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65TH
ANNUAL REPORT
of the
BOARD OF TRUSTEES

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STATE OF MINNESOTA

Teachers' Retirement Fund Association

City of St. Paul, Minnesota

Year Ended December 31, 1974

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Actuary

A. S. Hansen, Inc.

Investment Counsel

Centennial Capital Corporation

Auditors

Broeker, Hendrickson & Co.

Legal Counsel

Doherty, Rumble and Butler

TEACHERS' RETIREMENT FUND ASSOCIATION

Room 303 555 Wabasha Street
St. Paul, Minnesota 55102

Saint Paul Teachers' Retirement Fund Association

555 Wabasha Street, Room 303, Saint Paul, Minnesota 55102
Phone 222-8689

The Board of Trustees of Teachers' Retirement Fund Association, St. Paul, Minnesota submits herewith the Annual Financial Report for the year ending December 31, 1974 in accordance with the provisions of Minnesota Statutes, 356.20.

The assets on hand continued to grow in 1974, but there was a decrease of 28 in the number of active members. Effective July 1, 1974 substitutes were included as members of our Association. At year end there were 380 substitutes who had made contributions. There was a net increase of only one beneficiary receiving benefits and an increase of 10 retired members. There were several applications on file for the new Disability Benefit with payments to start in 1975.

Our investment portfolio increased by \$7,611,407 to \$41,223,045. This figure is based on bonds at par, stock at cost and short term at face value. Our fund was buffeted by the decline in the stock market like all other investors. You are encouraged to read the letter from our investment counsel included in this report. The name of the firm has been changed, but the people advising our account remain the same.

The data from the Actuarial Valuation is also included with this report. You are encouraged to read the comments by the actuary and study the data submitted. The complete report is on file in the office for anyone interested.

The books of the Association were audited for 1974 by Broeker, Hendrickson & Co. the same firm that performs the audit for the school district. The report is on file in the office.

On behalf of the members of the Board of Trustees we pledge to continue to administer the affairs of the Association in the most competent and efficient manner possible.

Respectfully submitted,

Josephine Downey
President

Lyle T. Farmer
Secretary-Treasurer

Exhibit 1

Teachers' Retirement Fund Association St. Paul, Minnesota

FINANCIAL REPORT (December 31, 1974)

A. Assets

Deposits in banks	\$ 80,570.07
Accrued interest on investments	425,376.55
Dividends on stocks, declared, but not yet received	16,211.00
Investment in bonds at amortized cost	20,790,117.41
Investment in preferred and common stocks at cost	8,396,440.01
Short term investments	9,259,865.02
Equipment at cost, less depreciation	3,597.40
Deferred Yield Adjustment Account	1,796,266.67
Total Assets	<u>\$ 40,768,444.13</u>

B. Unfunded Accrued Liability \$ 71,873,162.30

C. Accumulated Members' Contributions (Without Interest)
\$ 18,500,211.37

D. Current Liabilities

Accounts Payable 5,225.43

E. Total Reserves Required as per attached schedule \$164,163,590.00

Certification

The above exhibit has been prepared in accordance with the Entry Age Normal Cost (Level Normal Cost) basis, interest at the rate of 5% per annum and other applicable provisions of the Minnesota Statutes. The data with respect to assets and employee contributions are those submitted to us by the Association.

A. S. HANSEN, INC.

Thomas G. Brand

Attachment to Exhibit 1

**Teachers' Retirement Fund Association
St. Paul, Minnesota**

**FINANCIAL REPORT
December 31, 1974**

Schedule of Total Reserves Required

1. For Active Members

a) Retirement	\$112,156,790
b. Disability	9,036,965
c. Refund	9,961,384
d. Survivorship	<u>3,878,997</u>
Total	\$135,034,136

2. For Deferred Annuitants 178,886

3. For Members on Leave 272,164

**4. For Former Members Without
Vested Rights** 18,172

5. For Annuitants

a) Retirement	\$ 27,589,564
b) Disability	259,583
c) Survivorship	<u>811,085</u>
Total	28,660,232

Total Required Reserves \$164,163,590

Teachers' Retirement Fund Association
St. Paul, Minnesota
STATEMENT OF INCOME AND DEDUCTIONS
For the Year Ended December 31, 1974

INCOME

Income from taxes:

City of St. Paul	\$1,669,773.49	
State of Minnesota	<u>3,931,219.27</u>	\$5,600,992.76

Income from members:

Payroll deductions	2,934,974.76	
Payment for outside service	1,003,026.43	
Payment for prior service	54,615.17	
Return of refunded dues	<u>37,567.74</u>	4,030,184.10

