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**MINNEAPOLIS TEACHERS'
RETIREMENT FUND
ASSOCIATION**

**SIXTY-FIFTH ANNUAL REPORT
OF THE BOARD OF TRUSTEES**

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STATE OF MINNESOTA

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MINNEAPOLIS, MINNESOTA 55402

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MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

Incorporated under the Laws of the State of Minnesota,
September 17, 1909, and reorganized January 1, 1924

Officers

Geneveve K. Johnston *President*
Eleanor L. Matsis *Vice President*
Lottie K. Warmbold *Secretary*
Betty S. Hammack *Treasurer*

Board of Trustees

Betty S. Hammack *Instructor, Hale School*
A. James Heller *Instructor, South High School*
Albert J. Hofstede *Mayor of Minneapolis*
Geneveve K. Johnston *Annuitant*
Carol R. Lind *School Board Representative*
Eleanor L. Matsis *Instructor, West High School*
E. Dudley Parsons *Annuitant*
Samuel S. Sivanich *City Council Representative*
Lottie K. Warmbold *Annuitant*

Standing Committees

Finance

Eleanor L. Matsis, *Chairman*
Betty S. Hammack
Geneveve K. Johnston (*Ex officio*)

Membership

Annuity

Betty S. Hammack, *Chairman* E. Dudley Parsons, *Chairman*
A. James Heller *Lottie K. Warmbold*
Geneveve K. Johnston (*Ex officio*) Geneveve K. Johnston (*Ex officio*)

Administrative Personnel

Executive Secretary Newell Gaasedelen
Counsel Richard H. Bachelder
Actuary Peat, Marwick, Mitchell & Co.
Auditors Peat, Marwick, Mitchell & Co.

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees of the Minneapolis Teachers' Retirement Fund Association, in compliance with the Articles of Incorporation, submits its report of the transactions of the Association for the year ended December 31, 1974, together with the audit and actuary reports of Peat, Marwick, Mitchell & Co., Certified Public Accountants; and a statement showing mean ledger assets, as adjusted, and the amount and rate of interest earned for the years 1924 to 1974, inclusive.

The Minneapolis Teachers' Retirement Fund Association was incorporated on September 17, 1909, under the laws of the State of Minnesota. Revised Articles of Incorporation, effective January 1, 1924, were adopted during the year 1923 and have been amended from time to time. The charter was extended for a period of thirty years on April 29, 1969. Pursuant to the Agreement with the City Council, relative to the removal of the limitation of one mill in the amount levied by taxation for the purposes of the Association, amendments to the Articles of Incorporation were adopted during the year 1929.

The regular annual meeting of the Association was held April 30, 1974. Miss Geneveve K. Johnston and Mrs. Lottie K. Warmbold, nominated as trustees for a three year term, were elected by the members pursuant to Article IX of the By-Laws.

During the year, our Articles were amended to provide for the following:

1. Allowing members to receive the Formula Annuity with any number of years of Minneapolis teaching service between 7 and twenty-nine years, but deferring payment of the annuity to age 60. (With 30 or more years of service, the member may continue to receive the annuity at any age.)

Example: A teacher age 55 with 25 years of teaching in Minneapolis would be entitled to the Formula Annuity but payment would not begin until the person reaches age 60.

NOTE: For these teachers, the Formula Annuity would be increased by interest received on deposits between age at resignation and age 60.

2. Liberalizing the "B" Death Benefit by (a) eliminating the 20 year service and the dependency requirements, and (b) by allowing certain additional persons to be named as beneficiaries.

3. Reducing the required period for the Disability Annuity qualification from 10 years to 3 years.

Members deposited \$3,608,243.64 compared to \$3,410,925.42 during the previous year. The revenues from taxes were \$8,739,376.70 which were sufficient to pay full city deposits of \$3,655,947.41 and reimburse the Association for certain qualified expenditures made in 1973 of \$4,681,253.52.

The tax levy for 1974 to be collected in 1975 is \$4,155,488.00 and compared with a tax levy of \$3,563,726.00 for the prior year, an increase of \$591,762.00.

Annuity applications totaled 108 which was a decrease of 13 from the previous year. A total of \$7,332,397.85 was paid to annuitants during the year.

The book value of investments at the close of the year was \$93,323,002.00 compared with \$87,737,248.00 for the year before.

Interest and dividends earned amounted to \$4,748,985.79. Members' deposits were credited with 4-1/2% interest and interest credited to the Annuity Reserve Fund was computed at 4-1/2% on the mean monthly balances.

The reserve for investment and other losses amounted to \$217,696.26 as of December 31, 1974.

Peat, Marwick, Mitchell & Co., auditors for the Association since its organization in 1909, made the annual audit of the accounts.

GENEVEVE K. JOHNSTON, PRESIDENT

PEAT, MARWICK, MITCHELL & Co.
CERTIFIED PUBLIC ACCOUNTANTS
222 SOUTH RIVERSIDE PLAZA
CHICAGO, ILLINOIS 60606

March 28, 1975

Board of Trustees
Minneapolis Teachers' Retirement
Fund Association
Northwestern Bank Building
Minneapolis, Minnesota 55402

Gentlemen:

We are pleased to submit the final results of our actuarial valuation of the Minneapolis Teachers' Retirement Fund as of December 31, 1974. The valuation was performed on the basis of data and financial information provided by the Executive Secretary of the Fund.

