

**MINNESOTA
STATE
BOARD OF
INVESTMENT**



Board Members:

Governor
Mark Dayton

State Auditor
Rebecca Otto

Secretary of State
Steve Simon

Attorney General
Lori Swanson

**Executive Director &
Chief Investment
Officer:**

Mansco Perry

Investment Authority for the Statewide Volunteer Firefighter Plan

The assets of the Public Employee Retirement Association's Statewide Volunteer Firefighter Plan are invested in the Volunteer Firefighter Account within the Supplemental Investment Fund which is administered under the direction and authority of the Minnesota State Board of Investment (SBI) in accordance with Minnesota Statutes, Chapters 11A and 356A. The Supplemental Investment Fund is an investment pool that includes retirement assets of a variety of state and local government retirement plans including the Statewide Volunteer Firefighter Plan. For more information on the Supplemental Investment Fund structure and management, see the SBI's annual report available at <http://mn.gov/sbi/>.

Investment Policy

The SBI includes Minnesota's Governor, State Auditor, Secretary of State, and Attorney General. The Minnesota Legislature has established a 17 member Investment Advisory Council (IAC) to advise the SBI and its staff on investment-related matters. Investment policy states that the SBI will operate within investment practices of the prudent person. The SBI is to "exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable income to be derived therefrom."

The Volunteer Firefighter Account investments include a balanced portfolio of U.S. and international common stocks, fixed income securities, and cash. The long-term target asset allocation of the Volunteer Firefighter Account is as follows:

Asset Class	Target Allocation
Domestic Stocks	35%
International Stocks	15%
Bonds	45%
Cash	5%

Statewide Volunteer Firefighter Plan Assets Under Management

The SBI has prepared the Schedule of Investments by Employer for the Statewide Volunteer Firefighter Plan as of December 31, 2014, and takes responsibility for the accuracy of the investment amounts presented.

Annual Audit

Each year a financial and compliance audit of the SBI is performed by the Minnesota Office of the Legislative Auditor as part of its audit of the State of Minnesota's Comprehensive Annual Financial Report as of and for the year ended June 30. A copy of the auditor's conclusions for the year ended June 30, 2014, is attached. The audit conclusion for the year ended June 30, 2015 should be available by March 15, 2016.

Respectfully submitted,

Mansco Perry III
Executive Director

December 9, 2015

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An Equal Opportunity
Employer

Minnesota State Board of Investment
Statewide Volunteer Firefighters Fund
Schedule of Investments by Employer
As of December 31, 2014

Plan Name	Market Value
Aitkin Fire Relief	748,494.12
Albert Lea Township Relief Association	216,652.49
Alborn Fire	195,529.58
Ashby Fire	375,154.37
Barnum Fire	278,141.42
Biwabik Township	208,861.78
Brandon VFD	263,986.03
Breitung Township VFD	271,048.02
Brevator Fire	217,347.87
Buyck VFD	76,209.55
Cambridge Fire Relief	514,435.30
Canby Fire	437,335.16
Carsonville Fire	182,986.50
Center City Fire	336,872.13
Central Lakes VFD	11,620.04
City of Alden	191,181.08
City of Emmons	359,818.03
City of Grand Marais	363,495.55
City of Lexington	516,592.50
City of Scandia	731,149.72
Clifton Relief Association	348,738.67
Colvill Area VFD	105,114.06
Crane Lake VFD	118,348.32
Dalbo Fire Dept Relief Association	425,301.49
De Graff	29,915.41
Dent Firefighters Relief Association	302,445.76
Eagle's Nest Fire	7,918.54
Echo Firemens Relief Association	273,871.12
Elbow Tulaby Lakes	106,064.21
Ellsburg Fire	103,884.24
Elmore Fire	205,481.84
Embarrass VFD	199,064.10
Evergreen Fire	7,553.03
Fairfax Fire	308,609.05
Federal Dam Fire Relief	123,688.02
Fredenberg Fire	211,375.13

Minnesota State Board of Investment
Statewide Volunteer Firefighters Fund
Schedule of Investments by Employer
As of December 31, 2014

Plan Name	Market Value
Gilbert Fire Dept Relief Association	234,210.31
Gnesen Volunteer Fire Relief	251,956.28
Goodview Fire Relief	448,765.40
Grand Lake Volunteer Fire Dept. R.A.	432,680.60
Granite Falls Fireman's Relief Association.	463,901.84
Hardwick Fire	151,687.00
Hewitt Fire	139,957.16
Houston Fire	389,526.75
Hovland Area Firefighters Relief Association	154,476.41
Industrial Firefighters Relief Association	310,605.42
Kettle River Fire	177,822.57
Lake Bronson Fire	142,346.50
Lakeland VFD	293,511.40
Le Sueur Fire Relief Association	923,533.18
Lester Prairie VFD	329,269.45
Linwood Fire	715,245.26
Lutsen Township	228,864.06
Mahtowa Fire Relief Association	179,209.96
Manchester	143,043.16
Mayer Fire Department Relief Association	690,689.04
McKinley Fire	111,567.99
Melrose Fire Relief Association	431,815.34
Mountain Iron FRA	303,150.01
Normanna VFD	57,908.82
North Star Fire	85,538.89
Northhome Fire	153,906.94
Northland Fire Relief	91,656.86
Norwood Young America Firefighters Relief Association	664,255.53
Oak Grove Fire	1,253,923.72
Oakdale Fire	2,520,170.57
Ogilvie VFD	322,869.73
Osakis Firemens Relief Association	614,779.45
Ottertail Fire	470,532.74
Palo Regional Fire/Town of White	312,159.92
Pennock Fire	341,962.54
Pequaywan Lake Fire	78,418.64

