,522</u>	<u>\$ 360,870</u>
2. Deferred Retirements With Future Augmentation	3,112		3,112
3. Former Members Without Vested Rights	755		755
4. Annuitants in MPRIF	0		0
5. Recipients Not in MPRIF	206,322		206,322
6. Total	<u>\$ 696,581</u>	<u>\$ 125,522</u>	<u>\$ 571,059</u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. AAL: (A6)			\$ 571,059
2. Current Assets (Table 1, F6)			393,168
3. UAAL: (B1-B2)			<u>\$ 177,891</u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of July 1, 2020			\$ 2,683,730
2. Supplemental Contribution Rate: (B3/C1)			6.63%

* Includes members on leave of absence.

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

Year Ending June 30, 1993

A.	UAAL AT BEGINNING OF YEAR	\$ 177,867
B.	CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1.	Normal Cost and Expenses	\$ 15,790
2.	Contribution	(19,041)
3.	Interest on A, B1 and B2	15,652
4.	Total: (B1+B2+B3)	<u>\$ 12,401</u>
C.	EXPECTED UAAL AT END OF YEAR: (A+B4)	\$ 190,268
D.	INCREASE (DECREASE) DUE TO ACTUARIAL LOSSES (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1.	Salary Increases	\$ 478
2.	Investment Return	(12,097)
3.	MPRIF Mortality	0
4.	Mortality of Other Benefit Recipients	(2,600)
5.	Other Items	1,005
6.	Total	<u>\$ (13,214)</u>
E.	UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS: (C+D5)	\$ 177,054
F.	CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO PLAN AMENDMENTS	
1.	Special Retirement Benefits	\$ 769
2.	Expanded Coordinated Plan Death Benefit Coverage	68
3.	Total	<u>\$ 837</u>
G.	CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	0
H.	UAAL AT END OF YEAR: (E+F3+G)	<u><u>\$ 177,891</u></u>

St. Paul Teachers' Retirement Fund
Determination of Contribution Sufficiency

(dollars in thousands)

July 1, 1993

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	6.19%	\$ 8,101
2. Employer Contributions*	8.68%	11,363
3. State Contribution*	0.38%	\$ 500
4. Administrative Expense Assessment*	0.12%	163
5. Total	<u>15.37%</u>	<u>20,127</u>
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.41%	\$ 9,699
b. Disability Benefits	1.24%	1,616
c. Survivors' Benefits	0.23%	301
d. Deferred Retirement Benefits	2.32%	3,041
e. Refunds Due to Death or Withdrawal	0.58%	762
f. Total	<u>11.78%</u>	<u>\$ 15,419</u>
2. Supplemental Contribution Amortization by July 1, 2020 of UAAL	<u>6.63%</u>	<u>\$ 8,680</u>
3. Allowance for Expenses	0.27%	\$ 353
4. Total	<u>18.68%</u>	<u>\$ 24,452</u>
C. CONTRIBUTION SUFFICIENCY (DEFICIENCY): (A5-B4)	<u>(3.31)%</u>	<u>\$ (4,325)</u>

Note: Projected Annual Payroll for Fiscal Year Beginning on July 1, 1993 is \$130,921.

* See "Changes in Plan Provisions" on page 6 of this report.