Objectives

The principal objectives of the valuation may be summarized as follows:

1. Prepare information in accordance with Minnesota Statutes, Section 356.21;
2. Summarize the actuarial status of the Fund;
3. Analyze the experience of the Fund.

Summary of Findings

The results of our valuation may be summarized as follows:

1. Contribution levels have been computed under 5% interest and 3½% salary increase assumptions, as required by statute.
2. The employer's normal cost for the year is 5.57% of payroll.
3. The necessary contribution to meet normal cost, and prevent the unfunded accrued liability (deficit) from increasing is 12.29% of payroll, a very slight increase from the December 31, 1973 valuation.
4. Assets of the Fund are in excess of the present value of benefits for current retirees.

Based on the above mentioned data and information, our interpretation of plan provisions and our valuation method and assumptions set forth in this report, we hereby certify that the summaries on the following pages represent the results of the valuation.

* * * * *

We look forward to discussing our valuation in detail with you.

PEAT, MARWICK, MITCHELL & Co.
Norman E. Hill, F.S.A.

SUMMARY OF COSTS

	<i>5% Interest and 2/3 of 1970 Turnover</i>	
	<i>Normal Cost</i>	<i>Accrued Liability</i>
<i>Active Members</i>		
Retirement benefits	\$4,109,588	\$ 92,499,742
Disability benefits.....	438,999	0
Refunds due to death or withdrawal....	1,925,625	0
<i>Deferred Annuitants and Former Members Without Vested Rights</i>		
<i>Members Without Vested Rights</i>	0	2,013,567
<i>Annuitants</i>	0	68,435,309
Total	\$6,474,212	\$162,948,618
Member deposits	3,487,739	
Employer normal cost.....	\$2,986,473	
Valuation assets		\$ 92,928,061
Unfunded accrued liability		\$ 70,020,557
Total payroll		\$ 53,657,529

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
SUMMARY OF CONTRIBUTION LEVELS FOR TWO YEARS**

	<i>December 31, 1973</i>	<i>December 31, 1974</i>
Employer normal cost	\$ 2,819,672	\$ 2,986,473
Percentage of payroll	5.55%	5.57%
Unfunded accrued liability	65,470,335	70,020,557
Employer contribution to meet normal cost and amortize unfunded accrued liability by December 31, 1997	7,243,764	7,819,292
Percentage of payroll	14.26%	14.57%
Employer contribution to meet normal cost and prevent unfunded accrued liability from increasing	6,093,189	6,596,618
Percentage of payroll	12.00%	12.29%
Administrative expense	244,555	263,877
Percentage of payroll48%	.49%
Employer contribution to meet normal cost and administrative expense and amortize unfunded accrued liability by December 31, 1997	7,488,319	8,083,169
Percentage of payroll	14.74%	15.06%
Employer contribution to meet normal cost and administrative expense and prevent unfunded accrued liability from increasing	6,337,744	6,860,495
Percentage of payroll	12.48%	12.78%

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
COMPARISON OF CONTRIBUTIONS WITH TOTAL INCOME
FROM GOVERNMENTAL UNITS**

Employer contribution to meet normal cost and administrative expense and prevent unfunded accrued liability from increasing	\$6,860,495
Percentage of payroll	<u>12.78%</u>
Contributions to Fund other than employee contributions:	
City contributions — approximately 6½% of payroll..	\$3,655,947
Required tax revenue, net of \$546,431 applied to certain retirement benefit increases under Section 8, 9, and 14 granted after retirement	<u>\$5,036,998</u>
Total contribution	<u>\$8,692,945</u>
Percentage of payroll	<u>16.20%</u>

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
SUMMARY OF ACTUARIAL ASSUMPTIONS**

December 31, 1974

Interest	5%	
Turnover	2/3 of the 1970 experience, graduated for smoothness:	
	<i>Attained</i>	<i>Turnover</i>
	<u>Age</u>	<u>Rate</u>
	20	.200
	30	.133
	40	.028
	50	.017
	60	.002
Retirement Age	64 or attained age plus one, if later	
Salary Scale—Annual Increase	3½%	
Mortality	A modification of the 1951 Group Annuity Table projected for mortality improvement to 1970 with a 5 year age setback for females	
Valuation Assets	Cost plus a net write-down of \$1,754,588	

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
SUMMARY OF ANNUITIES IN FORCE ON DECEMBER 31, 1974**

<i>Option</i>	<i>Annuity Plan</i>	<i>Annuity Reserve Fund</i>			<i>Contingent Reserve Fund</i>		<i>Total</i>	
		<i>Number of Annuitants</i>	<i>Annual Amount</i>	<i>Reserve</i>	<i>Annual Amount</i>	<i>Reserve</i>	<i>Annual Amount</i>	<i>Reserve</i>
1	Life	1,216	\$1,314,239	\$10,822,067	\$2,938,898	\$24,200,280	\$4,253,137	\$35,022,347
2	Life, 15 year guarantee	454	538,554	5,867,583	1,022,265	11,137,648	1,560,819	17,005,231
3	Survivorship (50%)...	69	116,145	1,126,943	255,776	2,481,768	371,921	3,608,711
4	Annuities Certain	75	86,693	717,537	185,785	1,537,696	272,478	2,255,233
5	Life, 3 year guarantee	126	193,003	2,252,045	317,152	3,700,671	510,155	5,952,716
6	Survivorship (75%)...	22	43,617	532,213	99,213	1,210,593	142,830	1,742,806
7	Survivorship (100%)..	24	35,376	488,378	70,247	969,785	105,623	1,458,163
8	Death Benefit	14	15,311	230,485	58,798	885,120	74,109	1,115,605
9	Disability	40	33,579	441,655	152,125	2,000,858	185,704	2,442,513
Totals		2,040	\$2,376,517	\$22,478,906	\$5,100,259	\$48,124,419	\$7,476,776	\$70,603,325
less Section 8, 9 and 14 increases					546,431	5,159,691	546,431	5,159,691
plus future Section 14 "1½%" increases						4,942,233		4,942,233
less Section 15 increases					206,571*	1,950,558	206,571*	1,950,558
Grand Total		<u>2,040</u>	<u>\$2,376,517</u>	<u>\$22,478,906</u>	<u>\$4,347,257</u>	<u>\$45,956,403</u>	<u>\$6,723,774</u>	<u>\$68,435,309</u>