Interest on investments, plus accumulated
discount, less amortized premiums, less

deferred yield adjustment	2,019,329.66	
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Dividends on stock	171,580.98	
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Gains on sale of stock	52,866.75	
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Miscellaneous Income	<u>1,505.36</u>	
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Total Income		11,876,459.61
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DEDUCTIONS FROM INCOME

Benefit expenditures:

Old Plan Annuities	\$ 331,679.66	
New plan annuities	2,969,421.17	
Reversionary annuities	16,960.92	
Survivors benefit	54,390.80	
Childrens Benefit	<u>37,600.32</u>	3,410,052.87

Contribution refunds:

Resignation	280,473.84	
Death	<u>19,931.89</u>	300,405.73

Administration expenses	101,000.22	
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Loss on sale of stock	<u>300,853.76</u>	
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Total deductions from income	4,112,312.58	
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Applied to total reserves required	7,764,147.03	
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Total deductions from income		11,876,459.61
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**Teachers' Retirement Fund Association
St. Paul, Minnesota**

**REPORT ON MEMBERSHIP
December 31, 1974**

ACTIVE MEMBERS

Total active members (including 102 on leave) December 31, 1973	2,897
New Appointments 1974	160
Re-appointments 1974	<u>40</u>
Total	3,097
Resignations from active service	225
Deaths in active service	<u>3</u>
Total active members (including 128 on leave) Dec. 31, 1974	2,869

SUBSTITUTES 380

INACTIVE MEMBERS 6

RETIRED MEMBERS

Number of retired members December 31, 1973	744
Additions during 1973:	
Service Pensions	42
Limited Pensions	1
Disability Pensions	1
Deferred Pensions	<u>2</u>
Total	46
Deaths during 1974:	
Old Plan	15
New Plan	<u>21</u>
Total	36
Number of retired members December 31, 1974	754
Total numbers of members December 31, 1974	<u>4,009</u>

Reversionary Beneficiaries December 31, 1974	10
Survivor Beneficiaries December 31, 1974	18
Child Beneficiaries	<u>16</u>
	44

**Teachers' Retirement Fund Association
St. Paul, Minnesota**

SOURCES AND USES OF FUNDS

SOURCES

Cash Balance January 1, 1974	\$	21,456.37
Income from Taxes:		
City of St. Paul	\$1,669,773.49	
State of Minnesota	<u>3,931,219.27</u>	5,600,992.76
Income from Members:		
Payroll Deductions	\$2,934,974.76	
Prior Service	1,003,026.43	
Back Dues	54,615.17	
Return of Refunds	<u>37,567.74</u>	4,030,184.10
Income from Investments:		
Interest	\$2,023,809.26	
Dividends	<u>165,108.98</u>	2,188,918.24
Miscellaneous		1,505.36
Investments Sold		<u>48,117,930.30</u>
Total		<u><u>\$59,960,987.13</u></u>

USES

Pensions Paid:		
Retirement	\$3,318,061.75	
Survivor	54,390.80	
Children	<u>37,600.32</u>	\$3,410,052.87
Refunds of Dues		305,637.22
Administrative Expenses:		
Salaries	54,774.14	
Office Expense	10,026.22	
Legal and Actuarial Services	10,280.00	
Taxes, Insurance and Members Dues	4,594.26	
Office Equipment	529.55	
Delegate Expense	2,550.00	
Data Processing	2,850.00	
Investment Counsel Service	<u>16,802.49</u>	102,406.66
Refund — Interest Received not Earned		29,009.60
Investments Purchased		<u>56,033,310.71</u>
Sub-Total		\$59,880,417.06
Cash Balance December 31, 1974		80,570.07
Total		<u><u>\$59,960,987.13</u></u>

Teachers' Retirement Fund Association
St. Paul, Minnesota
RECONCILIATION OF ASSET BALANCES
December 31, 1974

Asset Balance — December 31, 1973. \$33,004,303.20

Additions:

Taxes	\$5,600,992.76	
From Member Contributions	4,030,184.10	
Investment Income	2,243,848.79	<u>11,875,025.65</u>
		<u>\$44,879,328.85</u>

Deductions:

Benefit Payments	\$3,408,618.92	
Refunds	305,637.25	
Administrative Expenses	101,000.22	
Net Loss on Sale of Investments	300,853.76	<u>\$ 4,116,110.15</u>

Asset Balance, December 31, 1974. \$40,763,218.70

May 13, 1975

Board of Trustees
St. Paul Teachers' Retirement Fund Association
555 Wabasha Street, Room 303
St. Paul, Minnesota 55102

Gentlemen:

In accordance with your request, we have made an actuarial valuation of the St. Paul Teachers' Retirement Fund Association for the year ended December 31, 1974, in order to determine the adequacy of the contributions being made to that system and to prepare the financial and actuarial reports as required by the laws of the State of Minnesota.

