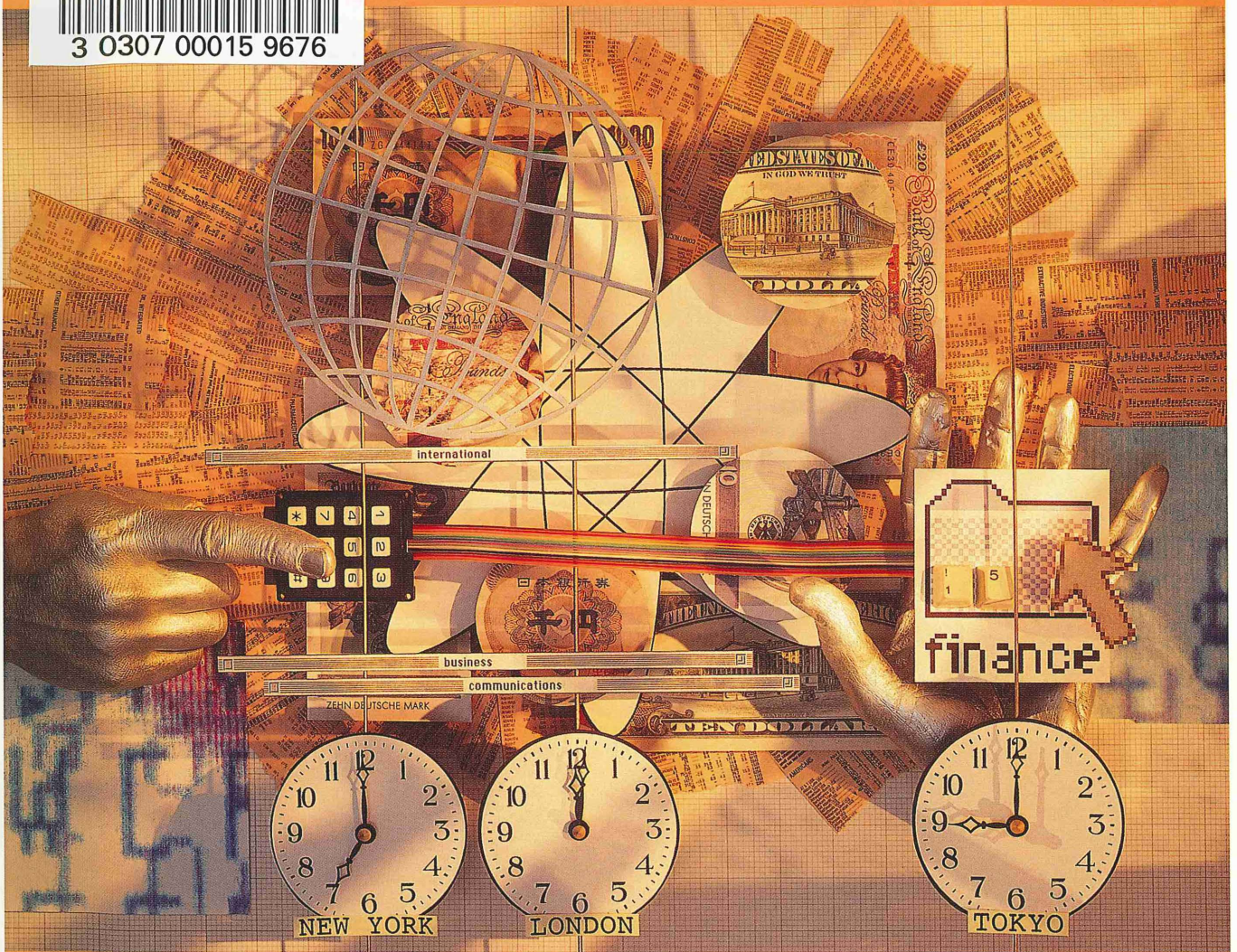


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MSRS

Minnesota State Retirement System

A Pension Trust Fund of the State of Minnesota

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 1999

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David Bergstrom, Executive Director



Minnesota State Retirement System
A Pension Trust Fund of the State of Minnesota

Comprehensive Annual Financial Report
For the fiscal year ended June 30, 1999

Affinity Plus Building, Suite 300, 175 W. Lafayette Frontage Road, St. Paul, MN 55107-1425

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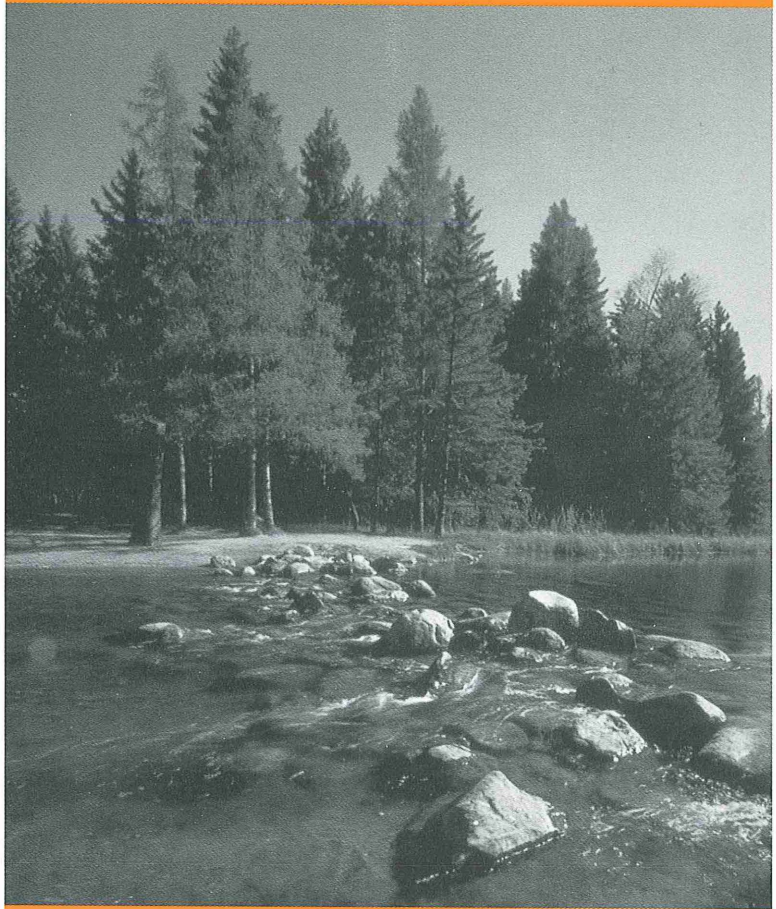


Photo Credit: © Minnesota Office of Tourism

The headwaters of the Mississippi River at Itaska State Park in northwestern Minnesota.



Board Chairman's Report

Dec. 31, 1999

Minnesota State Retirement System
Affinity Plus Building, Suite 300
175 W. Lafayette Frontage Road
St. Paul, MN 55107-1425

Dear Board Members, Benefit Recipients and Employers:

I am pleased to present the *Comprehensive Annual Financial Report* of the Minnesota State Retirement System for the fiscal year which ended on June 30, 1999. The funds administered by MSRS held net assets totaling \$9.03 billion, an increase of \$870 million from the previous year.

The tremendous increase in assets is mainly attributable to another year of excellent investment returns. The 1999 investment return was 11.7 percent and the average return for the last five years has exceeded 17.5 percent. These excellent returns have helped the three largest plans that MSRS administers, to reach funding ratios well in excess of 100 percent. The largest plans are the General Employees', Correctional and State Patrol. Also, retirees get to share in the strong investment return, which generated a record post-retirement increase of 11.1436, payable on Jan. 1, 2000.

MSRS is excited and prepared to meet the challenges going into the next millennium. We are focusing our attention on increased customer service to our members through internet access, improved communications and quicker response to inquiries. While we recognize the importance of providing information through improved technologies, we also know that having staff available to answer questions is vital to help you make confident retirement decisions.

We appreciate your support and are committed to maintaining the financial strength of the Minnesota State Retirement System.

Sincerely,

Kenneth Yozamp, chair
MSRS Board of Directors

Letter of Transmittal

Dec. 31, 1999

Board of Directors
Minnesota State Retirement System
Affinity Plus Building, Suite 300
175 W. Lafayette Frontage Road
St. Paul, MN 55107-1425

Dear Directors:

We are excited to present the Minnesota State Retirement System's *Comprehensive Annual Financial Report* for the fiscal year which ended on June 30, 1999. We provide retirement coverage for 71,500 active employees, 21,500 retirees and 21,100 members who no longer contribute, but are eligible for future monthly benefits. These members participate in 10 unique retirement plans.

The information contained in this report is the responsibility of MSRS management. The data is accurate and provides complete disclosure of the financial status of the funds administered by MSRS.

This report has four sections: Introductory, Financial, Actuarial and Statistical.

Accounting Systems and Reports

This report is prepared in accordance with the generally accepted accounting principles of the Governmental Accounting Standards Board. These financial statements comply with reporting requirements established under *Minnesota Statutes*, §356.20.

Transactions of the State Employees' Plan, State Patrol Plan, Correctional Plan, Judges' Plan, Elected State Officers' Plan, Legislators' Plan, Military Affairs Plan, Transportation Pilots' Plan, and the Unclassified Plan are reported on the accrual basis of accounting. The Deferred Compensation Plan is reported on the modified accrual basis of accounting.

Internal accounting controls ensure the reliability of all financial records and adequately safeguard assets.

Revenues (Additions)

The revenues needed to finance benefits come from the collection of employee and employer contributions, and predominantly the income on investments. Income for fiscal year 1999 totaled \$1.2 billion. This year's investment return generated \$939 million and accounted for 78.7 percent of the revenue. The amount from employee and employer contributions totaled \$215.2 million.

Expenses (Deductions)

Expenses in 1999 totaled \$324.3 million, an increase of 14.7 percent more than last fiscal year. Monthly benefits, totaling \$265.3 million to retirees, survivors and disabled members, represented 82 percent of total expenses. In addition, \$26.2 million was paid to terminated employees in lump-sum refunds of contributions plus interest. Administrative expenses, excluding investment expenses, totaled \$5.6 million, which represents only 1.7 percent of total expenses.

Total revenues of \$1.2 billion exceeded expenses by \$870 million during fiscal year 1999.

Investments

Assets of the MSRS funds are invested by the State Board of Investment. This board includes the governor, attorney general, secretary of state, state auditor and state treasurer. Members of the board are subject to the *Prudent Person* rule, fiduciary standards detailed in *Minnesota Statutes*, §356A, and investment guidelines in *Minnesota Statutes*, §11A.

A 17-member Investment Advisory Council advises the board on investment policy. Also, investment consultants are hired to monitor and evaluate investment performance of the various investment firms hired by the State Board of Investment.

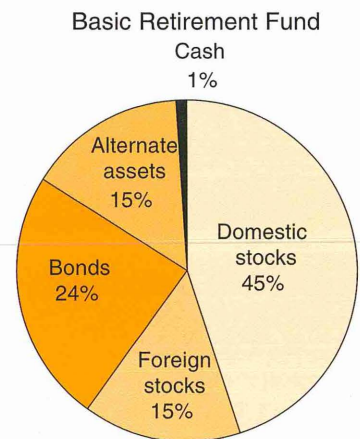
MSRS assets are pooled with the other statewide retirement funds, the Public Employees' Retirement Association and the Teachers' Retirement Association. The State Board of Investment divides assets into two funds: the Basic Retirement Fund and the Post-Retirement Fund. The Basic Retirement Fund provides funding for active employees and those who have terminated from state service, but have not begun to receive monthly benefits. Assets of retired employees are invested in the Post-Retirement Fund.

Basic Retirement Fund

The rate of return in the Basic Retirement Fund was 11.3 percent in the fiscal year ending June 30, 1999.

The goal of the Basic Fund is to finance future retirement benefits. The actuarial assumed rate of return of 8.5 percent is set by law in *Minnesota Statutes*, §356. Over a five year period, this fund is expected to outperform the median funds of public and private investors who have a similar asset allocation, and to generate a greater investment return than a composite of market indices that match the asset allocation. Over a 10 year period, the Basic Retirement Fund is expected to provide a rate of return that exceeds the rate of inflation by 3 percent to 5 percent.

The Basic Retirement Fund's asset allocation target is shown at the right.



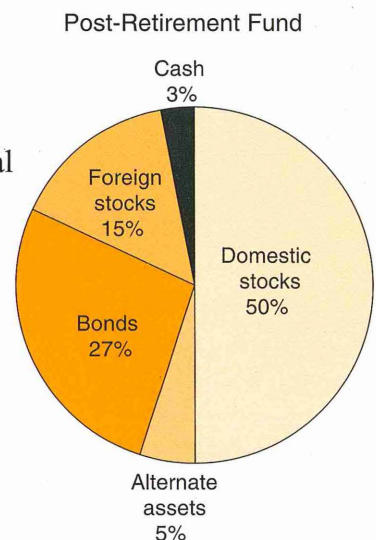
Post-Retirement Fund

The rate of return for the Post-Retirement Fund was 12.1 percent in fiscal year 1999. An 11.1436 percent increase will be paid to eligible retirees on Jan. 1, 2000.

When a member retires, assets sufficient to pay monthly benefits for his or her lifetime are transferred from the Basic Retirement Fund to the Post-Retirement Fund with the expectation that the rate of return will be at least 6 percent. The goal of the Post-Retirement Fund is to provide income to pay monthly benefits, plus generate additional earnings to provide for a cost-of-living increase based on inflation up to 2.5 percent. Inflation is measured by the *U.S. Consumer Price Index*.

If the rate of return from the Post-Retirement Fund is more than needed to meet the expected 6-percent return and the cost-of-living increase, the additional investment gain is spread over a five-year period to help fund future increases. If the return is not sufficient to meet these financial requirements, the loss is distributed over the next five-year period.

The Post-Retirement Fund's asset allocation target is shown at the right.



Funding

The three largest plans — the General Employees' Plan, State Patrol Plan and the Correctional Plan, which represent 97 percent all the liabilities of the plans administered by MSRS — exceed 100 percent funding. The excellent investment returns continue to enhance the plans financial strength.

The contribution rate for the Judges' Plan is sufficient to reach full funding before the targeted date of 2020. The Legislators' and Elected State Officers' Plans are not prefunded, and have been closed to new members since July 1, 1997.

The chart below shows the assets, liabilities and actuarial funding ratio of each fund as of June 30, 1999.

Retirement Fund	(In Thousands)		
	Liabilities	Assets	Funding Ratio
State Employees'	\$5,464,207	\$5,968,692	109.23%
State Patrol	406,215	472,687	116.36
Correctional Employees'	307,408	335,408	109.11
Judges'	139,587	97,692	69.99
Legislators'	66,418	33,474	50.40
Elective State Officers'	3,373	198	5.87
	<u>\$6,387,208</u>	<u>\$6,908,151</u>	<u>108.16%</u>

More information regarding the funding of the plans administered by MSRS can be found on pages 48 and 49. The assumptions and actuarial details are governed by *Minnesota Statutes*, §356.215. The entry age normal method, with level contributions as a percent of payroll, is used as the actuarial funding method. The assets include one-third of the unrealized investment gains or losses.

Economic Outlook

Minnesota's economy continued its superb performance during the 1999 fiscal year. Personal income grew by 5.9 percent, 0.3 percent greater than the U.S. average of 5.6 percent. The state's unemployment rate continued to be among the lowest in the nation, reaching an all-time low of 2.1 percent in April. For fiscal year 1999, unemployment in Minnesota averaged 2.4 percent on a seasonally adjusted basis, down from the fiscal year 1997's average of 2.8 percent. Even with these low unemployment rates and historically high labor force participation rates, job growth was strong. During fiscal year 1999, payroll employment grew by a healthy 1.8 percent with more than 45,000 new jobs being added. Nationally, payroll employment grew by 2.1 percent.

Minnesota's economy is projected to grow at the same rate as the rest of the United States during fiscal year 2000. The strengthening of Asian economies will be important, since Minnesota is among the leaders of manufacturing output exported to Asia. Tight labor markets are expected to hold job-growth levels to less than the U.S. averages. Wage growth is expected to match the U.S. average as the labor shortage encourages the existing labor force into more productive and higher-paying positions.

Review of Operations and Activities of Fiscal Year 1999

MSRS is managed by an 11-member board of directors. Kenneth Yozamp and Mary Benner have continued as chairman and vice chairwoman, respectively.

Professional Services

The 1999 actuarial valuations were completed by Milliman & Robertson Inc. and reviewed by William M. Mercer Inc. The state legislative auditor conducted an independent audit of MSRS financial statements. The auditor's comments are on pages 16 and 17. Minnesota's Office of the Attorney General provides legal counsel for MSRS.

Acknowledgments

This report provides complete and reliable information to assist management decisions and determine legal and fiduciary compliance requirements. A summary will be published in the next issue of the next MSRS newsletter.

We extend special thanks to the board of directors, staff and other associates for their diligent efforts to make MSRS a successful organization.