Minnesota State Board of Investment
Statewide Volunteer Firefighters Fund
Schedule of Investments by Employer
As of December 31, 2014

Plan Name	Market Value
Plato Fire Relief	369,389.09
Porter Fire	499,309.47
Rice Lake Firemens Relief Association	568,478.26
Sabin Elmwood Fire Relief	286,895.21
Sacred Heart Fire	156,208.89
Saint Leo Fire Relief	177,614.16
Scandia Valley Fire	355,453.99
Shevlin Firemens Relief Association	278,515.76
Sunburg VFD	175,547.78
Tower Fire	153,468.42
Twin Valley	365,173.16
Ulen Volunteer Fire	206,668.11
Victoria Fire Relief Association	967,946.14
Waconia Fire	1,059,340.00
Waite Park FRA	787,341.71
Warba - Feeley - Sago	196,604.40
Willmar Fire	1,177,943.40
Wolf Lake Fire	236,830.25
Wright Fire	134,397.71



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

March 13, 2015

Mr. Mansco Perry III, Executive Director and Chief Investment Officer
Minnesota State Board of Investment
60 Empire Drive, Suite 355
Saint Paul, MN 55103-3555

Dear Mr. Perry:

The financial activity of the State Board of Investment, including the assets under investment, is included as part of the primary government in the State of Minnesota's annual comprehensive annual financial report (CAFR). The Office of the Legislative Auditor (OLA) audits this report and provides an independent auditor's report (audit opinion) on the accuracy and fairness of the presentation of various financial statements, footnote disclosures, and other information in the CAFR to the Department of Management and Budget. We issued an unqualified (clean) opinion on the CAFR for the fiscal year ended June 30, 2014. Your financial activity is included in the scope of that audit opinion.

In the state's CAFR, you will find the investments included in the Fiduciary Fund financial statements (pages 46-47), which summarizes the detailed financial activity presented in the Pension Trust Fund and the Investment Trust Fund financial statements (pages 194-207). There are also two footnote disclosures in the CAFR which relate specifically to investments and pensions: Footnote 2 – Cash, Investments, and Derivative Instruments; and Footnote 8 – Pensions and Investment Trust Funds. Any financial activity of the State Board of Investment recorded in the general fund would be indistinguishable from the state's other general fund financial activity.

In addition, the OLA audits the three statewide pension plans administered by the state of Minnesota: Minnesota State Retirement System (MSRS), Public Employee Retirement Association (PERA), and Teachers Retirement Association (TRA). Each retirement plan prepares and issues its own individual comprehensive annual financial report for its respective pension funds. Those reports include the same investment information that rolls into the state's CAFR. The OLA provides an independent auditor's report (audit opinion) on each pension plan's financial report. The scope of those unqualified (clean) opinions includes the investment assets administered by the State Board of Investment.

We also provide the state and each retirement plan with a report on the Internal Controls over Financial Reporting. For the fiscal year ending June 30, 2014, we had no written findings for any of the pension plans and no written findings or recommendations directed toward the State Board of Investment in the report to the Department of Management and Budget. Here is a link to the statewide report: <http://tinyurl.com/nyyh7jz>

Mr. Mansco Perry III, Executive Director and Chief Investment Officer
March 13, 2015
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Due to the significance and material nature of the financial activity administered by the State Board of Investment to the pension plans and the state as a whole, we devote significant audit resources to specifically test, verify, and confirm investment balances and other investment related financial activity. For our audit of financial statements for the year ended June 30, 2014, the OLA audit team applied 1,600 hours directly to auditing the financial activity and controls of the State Board of Investment.

The OLA audit opinions for the year ended June 30, 2014, for the state's CAFR and the three statewide pension plans are available at the following links:

State of MN: <http://tinyurl.com/oqu2ma4>

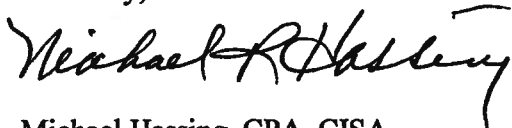
MSRS: <http://tinyurl.com/n7wsahy>

PERA: <http://tinyurl.com/m3xvrw3>

TRA: <http://tinyurl.com/o33c7ar>

We appreciate the cooperation and assistance provided by the staff and administration of the State Board of Investment throughout our audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Hassing". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Michael Hassing, CPA, CISA
Audit Director

Cc: Paul Anderson, Chief Financial Officer
LeaAnn Stagg, Chief Operating Officer