The results of our analysis are set forth in the following report. The basic financial and employee data are those submitted to us by the Association office; the summaries and actuarial figures are those prepared by us from such data.

On the basis of the foregoing, and the assumptions indicated herein, we hereby certify that, to the best of our knowledge and belief, the attached statements are true and correct.

Respectfully submitted,
A. S. HANSEN, INC.

Thomas G. Brand
Member, American Academy
of Actuaries

TGB:bm

Teachers' Retirement Fund Association

St. Paul, Minnesota

COMMENTS

This report sets forth the information on the Teachers' Retirement Fund Association of the City of St. Paul, Minnesota required by law for the legislature based on the annual actuarial valuation.

These figures have been prepared in accordance with the requirements of the law under the supervision of an approved actuary. Included in these requirements are the use of the Entry Age Normal Cost Method, anticipated salary increases of 3½ % per year, and an assumed interest of 5% per year. Other assumptions as to retirement age, mortality, disability and withdrawal generally reflect the recent experience of the retirement system as developed by an experience analysis and with consideration for discernible trends in such rates. This experience analysis measured the experience of the Teachers' System for the four-year period ended December 31, 1969 and is presented in the report for the year ended December 31, 1969.

The actuarial valuation measures all aspects of the St. Paul Teachers' Fund in accordance with the plan described in the section of this report titled "Summary of the Plan."

Exhibit 4 shows the present value of all benefits to both active members, and retirees (and beneficiaries) now receiving benefits at 5%. This amount does not reflect the value of increases granted retirees in 1955 and subsequent years. This is appropriate because the funds required for these benefit increases are provided from another source.

Exhibit 4 also indicates an amount of Unfunded Accumulated Contribution Requirement of \$71,873,162. This amount represents an increase of \$8,299,968. The primary reasons for the increase are estimated in Exhibit 7. The single most important reason for the increase in the Unfunded is due to the substantive changes in benefits under the plan as amended effective June 30, 1974.

Exhibit 5 restates the dollar amount of obligation in Exhibit 4 as percentages based on the payroll of members. The resulting percentage total rate requirement may then be compared with the statutory contribution rate to ascertain the actuarial balance of the Fund.

While the actuarial balance continues to reveal deficits, we remain of the opinion that the ultimate asset accumulation will be sufficient to provide for the teachers' benefits should the program ever be terminated. This opinion is supported by the historical presentation of the statutory deficit on a 5% basis as follows:

	Year Ending December 31		
1970	(5.00%)	1972	(4.20%)
1971	(4.54%)	1973	(2.62%)
	1974		(2.67%)

Under these conditions, we do not believe it necessary or appropriate to call for an increase in the teacher or city contribution rate at this time.

Exhibit 5(a) was included in the report at the request of Mr. Lyle Farmer. This exhibit also restates the dollar obligations of Exhibit 4 as percentages based on the payroll of members but assumes that the amount to be amortized will be amortized by January 1, 2005 or over a future 30-year period.

Teacher's Retirement Fund Association
St. Paul, Minnesota

FINANCIAL BALANCE SHEET
December 31, 1974

Present Value of Benefits Expected to be Paid by Retirement Fund

To Active Teachers for

Retirement	\$112,156,790.00
Disability	9,036,965.00
Survivorship	9,961,384.00
Refund	<u>3,878,997.00</u>

Total \$135,034,136.00

To Vested Teachers 178,886.00

To Teachers on Leave 272,164.00

To Former Teachers without
Vested Rights 18,172.00

To Teachers and Beneficiaries

Now Receiving Benefits for

Retirement	\$ 27,589,564.00
Disability	259,583.00
Survivorship	<u>811,085.00</u>

Total \$ 28,660,232.00

Total Value of Benefits \$164,163,590.00

Less Value of Expected Future Contributions* 51,527,209.00

Accumulated Contribution Requirement

Assuming Full Funding During

Prior Service Period \$112,636,381.00

Assets on Hand 40,763,218.70

Accumulated Contribution Requirement

to be Amortized by 1997 \$ 71,873,162.30

*As Determined by the Entry Age Normal Cost Method.