Respectfully submitted,



David Bergstrom
Executive Director



Arvin Herman
Assistant Director

Administrative Organization – June 30, 1999

MSRS Board of Directors

Kenneth Yozamp, chairman
c/o Middle Management Association
525 Park St., Suite 333
St. Paul, MN 55103
Telephone: (651) 222-3811
Term: May 6, 1996 to May 1, 2000
Elected: Correctional Plan member

Mary Benner, vice-chairwoman
Department of Labor and Industry
443 Lafayette Road, Third Floor, CSG
St. Paul, MN 55155
Telephone: (651) 282-6637
Term: May 6, 1996 to May 1, 2000
Elected: state employee

Donald M. Buckner
1152 Stryker Ave.
W. St. Paul, MN 55118
Telephone: (651) 457-3853
Term: May 4, 1998 to May 1, 2000
Elected: retired state employee

Mathew Hodapp
Minnesota State Patrol, District 2200
P. O. Box 4187
Mankato, MN 56002
Telephone: (507) 389-1172
Term: July 21, 1999 to May 6, 2002
Appointed: State Patrol Plan member

Carol Johnson
State Treasurer
303 Administration Building
St. Paul, MN 55155
Telephone: (651) 296-7091
Term: June 14, 1999 to May 6, 2003
Appointed: state official

David R. Kauppi
Department of Revenue
600 N. Robert St.
St. Paul, MN 55146
Telephone: (651) 296-3734
Term: July 16, 1998 to May 6, 2002
Appointed: state employee

John D. Richter
Department of Revenue
3400 First St. N., No. 203
St. Cloud, MN 56303
Telephone: (320) 654-5515
Term: May 4, 1998 to May 6, 2002
Elected: state employee

Robert S. Rossman
Amalgamated Transit Union
312 Central Ave., Suite 438
Minneapolis, MN 55414
Telephone: (612) 379-2914
Term: Feb. 27, 1996 to May 1, 2000
Appointed: Metro Transit designate

Mel Tan
1609 Selsmer Ave.
Cloquet, MN 55720
Telephone: (218) 897-7689
Term: May 18, 1997 to Jan. 1, 2001
Appointed: public member

Luther C. Thompson
Teachers' Retirement Association
500 Gallery Building
17 W. Exchange St.
St. Paul, MN 55102
Telephone: (651) 297-4853
Term: May 6, 1996 to May 1, 2000
Elected: state employee

Roy Watson
PO Box 72
Rochester, MN 55903
Telephone: (507) 282-6180
Term: June 14, 1999 to Jan. 6, 2003
Appointed: public member

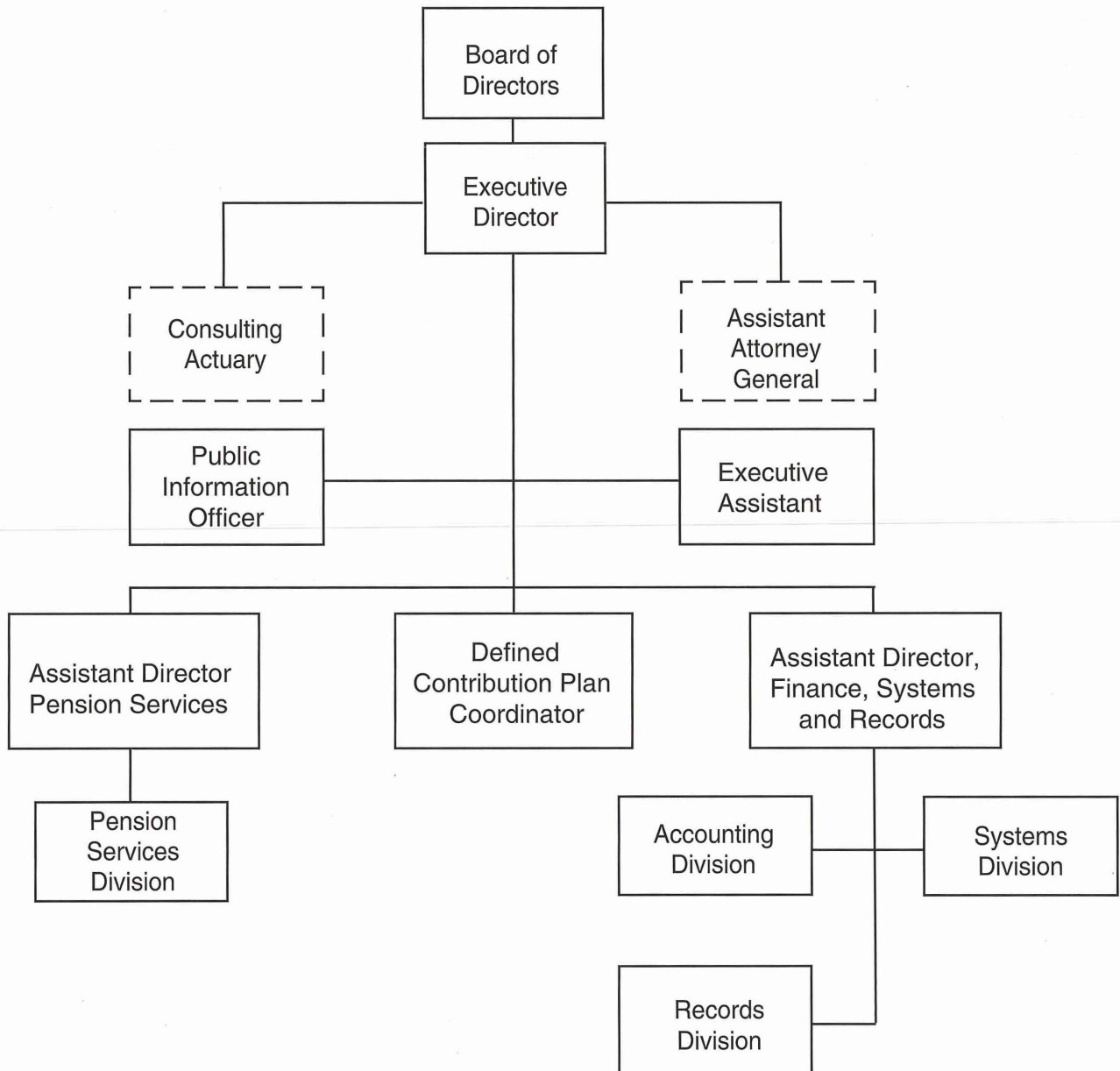
Administrative Staff

Executive Director: David Bergstrom
Assistant Directors: Arvin Herman
Ronald Schweitzer

Professional Consultants

Legislative Actuary: Milliman & Robertson Inc.
Consulting Actuary: William M. Mercer Inc.
Legal Counsel: Assistant Attorney General Jon Murphy
Medical Advisor: Minnesota Department of Health

Organization Chart – June 30, 1999



Summary of Retirement Plans

Purpose

The Minnesota State Retirement System was established by the state legislature in 1929 to provide retirement benefits to state employees. MSRS administers seven defined benefit plans and two defined contribution plans for most state employees and other selected public employees.

Administration

MSRS administration is governed by an 11 member board of directors. The board includes four elected General Plan members, one elected State Patrol Plan member, one elected Correctional Plan member, one elected retired member, one designated Metropolitan Council Transit Operations representative, and three members appointed by the governor.

MSRS management is vested with the executive director who administers the plans in accordance with Minnesota law and board policies. Plan descriptions follow.

Defined Benefit Plans

1. General Employees' Plan

- A. Coverage: most state employees and selected metropolitan agency employees
Contributions: 4 percent, employee; 4 percent, employer
- B. Benefit formula
 - 1.2 percent of a five high year salary for first 10 years, then 1.7 percent each year beyond 10 years with subsidized early retirement adjustment
 - or 1.7 percent for all years of service with an actuarial equivalent, early retirement reduction
- C. Retirement age and service years
 - age 65 with one year of service, no reduction
 - age 62 with 30 years of service, no reduction
 - *Rule of 90*, no reduction
 - age 55 with three years of service, reduced from age 65
 - any age with 30 years of service, reduced from age 62
 - total and permanent disability with three years of service
- D. Surviving spouse benefit
 - if employee has at least 3 years of service at death, generally, the spouse is eligible for a 100 percent Joint and Survivor annuity or a refund
- E. Refunds
 - contributions with 6 percent interest
- F. Annuity and disability options
 - 100 percent, Joint and Survivor with bounce back
 - 50 percent, Joint and Survivor with bounce back
 - 15 Year Certain and Life Thereafter

2. Military Affairs and Transportation Pilots' Plans (provisions differing from General Plan)

- A. Coverage: required retirement from federal military status at age 60, or 62 for transportation pilots
Contributions: 5.6 percent, employee; 5.6 percent, employer
- B. Retirement age and service years
 - age 60 to 62 for pilots with at least three years of service, no reduction
- C. Disability
 - eligible for disability if unable to perform duties with five years of service
 - General Plan formula, no reduction
 - pilots are entitled to 75 percent of salary for maximum of five years

3. State Patrol Retirement Plan

- A. Coverage: state troopers, conservation officers, crime bureau and gambling enforcement agents
Contributions: 8.4 percent, employee; 12.6 percent, employer
- B. Benefit formula
 - 3 percent of successive, five high year salary for each year of service
- C. Retirement age and service years
 - age 55 with three years of service, no reduction
 - age 50 with three years of service, reduction from age 55
- D. Disability
 - eligible for disability if unable to perform duties with three years of service, and immediate coverage if disabled on the job
 - job related disability, benefit is equal to 60 percent of five high year average salary, plus 3 percent for each year beyond 20; minimum non-job related disability is 45 percent
- E. Survivor benefits
 - member death in service: spouse gets 50 percent of final average salary; with 10 or more years of service spouse's entitlement changes to 100 percent Joint and Survivor annuity when the employee would have reached age 55
 - children get 10 percent of final average salary per child plus \$20 per month, prorated equally to the children until age 18, or 23 if a student, or until married; total benefit limited to 40 percent of final average salary
 - refund with 6 percent interest if no survivor benefit payable
- F. Refunds
 - contributions with 6 percent interest
- G. Annuity and disability option
 - 100 percent Joint and Survivor with bounce back
 - 50 percent Joint and Survivor with bounce back

4. Correctional Employees' Plan (provisions differing from General Plan)

- A. Coverage: employees who have direct contact with inmates at Minnesota correctional facilities
Contributions: 5.69 percent, employee; 7.98 percent, employer
- B. Benefit formula
 - 2.4 percent of five high year average salary for each year of service or an accelerated annuity to age 62 or 65, then an actuarially adjusted benefit thereafter
- C. Retirement age and service years
 - age 55 with three years of service
 - age 50 with three years of service, reduction from age 55
 - job related disability, benefit equals 50 percent of five high year average salary plus 2.4 percent for each year beyond 20; the minimum non-job related disability is 36 percent

5. Judges' Retirement Plan

- A. Coverage: district, appellate and supreme court judges
Contributions: 8 percent by those not covered by Social Security, 6.27 percent by those covered by Social Security; 20.5 percent, employer
- B. Benefit formula
 - 2.7 percent for each year of service prior to July 1, 1980, plus 3.2 percent of same average salary for service after June 30, 1980; formula applied to five high year average salary within last decade
- C. Retirement age and service years
 - age 70 with one year of service, no reduction
 - age 65 with five years of service, no reduction
 - age 62 with five years of service, reduction from age 65
- D. Disability
 - eligible for disability if unable to perform duties
 - continuation of full salary for one year, then as computed under the formula with no reduction, and subject to minimum of 25 percent of five high year salary
- E. Survivor benefits
 - spouse eligible for 60 percent of normal annuity, subject to a minimum of 25 percent of final average salary
- F. Refunds
 - contributions with 5 percent interest
- G. Annuity and disability options
 - 100 percent Joint and Survivor with or without bounce back
 - 50 percent Joint and Survivor with or without bounce back
 - 15 Year Certain and Life Thereafter
 - 10 Year Certain and Life Thereafter

General Fund Plans

6. Legislators' Retirement Plan

- A. Coverage: legislators; newly elected legislators are covered by the Unclassified Plan as of Jan. 1, 1999
Contributions: 9 percent, employee; as needed from General Fund appropriation, employer
- B. Benefit formula
 - 2.5 percent five high year average salary, plus a variable actuarial adjustment based on your retirement age
- C. Retirement age and service years
 - age 62 with six years of service, no reduction
 - age 55 with six years of service, reduction from age 62
- D. Survivor benefits
 - spouse gets 50 percent of benefit or 100 percent Joint and Survivor amount, if legislator is age 60 or more at death
 - first child gets 25 percent, next two children get 12.5 percent for a 100 percent maximum
- E. Refunds
 - contributions with 6 percent interest
- F. Annuity options
 - 100 percent Joint and Survivor with bounce back, discounted by value of free 50 percent spousal benefit applicable
 - 100 percent and 50 percent Joint and Survivor options for other than spouse

7. Elected State Officers' Plan

- A. Coverage: elected constitutional officers; newly elected constitutional officers are covered by the Unclassified Plan as of Jan. 1, 1999
Contributions: 9 percent, employee; as needed from General Fund appropriation, employer
- B. Benefit formula
 - 2.5 percent of five high year average salary, plus a variable actuarial adjustment based on your retirement age
- C. Retirement age and service years
 - age 62 with eight years of service, no reduction
 - age 60 with eight years of service, reduction from age 62
- D. Survivor benefits
 - spouse gets 50 percent of benefit
 - first child gets 25 percent, next two children get 12.5 percent for a maximum of 100 percent
- E. Refunds
 - contributions with 6 percent interest

Defined Contribution Plan

1. Unclassified Employees' Plan

- A. Coverage: specified employees in unclassified positions
Contributions: 4 percent, employee; 6 percent, employer
- B. Benefits
 - account balance or annuity benefit withdrawal based on age and 6 percent interest assumption
- C. Retirement age and service years
 - age 55 with any length of service
- D. Refunds
 - account value
- E. Annuity and Disability Option
 - 100 percent Joint and Survivor with bounce back
 - 50 percent Joint and Survivor with bounce back
 - 15 Year Certain and Life Thereafter

Expendable Trust Fund Plan

2. Deferred Compensation Plan – *Internal Revenue Code*, Section 457

- A. Coverage: optional for all state employees and political subdivisions' employees
Contributions: tax deferred with a \$10 per pay period minimum and a 25 percent, gross, taxable compensation maximum or a \$8,000 maximum
- B. Investment providers
 - Minnesota Supplemental Investment Fund (MSI)
 - Minnesota Mutual Life Insurance Co.
 - Great-West Life Assurance Co.
 - providers offer investment in various stock, bond and money market funds designed to meet individual investment objectives
- C. Withdrawal events
 - termination of service or death
 - emergency
- D. Withdrawal options
 - MSI Fund
 - lump sum
 - lump-sum purchase of fixed or variable annuity contract from insurance company
 - monthly installment over a specified period or specified amount
 - insurance companies
 - participant life
 - participant life or a period certain, whichever is greater
 - joint participant and named beneficiary lifetime
 - term certain payment

Plan descriptions are not all inclusive. Descriptions provide general information only.

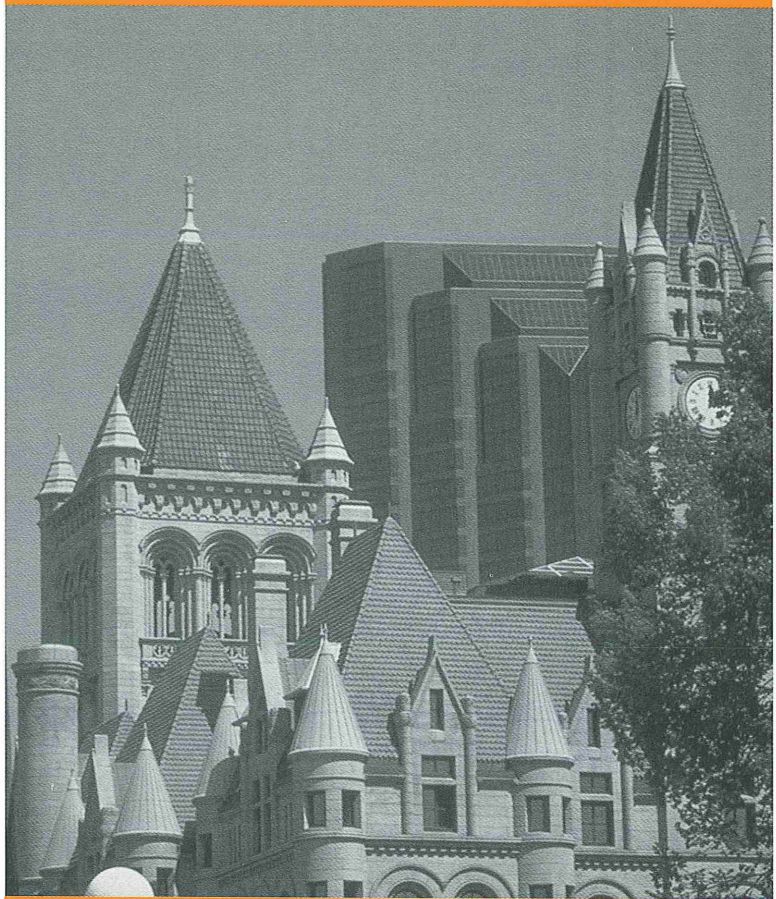


Photo Credit: © Minnesota Office of Tourism

Landmark Center, foreground, and World Trade Center, background, from Rice Park, St. Paul.



OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA • James Nobles, Legislative Auditor

Independent Auditor's Opinion

Board of Trustees
and Executive Director
Minnesota State Retirement System

We have audited the accompanying basic financial statements of the Minnesota State Retirement System (MSRS) for the year ended June 30, 1999, as listed in the *Table of Contents*. These financial statements are the responsibility of MSRS' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MSRS at June 30, 1999. The results of its operations for the year then ended are in conformity with generally accepted accounting principles.

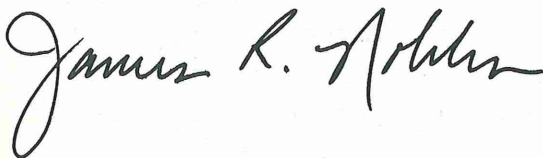
The required supplementary information, on pages 31 to 35, is presented for purposes of additional analysis and is not a required part of the basic financial statements. We did not audit this information and do not express an opinion on it. The supplementary information is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted mainly of inquiries of management regarding the methods of measurement and presentation for the *Schedule of Funding Progress*, *Schedule of Employer Contribution* and *Notes to Required Supplementary Information*.

Board of Trustees and Executive Director
Minnesota State Retirement System
Page 2

We were unable to apply, to the year 2000's required supplementary information, certain procedures prescribed by professional standards. This was so because of the nature of the subject matter underlying the disclosure requirements, and because sufficiently specific criteria regarding the matter to be disclosed have not been established. In addition, we do not provide assurance that MSRS is or will become year-2000 compliant, that its remediation efforts will be successful — in whole or in part — or that parties with which MSRS does business are or will become year-2000 compliant.

Our audit was made for the purpose of forming an opinion on the basis financial statements taken as a whole. This accompanying financial information on pages 36 to 37 is presented for purposes of additional analysis and is 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 statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have issued a report dated December 1, 1999, on our consideration of MSRS' internal control structure and compliance with laws and regulations.