*Approximate figure

The Board of Trustees
Minneapolis Teachers' Retirement Fund Association:

We have examined the balance sheets of Minneapolis Teachers' Retirement Fund Association as of December 31, 1974 and 1973, and the related statements of revenues and expenditures and changes in reserves for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As more fully explained in note 2 to the financial statements, pursuant to the Association's Articles of Incorporation, unrealized appreciation on investments in common stocks has been included in the accompanying financial statements.

In our opinion, the aforementioned financial statements present fairly the financial position of Minneapolis Teachers' Retirement Fund Association at December 31, 1974 and 1973, and the transactions of the Association for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis. Supplementary data included in Schedules 1 through 4 have been subjected to the same auditing procedures and, in our opinion, are stated fairly in all material respects when considered in conjunction with the financial statements taken as a whole.

PEAT, MARWICK, MITCHELL & CO.

Minneapolis, Minnesota
March 7, 1975

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
Balance Sheets
December 31, 1974 and 1973

Assets	<u>1974</u>	<u>1973</u>
Cash and savings accounts	\$ 1,025,505	781,664
Accounts receivable	150,769	40,223
Municipality contributions receivable (note 1)...	4,859,046	4,681,254
Accrued interest receivable	748,638	621,581
Accrued dividends receivable	201,061	217,843
Investments (notes 2 and 5):		
Common stocks	46,650,127	47,659,726
Unrealized appreciation on common stocks...	1,911,326	1,680,640
Total common stocks	<u>48,561,453</u>	<u>49,340,366</u>
Bonds	35,522,546	32,719,811
Commercial paper and certificates of deposit .	7,268,160	3,671,875
Real estate mortgages	577,221	611,573
Total investments	<u>91,929,380</u>	<u>86,343,625</u>
Investment in and advance to		
MRT Properties, Inc., wholly-owned		
subsidiary, at cost, underlying		
equity \$1,566,706 in 1974 and		
\$1,449,811 in 1973	2,042,114	2,042,114
Deposit	425	425
	<u>\$ 100,956,938</u>	<u>94,728,729</u>
Liabilities and Reserves		
Claims payable	\$ 36,792	13,955
Accounts payable	9,085	188,988
Deferred credits (note 3)	6,071,674	6,308,012
Reserves:		
Investment and other losses	217,697	3,584,656
Annuity reserve fund	27,544,616	25,252,017
Retirement deposit fund	60,085,257	54,071,873
Future funding	6,991,817	5,046,286
Unrealized appreciation on common stocks		
(note 2)	—	262,942
Unfunded accrued liability	70,020,557	74,306,812
Total reserves	<u>164,859,944</u>	<u>162,524,586</u>
Actuarial deficiency	(70,020,557)	(74,306,812)
	<u>94,839,387</u>	<u>88,217,774</u>
	<u>\$ 100,956,938</u>	<u>94,728,729</u>

See accompanying notes to financial statements.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
Statements of Revenues and Expenditures
Years ended December 31, 1974 and 1973

Revenues	<u>1974</u>	<u>1973</u>
Revenue from governmental units (note 4):		
City property tax	\$ 4,566,293	3,298,135
State sales tax	4,673,084	4,333,671
Federal projects	—	574,902
Total revenue from governmental units	<u>9,239,377</u>	<u>8,206,708</u>
Contributions by members:		
Required deposits	3,608,244	3,410,925
Voluntary	24,110	15,088
Total contributions by members	<u>3,632,354</u>	<u>3,426,013</u>
Investment income:		
Interest	2,714,821	2,403,870
Dividends	2,034,164	1,844,513
Gain on sale of investments, net	318,417	259,909
Total investment income	<u>5,067,402</u>	<u>4,508,292</u>
Total revenues	<u>17,939,133</u>	<u>16,141,013</u>

Expenditures		
Retirement, beneficiary and disability annuities	7,331,931	6,992,102
Withdrawals	438,250	419,340
Death benefits	27,790	68,856
Administrative expenses	263,877	244,554
Provision for losses on investments (note 5)	3,665,914	—
Total expenditures	<u>11,727,762</u>	<u>7,724,852</u>
Revenues in excess of expenditures	<u>\$ 6,211,371</u>	<u>8,416,161</u>

Distributions of Excess Revenues (in accordance with the Articles of Incorporation)		
Reserve for investment and other losses	\$ (3,366,959)	252,175
Annuity reserve fund	(1,161,450)	(1,101,133)
Retirement deposit fund	9,107,909	8,450,262
Reserve for future funding	1,811,427	1,125,133
Increase in municipality contributions	(179,556)	(310,276)
Total distributions	<u>\$ 6,211,371</u>	<u>8,416,161</u>