Teachers' Retirement Fund Association
St. Paul, Minnesota

ACTUARIAL REQUIREMENTS
December 31, 1974

TOTAL REQUIREMENTS

Expected Future Contributions on Behalf of Active Teachers	\$ 51,527,209
Accumulated Contribution Assuming Full Funding During Prior Service Period	<u>112,636,381</u>
Total— Value of All Benefits Payable to Present Members	\$164,163,590

AMORTIZATION RATE REQUIREMENT

Accumulated Contribution Requirement	\$112,636,381
Assets on Hand	<u>40,763,219</u>
Amount to be Amortized	\$ 71,873,162
Contribution Requirement for Amortization Period of 23 Years	\$ 5,328,461
Current Payroll	\$41,808,570
Amortization Rate Requirement	12.74%

**LEVEL CONTRIBUTION (ENTRY AGE NORMAL)
RATE REQUIREMENT**

Expected Future Contributions on Behalf of Active Teachers	\$ 51,527,209
Expected Future Payroll	460,280,500
Total Entry Age Normal Rate Requirement	11.19%
Teacher Contribution Rate	<u>8.00</u>
Employer Entry Age Normal Rate Requirement	3.19%

ACTUARIAL BALANCE

Employer Statutory Contribution Rate	13.50%
Rate Requirements	
Amortization Rate Requirement	12.74%
Entry Age Normal Rate Requirement	3.19
Expenses Rate Requirement	<u>24</u>
Total Rate Requirement	16.17%
Deficit of Statutory Rate over Rate Requirement	(2.67%)

Centennial Capital Corporation

St. Paul Teachers' Retirement Fund Association
555 Wabasha Street,
Room 303,
St. Paul, Minnesota 55102

January 6, 1975

Gentlemen:

The year 1974 was a difficult year in the U.S. long term capital markets and was the second consecutive year these markets declined. The stock market as measured by the S&P 500 Index was off 29.7% in 1974 and the high quality long term bond market was off approximately 25%.

The major factor contributing to these results was the problem of inflation and the developing economic recession. The year itself was unusual in that a recession with declining real Gross National Product was accompanied by sharply rising commodity prices and record earnings in traditionally cyclical industries. At the same time, consumer confidence, which started the year at a low level continued to deteriorate throughout the year. Interest rates reached record levels in the late summer before showing some decline in the fourth quarter. All measures of inflation remained at extremely high levels all year.

As a result of the major inflation we had and the attendant problems created in the long term capital markets, we shifted our investment emphasis throughout the year to short term money market investments and intermediate term bonds. We were, therefore, able to take advantage of the high interest rate returns available. Our average yield on these investments was over 10%. The following table shows the change in composition of your portfolio this past year.

INVESTMENTS	1974	1973
Short-Term Investments	27.7%	16.2%
Bonds	55.7%	61.5%
Common Stock	<u>16.6%</u>	<u>22.3%</u>
Total Portfolio	100.0%	100.0%

Activity within the common stock portfolio was limited this past year. In general buying was concentrated in industrial commodity industries, where inflation was concentrated, and to a lesser extent in capital equipment producers, another area of relative strength. Stocks sold this year were primarily consumer product companies and oil stocks.

Portfolio activity in the long term bond market was also limited. This reflected our posture to a declining market and rising interest rates. Double A rated utility corporate bond interest rates rose steadily from 8.10% (in terms of yield to maturity) at the beginning of 1974 to 10.60% in October. Rates subsequently declined to 9.70% at year end. Because of higher interest rates, most of the new cash funds were invested in short term obligations with a maturity of between 30 and 75 days. This short term rate advantage (where short term interest rates exceed long term interest rates) is only the second time in history that this phenomenon has occurred for any sustained period of time and worked much to the advantage of the fund. For the year 1974, portfolio management activities produced an increase in par value of \$27,000, and interest income was increased \$5,752. Purchases of new corporate bonds (through direct contributions) near year end totaled \$2,000,000 with an average quality of a high grade A rating. Annual income as a result of these purchases amounted to \$196,250 for an average coupon return of 9.81%.

Overall your portfolio increased 5.8% in 1974. This increase came from increased contributions and dividend and interest earned by the portfolio.

The economic outlook for 1975 contains more than the normal number of uncertainties. While 1974 was a year of both inflation and recession, we feel that inflation was the most significant factor influencing the capital markets. This year we expect some easing in the rate of inflation as oil prices stabilize and as food and industrial commodity prices decline. The recession, however, is expected to get deeper and last at least through the first half of this year. Accompanying this however will be the important positives of lower inflation and lower interest rates. We feel these factors are more important positives for the capital markets than the negative or lower corporate earnings brought about by the recession. We are therefore positive on both the long term bond market and the equity market for 1975.