James R. Nobles
Legislative Auditor



Claudia J. Gudvangen, CPA
Deputy Legislative Auditor

December 1, 1999

Statement of Plan Net Assets: Pension Trust Fund and Balance Sheet

Expendable Trust Fund (as of June 30, 1999)

Pension Trust Funds				
	Defined Benefit Funds			
	State Employees	State Patrol	Correctional Employees	Judges
Assets:				
- cash	\$ 1,247	\$ 11	\$232	\$ 143
- short term investments	52,387	5,815	6,356	2,712
- accounts receivable:				
-- member contributions	4,143	258	362	61
-- employer contributions	4,141	387	507	156
-- other	68	5	2	6
-- accrued interest	165	10	10	1
- due from MPRI Fund	451	0	0	380
- due from other plans	1,082	0	308	0
- due from other funds	0	0	0	0
- prepaid expenses	0	0	0	0
- investment pools (at fair value):				
-- fixed income	906,888	57,209	53,534	4,946
-- external domestic equity	1,594,876	100,609	94,147	8,698
-- passive domestic equity	757,360	47,776	44,708	4,130
-- Real Estate Fund	151,196	9,537	8,926	824
-- Minnesota Resources Fund	30,990	1,955	1,829	169
-- Minnesota venture capital	199,764	12,602	11,799	1,090
-- global equity	639,137	40,319	37,729	3,486
-- Supplemental Investment Fund	0	0	0	0
-- Post-Retirement Fund	2,655,241	290,299	127,997	94,434
- securities' lending collateral	674,564	55,027	36,716	11,947
- fixed assets	115	0	0	0
- nondedicated member deposits	0	0	0	0
Total assets	\$ 7,673,815	\$621,819	\$425,162	\$133,183
Liabilities:				
- accounts payable	\$ 2,079	\$ 102	\$ 98	\$ 13
- securities' lending collateral	674,564	55,027	36,716	11,947
- deferred revenue	0	0	0	10
- due to MPRI Fund	0	2,283	1,179	0
- due to other plans	373	64	148	31
Total liabilities	677,016	57,476	38,141	12,001
Fund balance:				
- employee Deferred Compensation	N/A	N/A	N/A	N/A
- administrative reserve	0	0	0	0
Total fund balance	0	0	0	0
Total liabilities and fund balance	677,016	57,476	38,141	12,001
Net assets held in trust for pension benefits:	\$6,996,799	\$564,343	\$ 387,021	\$ 121,182

A Schedule of Funding Progress and a Schedule of Employer Contributions for each of the defined benefit plans are discussed in the Notes to the Financial Statements.

See Notes to the Financial Statements.

(In Thousands)

		Defined Contribution Fund	Expendable Trust Fund	
Legislators	Elected State Officers	Unclassified Employees	Deferred Compensation	Totals (Memorandum Only)
0	0	146	540	2,319
0	0	2,671	5,025	74,966
0	0	167	2,099	7,090
0	0	250	0	5,441
0	0	9	163	253
0	0	0	0	186
0	0	0	0	831
0	0	85	0	1,475
0	0	0	0	0
0	0	0	0	0
0	0	0	0	1,022,577
0	0	0	0	1,798,330
0	0	0	0	853,974
0	0	0	0	170,483
0	0	0	0	34,943
0	0	0	0	225,255
0	0	0	0	720,671
0	0	257,256	649,682	906,938
34,466	0	0	0	3,202,437
3,538	0	18,433	40,526	840,751
0	0	0	0	115
7,064	203	0	0	7,267
45,068	203	279,017	698,035	9,876,302
6	4	447	522	3,271
3,538	0	18,433	40,526	840,751
0	0	0	0	10
283	0	0	0	3,745
38	1	125	695	1,475
3,865	5	19,005	41,743	849,252
N/A	N/A	N/A	654,566	654,566
0	0	0	1,726	1,726
0	0	0	656,292	656,292
3,865	5	19,005	0	1,505,544
41,203	198	260,012	698,035	8,370,758

Statement of Changes in Plan Net Assets

Pension Trust Funds (Year ended June 30, 1999)

(In Thousands)

	Defined Benefit Funds						Defined Contribution Fund	Totals (Memorandum Only)
	State Employees'	State Patrol	Correctional Employees'	Judges'	Legislators'	Elective State Officers'	Unclassified Employees	
Additions:								
- member contributions	\$66,823	\$3,850	\$6,378	\$2,069	\$674	\$26	\$3,885	\$83,705
- employer contributions	65,979	5,712	8,172	5,301	0	0	5,574	90,738
- General Fund revenues	0	0	0	1,751	2,091	40	0	3,882
- transfers from other plans	5,368	17	2,514	0	0	0	1,102	9,001
- asset fees collected	0	0	0	0	0	0	926	926
- other income	39	0	4	10	0	0	0	53
Total	138,209	9,579	17,068	9,131	2,765	66	11,487	188,305
Investment income:	718,353	61,009	39,314	12,276	3,229	0	31,537	865,718
Less investment expense:	5,274	339	301	28	0	0	1	5,943
Net investment income	713,079	60,670	39,013	12,248	3,229	0	31,536	859,775
Income from securities								
lending activities:								
- securities' lending income	34,893	2,847	1,899	618	183	0	1,072	41,512
- securities' lending expenses:								
-- borrower rebates	30,699	2,506	1,670	545	161	0	944	36,525
-- management fees	1,095	89	60	19	6	0	31	1,300
Total securities' lending expenses	31,794	2,595	1,730	564	167	0	975	37,825
Net income from securities' lending activities	3,099	252	169	54	16	0	97	3,687
Total additions	854,387	70,501	56,250	21,433	6,010	66	43,120	1,051,767
Deductions:								
- annuity benefits	207,962	22,226	10,190	9,996	3,740	213	0	254,327
- refunds	11,110	16	425	375	49	86	7,673	19,734
- interest to MPRI Fund	628	310	201	28	4	0	0	1,171
- transfers to other plans	3,169	0	24	0	383	63	5,360	8,999
- asset fees collected	0	0	0	0	0	0	860	860
- administrative expenses	2,555	74	163	38	32	6	128	2,996
Total deductions	225,424	22,626	11,003	10,437	4,208	368	14,021	288,087
Net increase	628,963	47,875	45,247	10,996	1,802	(302)	29,099	763,680
Net assets, July 1, 1998	6,367,836	516,468	341,774	110,186	39,401	500	230,913	7,607,078
Net assets, June 30, 1999	<u>\$6,996,799</u>	<u>\$564,343</u>	<u>\$387,021</u>	<u>\$121,182</u>	<u>\$41,203</u>	<u>\$198</u>	<u>\$260,012</u>	<u>\$8,370,758</u>

See Notes to the Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balance, Expendable Trust - Deferred Compensation Fund (Year ended June 30, 1999)

Revenues:

- investment income	79,049
- member contributions	40,774
- securities' lending income	2,371
- asset fees collected	2,272
- insurance company fees collected	1,690
- other income	2
Total	<u>126,158</u>

Expenditures:

- annuity benefit	11,019
- refunds	5,333
- asset fees rebated	1,005
- borrower rebates	2,074
- management fees	73
- administrative expenses	<u>2,644</u>
Total expenditures	<u>22,148</u>

Revenues in excess of expenditures	<u>104,010</u>
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Other financing sources (uses):

- transfers from other providers	16,756
- transfers to other providers	<u>(16,203)</u>
Total other financing sources	<u>553</u>

Excess of revenues and other financing sources over (under) expenditures and other financing uses	104,563
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Fund balance, July 1, 1998	<u>551,729</u>
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Fund balance, June 30, 1999	<u><u>656,292</u></u>
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See Notes to the Financial Statements.

Notes to the Financial Statements

1. Description of the System

The Minnesota State Retirement System is the administrator of a multiple employer, cost sharing public employee retirement system. It consists of six defined benefit funds, one defined contribution fund and one expendable trust fund. On June 30, 1999, the number of employers contributing to the various funds was:

-	state of Minnesota	1
-	University of Minnesota	1
-	counties	52
-	cities	97
-	school districts	165
-	other	<u>78</u>
		394

MSRS is a pension trust fund of the state of Minnesota and is included with other fiduciary funds in its comprehensive annual financial report. This report includes financial information for MSRS only.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements for the defined benefit funds, the defined contribution fund and the expendable trust fund are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized in the period when they become due. Payment is mandated in statute. Similarly, benefits and refunds are recognized when due and payable as specified by statute.

B. Investment Policies

Pursuant to *Minnesota Statutes*, the assets of MSRS funds are pooled with those of other funds and invested by the State Board of Investment. Investments primarily include obligations and stocks of the United States and Canadian governments, their agencies, registered corporations and short-term obligations of specifically high quality. Various alternative investments, including international securities, are limited by statute to 35 percent of the fund pool.

C. Investment Valuations

Investments are reported at fair value. Fair value is the proportionate share of the aggregate market value of the investment portfolio of the pool in which the funds participate. Market value is the last reported sales price for securities traded on national or international exchanges. If a security is not actively traded, then the market value is its estimated fair value. Short-term securities are reported at cost, which approximates fair value.

D. Fixed Assets

Fixed assets are office equipment and fixtures. They were capitalized at historical cost when acquired and depreciated using the straight-line method over estimated useful lives ranging from three to 20 years. Balances at June 30, 1999, were:

-	cost of equipment and fixtures	\$365,640
-	less accumulated depreciation	<u>250,536</u>
-	undepreciated balance	\$115,104

E. Nondedicated Member Deposits

Member contributions to the Legislators' and Elective State Officers' Funds are deposited into the general operating revenues of the state. In the event of plan termination, the state Department of Finance and the legislative auditor believe that Minnesota's General Fund is obligated to repay member contributions. Because this contingency is considered unlikely, these amounts have not been appropriated in the state's General Fund. These balances at June 30, 1999, were:

(In Thousands)

-	Legislators' Retirement Fund	\$7,064
-	Elective State Officers' Fund	<u>203</u>
		\$7,267

F. Reserve Accounts

- Employee reserve

For the defined benefit funds, the employee reserve is credited with the cumulative employee contributions. Upon retirement, these contributions are combined with the necessary state reserve moneys and transferred to the Minnesota Post-Retirement Investment Fund to provide the resources for future annuity benefits. Employees who terminate their employment prior to retirement can choose to receive a refund of their contributions plus interest or a deferred annuity.

For the defined contribution fund (Unclassified Employees' Retirement Fund) and the expendable trust fund (Deferred Compensation Fund), the employee reserve includes all assets of the fund which are not reserved for the payment of administrative expenses.

(In Thousands)

State Employees' Retirement Fund	\$688,510
State Patrol Retirement Fund	35,405
Correctional Employees' Retirement Fund	39,503
Judges' Retirement Fund	12,390
Legislators' Retirement Fund	6,956
Elective State Officers' Retirement Fund	194
Unclassified Employees' Retirement Fund	259,170
Deferred Compensation Fund	<u>654,566</u>
	\$1,696,694

- State reserve

For all funds except the Unclassified Employees' Retirement Fund and the Deferred Compensation Fund, the state reserve is credited with all investment earnings and employer contributions. For the Unclassified Employees' Retirement Fund and the Deferred Compensation Fund, they include the remaining balance of fees collected to pay administrative expenses.

These balances at June 30, 1999, were:

	(In Thousands)
State Employees' Retirement Fund	\$3,009,988
State Patrol Retirement Fund	198,537
Correctional Employees' Retirement Fund	185,110
Judges' Retirement Fund	(1,124)
Legislators' Retirement Fund	(6,356)
Elective State Officers' Retirement Fund	(2,223)
Unclassified Employees' Retirement Fund	842
Deferred Compensation Fund	<u>1,726</u>
	\$3,386,500

- Minnesota Post-Retirement Investment Fund reserve

The MPRI Fund reserve equals the corresponding assets invested in it. The proceeds of the MPRI Fund are used to pay the monthly pension benefits of eligible retirees. This account is adjusted annually to fund the actuarial value of benefits remaining.

	(In Thousands)
State Employees' Retirement Fund	\$2,054,794
State Patrol Retirement Fund	225,179
Correctional Employees' Retirement Fund	99,324
Judges' Retirement Fund	72,997
Legislators' Retirement Fund	<u>26,737</u>
	\$2,479,031

G. Actuarial valuations

Actuarial valuations and experience studies are performed annually. The entry age method — a projected benefit cost method — is used to value the funds with contributions being made as a level percent of covered employee salaries. A salary scale of 5 percent for the State Employees' Retirement Fund, 6.5 percent for other funds, an interest assumption, and an 8.5 percent rate of investment return are used by the actuary to project full funding by 2030.

3. Cash and Investments

A. Cash

MSRS cash is deposited into the state's treasury accounts. On June 30, 1999, and throughout the year, these accounts were secured by pledged collateral and deposit insurance to the extent required by *Minnesota Statutes*.

B. Credit risk

Investments are classified according to their risk level. The three categories are:

- insured and registered investments or those whose securities are held by the state or its agent in the state's name.
- uninsured or unregistered investments whose securities are held by a counterparty's trust department or agent in the state's name.
- uninsured or unregistered investments whose securities are held by a counterparty's trust department or agent, in other than the state's name

All MSRS investments are held in State Board of Investment administered pools, open-end mutual funds or guaranteed investment contracts. None of these are considered securities for risk assessment purposes.

C. Investment Valuation

The combined funds' proportionate share in the cost and market values of the State Board of Investment's pools at June 30, 1999, were:

(In Thousands)		
Investment Pools	Cost	Market Value
Fixed Income	1,046,337	1,022,577
External Domestic Equity	1,500,388	1,798,330
Passive Domestic Equity	503,026	853,974
Real Estate	139,590	170,485
Minnesota Resources	47,097	34,943
Minnesota Venture Capital	235,680	225,255
Global Equity	635,330	720,671
Post-Retirement Fund	2,479,031	3,202,437
Supplemental Investment Fund	386,159	906,938
Total	<u>\$6,972,638</u>	<u>\$8,935,610</u>

D. Securities Lending

The amounts shown on the financial statement are MSRS' proportionate share of securities loaned, collateral pledged and loan income resulting from the lending activity of investment managers retained by the State Board of Investment.

4. Interfund Receivables and Payables

As of June 30, 1999, interfund receivables and payables were:

(In Thousands)		
	Interfund Receivables	Interfund Payables
Defined Benefit Retirement Funds		
State Employees'	\$1,082	\$373
State Patrol		64
Correctional Employees'	308	148
Judges'		31
Legislators'		38
Elective State Officers'		1
Defined Contribution Retirement Fund		
Unclassified Employees'	85	125
Expendable Trust Fund		
Deferred Compensation		695
Totals	<u>\$1,475</u>	<u>\$1,475</u>

5. Leases

The office facilities are leased by an agreement through Sept. 30, 2001. Annual rental obligations by fiscal year are:

Fiscal Year	Amount
2000	\$221,451
2001	\$243,348
2002	\$262,236

6. Year 2000 Commitments

As of June 30, 1999, MSRS had no resources committed to contracts to modify computer systems and other electronic equipment to make them year-2000 compliant. MSRS systems are developed and modified by MSRS employees.

7. Actuarial Asset Valuations

Minnesota Statutes provide that actuarial valuations must include only one-third of any unrealized market value gains or losses as of the valuation date. For balance sheet purposes and pursuant to the Governmental Accounting Standards Board's statement No. 25, assets are presented at fair market value. The unfunded liability determined using both methods as of June 30, 1999, were

Retirement Fund	(In Thousands)	
	Actuarial Basis	Market Basis
State Employees'	\$ (504,485)	\$(932,146)
State Patrol	(66,472)	(93,007)
Correctional Employees'	(28,000)	(50,939)
Judges'	41,895	39,842
Legislators'	32,944	32,944
Elective State Officers'	3,175	3,175
	<u>\$ (520,943)</u>	<u>\$(1,000,131)</u>

8. Defined Contribution Fund Disclosures

MSRS administers one defined contribution plan, the Unclassified Retirement Fund. This fund is comprised of the Unclassified Employees' Retirement Plan, a multiple-employer defined contribution plan. Membership is limited to certain, specified employees of the state of Minnesota and various other statutorily designated entities. Membership statistics as of June 30, 1999, were:

- Active members	1,693
- Inactive members	1,387
Total	3,080
- Annualized payroll (June 30, 1999)	\$93,356,000
- Participating employers	12
- Contribution rates	
-- Employee	4%
-- Employer	6%

Minnesota Statutes, Section 352D.01.12 authorized creation of this plan. It is considered a *money purchase* plan, i.e., members vest only to the extent of the value of their accounts (employee contributions plus employer contributions plus [minus] investment gains [losses], less administrative expenses). Retirement and disability benefits are available through conversion, at the member's option, to the General Employees' Plan provided he or she had prior service in that plan or at least 10 years of service. This reversion option is actuarially valued as a contingent liability for the State Employees' Retirement Fund in the amount of \$10 million.

9. Optional Retirement Annuities

In the defined benefit funds, two Joint-and-Survivor options are available: a 50 percent or a 100 percent option. Annuities take the form of Joint-and-Survivor options with the right of reversion to the Single-Life amount, if the beneficiary dies before the member. A 15 Year Period Certain and Life Thereafter annuity is available. For the Judges' Plan a 10 Year Period Certain and Life Thereafter annuity is provided. The Legislators' and Elected State Officers' Plans provide, automatically, a 50 percent benefit continuance to a surviving spouse. Also, legislators can choose 100 percent survivor coverage with an actuarially reduced benefit.

10. Descriptions of Individual Defined Benefit Funds

A. State Employees' Retirement Fund

The State Employees' Retirement Fund includes the General Employees' Plan, a multiple employer, cost sharing plan, and the Military Affairs and Transportation Pilots' Plan, a single employer plan. Only certain employees of the Departments of Military Affairs and Transportation are eligible to be members of the Military Affairs and Transportation Pilots' Plan, but all state employees who are not members of another plan are covered by the General Employees' Plan. Membership statistics, as of June 30, 1999, follow:

Members receiving benefits:	
- retirees	16,667
- beneficiaries	1,811
Terminated members:	
- vested, not receiving benefits	10,663
- nonvested	8,220
Active members:	
- vested	35,353
- nonvested	11,815
Totals	84,529
Annualized payroll (June 30, 1999):	\$1,757,716,000
Participating employers	22

Minnesota Statutes, Section 352.04 requires that eligible employees contribute 4 percent of their total compensation. The employer contributes 4 percent. Retirement benefits can be computed by two methods: the step formula and the level formula. Step formula benefits are 1.2 percent of the high five year average salary for each of the first 10 years, plus 1.7 percent for each year thereafter. Also, it includes full benefits under the *Rule of 90*. In contrast, the level formula does not include the Rule of 90, benefits are 1.7 percent of the high five year average salary for all years of service, and full benefits are available at normal retirement age.