See accompanying notes to financial statements.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
Statements of Changes in Reserves
Years ended December 31, 1974 and 1973

	<u>1974</u>	<u>1973</u>
Reserve for investment and other losses:		
Balance at beginning of year.....	\$ 3,584,656	3,332,180
Distribution of net revenues (expenditures) ...	(3,366,959)	252,175
Other.....	—	301
Balance at end of year.....	<u>\$ 217,697</u>	<u>3,584,656</u>
Annuity reserve fund:		
Balance at beginning of year.....	\$ 25,252,017	23,701,276
Annuity payments in excess of revenues.....	(1,161,450)	(1,101,133)
Transfers to reserve for purchase of annuities:		
Retirement deposit fund.....	2,690,049	2,406,850
Reserve for future funding.....	270,372	245,024
Reserve for unrealized appreciation.....	493,628	—
Balance at end of year (required reserve \$22,478,906 in 1974 and \$21,362,698 in 1973).....	<u>\$ 27,544,616</u>	<u>25,252,017</u>
Retirement deposit fund:		
Balance at beginning of year.....	\$ 54,071,873	48,416,701
Revenues in excess of expenditures.....	9,107,909	8,450,262
Transfer to annuity reserve fund for purchase of annuities.....	(2,690,049)	(2,406,850)
Transfer to reserve for future funding for cancelled city deposits.....	(404,476)	(388,240)
Balance at end of year.....	<u>\$ 60,085,257</u>	<u>54,071,873</u>
Reserve for future funding:		
Balance at beginning of year.....	\$ 5,046,286	3,777,937
Revenues in excess of expenditures.....	1,811,427	1,125,133
Transfers as authorized by Board of Trustees:		
Increase in annuities to annuity reserve fund.....	(270,372)	(245,024)
Cancelled city deposits from retirement deposit fund.....	404,476	388,240
Balance at end of year.....	<u>\$ 6,991,817</u>	<u>5,046,286</u>
Reserve for unrealized appreciation on common stocks (note 2):		
Balance at beginning of year.....	\$ 262,942	262,942
Unrealized appreciation recognized.....	230,686	—
Transfer to annuity reserve fund for funding of increased annuities.....	(493,628)	—
Balance at end of year.....	<u>\$ —</u>	<u>262,942</u>
Reserve for unfunded accrued liability:		
Balance at beginning of year.....	\$ 74,306,812	68,591,961
Increase (decrease) in actuarially computed prospective pension benefits and administrative expenses over Association's assets.....	(4,286,255)	5,714,851
Balance at end of year.....	<u>\$ 70,020,557</u>	<u>74,306,812</u>

See accompanying notes to financial statements.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

Notes to Financial Statements

December 31, 1974 and 1973

(1) Municipality Contributions

Municipality contributions receivable represent 1974 and 1973 tax levies due in 1975 and 1974 from the City of Minneapolis.

(2) Unrealized Appreciation of Common Stock

Article IX of the Articles of Incorporation, subsection (15), provides that certain qualified members shall be entitled to increases in their annuities and that the Board of Trustees may increase the carrying value of common stocks as determined in accordance with a prescribed formula. The increase in the carrying value of common stocks is limited to either 5% of the carrying value at December 31 of the preceding year or an amount by which appreciated value exceeds 115% of the carrying value at December 31 of the preceding year, whichever is less. Such increase in the carrying value of common stocks may then be applied to fund annuity increases. Such increases were provided in 1974 and 1972, and amounted to \$230,686 and \$1,680,640, respectively. The increases were credited to the reserve for unrealized appreciation. Transfers from this reserve for funding of increased annuities are made based upon estimated costs as determined by the Association's actuary.

(3) Deferred Credits

In accordance with Article V, Section 12, of the Articles of Incorporation, differences between tax collections and actual requirements in any one year are to be added to or deducted from estimated tax requirements certified to the Board of Education on or before September 15 in the year immediately following. Net amounts arising under the foregoing provisions are included as deferred credits until credited to the tax revenue account and are summarized as follows at December 31, 1974 and 1973:

	<u>1974</u>	<u>1973</u>
Excess of 1973 and 1972 tax collections over tax requirements, to be deducted from 1975 and 1974 estimated tax requirements (note 4).....	\$ 1,089,041	545,887
Excess of 1974 and 1973 tax collections over tax requirements, to be deducted from 1976 and 1975 estimated tax requirements (note 4).....	180,447	1,089,041
State sales taxes received in 1974 and 1973 deducted from 1975 and 1974 certification.....	<u>4,802,186</u>	<u>4,673,084</u>
Total deferred credits	<u>\$ 6,071,674</u>	<u>6,308,012</u>

(4) Revenue from Governmental Units

Revenue from governmental units for the years ended December 31, 1974 and 1973 is summarized as follows:

	<u>1974</u>	<u>1973</u>
Payments received:		
City property tax	\$ 4,200,853	3,664,022
State sales tax	4,673,084	4,333,671
Federal project revenue.....	—	574,902
Total.....	<u>8,873,937</u>	<u>8,572,595</u>
Add:		
1972 revenue applicable to 1974	545,887	—
1971 revenue applicable to 1973	—	<u>723,154</u>
	<u>9,419,824</u>	<u>9,295,749</u>
Current year's excess revenue deferred until 1976 or 1975 and 1975 or 1974, respectively (note 3)	<u>(180,447)</u>	<u>(1,089,041)</u>
	<u>\$ 9,239,377</u>	<u>8,206,708</u>