Very truly yours,

Eugene G. Good, Jr., C.F.A.
Vice President

Peter D. Freeman
Vice President

**Teachers' Retirement Fund Association
St. Paul, Minnesota**

**PURCHASES AND SALES OF INVESTMENTS
DURING 1974**

Investments on Hand, December 31, 1973

\$33,611,637.76

Purchases during the year:

Bonds (At Par)	Maturity Date	Interest Rate	Value
Combustion Engineering	7-15-92	5.875	59,000.00
Tampa Electric	4-01-96	5.500	500,000.00
Florida Power & Light	12-01-95	5.000	700,000.00
General Mills	2-15-99	8.000	750,000.00
Texaco	7-15-97	5.750	335,000.00
American Tel. & Tel.	8-01-00	6.000	575,000.00
Carolina Power & Light	11-01-03	8.125	500,000.00
International Harvester	6-15-04	9.000	500,000.00
Union Carbide	3-01-97	5.300	455,000.00
Gulf States Utilities	3-01-04	8.625	750,000.00
Public Service Colorado	5-01-96	5.375	650,000.00
International Harvester	1-15-94	7.500	200,000.00
Philadelphia Electric	10-15-80	11.000	500,000.00
Carolina Power	8-01-00	8.750	500,000.00
Louisiana Power	11-01-81	9.500	500,000.00
Honeywell Finance	11-01-81	9.650	500,000.00
SOHIO/BP Trans Alaska	12-01-99	9.750	500,000.00
Carolina Power & Light	10-01-98	6.875	350,000.00
Total Bonds (At Par)			8,824,000.00

Stock (At Cost)	Shares	
Bankers Trust	4500	159,670.57
Bethlehem Steel	8300	267,667.60
Burroughs	1100	117,875.10
Caterpillar Tractor	2500	134,455.15
Citicorp	1000	41,169.75
Digital Equipment	2000	200,287.88
Dow Chemical	3300	190,921.22
E. I. Dupont	500	59,479.94
Eastman Kodak	900	67,809.87
Hercules Inc.	6000	211,235.46
Norton Simon	1	5.30
Phillips Petroleum	1600	69,427.91
Texas Eastern Trans.	1000	40,592.11
Union Camp	4200	231,508.12
Xerox	1500	113,347.14
Total Stock		1,905,453.12

Short Term (At Face Value)	Yield	Due	Value
Farmers Home Admin.	7.250	1-02-75	200,120.83
Archer Daniels Midland	9.500	1-06-75	250,923.61
Ford Motor Credit	8.900	1-07-75	266,899.90
Gamble Credit Corp.	10.510	1-10-75	281,985.00
Gamble Credit Corp.	10.516	1-13-75	820,799.28
United Telecom	11.000	1-14-75	800,000.00
General Motors Accept.	9.250	1-16-75	201,490.28
Montgomery Ward	9.500	1-17-75	362,755.00
Sears Roebuck.	9.500	1-24-75	372,733.89
Honeywell Finance.	9.650	1-29-75	705,441.53
Gamble Credit Corp.	9.979	1-29-75	438,497.01
Northwestern National CD.	9.250	2-03-75	148,049.97
American National CD	10.350	2-04-75	258,625.00
IDS Realty Trust	10.500	2-04-75	160,000.00
Illinois Central Ind.	9.875	2-06-75	400,000.00
Postal Finance	9.500	2-07-75	238,596.81
American National CD	9.600	2-13-75	825,600.00
General Growth Prop.	10.500	2-18-75	828,933.33
General Growth Prop.	9.500	2-18-75	123,071.67
Northwestern National CD.	9.550	3-03-75	511,904.79
Int'l. Harvester	9.250	3-11-75	163,617.78
Int'l. Harvester	9.500	3-11-75	465,205.90
Munsingwear.	9.750	3-26-75	200,000.00
Northwestern Nat'l. Savings			312,744.40
Short Term on hand 12-31-74			9,337,995.98
Total Purchases			20,067,449.10
Purchases and Balance			53,679,086.86

Sales and Redemptions:

Bonds (At Par)	Maturity Date	Interest Rate	Value
Southern California Edison.	5-01-87	4.250	250,000.00
Carolina Power	10-01-97	6.375	100,000.00
Northern States Power	6-01-95	6.125	150,000.00
New York State Electric & Gas.	9-01-97	6.250	50,000.00
Northern States Power	9-01-93	4.375	68,000.00
Brockton Edison	10-01-93	4.250	50,000.00
Consolidated Edison	12-01-92	4.375	34,000.00
Potomac Edison	4-01-98	7.000	50,000.00
Interstate Power	5-01-95	4.625	50,000.00
Florida Power & Light	3-01-95	4.625	50,000.00
Washington Water Power	9-01-94	4.625	50,000.00
Northern States Power	8-01-94	4.500	50,000.00

