

fire department during the year, an assessment for fire protection in an amount which shall not exceed the actual cost of such service. Such assessment shall be a lien upon such parcel of real estate and shall be due and payable to the town treasurer 30 days after said levy. Any assessment which is not paid when due, shall be certified by the treasurer of the town of Chanhassen, together with a description of the real estate affected, to the county auditor of Carver county, who shall add the amount of the assessment plus a penalty of ten percent to the tax rolls of such parcel of such real estate and extend and collect such total amount of the assessment with other real estate taxes for the next subsequent year.

Sec. 2. This act takes effect when approved by the town board of the town of Chanhassen and upon compliance with Minnesota Statutes, Section 645.021.

Approved May 6, 1965.

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CHAPTER 359—H. F. No. 1386

[Coded]

*An act relating to certain public retirement and pension funds; requiring financial reporting and actuarial surveys.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **[356.20] Public pension and retirement funds; financial reports required.** Subdivision 1. The boards of trustees of the public pension and retirement funds enumerated in subdivision 2 shall annually prepare and file a financial report following the close of each fiscal year. Such report shall be prepared under the supervision and at the direction of the management of each fund and shall be signed by its chairman and secretary.

- Subd. 2. (1) State employees retirement fund.
- (2) Public employees retirement fund.
- (3) Teachers retirement fund.
- (4) Highway patrolmen's retirement fund.
- (5) State police officers retirement fund.

Subd. 3. Each financial report is a public record. A copy thereof or a synopsis containing the information required by this section shall be distributed annually to each member of the fund

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and to the governing body of each governmental subdivision of the state which makes employers contributions thereto or in whose behalf taxes are levied for the employers' contribution. A signed copy of each report shall be delivered not later than six months after the close of each fiscal year to any interim or study committee or commission of the legislature assigned to consider pension and retirement funds or plans. In the absence of the creation of such a committee or commission a signed copy of such report shall be delivered to the secretary of the senate and the chief clerk of the house of representatives not later than ten days after the convening of the next regular session of the legislature following the close of the fiscal year for which such report is prepared.

Subd. 4. Each financial report required by this section shall include:

(1) An exhibit prepared by an approved actuary as defined in section 2, subdivision 6 showing the accrued assets of the fund, the accrued liabilities, including accrued reserves, and the accrued unfunded liability of the fund. Such exhibit shall contain the certificate of an approved actuary certifying that the required reserves for any benefits provided under a benefit formula are computed in accordance with the *Entry Age Normal Cost (Level Normal Cost)* basis.

(a) Assets shown in the exhibit shall include the following items of actual assets:

Cash in office

Deposits in banks

Accounts receivable:

    Accrued members' contributions

    Accrued employer contributions

    Other

Accrued interest on investments

Dividends on stocks, declared but not yet received

Investment in bonds at amortized cost

Investment in stocks at cost

Investment in real estate

Equipment at cost, less depreciation

Other

Total assets

.....

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(b) The exhibit shall include a statement of the unfunded accrued liability of the fund. Should the assets of the fund exceed the liabilities, the excess shall be listed as surplus and indicated in the exhibit following the item of reserves.

(c) The exhibit shall include a footnote showing accumulated member contributions without interest.

(d) Current liabilities shown in the exhibit shall include the following items:

Current:

Accounts payable

    Annuity payments

    Survivor benefit payments

    Refund to members

    Accrued expenses

Suspense items

    Total current liabilities .....

(e) The exhibit shall include an item for accrued necessary reserves which shall be listed as "total reserves required as per attached schedule." Such attached schedule shall contain the following information on the reserves required:

1. For active members
  - a. Retirement benefits
  - b. Disability benefits
  - c. Refundment liability due to death or withdrawal
  - d. Survivors' benefits
2. For deferred annuitants
3. For former members without vested rights
4. For annuitants
  - a. Retirement
  - b. Disability annuities
  - c. Widows' annuities
  - d. Surviving children's annuities

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5. In addition to the foregoing, if there are additional benefits not appropriately covered by the foregoing four items of reserves required, they should be listed separately.