(5) **Investments**

The carrying value, approximate market value (based on quoted market prices or prices obtained from other reliable sources) and unrealized appreciation (depreciation) of investments at December 31, 1974 and 1973 are summarized as follows:

<i>Description</i>	<i>Carrying value</i>	<i>Approximate market value</i>	<i>Unrealized appreciation (depreciation)</i>
December 31, 1974:			
Common stocks, principally at cost	\$46,650,127	40,634,990	(6,015,137)
Unrealized appreciation on common stocks (note 2)	1,911,326	—	(1,911,326)
Bonds, at cost	35,522,546	26,612,572	(8,909,974)
Commercial paper and certificates of deposit, at cost	7,268,160	7,268,160	—
Real estate mortgages, at cost	577,221	577,221	—
	<u>\$91,929,380</u>	<u>75,092,943</u>	<u>(16,836,437)</u>
December 31, 1973:			
Common stocks, at cost.	\$47,659,726	61,774,861	14,115,135
Unrealized appreciation on common stocks (note 2)	1,680,640	—	(1,680,640)
Bonds, at cost	32,719,811	27,870,968	(4,848,843)
Commercial paper and certificates of deposit, at cost	3,671,875	3,671,875	—
Real estate mortgages, at cost	611,573	611,573	—
	<u>\$86,343,625</u>	<u>93,929,277</u>	<u>7,585,652</u>

The Association believes the unrealized depreciation of bonds is primarily a function of the rise in interest rates on new debt securities and does not reflect unfavorably on the ability of the underlying issuers to meet principal payments upon maturity. It is the Association's normal practice to hold bonds until maturity at which time the carrying values are expected to be recovered.

The Association believes the unrealized depreciation of common stocks is due primarily to the generally depressed equity securities market resulting from current economic conditions, and does not expect to suffer any significant loss from the liquidation of its common stock investments in the ordinary course of business. As of March 1, 1975, due to a general recovery of the equity securities market, the aggregate market value of common stock investments held at December 31, 1974 approximated \$49,700,000.

Provision for losses on individual investment securities, with an apparent permanent decline in underlying value and earnings power of the individual issuers, amounted to \$3,665,914 in 1974. The provision for losses is shown separately in the accompanying statements of revenues and expenditures.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

Tax Revenue

Years ended December 31, 1974 and 1973

	<u>1974</u>	<u>1973</u>
Tax revenue collected:		
City real estate and personal property taxes	\$ 4,200,853	3,664,022
State sales tax	<u>4,673,084</u>	<u>4,333,671</u>
	8,873,937	7,997,693
Add:		
Federal project revenue	—	574,902
Tax revenue over actual requirements for 1972 and 1971	<u>545,887</u>	<u>723,154</u>
	9,419,824	9,295,749
Deduct excess of tax revenue over actual requirements for 1974 and 1973	<u>(180,447)</u>	<u>(1,089,041)</u>
Total revenue	<u>\$ 9,239,377</u>	<u>8,206,708</u>
Applied as follows:		
Credited to funds:		
Contingent fund:		
For general annuities	\$ 157,760	129,040
For expenses of management	<u>244,415</u>	<u>236,820</u>
	402,175	365,860
Retirement deposit fund, for stipulated deposits	3,655,947	3,469,950
Reserve for future funding, to reduce unfunded accrued liability	500,000	—
Amounts applied in liquidation of obligations of the City of Minneapolis:		
For additional city deposits for 1973 and 1972, in respect of retiring members entitled to annuities payable under the Articles of Incorporation	43,432	37,954
For payments made to annuitants in 1973 and 1972	<u>4,637,823</u>	<u>4,332,944</u>
Total	<u>\$ 9,239,377</u>	<u>8,206,708</u>

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
Administrative Expenses
Years ended December 31, 1974 and 1973

	<u>1974</u>	<u>1973</u>	<i>Increase (decrease)</i>
Personal service:			
Staff payroll.....	\$ 81,662	105,081	(23,419)
Expert.....	<u>105,407</u>	<u>70,265</u>	<u>35,142</u>
	187,069	175,346	11,723
Other expenses:			
Postage and mailing.....	5,322	5,618	(296)
Telephone, telegraph and electricity .	2,681	2,646	35
Printing, binding and address plates .	6,271	5,022	1,249
Office supplies.....	1,211	1,018	193
Office rent.....	19,562	18,411	1,151
Employees' hospitalization insurance	1,408	2,346	(938)
Other insurance.....	862	760	102
Office equipment purchased.....	1,194	3,609	(2,415)
Collection and exchange.....	200	400	(200)
Investment and travel (note).....	23,546	16,340	7,206
Social security taxes.....	4,391	4,303	88
Data processing.....	6,436	6,852	(416)
Miscellaneous.....	<u>3,724</u>	<u>1,883</u>	<u>1,841</u>
Total.....	<u>\$263,877</u>	<u>244,554</u>	<u>19,323</u>

Note—Amounts include \$19,462 and \$7,734 in 1974 and 1973, respectively, which were charged to the reserve for investment and other losses in accordance with the Board of Directors' approval.