INVESTMENT SECTION

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

CSI Asset Management
Active Fixed Income Account
as of June 30, 1993

NAME	RATE	MATURITY	PAR	COST	MARKET
BANK AMERICA CORP.	7.88	12/1/02	\$3,500,000	\$3,747,555	\$3,770,690
BELL SOUTH TELEPHONE	7.50	6/16/33	8,250,000	8,218,898	8,270,625
CIT GROUP HOLDINGS	8.88	6/15/96	2,000,000	1,959,980	2,203,420
COUNTRYWIDE MTG TRUST	6.76	4/25/08	1,500,000	1,520,859	1,520,859
DISCOVER CARD TRUST 93-A	6.25	8/16/00	4,500,000	4,527,421	4,613,895
FHLMC MTG SER B-1979	10.25	3/15/09	1,621,323	1,590,849	1,905,055
FHLMC REMIC 1188-GB	7.50	3/15/19	8,000,000	7,995,000	8,492,480
FHLMC REMIC SER 1308-E	7.50	3/15/04	7,000,000	7,345,625	7,325,920
FHLMC REMIC SER 1394-C	5.00	12/15/10	5,000,000	4,961,719	4,965,600
FHLMC REMIC SER 1394-E	6.10	6/15/16	5,000,000	4,982,813	5,000,000
FIRST BOSTON MTG SEC	7.30	7/25/23	2,900,000	2,929,906	2,929,906
FNMA POOL# 193985	7.00	12/1/22	3,971,873	3,858,925	4,040,110
FNMA POOL# 50764	6.50	7/1/23	7,000,000	6,936,563	6,936,563
FNMA REMIC 1993-14-A	6.00	2/25/08	5,436,090	5,505,759	5,481,662
FNMA REMIC 94-63E	6.95	1/25/05	5,000,000	5,171,875	5,170,300
GNMA POOL #323136	8.50	6/15/22	1,825,556	1,949,636	1,955,042
GNMA POOL #333200	8.50	11/15/22	4,067,876	4,344,363	4,356,411
HOUSEHOLD FINANCE CORP.	8.15	3/19/96	6,801,790	7,058,381	7,107,871
PROVINCE OF ONTARIO	6.13	6/28/00	4,500,000	4,488,120	4,513,806
QUEBEC PROVINCE	7.50	7/15/23	6,000,000	5,981,340	5,981,340
U.S. TREASURY BONDS	7.50	11/15/16	7,800,000	8,031,986	8,541,000
U.S. TREASURY BONDS	10.38	11/15/12	8,000,000	10,822,500	11,050,000
U.S. TREASURY NOTES	5.75	10/31/97	19,000,000	18,884,566	19,635,360
U.S. TREASURY NOTES	6.00	11/30/97	6,000,000	6,108,750	6,256,860
U.S. TREASURY NOTES	6.00	12/31/97	5,945,000	6,143,786	6,199,505
U.S. TREASURY NOTES	6.38	6/30/97	4,000,000	4,153,125	4,233,760
U.S. TREASURY NOTES	6.88	4/30/97	6,000,000	6,239,375	6,442,500
U.S. TREASURY NOTES	7.00	4/15/99	1,500,000	1,627,736	1,630,320
U.S. TREASURY NOTES	7.25	11/15/96	9,000,000	9,336,094	9,736,920
U.S. TREASURY NOTES	7.50	1/31/96	2,000,000	2,174,688	2,155,620
U.S. TREASURY NOTES	7.63	4/30/96	26,000,000	25,882,654	28,218,060
TOTAL			\$189,119,508	\$194,480,843	\$200,641,461

**First Asset Management
Active Fixed Income Account
as of June 30, 1993**

NAME	RATE	MATURITY	PAR	COST	MARKET
BCI HOME EQUITY LOAN	7.50	9/15/06	\$291,161	\$297,985	\$295,071
BEAR STEARNS MTG CMO	7.50	1/25/24	305,650	313,530	311,763
BEAR STEARNS MTG CMO	9.05	12/1/18	19,177	19,027	19,165
CFAC GRANTOR TRUST	6.45	12/15/09	203,580	202,722	206,125
CFC GRANTOR TRUST	6.25	3/15/02	352,297	359,453	357,159
CHEMICAL BANK GRANTOR	9.13	9/15/94	32,593	32,502	32,603
COMDISCO RECEIVABLES	7.70	5/15/96	63,905	63,785	64,979
FLEET FINANCIAL HOME EQUITY	6.70	10/15/06	235,663	235,148	240,871
FNMA REMIC 1991-G46	7.00	6/25/99	289,495	292,028	291,212
GENERAL MOTORS ACCEPT.	6.75	11/8/93	350,000	349,734	352,566
GMAC AUTO RECV CORP.	5.70	12/15/96	244,944	248,312	248,770
GMAC GRANTOR TRUST	5.05	1/15/97	114,202	113,810	114,879
GMAC GRANTOR TRUST	4.30	11/15/94	193,344	193,330	193,766
HOUSEHOLD FINANCE CORP.	5.80	5/20/07	248,737	248,310	252,389
HOUSEHOLD FINANCE CORP.	7.50	8/1/94	350,000	353,917	361,155
HYUNDAI AUTO RECV TRUST	4.75	5/15/98	329,238	326,821	327,889
ML HOME EQUITY LN TRUST	7.60	5/15/16	155,702	155,678	159,595
PREMIUM AUTO TRUST	4.55	3/15/98	310,707	312,261	311,095
PREMIUM AUTO TRUST	5.90	11/15/97	227,512	227,119	232,417
PRUDENTIAL HOME MTG SECS	5.35	1/25/08	275,643	275,385	276,677
RESIDENTIAL MTG ACCEPT.	7.50	8/1/17	293,706	301,490	299,763
RESOLUTION TR MTG CORP.	4.90	5/25/22	4,950	4,954	4,950
RESOLUTION TR MTG CORP.	4.90	6/25/23	117,370	117,407	117,957
RYLAND ACCEPT CORP.	6.40	11/25/30	193,415	193,536	195,833
SCFC REC VEHICLE TRUST	7.25	9/15/06	179,265	178,397	185,706
SEARS MTG SECS CORP.	7.65	12/25/08	36,886	37,146	37,394
SEARS MTG SECS CORP.	7.63	12/25/16	161,351	164,402	163,117
SECPAC HOME EQUITY TRUST	8.25	5/10/03	77,347	76,987	78,828
SUNCOAST CMO MTG.	7.90	12/1/99	44,808	44,374	44,794
U.S. AUTO RECV TRUST	8.75	8/15/95	45,266	45,146	45,294
TOTAL			\$5,747,919	\$5,784,692	\$5,823,781