(2) An income statement on an accrual basis showing all income and all deductions from income for the fiscal year. It shall show separate items for employee contributions, employer regular contributions, employer additional contributions if provided by law, investment income, profit on the sale of investments, and other income, if any.

(3) A statement of deductions from income, which shall include separate items for benefit payments, retirement benefits, disability benefits, widows' benefits, surviving children's benefits, refundments to members terminating employment, refundments due to death of members and due to death of annuitants, the increase in total reserves required, general expense incurred, loss on sale of investments, and any other deductions.

(4) A statement showing appropriate statistics as to membership and beneficiaries of the fund, with indications of changes in such statistical data which may result from the current year's operation.

(5) Such additional statements or exhibits as will enable the management of the fund to portray a true interpretation of the fund's financial condition, except that the term "surplus" or the term "excess of assets" shall not be used except as otherwise specifically provided for in this section, nor shall any representation of assets and liabilities other than as provided for in this section be included in such additional statements or exhibits.

(6) A more detailed or subdivided itemization of any of the items required by this section, if the management of the fund so desires.

**Sec. 2. [356.21] Actuarial surveys.** Subdivision 1. **Definitions.** For the purposes of this act the terms hereinafter defined have the meanings given them:

(1) **Actuarial valuation.** Actuarial valuation means a calculation to determine the normal cost and accrued liabilities of a benefit plan, according to a stated actuarial cost method and based upon stated assumptions as to rates of interest, mortality, disability, withdrawal, and retirement. Such valuation takes into account census data of all active members, former members still eligible for benefits, and annuitants under the plan.

(2) **Actuarial survey.** Actuarial survey means a report

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which includes the results of an actuarial valuation and in addition furnishes basic experience data and actuarial analysis which substantiate the assumptions made, as well as an analysis of the results of the actuarial valuation in comparison with previous actuarial valuations. Such survey also includes a determination of the payment necessary to amortize over a stated period any unfunded accrued liability disclosed as a result of the actuarial valuation and resulting balance sheet of the benefit plan, and a determination of the payment necessary to prevent any increase in any such unfunded accrued liability.

**Subd. 2. Actuarial valuations and surveys required.** It is necessary and appropriate to annually determine the financial status of tax supported retirement and pension plans for public employees. In order to achieve this goal, the board of trustees of the public pension and retirement funds enumerated in this subdivision shall cause to be made annual actuarial valuations and surveys of their respective funds as herein provided:

- (1) State employees retirement fund;
- (2) Public employees retirement fund;
- (3) Teachers retirement fund;
- (4) Highway patrolmen's retirement fund;
- (5) State police officers retirement fund.

**Subd. 3. Actuarial survey and valuation reports.** The actuarial valuations required annually shall be made as of the end of each fiscal year, beginning with the fiscal year ending in 1965. Two copies of each valuation shall be delivered to the chief clerk of the house of representatives and two copies thereof to the secretary of the senate, delivery to be made not later than five months after the close of each fiscal year. An additional two copies of such report shall likewise be delivered to any committee or commission of the legislature in existence at the time the report is made and which committee or commission has assigned to it the subject of public pensions or public retirement plans. Beginning at the close of the fiscal year ending in 1967, and each fourth year thereafter in lieu of an actuarial valuation an actuarial survey in duplicate shall likewise be filed with each of the enumerated officers and committees or commissions; such actuarial survey shall be filed within five months after the close of the fiscal year for which such actuarial survey is required.

**Subd. 4. Actuarial valuations; contents.** Actuarial valuations shall be made in conformity with the requirements of the def-

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initiation thereof contained in subdivision 1. Each actuarial valuation shall measure all aspects of the fund in accordance with such changes in the benefit plans, if any, as will be in force during the ensuing fiscal year. An actuarial balance sheet shall not include as an asset any amount representing the present value of contributions to be made for the purpose of amortizing the deficit in the fund. Each actuarial valuation shall be in accordance with the Entry Age Normal Cost (Level Normal Cost) Method.

Subd. 5. **Actuarial survey; contents.** Each actuarial survey required under this section shall include:

(1) For each fund providing any benefits under a benefit formula, the level normal cost of the benefits provided by the laws governing the fund as of the date of the survey, computed in accordance with the Entry Age Normal Cost (*Level Normal Cost*) Method. Accrued liabilities of the fund shall also be calculated in accordance with that method.