B. State Patrol Retirement Fund

The State Patrol Retirement Fund includes only the State Patrol Retirement Plan, a single employer plan. Membership is limited to those state employees who are state troopers, conservation officers, crime-bureau officers or gambling-enforcement agents. Membership statistics, as of June 30, 1999, follow:

Members receiving benefits:

- retirees	526
- beneficiaries	146

Terminated members:

- vested, not receiving benefits	23
- nonvested	10

Active members:

- vested	642
- nonvested	183

Totals	1,530
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Annualized payroll (June 30, 1999):	\$47,034,000
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Minnesota Statutes, Section 352B.02 requires that eligible employees contribute 8.4 percent of their total compensation, The employer contributes 12.60 percent. Members become eligible for normal retirement benefits at age 55 with a minimum of three years of service. The benefit is 3 percent of the high five year average salary for each year of service.

C. Correctional Employees' Retirement Fund

The Correctional Employees' Retirement Fund includes only the Correctional Plan, a single employer plan. Membership is limited to those state employees who have direct responsibility for inmates at Minnesota correctional facilities. Membership statistics, as of June 30, 1999, follow:

Members receiving benefits:

- retirees	602
- beneficiaries	50

Terminated members:

- vested, not receiving benefits	337
- nonvested	135

Active members:

- vested	2,123
- nonvested	759

Totals	4,006
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Annualized payroll (June 30, 1999):	\$112,202,000
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Minnesota Statutes, Section 352.91 requires that eligible employees contribute 5.5 percent of their total compensation. The employer contributes 7.7 percent. Members become eligible for normal retirement benefits at age 55 with a minimum of three years of service. The benefit is 2.4 percent per year of service credit multiplied by the high five year average monthly salary. The monthly benefit can be received either as level lifelong payments or accelerated payments until age 62 or 65. If the payment is accelerated, upon attaining the reversion age, the benefit is adjusted actuarially for the larger payment provided.

D. Judges' Retirement Fund

The Judges' Retirement Fund includes only the Judges' Retirement Plan, a single employer plan. Active membership is limited to Minnesota district, appellate and supreme court judges.

Also, retirees include municipal and county court judges. Membership statistics, as of June 30, 1999, follow:

Members receiving benefits:

- retirees	155
- beneficiaries	83

Terminated members:

- vested, not receiving benefits	11
- nonvested	1

Active Members:

- vested	170
- nonvested	<u>112</u>

Totals	532
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Annualized payroll (June 30, 1999):	\$27,080,000
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Minnesota Statutes, Section 490.123 requires that eligible employees contribute 8.15 percent of the total compensation. The employer contributes 20.5 percent. Members become eligible for retirement benefits at age 65 with five years of service, age 62 with five years of service and a reduced benefit, or age 70, which is mandatory retirement, with one year of service. The benefit is 2.7 percent for each year of service prior to July 1, 1980, plus 3.2 percent of the same average salary for service after June 30, 1980. The formula is applied to the high five year average salary.

E. General Fund Plans

The General Fund Plans include the Legislators' Retirement Plan and the Elected State Officers' Plan. Each is a single employer plan. Members of the Minnesota House of Representatives and Senate are included in the Legislators' Retirement Plan; the Elected State Officers' Plan includes only the elected constitutional officers. Membership statistics, as of June 30, 1999, follow:

	Legislators'	Elected State Officers'
Members receiving benefits:		
- retirees	196	8
- beneficiaries	71	5
Terminated members:		
- vested, not receiving benefits	107	4
- nonvested	4	0
Active members:		
- vested	131	0
- nonvested	49	0
Totals	558	17
Annualized payroll (June 30, 1999):	\$6,571,000	NA *

Minnesota Statutes, Sections 3A.03 and 352C.09 require that legislators contribute 9 percent of their salary including certain per diem payments, and elected officers contribute 9 percent of their salary. Both plans are funded by annual appropriations from the state's General Fund.

Legislators are eligible for full retirement benefits upon reaching age 62 with six years of service or for a reduced benefit at age 60 with the same service. The benefit is 2.5 percent per year of service multiplied by the high five year average covered compensation, but not to exceed their final annual compensation. Except for a minimum eight-year service requirement, the Elected State Officers' Plan has the same benefit eligibility.

11. Required Supplemental Information

A *Schedule of Funding Progress* and a *Schedule of Employer Contributions* for each of the defined benefit plans are presented in the pages which follow these notes.

* The remaining six active employees have either retired or elected coverage under the Unclassified Plan. Since this plan is now closed, the new entrants will no longer be an active payroll.

Required Supplemental Information

Schedule of Funding Progress

Year Ended June 30,	Actuarial Value Assets (A)	Actuarial Accrued Liability (AAL) (B)	(In Thousands) Unaudited Unfunded AAL (UAAL) (B-A)	Funded Ratio (A)/(B)	Actual Covered Payroll (Previous FY) (C)	UAAL as Percent of Covered Payroll (B-A)/(C)
State Employees' Retirement Fund:						
1991	\$2,304,311	\$2,883,603	\$579,292	79.91%	\$1,370,964	42.25%
1992	2,613,472	3,125,299	511,827	83.62	1,409,108	36.32
1993	2,905,578	3,563,492	657,914	81.54	1,482,005	44.39
1994	3,158,068	3,876,584	718,516	81.47	1,536,978	46.75
1995	3,462,098	3,795,926	333,828	91.21	1,514,177	22.05
1996	3,975,832	4,087,273	111,441	97.27	1,560,369	7.14
1997	4,664,519	4,519,542	(144,977)	103.21	1,568,747	-9.24
1998	5,390,526	5,005,165	(385,361)	107.70	1,557,880	-24.74
1999	5,968,692	5,464,207	(504,485)	109.23	1,649,469	-30.58
State Patrol Retirement Fund:						
1991	200,068	224,033	23,965	89.30	32,365	74.05
1992	222,314	233,656	11,342	95.15	32,882	34.49
1993	244,352	258,202	13,850	94.64	35,765	38.73
1994	262,570	275,377	12,807	95.35	35,341	36.24
1995	284,918	283,078	(1,840)	100.65	37,518	-4.90
1996	323,868	303,941	(19,927)	106.56	41,476	-48.04
1997	375,650	332,427	(43,223)	113.00	41,996	-102.92
1998	430,011	371,369	(58,642)	115.79	43,456	-134.95
1999	472,687	406,215	(66,472)	116.36	45,333	-146.63
Correctional Employees' Retirement Fund:						
1991	105,925	112,171	6,246	94.43	43,429	14.38
1992	121,051	123,515	2,464	98.01	47,592	5.18
1993	135,939	134,280	(1,659)	101.24	52,122	-3.18
1994	148,163	152,702	4,539	97.03	54,673	8.30
1995	165,457	153,491	(11,966)	107.78	66,939	-17.83
1996	193,833	170,959	(22,874)	113.38	72,959	-31.35
1997	241,916	212,638	(29,278)	113.77	112,408	-26.05
1998	295,291	261,869	(33,422)	112.76	105,796	-31.59
1999	335,408	307,408	(28,000)	109.11	106,131	-26.38

Required Supplemental Information

Schedule of Funding Progress

(In Thousands)
(Unaudited)

Year Ended June 30,	Actuarial Value Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A)/(B)	Actual Covered Payroll (Previous FY) (C)	UAAL as Percent of Covered Payroll (B-A)/(C)
Judges' Retirement Fund:						
1991	\$33,559	\$ 78,429	\$44,870	42.79%	\$18,410	243.73%
1992	37,768	83,969	46,201	44.98	22,765	202.95
1993	44,156	90,509	46,353	48.79	22,084	209.89
1994	50,428	98,313	47,885	51.29	22,264	215.08
1995	56,813	102,238	45,425	55.57	22,877	198.56
1996	64,851	108,150	43,299	59.96	22,421	193.12
1997	74,681	117,714	43,033	63.44	22,909	187.84
1998	86,578	130,727	44,149	66.23	24,965	176.84
1999	97,692	139,587	41,895	69.99	32,940	127.19

Legislators' Retirement Fund:

1991	14,694	30,403	15,709	48.33	7,078	221.94
1992	15,160	33,224	18,064	45.63	6,556	275.53
1993	17,169	36,801	19,632	46.65	7,322	268.12
1994	18,738	45,448	26,710	41.23	6,589	405.37
1995	21,213	50,255	29,042	42.21	7,056	411.59
1996	22,532	54,225	31,693	41.55	6,267	505.71
1997	25,678	60,055	34,377	42.76	7,767	442.60
1998	31,212	62,928	31,716	49.60	6,802	466.27
1999	33,474	66,418	32,944	50.40	7,490	439.84

Elective State Officers' Retirement Fund:

1991	308	2,249	1,941	13.69	422	459.95
1992	334	2,380	2,046	14.03	378	541.27
1993	322	2,689	2,367	11.97	500	473.40
1994	361	2,848	2,487	12.68	411	605.11
1995	378	2,948	2,570	12.82	422	609.00
1996	412	2,983	2,571	13.81	456	563.82
1997	456	3,214	2,758	14.19	467	590.58
1998	500	3,369	2,869	14.84	461	622.34
1999	198	3,373	3,175	5.87	291	1,091.07

Required Supplemental Information

Schedule of Employer Contributions

Year Ended June 30,	Actuarially Required Contribution Rate	Actual Covered Payroll (B)	(In Thousands)	Annual Required Contribution [(A) x (B)] - (C)	Actual Employer Contribution*	Percent Contributed
			(Unaudited)			
State Employees' Retirement Fund:						
1991	8.17%	\$1,370,964	\$56,895	\$55,113	\$57,986	105.21%
1992	7.86	1,409,108	58,478	52,278	59,244	113.32
1993	8.27	1,482,005	59,132	63,430	58,982	92.99
1994	8.93	1,536,978	62,555	74,697	60,741	81.32
1995	9.15	1,514,177	61,627	76,920	63,161	82.11
1996	8.05	1,560,369	63,507	62,103	65,557	105.56
1997	7.21	1,568,747	63,848	49,259	66,568	135.14
1998	7.13	1,557,880	62,901	48,176	62,315	129.35
1999	6.48	1,649,469	66,823	40,063	65,979	164.69
State Patrol Retirement Fund:						
1991	22.15	32,965	2,751	4,418	4,825	109.21
1992	22.58	32,882	2,795	4,630	4,893	105.68
1993	22.27	35,765	3,040	4,925	5,288	107.37
1994	21.94	35,341	3,004	4,750	5,159	108.61
1995	21.79	37,518	3,189	4,986	5,583	111.97
1996	21.34	41,476	3,484	5,367	5,742	106.99
1997	21.33	41,996	3,746	5,212	6,151	118.02
1998	15.67	43,456	3,634	3,176	5,475	172.39
1999	14.14	45,333	3,850	2,560	5,712	223.13
Correctional Employees' Retirement Fund:						
1991	10.73	43,429	2,128	2,532	2,731	107.86
1992	10.82	47,952	2,332	2,817	2,955	104.90
1993	11.41	52,122	2,554	3,393	3,217	94.81
1994	10.97	54,673	2,679	3,319	3,355	101.08
1995	11.30	66,939	3,280	4,284	4,195	97.92
1996	11.11	72,959	3,575	4,531	4,559	100.62
1997	11.21	112,408	5,508	7,093	9,129	128.70
1998	12.49	105,796	5,954	7,260	8,146	112.20
1999	12.99	106,131	6,378	7,408	8,172	110.31

* This includes contributions from other sources, if applicable.

Required Supplemental Information

Schedule of Employer Contributions

(In Thousands)
(Unaudited)

Year Ended June 30,	Actuarially Required Contribution Rate	Actual Covered Payroll (B)	Actual Member Contribution (B)	Annual Required Contribution [(A) x (B)] - (C)	Actual Employer Contribution*	Percent Contributed
Judges' Retirement Fund:						
1991	23.59%	\$18,410	\$ 799	\$3,544	\$ 0	0.00%
1992	25.10	22,765	988	4,726	4,722	99.92
1993	26.59	22,084	1,409	4,463	4,845	108.56
1994	26.29	22,264	1,416	4,437	4,912	110.71
1995	28.27	22,877	1,455	5,012	5,162	102.99
1996	27.32	22,421	1,426	4,699	4,972	105.81
1997	27.01	22,909	1,457	4,731	6,632	140.18
1998	27.60	24,965	1,570	5,320	7,129	134.00
1999	27.32	32,940	2,069	6,930	7,051	101.75

Legislators' Retirement Fund:

1991	32.62	7,078	637	1,672	1,889	112.98
1992	27.67	6,556	590	1,224	601	49.10
1993	30.49	7,322	659	1,573	2,284	145.20
1994	31.12	6,589	593	1,457	1,618	111.05
1995	38.34	7,056	635	2,070	2,938	141.93
1996	41.54	6,267	564	2,039	1,511	74.10
1997	43.96	7,767	699	2,715	3,176	116.98
1998	48.03	6,802	612	2,655	5,199	195.82
1999	47.19	7,490	674	2,861	2,091	73.09

Elective State Officers' Retirement Fund:

1991	34.84	422	38	109	40	36.70
1992	33.28	378	34	92	111	120.65
1993	36.23	500	45	136	88	64.71
1994	38.64	411	37	122	164	134.43
1995	42.00	422	38	139	165	118.71
1996	43.58	456	41	158	151	95.57
1997	43.49	467	42	161	167	103.73
1998	51.07	461	42	193	175	90.67
1999	51.66	291	26	124	40	32.26

* This includes contributions from other sources, if applicable.

Other Required Supplemental Information

Year 2000 Compliance Disclosure

In 1994, MSRS began planning for the year 2000 (Y2K) when it decided that all future enhancements to the system would be Y2K compliant. In 1997, we organized a plan to bring the system into compliance. We assessed our computer hardware and software. In 1998, we upgraded the system to compliance standards, when we replaced 95 percent of our desktop systems and all our servers. Next, we examined and corrected every program. The entire system has passed several statewide testing cycles and entered production in June 1999. We have been Y2K compliant since then and successfully traversed the fiscal year 2000 crossover in July. MSRS is confident that the system is ready for the new millennium.

Actuarial Assumptions

Actuarial valuations and experience studies are performed annually at fiscal year end. For this report, that was June 30, 1999. The entry age method — a projected benefit cost method — is used to value the funds with contributions being made as a level percentage of covered employee salaries. Assumed salary scales include projected annual increases of 5 percent for the State Employees' Retirement Fund and 6.5 percent for the other funds, with no additional allowances for inflation or cost-of-living adjustments. The assumed rate of investment return (interest assumption) is 8.5 percent before retirement and 6 percent after retirement. The unfunded amortization period is 30 years. These assumptions were used in valuing the preceding schedules.

Schedule of Administrative Expenses (Year ended June 30, 1999)

	(In Thousands) (Unaudited)	Total
Staff salaries		\$1,914
Social Security		141
Retirement		78
Insurance		182
Other personal services		<u>4</u>
Total		<u>\$2,319</u>
Professional services:		
- actuarial		\$ 142
- data processing		215
- disability examinations		26
- legal counsel		29
- other professional services		<u>1,645</u>
Total		<u>\$2,057</u>
Communication:		
- printing		\$ 411
- telephone		23
- postage		189
- travel		16
- subscriptions, memberships and training		<u>17</u>
Total		<u>\$ 656</u>
Rentals:		
- office space		<u>\$ 201</u>
Miscellaneous:		
- supplies		\$ 153
- repairs and maintenance agreements		22
- department head and board member expense		13
- statewide indirect cost		100
- depreciation		39
- building consultant		23
- other purchased services		37
- state sales taxes		17
- local sales taxes		1
		<u>2</u>
Total		<u>\$ 407</u>
Total Operating Expenses		<u>\$5,640</u>
Expenses distributed by fund:		
- State Employees'		\$2,555
- State Patrol		74
- Correctional Employees'		163
- Judges'		38
- Legislators'		32
- Elective State Officers'		6
- Unclassified Employees'		128
- Deferred Compensation		<u>2,644</u>
Total distribution		<u>\$ 5,640</u>

Summary Schedule of Commissions and Payments to Consultants

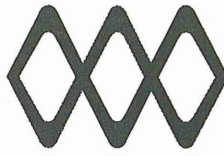
(In Thousands)
(Unaudited)

Individual or Firm Name	Services Received	Fees Paid
William Mercer Inc.	Consulting Actuary	\$ 69,947
State of Minnesota:		
- Department of Health	Medical advisor	\$ 25,617
- Office of the Attorney General	Legal	28,786
- Legislative Commission on Pensions and Retirement	Consulting Actuary	69,930



Photo Credit: © Minnesota Office of Tourism

Small-town pastoral, Lanesboro area in southeastern Minnesota.



MILLIMAN & ROBERTSON, INC.
Actuaries & Consultants

Internationally WOODROW MILLIMAN

Suite 400, 15800 Bluemound Road, Brookfield, Wisconsin 53005-6069

Telephone: 414/784-2250

Fax: 414/784-7287

December 30, 1999

Actuary's Certification Letter

Board of Trustees
Minnesota State Retirement System
175 W. Lafayette Frontage Road
St. Paul, Minnesota 55107-1425

Members of the Board:

We have completed our annual actuarial valuation of the Minnesota State Retirement System to test how well the fundamental financing objectives are being achieved and to determine the actuarial status of the State Employees Retirement Fund (SERF), the State Patrol Retirement Fund (SPRF), the Correctional Employees Retirement Fund (CERF), the Legislators Retirement Fund (LRF), the Elective State Officers Retirement Fund (ESORF) and the Judges Retirement Fund (JRF) as of July 1, 1999.

The fundamental financing objectives of the funds are to establish contribution rates which, when expressed as a percentage of active member payroll, will remain approximately level from generation to generation and meet the required deadline for full funding.