Schedule 3

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
Annuity Reserve Fund
Years ended December 31, 1974 and 1973

	<u>1974</u>	<u>1973</u>
Balance at beginning of year.....	\$ 25,252,017	23,701,276
Add (deduct):		
Transfer from income account — interest		
earned at 4-1/2%	1,151,911	1,080,755
Additional city deposits.....	13,783	43,431
Annuity payments.....	<u>(2,327,144)</u>	<u>(2,225,319)</u>
Annuity payments in excess		
of revenues.....	<u>(1,161,450)</u>	<u>(1,101,133)</u>
Members' accumulations transferred from		
retirement deposit fund and reserve		
for future funding for purchase		
of annuities	2,960,421	2,651,874
Unrealized appreciation per Article IX,		
subsection (15).....	493,628	—
Balance at end of year.....	<u>\$ 27,544,616</u>	<u>25,252,017</u>

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
Retirement Deposit Fund
Years ended December 31, 1974 and 1973

	<u>1974</u>	<u>1973</u>
Balance at beginning of year	\$54,071,873	48,416,701
Add:		
Members' deposits:		
Required	3,608,244	3,410,925
Voluntary, etc.	24,110	15,088
	<u>3,632,354</u>	<u>3,426,013</u>
Tax revenue credited to members, stipulated city deposits	3,655,947	3,473,284
Interest credited to members	2,285,648	2,042,495
	<u>9,573,949</u>	<u>8,941,792</u>
Deduct:		
Death benefits	27,790	68,856
Withdrawals, members' deposits	438,250	419,340
Transfer to annuity reserve fund for purchase of annuities	2,690,049	2,406,850
Cancellation of members' city deposits in accordance with the Articles of Incorporation	404,476	388,240
Adjustment of deposits received	—	3,334
	<u>3,560,565</u>	<u>3,286,620</u>
Balance at end of year	<u>\$60,085,257</u>	<u>54,071,873</u>

Membership

ACTIVE MEMBERS — teachers employed by the Board of Education

INACTIVE MEMBERS — teachers who have left the employ of the Board of Education, but retain membership because they are entitled to a present or future benefit

ANNUITANTS — members who have applied for an annuity

	Women	Men	Total
ACTIVE MEMBERS:			
January 1, 1974	2545	1608	4153
December 31, 1974	2467	1594	4061
INACTIVE MEMBERS:			
January 1, 1974	148	61	209
December 31, 1974	147	64	211
ANNUITANTS:			
January 1, 1974	1602	260	1862
December 31, 1974	1631	265	1896
TOTAL MEMBERSHIP:	4244	1924	6168

Annuities paid to Beneficiaries in Accordance with Article IX, Section 2, Subsections (b) and (c):

January 1, 1974	152
December 31, 1974	144

DECEASED

<i>Name</i>	<i>Status</i>	<i>Date of Death</i>
William E. Bevans	Active	2-6-74
Mary P. Ostrum	Inactive	3-14-74
Orville B. Aftreth	Inactive	6-16-74
Kathleen S. Helland	Active	10-26-74
Clara L. Bacon	Inactive	12-24-74
Amy G. Wagner	Active	12-29-74

ANNUITANTS

In the calendar year 1974, the following new annuities were granted: 58 Formula Annuities and 50 other Annuities. In addition to these 108, 2 other annuities were granted to individuals who had previously retired and were already among our annuitants. Annuities paid amounted to \$7,332,397.85 and annuities in force at the close of the year totaled \$7,476,776.18.

NAME	Date Effective	NAME	Date Effective
Alice L. Skjervold	10-1-73	Blanche Olson Jerome	7-1-74
Karin J. Blomberg	11-1-73	Astrid A. J. Johanson	7-1-74
Audrey O. Marsh	11-1-73	Lois E. Johnson	7-1-74
Ardis A. Berscheid	12-1-73	Muriel V. Johnson	7-1-74
		Esther E. Kipp	7-1-74
Miriam Cohen	1-1-74	Elizabeth T. Lang	7-1-74
Jean M. Deutsche	1-1-74	Frederick Teach	7-1-74
Georgia Foote	1-1-74	Ada May Ludolph	7-1-74
Kezia R. Johanson	1-1-74	Marth L. Lund	7-1-74
Marion K. Johnson	1-1-74	Jeanne R. Markusen	7-1-74
Blaine G. Lindskog	1-1-74	Barbara R. Mueller	7-1-74
Huldah M. Lunder	1-1-74	Joseph E. Mullery	7-1-74
David E. Price	1-1-74	Fred E. Murphy	7-1-74
Adele G. Stead	1-1-74	Alice D. J. Nyberg	7-1-74
Norman Terwilliger	1-1-74	Hedwig E. Olson	7-1-74
Marion Elaine Asper	2-1-74	Nona Linn Osburn	7-1-74
Martha Fischer	2-1-74	Evelyn O. Parks	7-1-74
Martha Hesby	2-1-74	Almond J. Pihlstrom	7-1-74
Jean Ann Olson	2-1-74	Eva H. Schave	7-1-74
Arnold F. Bauer	3-1-74	Bessie L. Shelsø	7-1-74
Lois O. Blade	3-1-74	Evelyn M. Silverman	7-1-74
Sylvia M. Bunsness	3-1-74	Shirley A. Simon	7-1-74
Evelyn M. Jones	3-1-74	Mildred R. Simonson	7-1-74
John B. Peyla	3-1-74	Sylvia J. Soderling	7-1-74
Una M. Treglawny	3-1-74	Cecille K. Stinson	7-1-74
Helen H. Jackola	4-1-74	Martha Stroessenreuther ..	7-1-74
Madeline B. Monson	4-1-74	Marie C. Sundheim	7-1-74
Edna A. Anderson	5-1-74	Helen Marie Ulvestad	7-1-74
Mary Jackson Ellis	5-1-74	June W. Wade	7-1-74
C. Dale Davidson	6-1-74	Herbert V. Warner	7-1-74
Lillian F. Andersen	7-1-74	Dorothy A. Wieland	7-1-74
Ronald W. Apelquist	7-1-74	Marguerite A. Williams	7-1-74
Eva Bavolak	7-1-74	Bertha M. Wobschall	7-1-74
Hildur Becker	7-1-74	Lucille V. Albright	8-1-74
Viola S. Berg	7-1-74	Janice H. Anderson	8-1-74
Alice H. Brown	7-1-74	Vivian J. Anderson	8-1-74
John A. Conover	7-1-74	Louis W. Claeson	8-1-74
Lucile C. Daley	7-1-74	C. Wayne Courtney	8-1-74
Florence DeMont	7-1-74	O. B. Dahle	8-1-74
Ruth M. Egeland	7-1-74	Freda M. Jordan	8-1-74
Lillian E. Erickson	7-1-74	Marjorie C. Owens	8-1-74
Adeline G. Feikema	7-1-74	Franz E. Sjowall	8-1-74
Isabel K. Fritz	7-1-74	Ethel L. Wennerblom	8-1-74
Martha E. Gerritz	7-1-74	Almyra H. Baker	9-1-74
Alice Gudmestad	7-1-74	Alice Steenhoven Hibbs	9-1-74
Bessie A. Gullickson	7-1-74	Elizabeth H. Jenstad	9-1-74
Bella S. Haskell	7-1-74	E. Dudley Parsons	9-1-74
Priscilla Hawn	7-1-74	Donald W. Kassera	10-1-74
Lillian M. Howe	7-1-74	Reuben J. Schafer	10-1-74
Orpha K. Ingebrigtsen	7-1-74	Eva Stierna	10-1-74
Frank T. Janes	7-1-74	John M. Balbot	11-1-74