(2) For each fund providing benefits under the money purchase method, the member contributions accumulated at interest, as apportioned to members' accounts, to the date of the survey. These accumulations shall be separately tabulated in such manner as to reflect properly any differences in money purchase annuity rates which may apply.

(3) An interest assumption of three percent.

(4) Other assumptions as to mortality, disability, withdrawal, and salary scale that are appropriate to the fund, which shall be set forth in the survey report.

(5) A balance sheet showing accrued assets, accrued liabilities, and the deficit from full funding of liabilities (unfunded accrued liability). The accrued liabilities shall include the following required reserves:

(a) For active members

1. Retirement benefits

2. Disability benefits

3. Refundment liability due to death or withdrawal

4. Survivors' benefits

(b) For deferred annuitants' benefits

(c) For former members without vested rights

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- (d) For annuitants
  - 1. Retirement annuities
  - 2. Disability annuities
  - 3. Widows' annuities
  - 4. Surviving children's annuities

In addition to the above required reserves, separate items shall be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above.

(6) In addition to the level normal cost, such additional rate of support as is required to amortize any deficit in the fund by the end of the fiscal year occurring in 1997.

(7) Each actuarial survey shall measure all aspects of the fund in accordance with such changes in benefit plans, if any, as will be in force during the following fiscal year.

(8) An actuarial balance sheet shall not include as an asset any amount representing the present value of contributions to be made for the purpose of amortizing the present deficit in the fund.

**Subd. 6. Approved actuaries.** Each actuarial valuation or actuarial survey shall be made by an approved actuary. An approved actuary is an actuary with not less than 15 years of service to major public employee pension or retirement funds, or who is a fellow in the society of actuaries, or any firm retaining such an actuary on its staff. Each valuation or survey shall contain a certification by the approved actuary performing the valuation or survey and shall state that it has been completed in accordance with the provisions of this act.

**Sec. 3. [356.22] Interpretation of act.** Subdivision 1. No provision in this act shall be construed to in any way limit any of the enumerated pension and retirement funds from furnishing additional actuarial valuations or surveys, or data and calculations, as may be requested by the legislature or any committee or commission thereof now in existence or hereafter created, which committee or commission has assigned to it the subject of public pensions or public retirement plans.

**Subd. 2.** No provision in this act shall be construed to preclude any public pension and retirement fund herein enumerated from requesting, or the legislature from providing for, the amortization of any deficit in a shorter time than the limit herein set forth (by the end of the fiscal year occurring in 1997).

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Subd. 3. The legislature or any committee or commission thereof now in existence or hereafter created which has assigned to it the subject of public pensions or public retirement plans may require actuarial valuations and actuarial surveys in conformity with the provisions of this act from any public pension and retirement fund, whether enumerated in this act or otherwise.

Sec. 4. [356.23] **Optional basis or assumptions; specification.** In addition to the financial reports, actuarial valuations and actuarial surveys required by this act, the boards of trustees of the funds concerned may submit reports, valuations, and surveys for distribution to the legislature or any of its commissions or committees *on a different basis or on different assumptions* that are specified in this act; provided the assumptions and basis of such reports, valuations and surveys are clearly set forth therein.

Sec. 5. This act is in effect on and after July 1, 1965.

Approved May 6, 1965.

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CHAPTER 360—H. F. No. 1388

[Not Coded]

*An act authorizing the annexation of certain state owned land by the city of Sauk Centre.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Sauk Centre, city of; annexation of state land.** Notwithstanding any law to the contrary, the commissioner of highways may petition the city of Sauk Centre to annex the following described lands in the county of Stearns in the state of Minnesota which are owned by the state and used as a maintenance equipment and storage building site and right of way:

All of the following described tract:

The northwest quarter of the southwest quarter (NW¼ SW¼) of section 15, township 126 north, range 34 west;

together with all that part of the following described tract:

The northeast quarter of the southeast quarter (NE ¼ SE ¼) of section 16, township 126 north, range 34 west, (including Lots 1 through 4, State Subdivision of the north half of the southeast quarter (N ½ SE ¼) of said section 16);

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