Indexed Fixed Income Fund as of June 30, 1993

	<i>Cost</i>	<i>Market</i>
Wells Fargo Institutional Trust Company	\$20,504,326	\$22,434,138

In-House Portfolio
Active Domestic Equity Account
as of June 30, 1993

NAME	SHARES	COST	MARKET
CENTRAL & SOUTHWEST	80000	\$2,122,400	\$2,600,000
GENERAL MOTORS CLASS E	100000	1,629,785	2,925,000
MINNESOTA MINING & MFG.	20000	666,541	2,160,000
SOUTHERN COMPANY	120000	2,126,129	5,055,000
TEXAS UTILITIES COMPANY	101684	3,174,754	4,652,084
TOTAL		\$9,719,609	\$17,392,084

Investment Advisors, Inc.
Active Domestic Equity Account
as of June 30, 1993

NAME	SHARES	COST	MARKET
ADC TELECOMMUNICATIONS INC.	15000	\$324,181	\$468,750
AIRTRAN CORP.	30000	269,906	281,250
ANALYSTS INTERNATL CORP.	10000	264,211	295,000
ANCHOR BANCORP	10000	209,778	209,778
APACHE CORP.	10000	221,640	277,500
APPLIANCE RECYCLING CTRS	15000	232,118	176,250
AUTOMOTIVE INDUSTRIES INC.	16000	253,435	420,000
BANTA CORP.	15000	396,449	483,750
BEST BUY INC.	5000	195,465	173,125
BLANCH (EW) HOLDINGS INC.	10000	196,210	183,750
BRAUNS FASHIONS CORP.	20000	224,690	192,815
BRIGGS & STRATTON CORP.	4500	236,794	297,563
BURLINGTON NORTHERN INC.	4000	216,704	214,500
CASEYS GENERAL STORE INC.	9000	144,950	166,500
CHILDREN BROADCAST CORP.	15000	86,250	103,125
CMAC INVT CORP.	17000	421,760	480,250
DEPARTMENT 56 INC.	15000	282,164	328,125
DIGITAL BIOMETRICS INC.	25000	279,580	329,580
DONALDSON INC.	9300	331,558	348,750
ECOLAB INC.	7500	275,568	321,563
ENRON CORP.	5000	279,628	329,375
EQUITABLE OF IOWA COS.	8000	198,320	192,000
FIRST BANK SYSTEM INC.	10000	281,500	308,750
FIRST FINANCIAL CORP WIS.	7000	60,771	106,750
FULLER, H.B. CO.	9000	413,640	319,500
GENERAL GROWTH PROPERTY INC.	17500	411,738	428,750
GRACO INC.	10000	283,925	317,500
GREEN TREE ACCEPTANCE INC.	5000	112,152	210,000
HARLEY DAVIDSON INC.	8000	260,992	336,000
HONEYWELL INC.	6000	200,781	222,750
HUTCHINSON TECHNOLOGY INC.	5000	218,750	108,750
INACOM CORP.	10000	216,250	215,000
INTEL CORP.	8000	417,728	440,000
JOHNSON CONTROLS INC.	7000	303,125	340,375
LIFE USA HOLDINGS INC.	30000	252,537	431,250
MARCUS CORP.	10000	231,625	230,000
MEDTRONIC INC.	4500	316,006	303,750
METROPOLITAN FINANCIAL CORP.	18000	283,868	306,900
MINNESOTA MINING & MFG.	4000	422,072	432,000
MONTANA POWER CO.	7000	184,142	187,250
MUSICLAND STORES CORP.	20000	284,996	275,000
NORTHERN STATES POWER CO.	3500	153,383	160,563
NORWEST CORP.	12000	246,859	328,500
NWNL COMPANIES INC.	5000	151,258	155,000
PENTAIR INC.	9000	244,064	344,250
PIONEER HIBRED INTERNATIONAL INC.	9000	247,657	249,267
PLAINS SPIRIT FINANCIAL CORP.	10000	210,835	220,000
SCHLUMBERGER LTD.	6000	389,340	380,250
ST JUDE MEDICAL INC.	9000	315,408	337,500
SUPERVALU INC.	15000	449,374	504,375
TCF FINANCIAL CORP.	10000	300,528	337,500
TELECOMMUNICATIONS INC.	7000	158,662	159,250
TORO CO.	16000	281,111	298,000
UNITED WISCONSIN SERVICES INC.	5750	215,456	178,500
VALSPAR CORP.	7500	247,797	266,250
WINNEBAGO INDUSTRIES	35000	271,110	271,110
WINTHROP RESOURCES CORP.	25000	181,250	234,375
WISCONSIN ENERGY CORP.	8000	225,256	221,000
YOUNKERS INC.	11000	272,312	309,375
TOTAL		\$15,259,613	\$16,748,637