Delmarva Power & Light	9-01-97	6.375	50,000.00
Chicago, Burlington & Quincy	12-01-78	4.500	65,000.00
Massachusetts Electric.	9-01-92	4.375	65,000.00
Consolidated Edison	6-01-90	4.750	50,000.00
Borden Company.	6-15-97	5.750	335,000.00
Texaco.	7-15-97	5.750	575,000.00
Ohio Bell Telephone.	2-01-06	5.000	250,000.00
Xerox Corp.	4-01-91	5.375	250,000.00
Northern Natural Gas.	5-01-88	7.250	200,000.00
Bell Telephone of Penn.	5-01-13	7.500	500,000.00
Crown Zellerbach.	3-15-00	8.875	250,000.00
Westinghouse Electric	9-01-95	8.625	250,000.00
Illinois Bell Telephone	12-01-04	8.000	750,000.00
Union Carbide Corp.	3-01-97	5.300	455,000.00
American Tel. & Tel.	2-01-94	4.625	150,000.00
Mississippi River Trans.	11-01-90	9.750	250,000.00
Union Tank Car	10-01-91	7.750	505,000.00
Columbia Gas System	10-01-01	6.250	325,000.00
Honeywell Finance.	11-01-81	9.650	500,000.00
Total Bonds (At Par)			6,712,000.00
Repaid Principal			92,391.40
			<u>6,804,391.40</u>

Stock (At Cost)	Shares	
Den Tal Ez	1900	76,542.00
Chicago Bridge & Iron	450	44,496.00
MGIC	2100	163,210.90
A. H. Robins	4000	135,194.64
Smith Kline French	3700	202,505.75
Standard Oil of Ohio	2800	170,347.25
Tektronix Inc.	2000	690,590.15
Total Stock (At Cost)		<u>860,886.69</u>

Short Term (At Face Value)	Yield	Due	Value
American National CD	9.300	1-02-74	510,075.00
General Motors Accept.	9.750	1-02-74	753,046.87
Federal Housing Admin.	9.250	1-03-74	382,929.17
Gamble-Skogmo	8.877	1-04-74	532,638.18
Honeywell Finance.	9.000	1-14-74	511,508.95
Marine Midland	9.625	1-21-74	251,604.16

Mutual of New York	9.875	1-25-75	225,000.00
Northwestern National CD	9.250	2-04-75	514,065.03
Gamble-Skogmo	10.012	2-04-74	467,547.65
First National CD	9.400	2-12-74	284,386.67
Northwestern National CD	9.125	3-04-74	357,962.50
Short Term on Hand 12-31-73			4,790,764.18
Total Sales and Redemptions			12,456,042.27
Investments on hand December 31, 1974			<u>41,223,044.59</u>
Common Stock At Cost	\$ 8,396,440.01		
Bonds at Par.	23,488,608.60		
Short Term At Face Value	<u>9,337,995.98</u>		41,223,044.59