Irma O. Denzer	11-1-74
Daphne R. Ekstrom	11-1-74
Vera Helen Grimm	11-1-74
Thelma McNelly	11-1-74
Catherine Platzer	11-1-74
Lillian P. Johnston	12-1-74

The following death benefit annuity was granted:

William E. Bevans

3-1-74

DECEASED

Name	Date
Delmar E. Walmer	11-22-73
Ida C. Carlson	12-21-73
Jefferson S. Benner	1-6-74
Irene W. Torrison	1-9-74
Lucinda R. Bentz	1-16-74
Mary E. Bednorz	1-18-74
Mattie B. Buezis	1-20-74
*Lewis G. Klefsaas	1-31-74
Dorothy E. Boner	2-2-74
Keturah A. Olson Gillott	2-4-74
Laura H. Nixon	2-4-74
*Flora K. Kenney	2-27-74
Margaret A. Cleary	3-8-74
Pauline L. Tanem	3-9-74
Lydia A. Wegner	3-14-74
Arthur C. Slifer	3-17-74
Alice R. Skaaden	3-18-74
Laurel L. Buckle	3-19-74
Dean M. Kean	3-21-74
Mary W. Riley	3-22-74
Jessie R. Levings	3-25-74
Anthony E. Buresh	4-1-74
Anna B. Deiss	4-5-74
Roy T. Tenney	4-7-74
*Harry P. Cooper	4-15-74
Mabel N. Pascoe	4-19-74
Edith May Penney	4-20-74
Deborah L. Roberts	5-2-74
Mons B. Weum	5-4-74
Edna Louise Sorenson	5-10-74
*LeRoy W. Druckenbrod ..	5-17-74
Gertrude B. Becker	6-2-74
Rita A. Fisher	6-3-74
*George F. Genaust	6-11-74
Norma I. Verbeck	6-11-74
Donald A. Vagle	6-13-74
Olive H. Rennie	6-17-74
Dorothy Engels	6-30-74
John Rusinko	6-30-74

Name	Date
Mabel R. Sandberg	6-30-74
Elizabeth K. Lambert	7-10-74
Agnes Redlinger	7-14-74
Herbert B. Bruner	8-2-74
*George E. Kaercher	8-6-74
Mabel M. Stevens	8-11-74
Ruth H. Hill	8-19-74
Melvilene O'Gordon	8-29-74
Frances P. Williams	8-31-74
Frances M. Brossard	9-3-74
*Ellen L. Swanson	9-5-74
Esther G. Wall	9-7-74
Lucile G. Mo	9-13-74
Ida F. Eggan	9-15-74
Calla Kendall	9-22-74
Minnie C. Koehsel	9-24-74
Prudence Cutright	10-2-74
Helen E. Blaisdell	10-3-74
Malvina W. Galchutt	10-3-74
*Clara E. Lindmeyer	10-7-74
*Paul A. Samuelson	10-9-74
Marcella M. McNamee ..	10-10-74
*Esther V. Lennon	10-14-74
Katherine O'Connell	10-15-74
Gertrude S. Sandven	10-24-74
Hester S. Duffalo	11-1-74
Marian J. Davis	11-7-74
Harry V. Johnsen	11-18-74
*Elsie F. Norman	11-18-74
Mae C. Woost	11-19-74
Hazel L. Wolander	11-20-74
Marie P. Travis	11-28-74
Clara W. Nelson	12-2-74
Mabel M. Carlson	12-6-74

* Annuity continued to beneficiary according to Article IX, Section (2), Subsections (b) and (c).