Oppenheimer Capital
Active Domestic Equity Account
as of June 30, 1993

NAME	SHARES	COST	MARKET
ALLIANT TECHSYSTEMS INC.	53000	\$1,372,596	\$1,318,375
AMERICAN EXPRESS CO.	42000	1,069,690	1,354,500
AVON PRODUCTS INC.	17000	926,618	979,625
BECTON DICKINSON & CO.	38000	1,461,734	1,520,000
COLTEC INDUSTRIES INC.	80000	1,273,462	1,250,000
EXEL LIMITED INC.	27000	1,373,535	1,392,390
FIRST EMPIRE STATE CORP.	6000	803,082	822,000
FIRST INTERSTATE BANCORP	26000	1,464,855	1,631,500
FRUIT OF THE LOOM INC.	31000	1,281,711	1,034,625
GENERAL DYNAMICS CORP.	15000	1,099,715	1,044,730
HERCULES INC.	15000	1,048,050	1,164,375
HONEYWELL INC.	46000	1,490,970	1,707,750
MAPCO INC.	25000	1,324,560	1,400,000
MARTIN MARIETTA CORP.	12000	902,259	946,500
MELLON BANK CORP.	25000	1,349,637	1,409,375
SALOMON INC.	35000	1,335,075	1,338,750
SUNDSTRAND CORP.	25000	957,050	1,109,375
TRANSAMERICA CORP.	20000	955,340	1,057,500
VENTURE STORES INC.	50000	1,247,438	856,250
WARNACO GROUP INC.	25000	701,750	837,500
TOTAL		\$23,439,127	\$24,175,120