INVESTMENTS ON HAND

December 31, 1974

Short Term Bonds	Coupon	Maturity	Par Value
Philadelphia Elec. 1st Ref	11.000%	10-15-80	500,000.00
Louisiana Pwr. & Lt.	9.500%	11-01-81	500,000.00
Long Term Bonds	Coupon	Maturity	Par Value
Grand Trunk Railroad	9.250%	3-15-85	203,859.00
Cinn. Gas & Elec. 1st	5.000%	5-01-90	200,000.00
Wisconsin Natural Gas 1st	4.875%	10-01-90	325,000.00
Transamerica Finl. Corp. Deb.	7.875%	11-01-91	500,000.00
Deere & Co. Deb	5.400%	2-15-92	300,000.00
Quebec Hydro. Elec. Pay US	5.375%	4-15-92	350,000.00
Carbordundum Co. Deb.	6.000%	6-01-92	100,000.00
Cons. Edison of N.Y. 1st Ref V	4.375%	6-01-92	197,000.00
Combustion Engineering SF Deb	5.875%	7-15-92	244,000.00
Standard Oil of Calif. SF Deb	5.750%	8-01-92	200,000.00
American Tel. & Tel. Deb Regd	4.750%	11-01-92	280,000.00
Bendix Corp. SF Deb	6.625%	12-01-92	100,000.00
Ryder Systems Regd	7.800%	5-01-93	500,000.00
Quebec Hydro. Elec. Pay US	6.250%	6-01-93	300,000.00
Union Electric Co. 1st.	4.500%	11-01-93	250,000.00
Anaconda Co. Deb.	6.625%	11-15-93	200,000.00
Southern Bell Tel. & Tel. Deb.	4.625%	12-01-93	675,000.00
Intl. Harvester CR Corp Deb.	7.500%	1-15-94	700,000.00
American Tel. & Tel. Deb Regd	4.625%	2-01-94	450,000.00
Continental Pipeline Co. Nts.	7.500%	5-01-94	188,000.00
Philadelphia Elec. 1st Ref	4.500%	5-01-94	200,000.00
Delaware Pwr. & Lt. 1st Ct	4.625%	10-01-94	250,000.00
Niagara Mohawk Pwr. Gen. Mtg.	4.625%	12-01-94	550,000.00
Nova Scotia Prov Pay US	9.750%	3-15-95	250,000.00
American Tel. & Tel. Deb. Regd	5.625%	8-01-95	500,000.00
Armco Steel Corp. SF Deb.	8.700%	10-01-95	300,000.00
Rexnord Inc. Reg Deb	8.950%	10-15-95	250,000.00
Flordia Pwr. & Lt. Co. 1st Mtg.	5.000%	12-01-95	700,000.00
Tampa Electric Co. 1st	5.500%	4-01-96	500,000.00
Public Service Colorado 1st	5.375%	5-01-96	650,000.00
Diamond Shamrock Corp. Deb	8.250%	6-01-96	250,000.00
American Tel. & Tel. Deb Regd	4.375%	10-01-96	255,000.00
American Tel. & Tel. Deb Regd	5.500%	1-01-97	750,000.00
Philadelphia Elec. 1st Ref	6.125%	10-01-97	150,000.00
Cities Service Co. Deb	6.125%	11-01-97	520,000.00
Deere John Credit Co. Deb	7.500%	4-30-98	500,000.00

Carolina Pwr. & Lt. Co. 1st	6.875%	10-01-98	550,000.00
Vermont Yankee Nuclear Pwr. 1st	9.625%	10-01-98	241,000.00
Chrysler Corp.	8.000%	11-01-98	750,000.00
General Mills	8.000%	2-15-99	750,000.00
Research Properties Inc. Notes	8.250%	11-01-99	250,000.00
Penin Prop. Inc. Nts	8.750%	12-01-99	234,749.00
Standard Oil Ohio	9.750%	12-01-99	500,000.00
Central Power & Lt. 1st Mtg.	8.750%	1-01-00	500,000.00
American Tel. & Tel. Deb Regd	6.000%	8-01-00	575,000.00
Carolina Pwr. & Lt. Co. 1st	8.750%	8-01-00	500,000.00
Central Kansas Pwr. Inc. Ser K	9.750%	10-01-00	240,000.00
San Diego Gas & Elec. 1st	8.000%	9-01-01	500,000.00
Cons. Edison N.Y. 1st & Ref.	7.900%	4-15-02	500,000.00
Illinois Bell Tel. 1st	4.375%	7-01-03	475,000.00
Carolina Pwr. & Lt. Co. 1st	8.125%	11-01-03	500,000.00
Gulf States Utilities	8.625%	3-01-04	750,000.00
International Harvester Co.	9.000%	6-15-04	500,000.00
New England Tel & Tel. Deb	6.125%	10-01-06	325,000.00
Pacific Tel. & Tel. Deb	7.625%	6-01-09	510,000.00
New York Telephone Ref W.	8.300%	8-15-12	500,000.00
Total Bonds			23,488,608.00

Common Stocks	Shares	Cost	Market Value
CONSUMER & SERVICE			
Banking & Credit			
Bankers Trust N.Y.	6,000	240,545.02	189,000.00
Citicorp	4,600	192,152.22	130,525.00
Federal Natl. Mortgage Assoc.....	10,000	226,725.50	183,750.00
Northwest Bancorporation	4,000	134,651.55	134,000.00
		<u>794,074.29</u>	<u>637,275.00</u>
DRUGS & TOILETRIES			
Abbott Laboratories.	2,000	142,370.75	101,500.00
Searle, G. D.	4,800	180,232.80	66,000.00
Upjohn	2,400	152,855.00	121,500.00
		<u>475,458.55</u>	<u>289,000.00</u>
FOOD & BEVERAGE			
Norton Simon	6,461	207,663.50	70,269.90
Tropicana Products	2,400	63,197.22	34,200.00
		<u>270,860.72</u>	<u>104,469.90</u>
INSURANCE			
Govt. Employees Ins.....	6,668	331,114.98	153,364.00
St. Paul Cos.	3,200	147,650.00	89,600.00
		<u>478,764.98</u>	<u>242,964.00</u>
MERCHANDISING			
Kresge, S. S.	7,300	351,812.05	161,512.50
McDonalds	4,200	278,121.25	123,375.00
		<u>629,933.30</u>	<u>284,887.50</u>
RECREATION & LEISURE			
Eastman Kodak	3,000	364,989.87	188,625.00
SCIENCE & TECHNOLOGY			
Business Equipment			
Burroughs	3,000	295,827.10	226,500.00
Digital Equipment	2,000	200,287.88	101,500.00
Intl. Business Machines	2,625	794,240.28	441,000.00
Xerox.	5,500	658,195.73	283,250.00
		<u>1,948,550.99</u>	<u>1,052,250.00</u>