The results of the valuation indicate that the SERF, SPRF, CERF and JRF are either ahead of or on schedule to meet the required dates for full funding. The valuation of the LRF resulted in a deficiency in the current funding level of 43.72%. The ESORF no longer has any active participants. The level dollar deficiency for the ESORF, based on full funding by 2020, is \$321,000. It should be noted that with respect to the LRF and ESORF, the employer is required to fund the portion of the benefit liabilities which are not funded by the member's accumulated contribution at the time of benefit commencement.

The actuarial valuation was based upon applicable statutory provisions and the Standards of Actuarial Work in effect on July 1, 1999. In the aggregate, the basic financial membership data provided to us by the association office appears reasonable in comparison to last year. We have relied upon the data as submitted in performing the actuarial valuation. It is our understanding that the data has subsequently been audited with no significant changes made.

The six valuations were performed by using the actuarial cost methods and actuarial assumptions that are described in a separate table of this report. The actuarial cost method and the assumptions related to asset valuation, investment return, earnings progression and active member payroll growth are specified by state statute. All other assumptions are based on actual experience with changes recommended by the actuary, adopted by MSRS Board and approved by the Legislative Commission on Pensions and Retirement.

The following table shows the date for full funding for each of the plans and the funding percentage for the 1999 valuation. The funding percentage expresses current assets as a percentage of the actuarial accrued liability determined on the entry age normal cost method.

Fund	Funding Date	Funded Percentage
SERF	2020	109%
SPRF	2020	116
CERF	2020	109
LRF	N/A	50
ESORF	N/A	6
JRF	2020	70

We certify that to the best of our knowledge and belief, this actuarial valuation was performed in accordance with the requirements of Section 356.215, Minnesota Statutes, and the requirements of the Standards for Actuarial Work.

Respectfully submitted,

MILLIMAN & ROBERTSON, INC.



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

TKC/bh

Summary of Actuarial Assumptions and Methods

Actuarial cost method

The entry age normal actuarial cost method, based on earnings and the date the employee entered the plan, is applied to all plan benefits. Under this method, actuarial gains or losses increase or decrease the unfunded actuarial accrued liability.

Assumptions:

- Retirement State Employees' Plan⁽⁷⁾ — Graded rates from age 58 with 25 percent of those eligible for Rule of 90 retiring each year; Correctional Plan⁽⁶⁾ — age 58; State Patrol Plan⁽⁶⁾ — age 58, if hired after June 30, 1961, or age 63 if hired before July 1, 1961; Judges' Plan⁽⁶⁾ — age 68; State Elected Officers⁽⁶⁾ and Legislators' Plans⁽⁶⁾ — age 62.
- Mortality The 1983 Group Annuity Mortality Tables⁽⁹⁾ are used for all funds. These tables are set back or set forward (expressed in years) to match fund experience as follows:

Fund	Pre-Retirement		Post-Retirement *	
	Male	Female	Male	Female
State Employees'	-4	-2	0	0
State Patrol	-1	0	+2	+2
Correctional Employees'	-1	0	+2	+2
Judges'	-4	-2	0	0
Legislators'	-4	-2	0	0
Elective State Officers'	-4	-2	0	0
- Separation Graded rates are based on actual experiences⁽⁸⁾.
- Expense Prior year expenses are expressed as a percentage of prior year payroll⁽⁸⁾.
- Interest Rates are 8.5 percent pre-retirement⁽⁷⁾ and 6 percent post-retirement⁽⁹⁾.
- Salary increases The increase is 6.5 percent per year⁽⁶⁾ (5 percent plus graded merit and seniority assumption for State Employees' Retirement Fund⁽⁸⁾).
- Contribution refund Employees who withdraw are assumed to take the larger of a refund or a deferred benefit⁽⁴⁾.
- Social Security The Correctional Plan⁽³⁾ is based on the present law and a 6.5 percent salary scale. Only state service earnings are used.
- Asset valuation This is cost plus one-third unrealized gains or losses⁽⁶⁾.

Effective dates assumptions adopted:

- | | |
|-------------------|-------------------|
| (1) June 30, 1972 | (5) June 30, 1980 |
| (2) June 30, 1973 | (6) June 30, 1984 |
| (3) June 30, 1974 | (7) June 30, 1989 |
| (4) June 30, 1979 | (8) June 30, 1994 |
| | (9) June 30, 1997 |

* Post-retirement tables are statutorily gender neutral.

Required Reserves (as of July 1, 1999)

(In Thousands)

	State Employees' Fund	State Patrol Fund	Correctional Employees' Fund	Judges' Fund	Legislators' Fund	State Elective Officers' Fund
Active members:						
- retirement annuities	\$ 2,752,237	\$ 163,711	\$ 175,545	\$48,811	\$16,877	\$0
- disability benefits	119,540	8,412	9,667	2,362	0	0
- survivor benefits	69,075	4,337	3,433	1,839	180	0
- deferred retirements	216,251	1,101	12,755	0	1,438	0
- refunds	(127,596)	(541)	(4,938)	233	(394)	0
Totals	<u>\$ 3,029,507</u>	<u>\$ 177,020</u>	<u>\$ 196,462</u>	<u>\$ 53,245</u>	<u>\$ 18,101</u>	<u>\$ 0</u>
Deferred retirements	371,799	2,737	11,498	928	12,031	537
Former members not vested	5,486	259	124	14	55	0
Annuitants in MPRIF	2,054,794	225,179	99,324	72,997	26,737	0
Annuitants not in MPRIF	<u>2,621</u>	<u>1,020</u>	<u>0</u>	<u>12,403</u>	<u>9,494</u>	<u>2,836</u>
Total required reserves	<u><u>\$ 5,464,207</u></u>	<u><u>\$ 406,215</u></u>	<u><u>\$ 307,408</u></u>	<u><u>\$ 139,587</u></u>	<u><u>\$ 66,418</u></u>	<u><u>\$3,373</u></u>

Actual Rates as Compared to Recommended Rates

	Actual Contribution Rates			Recommended Rate	Sufficiency (Deficiency)
	Employee	Employee	Total		
State Employees' Fund	4.00%	4.00%	8.00%	7.52%	0.48%
State Patrol Fund	8.40	12.60	21.00	13.21	7.79
Correctional Employees' Fund	5.69	7.98	13.67	13.31	0.36
Judges' Fund	6.28	22.00	28.28	26.71	1.57
Legislators' Plan	9.00	0.00	9.00	52.72	(43.72)
Elective Officers' Plan *	0.00	0.00	0.00	0.00	(0.00)

* No active members contribute to this plan. Future benefits and expenses will be paid from appropriations of the Minnesota General Fund.

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Average Annual Pay	Percent Increase In Average Pay
State Employees' Retirement Fund:				
06-30-89	48,653	\$1,418,160,000	\$29,148	4.14%
06-30-90	49,576	1,515,248,502	30,564	4.86
06-30-91	49,718	1,612,238,000	32,428	6.10
06-30-92	49,214	1,658,792,000	33,706	3.94
06-30-93	48,830	1,694,520,000	34,702	2.96
06-30-94	49,365	1,789,033,000	36,241	4.43
06-30-95	49,705	1,611,687,000	32,425	-10.53
06-30-96	49,914	1,643,419,000	32,925	1.52
06-30-97	46,289	1,612,662,000	34,839	5.81
06-30-98	46,299	1,664,588,000	35,953	3.20
06-30-99	47,168	1,757,716,000	37,265	3.65
State Patrol Retirement Fund:				
06-30-89	765	32,591,000	42,603	7.72
06-30-90	788	34,423,288	43,684	2.54
06-30-91	809	37,777,000	46,696	6.89
06-30-92	795	37,113,000	46,683	-0.03
06-30-93	781	40,654,000	52,054	11.50
06-30-94	788	41,462,000	52,617	1.08
06-30-95	803	39,838,000	49,611	-5.71
06-30-96	777	40,399,000	51,994	4.80
06-30-97	795	43,084,000	54,194	10.00
06-30-98	806	45,217,000	56,100	3.52
06-30-99	825	47,034,000	57,011	1.62
Correctional Employees' Retirement Fund:				
06-30-89	1,317	41,976,000	31,872	4.06
06-30-90	1,416	47,075,739	33,245	4.31
06-30-91	1,463	50,821,000	34,738	4.49
06-30-92	1,573	56,044,000	35,629	2.57
06-30-93	1,618	60,330,000	37,287	4.65
06-30-94	1,761	70,562,000	40,069	7.46
06-30-95	2,117	71,022,000	33,548	-16.27
06-30-96	2,264	78,030,000	34,444	2.74
06-30-97	2,600	91,847,000	35,326	2.56
06-30-98	2,817	106,178,000	37,692	6.70
06-30-99	2,882	112,202,000	38,932	3.29

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Average Annual Pay	Percent Increase In Average Pay
Judges' Retirement Fund:				
06-30-89	257	\$ 18,759,000	\$72,992	4.95%
06-30-90	262	20,191,649	77,064	5.58
06-30-91	271	21,570,000	79,594	3.28
06-30-92	271	22,181,000	81,849	2.83
06-30-93	267	22,469,000	84,154	2.82
06-30-94	265	22,302,000	84,158	0.01
06-30-95	271	23,429,000	86,454	2.73
06-30-96	280	24,287,000	86,739	33
06-30-97	279	24,420,000	87,527	.91
06-30-98	278	25,890,000	93,129	6.40
06-30-99	282	27,080,000	96,028	3.11
Legislators' Retirement Fund:				
06-30-89	201	6,114,000	30,418	23.97
06-30-90	201	6,430,000	31,990	5.17
06-30-91	201	7,554,000	37,582	17.48
06-30-92	200	6,753,000	33,765	-10.16
06-30-93	200	6,891,000	34,455	2.04
06-30-94	201	6,916,000	34,408	-0.14
06-30-95	198	7,193,000	36,328	5.58
06-30-96	201	7,423,000	36,930	1.66
06-30-97	201	7,626,000	37,940	2.73
06-30-98	199	7,289,000	36,628	-3.46
06-30-99	180	6,571,000	36,506	-.03
Elective State Officers' Retirement Fund:				
06-30-89	6	406,000	67,667	5.18
06-30-90	6	428,000	71,333	5.42
06-30-91	6	440,000	73,333	2.80
06-30-92	6	451,000	75,167	2.50
06-30-93	6	462,000	77,000	2.44
06-30-94	6	462,000	77,000	0.00
06-30-95	6	452,000	75,333	-2.16
06-30-96	6	475,000	79,167	5.09
06-30-97	6	483,000	80,500	1.68
06-30-98	6	500,000	83,333	3.52
06-30-99 *	0	0	0	N/A

* No active members are in this fund.

Schedule of Retirees and Beneficiaries (Fiscal year end totals)

Year Ended	Number Added	Number Removed	Annual Number	Benefits	Percent Increase In Annual Benefits	Average Annual Benefit
State Employees' Retirement Fund:						
06-30-89	742	540	13,079	\$ 69,604,000	9.27%	\$5,322
06-30-90	940	634	13,385	76,040,000	9.25	5,681
06-30-91	1,200	578	14,007	85,977,000	13.07	6,138
06-30-92	1,198	604	14,601	95,010,000	10.51	6,507
06-30-93	1,032	566	15,067	104,362,000	9.84	6,927
06-30-94	1,506	642	15,931	116,072,000	11.22	7,286
06-30-95	913	703	16,141	126,831,000	9.27	7,858
06-30-96	1,160	629	16,672	136,521,000	7.64	8,189
06-30-97	1,187	662	17,197	150,676,000	10.37	8,762
06-30-98	1,316	683	17,830	182,562,000	21.16	10,239
06-30-99	1,410	752	18,488	207,962,000	134.91	11,248
State Patrol Retirement Fund:						
06-30-89	22	22	455	7,187,000	14.75	15,796
06-30-90	32	22	465	7,846,000	9.17	16,873
06-30-91	36	14	487	8,720,000	11.14	17,906
06-30-92	27	17	497	9,603,000	10.13	19,322
06-30-93	31	17	511	10,253,000	6.77	20,065
06-30-94	27	9	529	11,271,000	9.93	21,306
06-30-95	20	9	540	12,092,000	7.28	22,393
06-30-96	36	16	560	13,279,000	9.82	23,712
06-30-97	28	18	570	14,642,000	10.26	25,688
06-30-98	62	12	620	18,353,000	25.34	29,602
06-30-99	68	16	672	22,226,000	21.10	33,074
Correctional Employees' Retirement Fund:						
06-30-89	24	13	357	2,964,000	10.68	8,303
06-30-90	26	19	364	3,188,000	7.56	8,758
06-30-91	30	11	383	3,493,000	9.57	9,120
06-30-92	23	12	394	3,773,000	8.02	9,576
06-30-93	23	8	409	4,150,000	9.99	10,147
06-30-94	30	8	431	4,557,000	9.81	10,573
06-30-95	34	16	449	4,971,000	9.08	11,071
06-30-96	34	10	473	5,460,000	9.84	11,543
06-30-97	62	16	519	6,267,000	14.78	12,075
06-30-98	86	14	591	8,226,000	31.26	13,919
06-30-99	78	17	652	10,190,000	23.88	15,629

Schedule of Retirees and Beneficiaries (Fiscal year end totals)

Year Ended	Number Added	Number Removed	Annual Number	Benefits	Percent Increase In Annual Benefits	Average Annual Benefit
Judges' Retirement Fund:						
06-30-89	12	7	166	\$ 3,451,000	10.96%	\$20,789
06-30-90	22	10	178	3,846,000	11.45	21,607
06-30-91	11	7	182	4,183,000	8.76	22,984
06-30-92	11	7	186	4,592,000	9.78	24,688
06-30-93	19	5	200	5,144,000	12.02	25,720
06-30-94	19	12	207	5,773,000	12.22	27,889
06-30-95	16	8	215	6,233,000	7.97	28,991
06-30-96	10	9	216	6,760,000	8.45	31,296
06-30-97	19	8	227	7,560,000	11.83	33,304
06-30-98	21	11	237	9,082,000	20.13	38,321
06-30-99	12	11	238	9,996,000	10.06	42,000
Legislators' Retirement Fund:						
06-30-89	8	16	161	1,211,000	5.40	7,522
06-30-90	6	4	163	1,262,000	4.21	7,742
06-30-91	26	12	177	1,362,000	7.92	7,695
06-30-92	15	14	178	1,500,000	10.13	8,427
06-30-93	26	4	200	1,697,000	13.13	8,485
06-30-94	13	8	205	1,887,000	11.20	9,205
06-30-95	20	9	216	2,052,000	8.74	9,500
06-30-96	19	7	228	2,318,000	12.97	10,167
06-30-97	25	6	247	2,639,000	13.85	10,684
06-30-98	23	8	262	3,276,000	24.14	12,504
06-30-99	10	5	267	3,740,000	14.16	14,007
Elective State Officers' Retirement Fund:						
06-30-89	0	0	8	105,000	7.1	13,125
06-30-90	0	0	8	110,000	4.76	13,750
06-30-91	2	3	7	119,000	8.18	17,000
06-30-92	1	0	8	117,000	-1.68	14,625
06-30-93	2	0	10	143,000	22.22	14,300
06-30-94	1	0	11	161,000	12.59	14,636
06-30-95	0	0	11	164,000	1.86	14,909
06-30-96	2	1	12	155,000	-5.49	12,917
06-30-97	0	1	11	160,000	3.23	14,545
06-30-98	2	2	11	171,000	6.88	15,545
06-30-99	3	1	13	213,000	24.56	16,385

Solvency Test – Funding Ratio

(In Thousands)

Valuation Date	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Employer Financed Portion	(4) Reported Assets	Portion Covered by Reported Assets			Funding Ratio
	Aggregate	Accrued	Liabilities	(1)	(2)	(3)		
State Employees' Retirement Fund:								
06-30-89	\$316,302	\$ 714,269	\$1,426,115	\$1,871,542	100%	100%	58.9%	76.2%
06-30-90	355,216	773,505	1,579,247	2,108,210	100	100	62.0	77.8
06-30-91	391,070	884,089	1,608,444	2,304,312	100	100	64.0	79.9
06-30-92	427,320	987,191	1,710,788	2,613,472	100	100	70.0	83.6
06-30-93	466,594	1,068,200	2,028,690	2,905,578	100	100	67.6	81.5
06-30-94	500,436	1,269,882	2,106,266	3,158,068	100	100	65.9	81.5
06-30-95	546,329	1,317,617	1,931,980	3,462,098	100	100	82.7	91.2
06-30-96	586,315	1,436,918	2,064,040	3,975,832	100	100	94.6	97.3
06-30-97	621,933	1,586,977	2,310,632	4,664,519	100	100	106.3	103.2
06-30-98	653,884	1,815,870	2,735,211	5,390,526	100	100	106.8	107.7
06-30-99	688,560	2,057,419	3,008,936	5,968,692	100	100	107.1	103.7

State Patrol Retirement Fund:

06-30-89	19,583	87,385	87,466	167,271	100	100	68.9	86.0
06-30-90	21,276	93,794	92,273	185,699	100	100	76.5	89.6
06-30-91	22,980	101,632	99,421	200,068	100	100	75.9	89.3
06-30-92	24,742	108,590	100,324	222,314	100	100	88.7	95.1
06-30-93	27,006	115,357	115,839	244,352	100	100	88.0	94.6
06-30-94	28,908	122,508	123,961	262,570	100	100	89.7	95.3
06-30-95	31,160	129,038	122,880	284,918	100	100	101.5	100.6
06-30-96	32,981	143,050	127,910	323,868	100	100	115.6	106.6
06-30-97	35,356	152,929	144,142	375,650	100	100	130.0	113.0
06-30-98	35,702	186,345	149,322	430,011	100	100	139.3	115.8
06-30-99	35,405	226,199	197,816	472,687	100	100	106.7	102.9

Correctional Employees' Retirement Fund:

06-30-89	12,053	28,492	52,139	85,441	100	100	86.1	92.2
06-30-90	13,452	31,241	57,524	96,945	100	100	90.8	94.8
06-30-91	14,975	33,768	63,428	105,926	100	100	90.2	94.4
06-30-92	16,729	36,728	70,058	121,051	100	100	96.5	98.0
06-30-93	18,537	40,027	75,716	135,939	100	100	102.2	101.2
06-30-94	20,451	44,186	88,065	148,163	100	100	94.8	97.0
06-30-95	22,825	48,776	81,890	165,427	100	100	114.6	107.8
06-30-96	25,440	54,942	90,577	193,833	100	100	125.3	113.4
06-30-97	30,347	63,680	118,611	241,916	100	100	124.7	113.8
06-30-98	34,827	79,770	147,272	295,291	100	100	122.7	112.8
06-30-99	39,503	99,324	185,111	335,408	100	100	106.2	103.5

Solvency Test – Funding Ratio

(In Thousands)

Valuation Date	(1)	(2)	(3)	(4)	Portion			Funding Ratio
	Active Member Contributions	Retirees and Beneficiaries	Employer Financed Portion	Reported Assets	Covered by Reported Assets			
	Aggregate	Accrued	Liabilities		(1)	(2)	(3)	
Judges' Retirement Fund:								
06-30-89	\$ 4,477	\$32,564	\$27,813	\$23,352	100%	70.3%	0%	36.0%
06-30-90	4,683	36,120	28,593	28,116	100	64.9	0	40.5
06-30-91	5,125	38,105	33,368	33,559	100	74.6	0	43.8
06-30-92	5,711	42,769	35,489	37,768	100	84.9	0	45.0
06-30-93	6,558	48,706	35,245	44,156	100	77.2	0	48.8
06-30-94	7,460	53,203	37,650	50,428	100	80.8	0	51.3
06-30-95	8,369	57,245	36,624	56,813	100	84.6	0	55.6
06-30-96	9,535	60,477	38,138	64,851	100	91.5	0	60.0
06-30-97	10,070	69,908	37,736	74,680	100	92.4	0	63.4
06-30-98	10,865	79,076	40,786	86,578	100	95.7	0	73.9
06-30-99	12,390	85,400	41,797	97,692	100	99.9	0	69.9
Legislators' Retirement Fund:								
06-30-89	3,622	12,410	12,789	12,317	100	70.0	0	42.7
06-30-90	4,117	12,661	14,544	12,748	100	68.2	0	40.7
06-30-91	4,462	11,999	13,942	14,694	100	85.2	0	48.3
06-30-92	4,975	12,556	15693	15,160	100	81.1	0	45.6
06-30-93	5,123	15,153	16,525	17,168	100	79.5	0	46.7
06-30-94	5,620	19,092	20,736	18,738	100	68.7	0	41.2
06-30-95	5,833	21,539	22,883	21,213	100	71.4	0	42.2
06-30-96	6,205	23,843	24,177	22,532	100	62.9	0	41.6
06-30-97	6,378	29,423	24,254	25,678	100	65.6	0	42.8
06-30-98	6,655	33,435	22,838	31,212	100	73.4	0	49.6
06-30-99	6,956	36,231	23,231	33,474	100	73.2	0	50.4
Elective State Officers' Retirement Fund:								
06-30-89	313	710	1,078	315	100.0	0	0	15.0
06-30-90	349	709	1,213	351	100.0	0	0	15.5
06-30-91	306	952	991	308	100.0	0	0	13.7
06-30-92	334	982	1,064	334	100.0	0	0	14.0
06-30-93	322	1,373	994	332	100.0	0	0	12.0
06-30-94	359	1,212	1,277	361	100.0	0	0	12.7
06-30-95	379	1,384	1185	378	99.7	0	0	12.8
06-30-96	414	1,312	1,257	412	99.5	0	0	13.8
06-30-97	455	1,368	1,391	456	99.8	0	0	14.2
06-30-98	497	1,374	1,498	500	99.4	0	0	14.8
06-30-99	194	2,836	343	198	98.0	0	0	6.2

Summary of Unfunded Accrued Liability (UAL)

(In Thousands)

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	Unfunded Accrued Liability	Member Payroll	UAL as a Percent Payroll
State Employees Retirement Fund:					
06-30-89	\$2,456,686	\$1,871,542	\$585,144	\$1,418,160	41.3%
06-30-90	2,707,968	2,108,210	599,758	1,513,522	39.6
06-30-91	2,883,603	2,304,312	579,291	1,612,238	35.9
06-30-92	3,125,299	2,613,472	511,827	1,658,792	30.9
06-30-93	3,563,492	2,905,578	657,914	1,694,520	38.8
06-30-94	3,876,584	3,158,068	718,516	1,789,033	40.2
06-30-95	3,795,926	3,462,098	333,828	1,611,687	20.7
06-30-96	4,087,273	3,975,832	111,441	1,643,419	6.8
06-30-97	4,519,542	4,664,519	(144,977)	1,612,662	9.0
06-30-98	5,005,165	5,390,526	(385,361)	1,664,588	23.2
06-30-99	5,464,207	5,968,692	(504,489)	1,757,716	28.7
State Patrol Retirement Fund:					
06-30-89	194,434	167,271	27,163	32,591	83.3
06-30-90	207,343	185,699	21,644	34,423	62.9
06-30-91	224,033	200,068	23,965	37,777	63.4
06-30-92	233,656	222,314	11,342	37,113	30.6
06-30-93	258,202	244,352	13,850	40,654	34.1
06-30-94	275,377	262,570	12,807	41,462	30.9
06-30-95	283,078	284,918	(1,840)	39,838	4.6
06-30-96	303,941	323,868	(19,927)	40,399	49.3
06-30-97	332,427	375,650	(43,223)	43,084	100.3
06-30-98	371,369	430,011	(58,642)	45,217	129.7
06-30-99	406,215	472,687	(66,472)	47,034	141.3
Correctional Employees' Retirement Fund:					
06-30-89	92,684	85,441	7,243	41,976	17.3
06-30-90	102,217	96,945	5,272	47,075	11.2
06-30-91	112,171	105,926	6,245	50,821	12.3
06-30-92	123,515	121,051	2,404	56,044	4.4
06-30-93	134,280	135,939	(1,658)	60,330	3.4
06-30-94	152,702	148,163	4,539	70,562	6.4
06-30-95	153,491	165,427	(11,436)	71,022	16.8
06-30-96	170,959	193,833	(22,874)	78,030	29.3
06-30-97	212,638	241,916	(29,278)	91,847	31.9
06-30-98	261,869	295,291	(33,422)	106,178	31.5
06-30-99	307,408	335,408	(28,000)	112,202	25.0

Summary of Unfunded Accrued Liability (UAL)

(In Thousands)

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	Unfunded Accrued Liability	Member Payroll	UAL as a Percent Payroll
Judges' Retirement Fund:					
06-30-89	\$64,854	\$23,352	\$41,502	\$18,759	221.2%
06-30-90	69,396	28,116	41,280	20,662	199.8
06-30-91	76,598	33,559	43,039	21,570	199.5
06-30-92	83,969	37,768	46,201	22,181	208.3
06-30-93	90,509	44,156	46,353	22,469	206.3
06-30-94	98,313	50,428	47,885	22,302	214.7
06-30-95	102,238	56,813	45,425	23,429	193.9
06-30-96	108,150	64,851	43,299	24,287	178.3
06-30-97	117,714	74,680	43,034	24,420	176.2
06-30-98	130,727	86,578	44,149	25,890	170.5
06-30-99	139,587	97,692	41,895	27,080	154.7
Legislators' Retirement Fund:					
06-30-89	28,821	12,317	16,504	5,179	318.7
06-30-90	31,322	12,748	18,574	5,465	339.9
06-30-91	30,403	14,694	15,709	6,589	238.4
06-30-92	33,224	15,160	18,064	6,753	267.5
06-30-93	36,801	17,168	19,633	6,891	284.9
06-30-94	45,448	18,738	26,710	6,916	386.2
06-30-95	50,255	21,213	29,042	7,193	403.8
06-30-96	54,225	22,532	31,693	7,423	427.0
06-30-97	60,055	25,678	34,377	7,626	450.8
06-30-98	62,928	31,212	31,716	7,289	435.1
06-30-99	66,418	33,474	32,944	6,571	501.4
Elective State Officers' Fund: *					
06-30-89	2,101	315	1,786	406	439.9
06-30-90	2,271	351	1,920	428	448.6
06-30-91	2,249	308	1,941	440	441.1
06-30-92	2,380	334	2,046	451	453.7
06-30-93	2,689	322	2,367	462	512.3
06-30-94	2,848	361	2,467	462	534.0
06-30-95	2,948	378	2,570	452	571.1
06-30-96	2,983	412	2,571	475	541.3
06-30-97	3,214	456	2,758	483	571.0
06-30-98	3,369	500	2,869	500	573.8
06-30-99	3,373	198	3,175	0	N/A

* No active members are in this fund.

Sample Annual Rates of Termination per 10,000 Members

Age	Death		Withdrawal		Disability		Retirement *	
	Male	Female	Male	Female	Male	Female	Male	Female
State Employees' Retirement Fund:								
20	3	2	2,400	3,700	0	0	0	0
25	4	2	1,600	2,910	0	0	0	0
30	5	3	1,040	2,120	2	0	0	0
35	6	4	720	1,410	2	1	0	0
40	9	6	530	920	2	2	0	0
45	14	8	410	630	35	0	0	0
50	25	14	320	470	14	10	0	0
55	43	21	210	330	34	24	0	0
60	66	34	0	0	76	62	150	150
65	101	58	0	0	0	0	10,000	10,000
70	176	97	0	0	0	0	0	0

State Patrol Retirement Fund:

20	5	4	300	300	4	4	0	0
25	6	5	250	250	6	6	0	0
30	8	5	200	200	8	8	0	0
35	11	7	150	150	11	11	0	0
40	16	9	100	100	18	18	0	0
45	29	13	50	50	29	29	0	0
50	53	20	200	200	50	50	0	0
55	85	38	0	0	88	88	0	0
60	131	65	0	0	141	141	0	0
65	213	100	0	0	0	0	0	0
70	361	159	0	0	0	0	0	0

Correctional Employees' Retirement Fund:

20	5	4	2,400	3,700	0	0	0	0
25	6	5	1,600	2,910	0	0	0	0
30	8	5	1,040	2,120	2	0	0	0
35	11	7	720	1,410	2	1	0	0
40	16	9	530	920	2	2	0	0
45	29	13	410	630	3	5	0	0
50	53	20	320	470	14	10	0	0
55	85	38	210	330	34	24	0	0
60	131	65	0	0	76	62	0	0
65	213	100	0	0	0	0	0	0
70	361	159	0	0	0	0	0	0

* For the State Patrol and the Correctional Employees' Retirement funds, the retirement rates for male and female are 10,000 at age 58.

Sample Annual Rates of Termination per 10,000 Members

Age	Death		Withdrawal		Disability		Retirement *	
	Male	Female	Male	Female	Male	Female	Male	Female
Judges' Retirement Fund:								
20	5	4	0	0	0	0	0	0
25	6	5	0	0	0	0	0	0
30	8	5	0	0	2	0	0	0
35	1	7	0	0	2	1	0	0
40	16	9	0	0	2	2	0	0
45	29	13	0	0	3	5	0	0
50	53	20	0	0	14	10	0	0
55	85	38	0	0	34	24	0	0
60	131	65	0	0	76	62	0	0
65	213	100	0	0	0	0	0	0
70	361	159	0	0	0	0	0	0

Legislators' Retirement Fund: (termination rates by years of service) **

Year	House	Senate
1	0	0
2	30	0
3	0	0
4	20	25
5	0	0
6	10	0
7	0	0
8	5	10

Elective State Officers' Retirement Fund: (termination rates by years of service) ***

Year	Rate
1	0 %
2	0
3	0
4	50
5	0
6	0
7	0
8	50

* For the Judges' Retirement Fund, the retirement rates for male and female are 10,000 at age 68.

** For the Legislators' Retirement Fund, the retirement rate is 100 percent at age 62.

*** For the Elective Officers' Retirement Fund, the retirement rate is 100 percent at age 62.

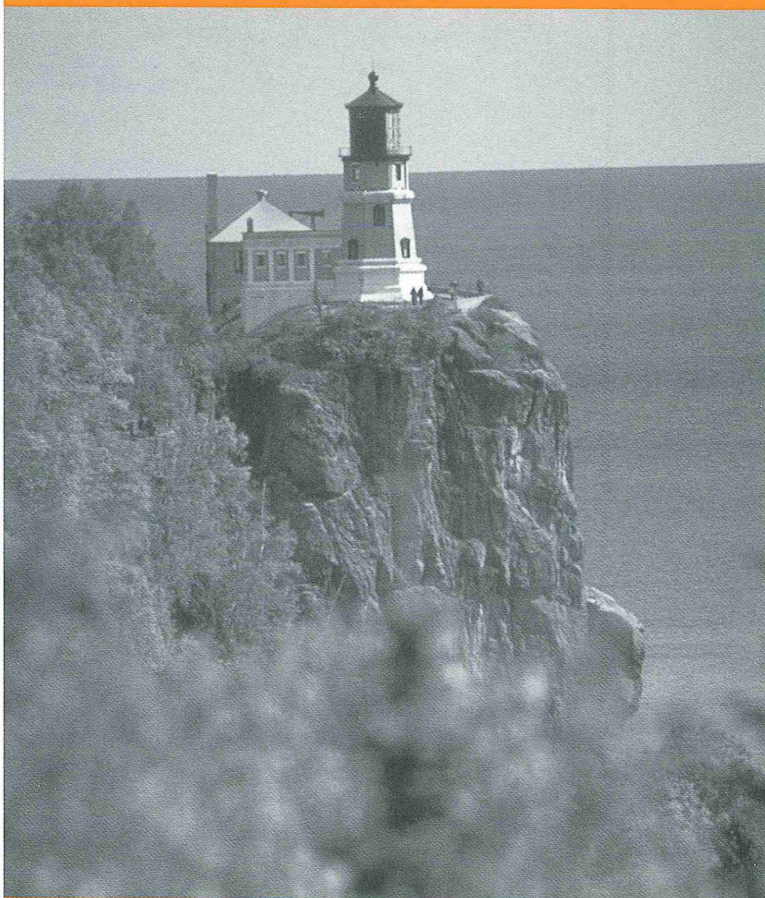


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Split Rock Lighthouse, North Shore, Minnesota.

Revenues by Sources

(In Thousands)
Unaudited

Year Ended June 30,	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Covered Payroll	Percentage Employer Contributions
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State Employees' Retirement Fund:

1991	\$56,895	\$57,986	\$182,747	\$ 4	\$297,632	\$1,370,964	4.23%
1992	58,478	59,244	297,879	8	415,609	1,409,108	4.20
1993	59,130	58,980	269,405	3	387,518	1,482,005	3.98
1994	62,555	60,742	305,850	13	429,160	1,536,978	3.95
1995	61,627	63,161	269,588	2	394,378	1,514,177	4.17
1996	63,507	65,556	517,346	40	646,449	1,560,369	4.20
1997	63,848	66,568	936,759	2,455	1,069,630	1,568,747	4.24
1998	62,901	62,315	1,110,022	3,500	1,238,738	1,557,880	4.00
1999	66,823	65,979	716,178	5,407	854,387	1,649,469	4.00

State Patrol Retirement Fund:

1991	2,751	4,825	16,013	0	23,589	32,365	14.91
1992	2,795	4,893	24,569	0	32,257	32,882	14.88
1993	3,040	5,288	22,595	0	30,923	35,865	14.74
1994	3,004	5,160	25,102	0	33,266	35,341	14.60
1995	3,189	5,583	22,815	0	31,587	37,518	14.88
1996	3,484	5,742	42,458	0	51,684	41,476	13.84
1997	3,746	6,151	75,700	0	85,597	41,996	14.65
1998	3,634	5,475	90,117	0	99,226	43,546	12.60
1999	3,850	5,712	60,922	17	70,501	45,333	12.60

Correctional Employees' Retirement Fund:

1991	2,128	2,731	8,035	0	12,894	43,429	6.29
1992	2,332	2,955	14,121	0	19,408	47,592	6.21
1993	2,554	3,217	12,680	0	18,451	52,122	6.17
1994	2,679	3,355	13,767	0	19,801	54,673	6.14
1995	3,280	4,196	12,729	0	20,205	66,939	6.27
1996	3,575	4,559	25,429	0	33,563	72,959	6.25
1997	5,508	9,129	46,321	3,715	64,673	102,408	8.12
1998	5,954	8,146	58,451	6,375	78,926	105,796	7.70
1999	6,378	8,172	39,182	2,518	56,250	106,131	7.90

Revenues by Sources

(In Thousands) Unaudited							
Year Ended June 30,	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Covered Payroll	Percentage Employer Contributions
Judges' Retirement Fund:							
1991	\$ 799	\$5,900	\$2,927	\$ 20	\$ 9,646	\$18,410	32.05%
1992	988	4,722	3,407	11	9,128	22,765	20.74
1993	1,409	4,844	3,853	1,444	11,550	22,084	21.93
1994	1,416	4,912	4,527	1,467	12,322	22,264	22.06
1995	1,455	5,161	4,305	1,469	12,390	22,877	22.56
1996	1,427	4,972	6,831	1,483	14,713	22,421	22.18
1997	1,457	5,094	16,057	1,548	24,156	22,909	22.24
1998	1,571	5,446	18,410	1,693	27,120	24,965	21.81
1999	2,069	5,301	12,302	1,761	21,433	32,940	16.09
Legislators' Retirement Fund:							
1991	637	0	882	1,889	3,408	7,078	N/A
1992	590	0	872	601	2,063	6,556	N/A
1993	659	0	974	2,283	3,916	7,322	N/A
1994	593	0	1,278	1,618	3,489	6,589	N/A
1995	635	0	1,163	2,939	4,737	7,056	N/A
1996	563	0	1,611	1,511	3,685	6,267	N/A
1997	699	0	4,347	3,176	8,222	7,767	N/A
1998	612	0	5,635	5,199	11,446	6,802	N/A
1999	674	0	3,245	2,091	6,010	7,490	N/A
Elective State Officers' Retirement Fund:							
1991	38	0	0	40	78	422	N/A
1992	34	0	0	111	145	378	N/A
1993	45	0	0	88	133	500	N/A
1994	37	0	0	164	201	411	N/A
1995	37	0	0	165	202	422	N/A
1996	41	0	0	151	192	456	N/A
1997	42	0	0	167	209	467	N/A
1998	42	0	0	175	217	461	N/A
1999	26	0	0	40	66	291	N/A