Voyageur Asset Management
Active Domestic Equity Account
as of June 30, 1993

NAME	SHARES	COST	MARKET
ABBOTT LABORATORIES INC.	92000	\$2,316,008	\$2,357,500
AMERICAN HOME PRODUCTS CORP.	36000	2,365,380	2,322,000
ANHEUSER-BUSCH COMPANIES INC.	45000	2,276,599	2,182,500
AUTOMATIC DATA PROCESSING INC.	50000	1,963,500	2,400,000
BANC ONE CORP.	43000	1,538,348	2,418,750
BANDAG INC.	46000	2,480,292	2,098,750
BEMIS INC.	100000	2,315,075	2,250,000
BOEING CO.	67000	2,321,965	2,479,000
COCA COLA CO.	30000	1,164,600	1,290,000
CON AGRA INC.	100000	2,317,500	2,525,000
DELUXE CORP.	50000	2,287,494	1,912,500
EXXON CORP.	37000	2,165,136	2,446,625
GENERAL ELECTRIC CO.	26000	1,497,080	2,489,500
GENUINE PARTS CO.	68000	2,345,320	2,354,500
HEINZ INC.	60000	2,314,200	2,212,500
HEWLETT-PACKARD CO.	25000	1,920,351	2,025,000
KIMBERLY-CLARK CORP.	44000	2,304,020	2,178,000
LIMITED INC.	100000	2,280,000	2,137,500
MAY DEPARTMENT STORES CO.	68000	1,982,540	2,601,000
MC DONALDS CORP.	46000	2,245,191	2,259,750
MERCK & COMPANY, INC.	68000	2,316,760	2,414,000
MINNESOTA MINING & MFG. CO.	20000	2,206,000	2,160,000
PHILIP MORRIS COMPANIES INC.	45000	2,298,150	2,182,500
PITNEY BOWES INC.	56000	1,765,263	2,324,000
ROYAL DUTCH PETROLEUM CO.	25000	2,249,125	2,318,750
SHERWIN-WILLIAMS CO.	72000	2,244,819	2,331,000
SUNTRUST BANKS INC.	50000	1,773,830	2,356,250
TORCHMARK CORP.	40000	2,362,775	2,125,000
WALGREENS CO.	50000	1,837,933	2,018,750
WMX TECHNOLOGIES INC.	75000	2,337,473	2,428,125
TOTAL		\$63,792,727	\$67,598,750

Indexed Equity Fund as of June 30, 1993

	<i>Cost</i>	<i>Market</i>
Wells Fargo Institutional Trust Company	\$17,128,072	\$21,966,774

International Equity Fund as of June 30, 1993

	<i>Cost</i>	<i>Market</i>
Morgan Stanley Asset Management	\$10,838,668	\$11,878,361

**Commercial Paper
as of June 30, 1993**

NAME	RATE	MATURITY	COST	MARKET
HELLER INTERNATIONAL LC	3.04	7/1/93	\$1,593,547	\$1,600,000
INTERNATIONAL MULTIFOODS CORP.	3.26	7/1/93	1,495,938	1,500,000
AMERICAN CRYSTAL SUGAR	3.26	7/6/93	1,496,344	1,499,323
GENERAL MOTORS ACCEPTANCE CORP.	3.20	7/6/93	499,733	499,778
I.T.T. FINANCIAL CORP.	3.17	7/8/93	1,598,591	1,599,014
SEARS ROEBUCK ACCEPTANCE CORP.	3.25	7/8/93	1,498,917	1,499,052
GENERAL MOTORS ACCEPTANCE CORP.	3.20	7/12/93	749,200	1,198,827
I.T.T. FINANCIAL CORP.	3.19	7/12/93	998,410	999,028
INTERNATIONAL MULTIFOODS CORP.	3.21	7/12/93	1,197,120	749,267
GENERAL ELECTRIC CAPITAL CORP.	3.05	7/13/93	1,397,509	1,398,577
NORWEST COMMERCIAL PAPER	3.17	7/20/93	1,546,599	1,547,415
AMOCO OIL CO.	3.06	7/27/93	1,495,933	1,496,696
RIVER FUEL CO. LC/BANK OF NY	3.18	7/29/93	970,087	970,601
ABACUS FUNDING LC	3.11	7/30/93	1,496,125	997,342
AMERICAN CRYSTAL SUGAR	3.31	7/30/93	996,425	1,496,182
NORWEST COMMERCIAL PAPER	3.17	7/30/93	1,495,787	1,496,254
HELLER INTERNATIONAL LC	3.14	8/2/93	1,792,332	1,794,992
FORD MOTOR CREDIT CORP.	3.07	9/1/93	1,688,766	1,691,070
TOYOTA FINANCE (AUD)	13.00	1/18/94	499,838	413,897
TOTAL			\$24,507,199	\$24,447,315

Money Market Fund as of June 30, 1993

	<i>Cost</i>	<i>Market</i>
First Asset Management	\$508,918	\$508,918
Investment Advisors, Inc.	\$728,598	\$728,598