**RANGE OF CURRENT ANNUITIES IN FORCE AT DECEMBER 31, 1974
AND GRANTED DURING LAST 4 YEARS**

<u>Amount</u>		<u>In Force At Dec. 31, 1974</u>		<u>Total Number of Annuities Granted During Last 4 Years</u>				
<i>From</i>	<i>To</i>	<i>No.</i>	<i>%</i>	<i>Total</i>	<i>1974</i>	<i>1973</i>	<i>1972</i>	<i>1971</i>
\$ 5	100	15	.7	5	1	4		
100	200	22	1.1	4	1	2		1
200	300	27	1.3	12	5	1	2	4
300	400	23	1.1	6		2	4	
400	500	<u>28</u>	<u>1.4</u>	<u>10</u>	<u>2</u>	<u>6</u>	<u>1</u>	<u>1</u>
Sub-Total		115	5.6	37	9	15	7	6
500	600	28	1.4	10	2	4	3	1
600	700	28	1.4	6		2	3	1
700	800	41	2.0	8	2	4	2	
800	900	38	1.9	10	1	5	3	1
900	1,000	25	1.2	9	1	2	2	4
1,000	2,000	230	11.3	40	14	7	13	6
2,000	3,000	290	14.2	51	13	13	10	15
3,000	4,000	403	19.8	52	5	19	11	17
4,000	5,000	327	16.0	36	12	7	10	7
5,000 and up		<u>515</u>	<u>25.2</u>	<u>170</u>	<u>49</u>	<u>43</u>	<u>35</u>	<u>43</u>
Sub-Total		<u>1,925</u>	<u>94.4</u>	<u>392</u>	<u>99</u>	<u>106</u>	<u>92</u>	<u>95</u>
Total		2,040	100.0	429	108	121	99	101

Statement Showing Mean Ledger Assets, as Adjusted, and Amount and Rate of Interest Earned for the Years 1924 to 1974 Inclusive

<i>Year ended December 31</i>	<i>Mean Ledger Assets, as adjusted</i>	<i>Interest Earned</i>	
		<i>Amount</i>	<i>Rate</i>
1924	\$ 587,050.08	\$ 22,420.03	3.819%
1925	1,006,594.73	43,241.84	4.296
1926	1,448,643.89	64,792.71	4.473
1927	1,897,742.32	86,296.42	4.547
1928	2,364,529.38	106,684.96	4.512
1929	2,895,964.01	129,892.32	4.485
1930	3,513,913.19	156,459.89	4.453
1931	4,173,207.88	182,277.63	4.368
1932	4,810,177.70	207,277.66	4.309
1933	5,395,507.11	227,254.57	4.212
1934	6,036,087.19	256,574.71	4.251
1935	6,741,092.30	275,790.07	4.091
1936	7,452,624.01	283,542.42	3.805
1937	8,154,626.79	301,951.16	3.703
1938	8,836,807.22	318,229.50	3.601
1939	9,524,180.18	329,502.33	3.460
1940	10,196,598.63	333,087.48	3.267
1941	10,817,852.83	325,629.10	3.010
1942	11,303,712.07	344,634.06	3.049
1943	11,752,470.13	349,777.19	2.976
1944	12,240,130.42	354,096.35	2.892
1945	12,714,006.41	379,850.01	2.987
1946	13,384,728.20	391,046.39	2.921
1947	14,536,784.39	373,731.25	2.571
1948	15,695,815.67	415,271.39	2.646
1949	16,547,387.66	472,841.11	2.858
1950	17,550,340.60	520,238.90	2.964
1951	18,559,601.68	566,824.11	3.054
1952	19,457,766.21	607,935.49	3.124
1953	20,370,891.76	658,579.25	3.233
1954	21,429,372.66	703,029.44	3.281
1955	22,627,156.81	751,597.06	3.321
1956	23,958,498.11	810,268.45	3.381
1957	25,230,130.36	912,070.82	3.615
1958	26,560,860.62	991,336.08	3.732
1959	27,846,792.94	1,126,328.62	4.045
1960	29,080,638.95	1,142,686.48	3.929
1961	30,437,359.43	1,164,795.25	3.826
1962	31,899,302.87	1,247,245.82	3.909
1963	33,647,847.97	1,349,232.98	4.009
1964	35,391,079.71	1,517,775.56	4.288
1965	37,449,239.33	1,611,580.12	4.303
1966	39,281,614.43	1,756,422.58	4.471
1967	42,365,970.56	1,884,841.39	4.448
1968	46,162,651.99	2,111,541.20	4.575
1969	50,987,871.61	2,291,990.27	4.495
1970	57,281,444.00	2,680,399.00	4.679
1971	63,956,260.00	3,082,911.00	4.820
1972	73,156,501.00	3,507,766.00	4.794
1973	82,860,227.00	4,248,383.00	5.127
1974	89,803,630.00	4,748,985.00	5.288

Notes:

- (1) The mean ledger assets, as adjusted, have been computed in accordance with the formula approved by State Insurance Commissioners and represent the average of the net ledger assets at the beginning and end of each year, less one-half of the interest earned. The non-ledger assets excluded from the computation include "Interest due and accrued on investment," and "Taxes due and accrued."
- (2) For the years 1941 to 1945, inclusive, amounts aggregating \$197,284.21 representing the net premiums realized from the sale of securities (principally tax exempt) have been applied against purchases in determining costs for the reason that, in effect, the transactions amount to an exchange. In view of the change in investment policy, profits or losses on security sold or called have been credited to income account, but have been excluded from the interest earned in the above tabulation.