Expenses by Type

(In Thousands)
Unaudited

Year Ended June 30,	Benefits	Administrative Expenses	Refunds	Other	Total
State Employees' Retirement Fund:					
1991	85,977	1,531	7,912	3,199	98,619
1992	95,010	1,590	7,886	3,132	107,618
1993	104,361	1,786	8,116	3,339	117,602
1994	116,072	1,978	7,644	4,048	129,742
1995	126,831	1,908	8,350	3,452	140,541
1996	136,521	1,972	10,260	4,074	152,827
1997	150,676	2,172	14,649	5,160	172,657
1998	182,562	2,365	11,659	7,932	204,518
1999	207,962	2,555	11,110	3,797	225,424

State Patrol Retirement Fund:

1991	8,720	79	18	236	9,053
1992	9,603	84	104	205	9,996
1993	10,253	61	37	262	10,613
1994	11,271	66	11	300	11,648
1995	12,092	55	129	580	12,856
1996	13,279	57	9	428	13,773
1997	14,642	62	30	146	14,880
1998	18,354	66	23	334	18,777
1999	22,226	74	16	310	22,626

Correctional Employees' Retirement Fund:

1991	3,493	113	200	125	3,931
1992	3,773	129	255	156	4,313
1993	4,150	87	296	177	4,710
1994	4,557	100	285	221	5,163
1995	4,971	105	291	255	5,622
1996	5,460	112	305	306	6,183
1997	6,267	140	368	140	6,915
1998	8,226	154	378	282	9,040
1999	10,190	163	425	225	11,003

Expenses by Type

(In Thousands)
Unaudited

Year Ended June 30,	Benefits	Administrative Expenses	Refunds	Other	Total
Judges' Retirement Fund:					
1991	4,183	62	30	17	4,292
1992	4,593	59	0	20	4,672
1993	5,144	37	0	33	5,214
1994	5,773	27	34	40	5,874
1995	6,233	28	0	49	6,310
1996	6,760	32	0	41	6,833
1997	7,560	33	0	39	7,632
1998	9,082	34	0	51	9,167
1999	9,996	38	375	28	10,437
Legislators' Retirement Fund:					
1991	1,362	42	47	11	1,462
1992	1,500	40	48	9	1,597
1993	1,697	24	178	9	1,908
1994	1,887	24	0	8	1,919
1995	2,052	26	158	27	2,263
1996	2,318	25	6	17	2,366
1997	2,639	30	119	20	2,808
1998	3,276	29	108	41	3,454
1999	3,740	32	49	387	4,208
Elective State Officers' Retirement Fund:					
1991	119	2	0	0	121
1992	117	2	0	0	119
1993	143	2	0	0	145
1994	161	1	0	0	162
1995	164	1	20	0	185
1996	155	3	0	0	158
1997	160	5	0	0	165
1998	171	3	0	0	174
1999	213	6	86	63	368

Investment Results Compared to Selected Performance Standards

	Fiscal Year					Annualized	
	1995	1996	1997	1998	1999	Three Year	Five Year
Combined Funds:							
- Rate of return (time weighted)							
- Total fund	16.3%	18.1%	21.4%	20.9%	11.7%	17.9%	17.6%
- Composite index *	16.9	17.4	20.0	19.0	12.9	17.3	17.2
- Combined Funds Percentile (rank in TUCS) **	48th	34th	28th	14th	37th	27th	34th
- Inflation	3.0	2.8	2.3	1.7	2.0	2.0	2.4

* As of June 30, 1999, the composite was weighted at 50.5 percent on the Wilshire 5000, 27.2 percent on the Lehman Aggregate, 15.0 percent on the Custom International, 2.0 percent on the Wilshire Real Estate, 2.9 percent on Venture Capital, 0.4 percent on resource funds, and 2.0 percent on 91-day treasury bills. This composite is adjusted to reflect various investment restrictions.

** This is the Wilshire Associates Trust Universe Comparison Service Combined Funds compared to public and corporate plans greater than \$1 billion, gross of fees.

Investment Allocation



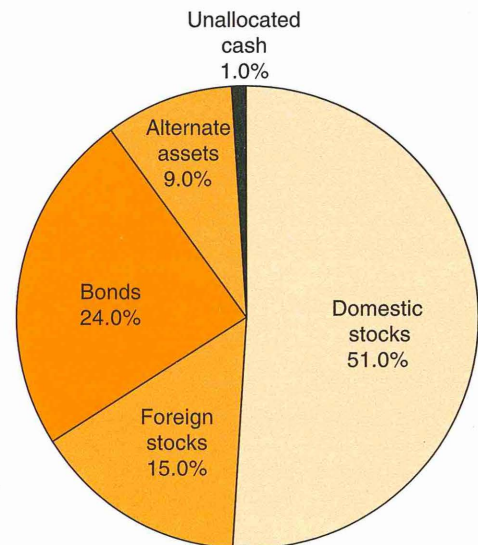
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Basic Funds:

	Actual Asset Mix	Policy Target
Domestic stocks	51.0%	45.0%
Foreign stocks	15.0	15.0
Bonds	24.0	24.0
Alternate assets ***	9.0	15.0
Unallocated cash	1.0	1.0
Total	100.0%	100.0%

*** Alternate assets are invested in bonds until they are deployed.

Actual Asset Mix



Active Employees' Average Age Tables (These statistics are unavailable for the Legislators' Plan.)

Year Ended	Averages for New Members						Averages for All Members					
	Entry Age			Entry Age			Attained Age			Service Credit		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
State Employees' Retirement Fund:												
06-30-90	33.9	33.3	33.5	30.7	31.0	30.9	42.4	39.6	40.9	11.4	8.1	9.6
06-30-91	32.9	32.1	32.5	30.7	31.0	30.9	42.6	40.0	41.2	11.5	8.5	9.9
06-30-92	33.2	32.5	32.8	30.7	30.8	30.8	42.9	40.6	41.6	11.7	9.0	10.2
06-30-93	33.0	32.3	32.6	30.7	30.8	30.8	43.2	41.0	42.0	12.0	9.4	10.6
06-30-94	33.9	32.5	33.1	30.8	30.7	30.8	43.4	41.2	42.1	12.1	9.7	10.8
06-30-95	33.4	32.8	33.0	30.8	30.7	30.8	43.9	41.6	42.7	12.4	9.9	11.0
06-30-96	33.2	32.7	32.9	30.8	30.7	30.8	44.2	42.0	43.0	12.7	10.2	11.3
06-30-97	33.7	32.7	33.2	30.9	30.8	30.8	44.6	42.6	43.6	12.9	10.5	11.6
06-30-98	34.6	33.8	34.2	31.0	30.8	30.9	45.0	42.9	43.9	13.1	10.6	11.8
06-30-99	34.7	33.7	34.1	31.2	30.9	31.0	45.1	43.4	42.2	12.9	10.6	11.7
State Patrol Retirement Fund:												
06-30-90	29.9	30.7	29.9	27.0	25.5	26.9	40.9	34.4	40.6	14.0	8.9	13.8
06-30-91	30.6	31.0	30.6	27.1	26.5	27.1	40.9	35.0	40.7	13.9	8.4	13.6
06-30-92	-	-	-	27.1	26.6	27.1	41.3	35.9	41.1	14.3	9.2	14.0
06-30-93	-	-	-	27.1	26.3	27.0	42.1	36.6	41.8	15.0	10.2	14.8
06-30-94	29.2	27.1	28.5	27.1	26.5	27.1	42.5	35.1	41.9	15.3	8.5	14.9
06-30-95	31.9	28.1	30.5	27.2	27.1	27.2	42.8	35.2	42.3	15.6	8.0	15.0
06-30-96	33.8	26.1	32.9	27.2	27.0	27.2	43.3	35.8	42.8	16.0	8.7	15.5
06-30-97	29.8	26.2	29.6	27.3	27.0	27.3	43.3	36.9	42.8	15.9	9.8	15.4
06-30-98	30.8	31.7	30.9	27.5	27.5	27.5	42.6	36.9	42.1	15.0	9.3	14.6
06-30-99	29.9	31.1	30.0	27.7	27.7	27.2	41.3	36.9	40.9	13.5	9.1	13.1
Correctional Employees' Retirement Fund:												
06-30-90	30.5	31.1	30.7	29.2	30.3	29.4	38.0	35.4	37.5	8.7	5.0	8.1
06-30-91	31.1	32.2	31.5	29.3	30.6	29.5	38.2	35.7	37.7	8.8	5.0	8.1
06-30-92	31.0	31.0	29.5	29.5	31.5	31.2	38.1	36.5	38.1	8.1	5.0	8.1
06-30-93	31.5	33.6	32.2	29.6	31.9	30.1	38.8	37.0	38.5	9.1	5.1	8.3
06-30-94	31.4	32.5	31.8	29.7	32.0	30.2	39.0	36.9	38.5	9.1	4.7	8.1
06-30-95	31.7	32.2	31.9	30.1	32.2	30.6	38.5	36.5	38.0	8.2	4.1	7.2
06-30-96	34.6	32.3	33.7	30.5	32.4	31.0	39.0	36.7	38.4	8.3	4.2	7.3
06-30-97	38.4	39.0	38.7	30.9	33.4	31.6	39.8	38.3	39.3	8.3	4.4	7.2
06-30-98	36.2	40.1	38.3	30.9	34.6	32.1	40.2	39.8	40.0	8.8	4.7	7.5
06-30-99	33.4	33.6	33.5	30.7	33.9	31.8	40.9	39.9	40.6	9.1	5.4	7.9
Judges' Retirement Fund:												
06-30-90	43.8	43.0	43.6	41.9	43.0	42.0	53.4	49.1	52.8	11.3	6.0	10.7
06-30-91	46.7	41.2	45.6	42.1	42.8	42.2	53.5	49.2	52.9	11.2	6.4	10.6
06-30-92	47.6	54.2	48.9	43.4	42.3	42.5	53.8	50.4	53.3	11.4	7.0	10.7
06-30-93	44.5	42.9	44.1	42.4	43.4	42.5	53.5	50.8	53.1	11.1	7.5	10.5
06-30-94	43.6	40.0	41.7	42.3	42.5	43.3	53.6	50.1	53.0	11.4	7.6	10.7
06-30-95	47.9	36.9	45.0	42.6	42.0	42.5	53.8	49.7	53.0	11.2	7.7	10.5
06-30-96	49.4	46.7	48.4	42.8	42.6	42.8	54.2	50.6	53.5	11.4	8.0	10.7
06-30-97	52.2	51.1	51.7	42.8	42.3	42.6	54.5	50.2	53.6	11.1	8.0	10.4
06-30-98	48.1	41.4	47.0	42.9	42.0	42.7	54.5	50.8	53.6	11.1	8.5	10.5
06-30-99	47.3	43.5	46.2	43.2	41.7	42.9	54.8	50.3	53.8	11.0	8.4	10.4

Employees Eligible to an Immediate Annuity (as of June 30, 1999)

Total

State Employees' Retirement Fund:

- full benefit	383
- reduced benefit due to early retirement	4,727
- proportional benefit (age equal to or more than 65 and service years fewer than 10)	317
- Rule of 90	946
- vested employees not eligible to immediate benefit	28,970
- employees not vested	<u>11,815</u>
Totals	47,158

State Patrol Retirement Fund:

- full benefit	22
- reduced benefit	134
- vested employees not eligible to immediate benefit	486
- employees not vested	<u>183</u>
Totals	825

Correctional Employees' Retirement Fund:

- full benefit	85
- reduced benefit	308
- vested employees not eligible to immediate benefit	1,730
- employees not vested	<u>759</u>
Totals	2,882

Judges' Retirement Fund:

- full benefit	11
- reduced benefit	12
- vested judges not eligible to immediate benefit	147
- judges not vested	<u>112</u>
Totals	282

Legislators' Retirement Fund:

- full benefit	26
- vested members not eligible for an immediate benefit	105
- members not vested	<u>49</u>
Totals	180

Elective State Officers' Retirement Fund:

- no remaining active members as of June 30, 1999	0
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Refund Statistics (These statistics are not available for the Legislators' Plan.)

Year Ended	Number of Refunds			Average Age		Average Years Forfeited		Number Forfeiting Vested Rights
	Male	Female	Total	Male	Female	Male	Female	
State Employees' Retirement Fund:								
06-30-90	1,227	2,491	3,718	34.9	33.6	2.9	2.7	1,085
06-30-91	1,271	2,415	3,686	33.9	34.8	2.6	2.6	934
06-30-92	1,019	1,954	2,973	34.6	34.5	3.1	2.9	920
06-30-93	989	1,662	2,651	35.2	34.7	3.5	3.1	819
06-30-94	941	1,608	2,549	34.7	34.6	3.0	3.4	766
06-30-95	962	1,475	2,443	35.4	35.2	3.4	3.4	789
06-30-96	1,087	1,677	2,764	35.9	35.3	3.4	3.4	891
06-30-97	1,281	2,143	3,424	36.4	35.9	3.4	3.7	1,190
06-30-98	998	1,732	2,730	36.4	36.2	3.6	3.3	895
06-30-99	947	1,509	2,456	36.2	37.0	2.2	2.5	623
State Patrol Retirement Fund:								
06-30-90	2	0	2	33.0	-	5.6	-	2
06-30-91	3	0	3	37.0	-	2.8	-	1
06-30-92	4	0	4	39.5	-	8.7	-	2
06-30-93	1	0	1	35.5	-	11.1	-	1
06-30-94	1	0	1	36.2	-	4.6	-	1
06-30-95	3	0	3	36.0	-	11.1	-	3
06-30-96	3	1	4	51.6	33.1	1.7	0.8	0
06-30-97	2	1	3	46.2	34.0	3.1	0.1	1
06-30-98	1	0	1	30.0	-	5.9	-	1
06-30-99	0	0	0	-	-	-	-	0
Correctional Employees' Retirement Fund:								
06-30-90	38	21	59	34.6	33.6	4.2	2.0	28
06-30-91	34	12	46	33.3	30.0	3.8	3.0	20
06-30-92	39	12	51	32.1	33.9	4.2	2.4	28
06-30-93	30	19	49	36.1	34.3	5.2	2.4	22
06-30-94	35	16	51	34.0	34.6	3.5	5.3	24
06-30-95	43	17	60	32.2	31.5	3.4	1.8	20
06-30-96	41	40	81	33.6	34.0	2.8	2.2	17
06-30-97	54	22	76	34.0	33.3	3.1	2.6	18
06-30-98	52	33	85	34.6	31.0	3.4	1.8	27
06-30-99	45	49	94	34.1	36.1	2.6	1.6	24
Judges' Retirement Fund:								
06-30-90	0	0	0	-	-	-	-	0
06-30-91	5	0	5	40.8	-	3.3	-	2
06-30-92	0	0	0	-	-	-	-	0
06-30-93	0	0	0	-	-	-	-	0
06-30-94	1	0	1	46.4	-	12.7	-	1
06-30-95	0	0	0	-	-	-	-	0
06-30-96	0	0	0	-	-	-	-	0
06-30-97	1	0	1	48.0	-	0.1	0	0
06-30-98	1	0	1	62.6	-	2.7	0	0
06-30-99	0	0	0	-	-	-	-	0

Schedule of Retired Members by Type of Benefit

State Employees' Retirement Fund

Monthly Benefit Amount	Number of Retirees	Retirement Type					Option Selected			
		1	2	3	4	5	Life	I	II	III
\$ 0 - \$ 249	2,791	2,390	128	245	0	28	1,919	773	66	38
250 - 499	3,390	2,671	240	446	0	33	2,231	1,008	115	36
500 - 749	2,932	2,355	241	315	1	20	1,919	898	98	17
750 - 999	2,345	1,902	187	244	0	12	1,471	807	57	10
1,000 - 1,249	1,809	1,531	102	168	0	8	1,031	727	38	13
1,250 - 1,499	1,346	1,162	58	122	2	2	737	583	19	7
1,500 - 1,749	1,076	966	25	80	0	5	551	499	15	11
1,750 - 1,999	727	646	11	64	0	6	342	372	8	5
2,000 - 2,249	585	544	4	34	1	2	245	328	6	6
2,250 - 2,499	464	422	6	35	0	1	182	275	5	2
2,500 - 2,749	336	318	1	14	1	2	142	189	2	3
2,750 - 2,999	233	214	0	18	0	1	94	129	4	6
3,000 or more	455	428	2	19	2	4	161	290	3	1
Totals	18,489	15,549	1,005	1,804	7	124	11,025	6,878	436	150

Type:

- 1 General Plan annuitants
- 2 General Plan disability
- 3 General Plan survivors
- 4 Military Affairs Plan
- 5 Unclassified Plan

Option:

- Life Single Life annuity
- I Joint and Survivor
- II Death while eligible
- III Period Certain

Schedule of Retired Members by Type of Benefit

State Patrol Retirement Fund

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selected		
		1	2	3	Life	I	II
\$ 0 - \$ 249	10	2	0	8	1	1	8
250 - 499	8	1	0	7	2	1	5
500 - 749	12	5	1	6	3	4	5
750 - 999	18	6	0	12	7	8	3
1,000 - 1,249	34	5	1	28	8	22	4
1,250 - 1,499	28	9	2	17	8	20	0
1,500 - 1,749	19	4	0	15	2	13	4
1,750 - 1,999	33	17	2	14	9	23	1
2,000 - 2,249	31	20	2	9	11	18	2
2,250 - 2,499	35	27	3	5	18	15	2
2,500 - 2,749	39	28	3	8	10	25	4
2,750 - 2,999	59	54	2	3	15	44	0
3,000 or more	<u>346</u>	<u>325</u>	<u>7</u>	<u>14</u>	<u>186</u>	<u>156</u>	<u>4</u>
Totals	672	503	23	146	280	350	42

Type:

- 1 Retired members
2 Disabilitants
3 Survivors

Option:

- Life Single Life annuity
I Joint and Survivor
II Death while eligible

Schedule of Retired Members by Type of Benefit Correctional Employees' Retirement Fund