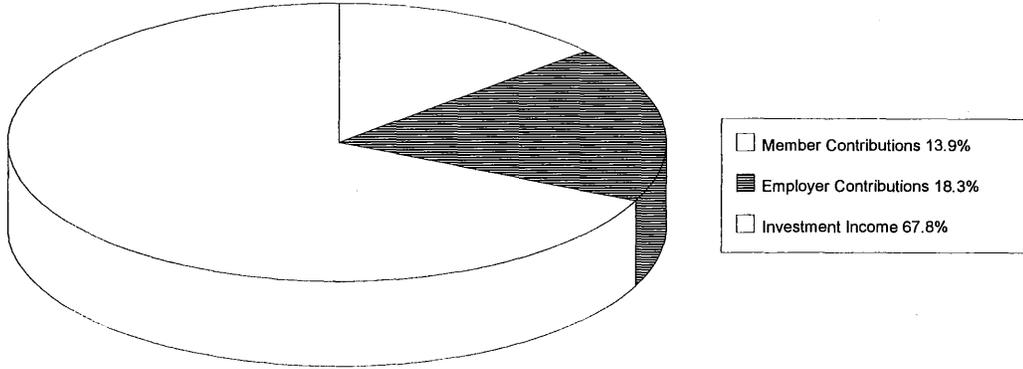
Real Estate Fund as of June 30, 1993

	<i>Cost</i>	<i>Market</i>
Lartnec Investments, Inc.	\$705,010	\$712,131

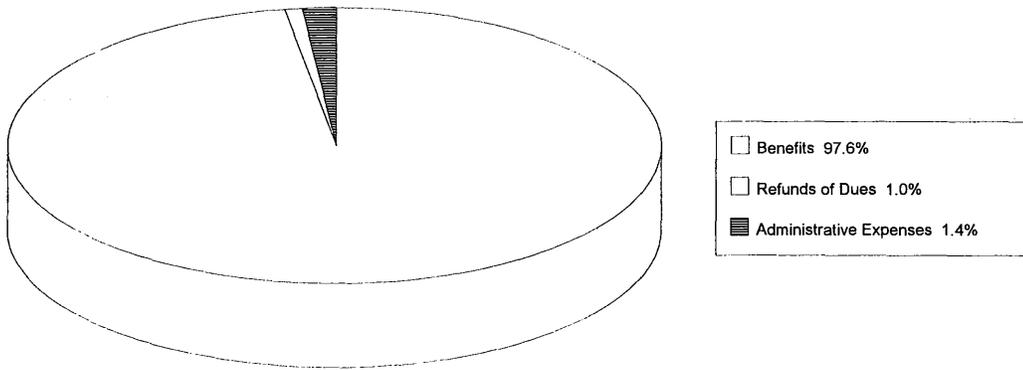
Total Portfolio as of June 30, 1993

	<i>Cost</i>	<i>Market</i>
Fixed Income	\$220,769,861	\$228,899,380
Equities	140,177,816	159,759,726
Commercial Paper	24,507,199	24,447,315
Cash and Cash Equivalents	2,582,551	2,582,551
Real Estate	705,010	712,131
Total Value	\$388,742,437	\$416,401,103