Stock (continued)	Shares	Cost	Market Value
ELECTRONICS			
Watkins Johnson.	3,000	75,000.00	34,875.00
SPECIAL TECHNOLOGY			
Medtronic	1,900	107,299.20	46,075.00
BASIC INDUSTRIES*			
Automobile			
Ford Motor	3,000	178,682.44	100,125.00
General Motors	2,500	200,898.10	76,875.00
		<u>379,580.54</u>	<u>177,000.00</u>
CHEMICALS			
Dow Chemical	3,300	190,921.22	181,500.00
E. I. Dupont De Nemours & Co.	1,600	215,326.90	147,600.00
Hercules	6,000	211,235.46	144,000.00
		<u>617,483.58</u>	<u>473,100.00</u>
CONSTRUCTION			
Chicago Bridge & Iron	1,350	133,497.25	91,125.00
ELECTRICAL EQUIPMENT			
General Electric	4,800	265,146.52	160,200.00
FOREST PRODUCTS			
Union Camp	4,200	231,508.12	163,275.00
HEAVY MACHINERY			
Caterpillar Tractor	4,300	254,612.00	208,550.00
MINING & METALS			
Bethlehem Steel	8,300	267,667.59	206,462.50
PETROLEUM			
Atlantic Richfield	1,200	103,822.80	108,900.00
Aztec Oil & Gas	1,600	34,211.40	21,600.00
Exxon Corp.	1,000	86,064.50	64,625.00
Phillips Petroleum	4,000	204,511.66	173,000.00
Superior Oil	200	66,130.30	34,400.00
		<u>494,740.66</u>	<u>402,525.00</u>

MULTI-INDUSTRY COMPANIES

Minnesota Mining & Mfg.	3,000	254,368.15	138,375.00
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PUBLIC UTILITIES

Communications			
American Tel. & Tel.	4,300	206,348.38	191,887.50

GAS

Texas Eastern Transmission.	3,000	146,555.31	87,000.00
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Total Stock		8,396,440.01	5,179,921.40
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RETIREMENT RECORD

Year	Pensions Granted	Persons on Payroll at end of year	Pensions Paid During Year
1910	15	13	\$ 4,860.00
1930-31	8	125	69,023.70
1931-32	8	130	72,961.43
1932-33	2	126	74,190.43
1933-34	6	127	74,119.87
1934-35	9	131	74,000.70
1935-36	14	135	75,864.08
1936-37	19	151	80,747.43
1937-38	17	160	89,709.13
1938-39	11	161	93,184.46
1939-Dec. '39	0	158	23,869.78
1940	71	222	170,685.43
1941	35	246	210,256.94
1942	27	266	234,217.27
1943	38	286	253,030.76
1944	34	311	282,299.18
1945	56	350	308,112.55
1946	51	378	337,511.79
1947	28	387	360,570.89
1948	42	413	375,912.29
1949	42	441	419,617.54
1950	30	461	450,641.30
1951	27	476	472,669.54
1952	28	486	508,922.59
1953	32	487	525,959.02
1954	10	482	529,428.97
1955	38	509	666,993.54
1956	46	529	750,146.33
1957	59	560	840,882.59
1958	41	579	1,019,501.72
1959	30	585	1,084,505.78
1960	38	600	1,144,380.21
1961	39	611	1,230,715.41
1962	49	624	1,352,779.11
1963	42	647	1,467,460.56
1964	33	653	1,545,252.32
1965	40	668	1,631,554.34
1966	43	676	1,770,082.68
1967	36	682	1,862,248.99
1968	45	695	1,969,759.81
1969	53	726	2,319,185.68
1970	31	719	2,385,867.50
1971	47	731	2,522,349.85
1972	51	745	2,742,660.45
1973	36	744	3,039,252.98
1974	36	754	3,372,452.55