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selection			
		1	2	3	Life	I	II	III
\$ 0 - \$ 249	31	22	0	9	18	8	4	1
250 - 499	62	52	3	7	39	19	4	0
500 - 749	60	48	0	12	37	17	5	1
750 - 999	86	71	5	10	52	33	1	0
1,000 - 1,249	92	70	17	5	67	21	4	0
1,250 - 1,499	68	55	11	2	46	21	0	1
1,500 - 1,749	64	52	11	1	39	24	1	0
1,750 - 1,999	43	32	11	0	26	17	0	0
2,000 - 2,249	44	42	1	1	30	13	1	0
2,250 - 2,499	26	24	1	1	12	14	0	0
2,500 - 2,749	26	26	0	0	16	10	0	0
2,750 - 2,999	20	20	0	0	9	11	0	0
3,000 or more	30	28	0	2	20	10	0	0
Totals	652	542	60	50	411	218	20	3

Type:

- 1 Retired members
- 2 Disabilitants
- 3 Survivors

Option:

- Life Single Life annuity
- I Joint and Survivor
- II Period Certain
- III Death while eligible

Schedule of Retired Members by Type of Benefit

Judges' Retirement Fund

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selected			
		1	2	3	Life	I	II	III
\$ 0 - \$ 249	0	0	0	0	0	0	0	0
250 - 499	0	0	0	0	0	0	0	0
500 - 749	6	1	0	5	4	0	2	0
750 - 999	5	2	0	3	3	1	0	1
1,000 - 1,249	7	3	0	4	5	1	1	0
1,250 - 1,499	5	3	0	2	4	1	0	0
1,500 - 1,749	9	2	0	7	5	3	0	1
1,750 - 1,999	8	4	0	4	5	3	0	0
2,000 - 2,249	10	3	0	7	3	5	2	0
2,250 - 2,499	17	5	0	12	12	3	2	0
2,500 - 2,749	16	5	0	11	5	5	6	0
2,750 - 2,999	12	6	0	6	4	7	1	0
3,000 or more	<u>143</u>	<u>115</u>	<u>6</u>	<u>22</u>	<u>45</u>	<u>68</u>	<u>24</u>	<u>6</u>
Totals	238	149	6	83	95	97	38	8

Type:

- 1 Retired members
- 2 Disabilitants
- 3 Survivors

Option:

- Life Single Life annuity
- I Joint and Survivor
- II Life plus 50 percent survivors
- III Period Certain

Schedule of Retired Members by Type of Benefit

Legislators' and Elective State Officers' Retirement Funds

Monthly Benefit Amount	Retirement Type			
	Elective State Officers'		Legislators'	
	Member	Survivor	Member	Survivor
\$ 0 - \$ 249	1	0	4	13
250 - 499	2	1	19	16
500 - 749	0	1	25	15
750 - 999	1	0	36	11
1,000 - 1,249	0	0	29	6
1,250 - 1,499	0	1	18	4
1,500 - 1,749	0	0	11	3
1,750 - 1,999	0	0	12	0
2,000 - 2,249	1	0	6	0
2,250 - 2,499	0	1	10	0
2,500 - 2,749	0	0	8	1
2,750 - 2,999	0	1	5	2
3,000 or more	3	0	13	0
Totals	8	5	196	71

Unclassified Employees' Retirement Plan

On June 30, 1999, there were 1,678 active participants, and 1,408 inactive participants for a total of 3,086.

	Share Value		Rate of Return	
	June 30, 1998	June 30, 1999	Fiscal Year 1999	Five Year Average
Investment performance:				
- Income shares	\$24.70	\$27.95	13.46%	18.52%
- Growth shares	20.87	24.39	17.17	24.88
- Common stock index	15.07	17.98	19.61	25.50
- Bond market	7.05	7.21	2.57	8.05
- International shares	3.37	3.67	9.20	9.00 *

Accounts:	Average Interest Rate		
	Fiscal Year 1999	Fiscal Year 1999	Five Year Average
- Money market	5.35%	5.23%	5.48%
- Fixed interest	5.88	6.20	6.38 **

Investment distribution:	Current Investments for June 1999		Total Investments as of June 30, 1999		
	Percent of Participants	Percent of Dollars	Percent of Participants	Percent of Dollars	Average Invested
- Income shares	72.5	48.0	89.7	48.2	44,785
- Growth shares	46.1	19.7	51.2	21.9	35,695
- Money market	9.0	4.4	16.6	4.5	22,498
- Bond market	14.7	6.3	19.4	2.6	11,168
- Common stock index	36.2	14.9	38.0	16.1	35,398
- Fixed interest	8.8	3.0	14.3	4.3	24,861
- International	17.2	3.8	21.5	2.4	9,439

Participant lump-sum withdrawals:	Fiscal Year 1999 Number	Average Dollar
- from active status	113	52,238
- survivor refund	0	-
- annuitants as of June 30, 1999	115	\$828/month
- disabilitants	2	897/month
- survivors	7	307/month

* Five year average since Sept. 1, 1994.

** Five year average since Nov. 1, 1994.

Deferred Compensation Plan Statistics

The Minnesota State Deferred Compensation Plan is comprised of three separate investment product providers. Each provider offers various investment options to its eligible members.

	Member Statistics by Provider			Total
	Minnesota Supplemental Investment Fund	Minnesota Mutual Life Insurance Co.	Great-West Life Assurance Co.	
Actives	18,525	32,598	27,669	78,792
Inactives	7,839	4,595	13,903	26,337
Withdrawals:				
- partial	56	214	361	631
- lump sum	501	1,407	1,303	3,211
- ongoing	1,189	2,479	1,864	5,532
Contributions	\$38,675,975	\$53,815,088	\$53,778,393	\$146,269,956
Withdrawals	\$16,351,385	\$21,186,881	\$89,528,275	\$127,066,541

Rates of Return by Investment Option (Periods ended June 30, 1999)

Fund Name	Current	Five Year	Seven Year
Fixed Options:			
- Supplemental Fund fixed interest	5.90%	6.08%	6.27%
- Great-West 36-month certificate	N/A	5.17	4.64
- Great-West 84-month certificate	N/A	6.54	6.56
- Minnesota Life general account	5.50	6.27	6.42

Each of the fixed options has administrative and investment expenses. These expenses are paid through a reduction in investment earnings, which is taken into account when the providers declare the current interest rate that a Deferred Compensation account earns.

Fund Name	One Year	Three Year Average	Five Year Average	Annual Expenses
Variable options:				
- Supplemental Fund money market	4.93%	5.14%	5.18%	0.41%
- Great-West money market	3.83	4.10	4.15	1.41
- Minnesota Life Advantus money market	3.65	3.91	3.90	1.58
Bond option:				
- Minnesota Life Vanguard corporate portfolio	-2.66	6.94	7.84	1.32
- Supplemental Fund bond market	2.27	7.19	7.75	0.45
- Great-West Max Corp. Bond - Loomis Sayles	1.86	8.64	N/A	1.85
Balanced options:				
- Great-West Maxim Invesco balanced portfolio	15.63	N/A	N/A	1.95
- Supplemental Fund income share	13.16	18.39	18.22	0.41
- Minnesota Life Vanguard Wellington	9.52	16.89	17.29	1.31
Domestic stock options:				
- Minnesota Life Advantus index	21.02	26.85	25.55	1.44
- Supplemental Fund common stock index	19.31	25.74	25.20	0.41
- Supplemental Fund growth share	16.87	25.35	24.58	0.58
- Great-West Max Chase Vista growth and income	10.02	19.75	N/A	1.95
- Great-West Max Midcap-Janus growth fund	26.70	16.12	21.24	1.97
- Great-West Amcent: Twentieth Century Ultra fund	20.87	23.78	24.42	1.95
- Minnesota Life Fidelity Contrafund	23.95	25.13	24.30	1.65
- Minnesota Life Janus twenty	48.88	42.24	35.35	1.91
International stock options:				
- Supplemental Fund International	8.90	8.89	8.97	0.63
- Great-West Templeton International	-1.21	4.81	7.60	2.16
- Minnesota Life Scudder International	8.00	13.31	11.24	2.18

Participating Employers

Adrian ISD, No. 511	Crosslake Telephone Company	Itasca County Soil and Water District
Albany ISD, No. 745	Crow Wing County	Itasca Electric Cooperative
Alexandria, City of	Crystal, City of	Itasca Medical Center
Alexandria ISD, No. 206	Dakota County	Itasca Nursing Home
Alexandria Light and Power	Dawson, City of	Jackson, City of
Amalgamated Transit Union 1005	Deephaven, City of	Jordan, City of
American Federation of State, County and Municipal Employees	Deer River, City of	Jordan ISD, No. 717
Annandale ISD, No. 876	Delano ISD, No. 879	Kanabec County
Anoka, City of	Dilworth, City of	Kasson, City of
Anoka County	Duluth, City of	Kasson/Mantorville ISD, No. 204
Anoka/Hennepin ISD, No. 11	Duluth Convention and Entertainment Center	Keewatin, City of
Armory Building Commission	Duluth Housing and Redevelopment	Koochiching County
Arrowhead Library System	Duluth ISD, No. 709	La Cresent, City of
Arrowhead Regional Development Commission	Duluth Teachers' Retirement Association	Lake City ISD, No. 813
Austin, City of	Duluth Transit Authority	Lake County
Austin ISD, No. 492	Eagan, City of	Lake Agassiz Regional Library
Bagley, City of	East Bethel, City of	Lake of the Woods ISD, No. 390
Bagley Public Utilities Commission	East Central Schools	League of Minnesota Cities
Baudette, City of	East Central Regional Library	Le Center ISD, No. 392
Becker County	Eden Prairie, City of	Legislative Coordinating Commission
Becker Soil and Water Conservation District	Eden Prairie ISD, No. 272	Litchfield, City of
Belgrade/Brooten/Elrosa ISD, No. 2634	Eden Valley/Watkins ISD, No. 463	Litchfield Public Utilities
Beltrami County	Edina, City of	Littlefork Medical Center
Beltrami Courthouse	Elk River, City of	Littlefork ISD, No. 362
Bemidji ISD, No. 31	Elk River ISD, No. 728	Long Lake, City of
Bertha/Hewitt ISD, No. 786	Elk River Municipal Utilities	Long Prairie, City of
Big Lake ISD, No. 727	Ely, City of	Mahnomen, City of
Bloomington, City of	Eveleth, City of	Mahnomen County
Blue Earth, City of	Eveleth/Gilbert ISD, No. 2154	Mahtomedi ISD, No. 832
Bird Island/Olivia/Lake Lillian ISD, No. 2534	Fairfax, City of	Mankato ISD, No. 77
Brainerd, City of	Faribault, City of	Maple Grove, City of
Brainerd Housing and Redevelopment Authority	Faribault ISD, No. 656	Maple Lake ISD, No. 881
Brooklyn Center ISD, No. 286	Farmington ISD, No. 192	Maplewood, City of
Brooklyn Park, City of	Floodwood ISD, No. 698	Marble, City of
Buffalo, City of	Foley ISD, No. 51	McGregor, City of
Buffalo ISD, No. 877	Fosston ISD, No. 601	McGregor ISD, No. 4
Burnsville, City of	Forest Lake, City of	McLeod County
Burnsville ISD, No. 191	Forest Lake ISD, No. 831	Medina, City of
Caledonia, City of	Foster Wheeler Inc.	Meeker County
Cambridge, City of	Frazee ISD, No. 23	Meeker/Wright Special Education Cooperative, No. 938 (MAWSECON)
Cannon Falls ISD, No. 252	Freshwater Education District	Melrose, City of
Carlton, City of	Gillette Children's Hospital	Melrose ISD, No. 740
Carlton County	Glencoe Area Health Center	Mendota Heights, City of
Carlton ISD, No. 93	Glencoe, City of	Mertropolitan Airports Commission
Carlton Soil and Water Conservation District	Glencoe/Silver Lake ISD, No. 2859	Metropolitan Council
Carver County	Grand Marais, City of	Metropolitan Council Transit Commission, Mechanics
Centennial ISD, No. 12	Grand Rapids ISD, No. 318	Metropolitan Education Cooperative Service Unit
Champlin, City of	Grand Rapids Public Utilities Commission	Metropolitan Sports Facility Commission
Chanhassen, City of	Granite Falls ISD, No. 894	Middle Management Association
Chisago, City of	Great River Regional Library	Mid-Minnesota Development Commission
Chisago County	Greenway/Coleraine, ISD, No. 316	Milaca ISD, No. 912
Chisago Lakes ISD, No. 141	Ham Lake, City of	Minneapolis, City of
Circle Pines, City of	Hastings ISD, No. 200	Minneapolis Community Development Agency
Clearwater County	Hennepin County of	Minneapolis ISD, No. 1
Cleveland ISD, No. 391	Hennepin Parks	Minneapolis Pubic Housing Authority
Cold Spring ISD, No. 750	Hennepin Technical Centers	Minneapolis Teachers' Retirement Fund
Cold Springs, City of	Hermantown, City of	Minnesota Association of Professional Employees
Columbia Heights, City of	Hermantown, ISD, No. 700	Minnesota Historical Society
Columbia Heights ISD, No. 13	Hibbing, City of	Minnesota Horticultural Society
Columbus, Township of	Hibbing Public Utilities Commission	Minnesota Public Utilities Commission
Cook County	Hill City ISD, No. 2	Minnesota River Valley Special Education Cooperative
Cook County Hospital	Holdingford ISD, No. 738	Minnesota Valley Cooperative Center, No. 978
Cottage Grove, City of	Hopkins ISD, No. 270	Minnesota Safety Council
Cromwell ISD, No. 95	Howard Lake, City of	Minnesota Senate
Crop Improvement Association	Howard Lake/Waverly ISD, No. 880	
Crosby, City of	Hoyt Lakes, City of	
Crosby/Ironton ISD, No. 182	Hubbard County	
Crosslake, City of	Hubbard County Heritage Living Center	
	Hutchinson ISD, No. 423	

Participating Employers

Mora, City of	Sartell/St. Stephen ISD, No. 748	Willmar, City of
Mound, City of	Sauk Centre, City of	Willmar Municipal Utilities
Mound ISD, No. 227	Sauk Centre ISD, No. 743	Willow River ISD, No. 577
Mounds View, City of	Sauk Centre Water, Light and Power	Windom Area Hospitals
Mounds View ISD, No. 621	Commissions	Windom, City of
Mountain Iron, City of	Sauk Rapids ISD, No. 47	Winona ISD, No. 861
Multi-County Nursing Service	Savage, City of	Worthington, City of
Nashwauk, City of	Scott Soil and Water Conservation District	Worthington ISD, No. 518
Nevis, City of	Shakopee ISD, No. 720	Worthington Regional Hospital
New Hope, City of	Shakopee Public Utilities Commission	Wright County
New Prague, City of	Sibley County	
New Prague ISD, No. 721	South St. Paul ISD, No. 6	
New Scandia, City of	South Washington County ISD, No. 833	
New Ulm, City of	Springfield, City of	
New Ulm ISD, No. 88	Spring Lake Park, City of	
New York Mills ISD, No. 553	Spring Lake Park ISD, No. 16	
Nisswa, City of	Spring Valley, City of	
Nobles County	St. Anthony, City of	
North Branch ISD, No. 138	St. Cloud, City of	
North Branch Municipal Water and Light	St. Cloud ISD, No. 742	
Northeast Educational Cooperative Service	St. Francis ISD, No. 15	
Northfield, City of	St. Louis County	
Northfield ISD, No. 659	St. Louis Park, City of	
Norwood ISD, No. 108	St. Louis Park ISD, No. 283	
Oakdale, City of	St. Michael/Alvertville ISD, No. 885	
Onamia, ISD, No. 480	St. Michael, City of	
Orono, City of	St. Michael's Hospital	
Orono ISD, No. 278	St. Paul, City of	
Osseo ISD, No. 279	St. Paul ISD, No. 625	
Ottertail County	St. Paul Park, City of	
Ottertail Water Management District	St. Paul Teachers' Retirement Association	
Ottertail Lakes Area Sewer Commission	St. Paul Port Authority	
Owatonna, City of	St. Paul Public Housing	
Owatonna ISD, No. 761	St. Peter, City of	
Owatonna Public Utilities	St. Peter Community Hospital	
Parkers Prairie ISD, No. 547	St. Peter ISD, No. 508	
Paynesville, City of	State of Minnesota	
Paynesville Community Hospital	Staples, City of	
Paynesville ISD, No. 741	Staples/Motley ISD, No. 2170	
Pine County	Stewartville ISD, No. 534	
Pine County Soil and Water Conservation District	Stillwater ISD, No. 834	
Pine Island ISD, No. 150	Swanville ISD, No. 486	
Pioneerland Library Systems	Teachers' Retirement Association	
Pipestone, County of	Thief River Falls ISD, No. 564	
Plum Creek Library System	Traverse Des Sioux Library	
Plummer ISD, No. 628	Two Harbors, City of	
Pope County	University of Minnesota	
Prinsburg ISD, No. 815	Upsala, City of	
Prior Lake, City of	Upsala ISD, No. 487	
Prior Lake ISD, No. 719	Utilities Plus	
Proctor, City of	Verndale ISD, No. 818	
Quad Cities Cable Commission	Victoria, City of	
Ramsey, City of	Viking Library System	
Ramsey County	Virginia Regional Medical Center	
Redwood Falls, City of	Virginia ISD, No. 706	
Regions Hospital	Wadena/Deer Creek ISD, No. 2155	
Revisor of Statutes, Office of	Walker/Hackensack/Akeley ISD, No. 113	
Richfield, City of	Warroad, City of	
Right Step Inc.	Washington County	
Robbinsdale, City of	Watertown/Mayer ISD, No. 395	
Robbinsdale ISD, No. 281	Waterville ISD, No. 2143	
Rochester ISD, No. 535	Wayzata ISD, No. 284	
Rockford, City of	West Lake Superior Sanitation District	
Rockford ISD, No. 883	West St. Paul, City of	
Rosemount ISD, No. 196	West St. Paul ISD, No. 197	
Roseville, City of	White Bear Lake, City of	
Roseville ISD, No. 623	White Bear Lake ISD, No. 624	
Sandstone, City of	Wilkin County	
Sartell, City of	Wilkin Soil and Water Conservation District	