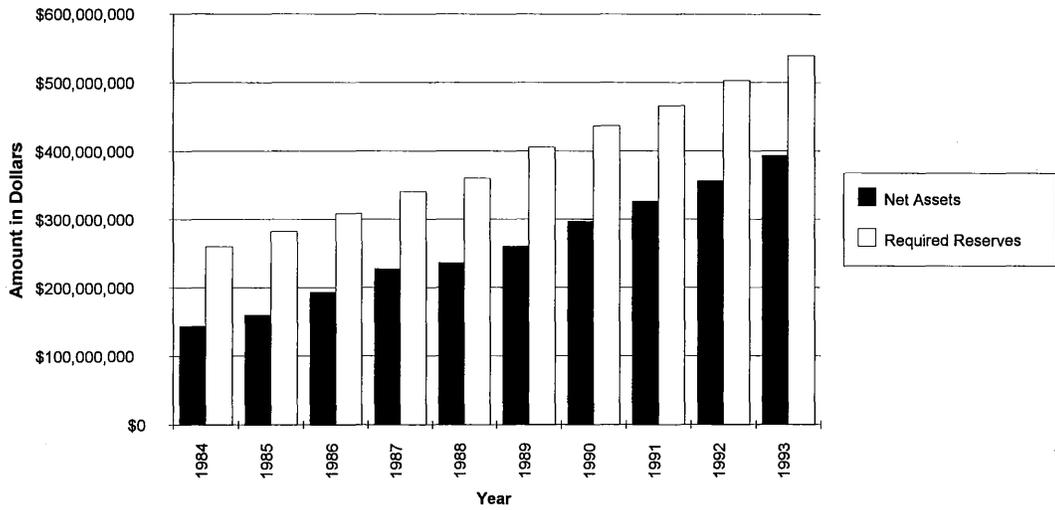
1992-93 Revenue by Source



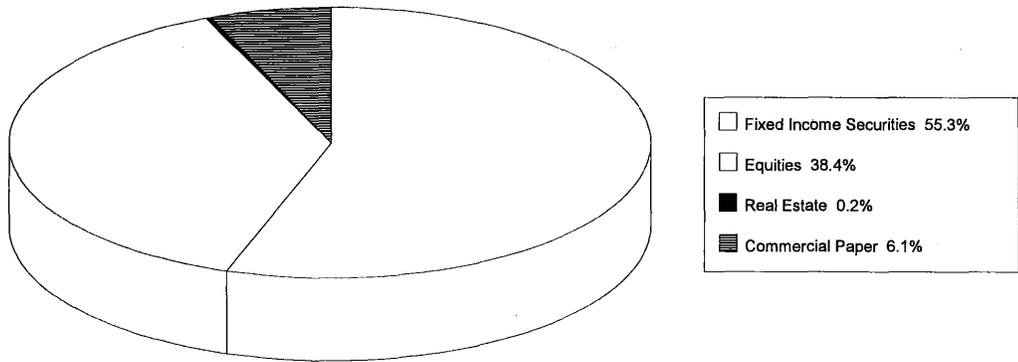
1992-93 Expenses by Type



1992-93 Summary of Net Assets and Required Reserves



1992-93 Total Portfolio Holdings - Market Value



Retirement Record

Year Ending	Pensions Granted	Persons on Payroll	Benefits Paid
June 1910	15	13	4,860
June 1931	8	125	69,024
June 1932	8	130	72,961
June 1933	2	126	74,190
June 1934	6	127	74,120
June 1935	9	131	74,001
June 1936	14	135	75,864
June 1937	19	151	80,747
June 1938	17	160	89,709
June 1939	11	161	93,184
June 1939 to December 1939	0	158	23,870
December 1940	71	222	170,685
December 1941	35	246	210,257
December 1942	27	266	234,217
December 1943	38	286	253,031
December 1944	34	311	282,299
December 1945	56	350	308,113
December 1946	51	378	337,512
December 1947	28	387	360,571
December 1948	42	413	375,912
December 1949	42	441	419,618
December 1950	30	461	450,641
December 1951	27	476	472,670
December 1952	28	486	508,923
December 1953	32	487	525,959
December 1954	10	482	529,429
December 1955	38	509	666,994
December 1956	46	529	750,146
December 1957	59	560	840,883
December 1958	41	579	1,019,502
December 1959	30	585	1,084,506
December 1960	38	600	1,144,380
December 1961	39	611	1,230,715
December 1962	49	624	1,352,779
December 1963	42	647	1,467,461
December 1964	33	653	1,545,252
December 1965	40	668	1,631,554
December 1966	43	676	1,770,083
December 1967	36	682	1,862,249
December 1968	45	695	1,969,760
December 1969	53	726	2,319,186
December 1970	31	719	2,385,868
December 1971	47	731	2,522,350
December 1972	51	745	2,742,660
December 1973	36	744	3,039,253
December 1974	46	754	3,372,453
December 1975	52	778	3,765,322
December 1976	77	883	4,393,513
December 1977	63	919	5,050,507
December 1978	48	946	5,523,548
December 1979	40	946	6,240,309
December 1980	47	963	6,623,804
December 1981	47	981	7,139,037
December 1982	61	996	7,725,617
December 1983	72	1042	8,555,099
December 1984	64	1061	9,466,664
January 1985 to June 1985	59	1103	5,324,727
June 1986	66	1134	11,267,144
June 1987	117	1191	12,478,180
June 1988	70	1210	14,690,455
June 1989	67	1236	15,506,957
June 1990	67	1270	17,382,410
June 1991	80	1309	18,811,677
June 1992	83	1357	20,509,335
June 1993	120	1426	22,763,806