



0003-77

67TH
ANNUAL REPORT
of the
BOARD OF TRUSTEES

Teachers' Retirement Fund Association

City of St. Paul, Minnesota

Year Ended December 31, 1976

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STATE OF MINNESOTA

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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, 1976 in accordance with the provisions of Minnesota Statutes 356.20.

The total membership decreased from 4019 to 3760. There was a drop of 210 regular members and 106 substitutes currently working, but the retired and inactive membership increased by 47. The new mandatory age 65 retirement law went into effect in 1976 causing an unusually large number of retirees. The complete statistics on membership are included in this report.

Our investment portfolio increased by \$7,285,841 to \$53,901,771. This figure is based on bonds at par, stock at cost, and short term at face value. You are encouraged to read the letter from our Investment Counsel included in this report. After a 6 month review of investment counsel firms and interviews with representatives of 5 firms, the Investment Committee recommended that we change to Capital Supervisors of Chicago, Illinois. The change was made in January of 1976 and has worked out very well.

The comments from our Actuary and the data from the Actuarial Valuation are included in this report. The Actuary again stresses the need for additional funding from the State. The Board of Trustees has supported and worked for a bill introduced in the 1977 session to do this, but the prospects for passage are not good.

During the 1976 session a law was passed providing for increases for our pre-1970 retirees and we received \$942,137.00 from the State to pay for these increases.

The books of the Association were audited for 1976 by an independent certified public accounting firm, and 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,

Frank L. Kernik
President

Lyle T. Farmer
Secretary-Treasurer

Exhibit 1

Teachers' Retirement Fund Association St. Paul, Minnesota

FINANCIAL REPORT December 31, 1976

A. Assets

Deposits in banks	\$ 12,866.55
Employer contributions receivable	784,995.96
Accrued interest on investments	592,782.21
Dividends on stocks declared, but not yet received	50,045.00
Investment in bonds at amortized cost	29,746,275.76
Investment in preferred and common stocks at cost	19,180,814.73
Short term investments	2,261,390.56
Equipment at cost, less depreciation	3,670.73
Deferred Yield Adjustment Account	<u>1,854,243.65</u>
Total Assets	\$ <u>54,487,085.15</u>

B. Unfunded Accrued Liability \$ 81,485,795.72

C. Accumulated Members' Contributions

(without interest) \$ 23,060,877.68

D. Current Liabilities

Accounts Payable \$ 6,667.87

E. Total Reserves Required as per

attached schedule \$ 190,895,551.00

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 provisions of Minnesota Statutes. The data with respect to assets and employee contributions are those submitted to us by the Association.

COMPENSATION & CAPITAL INCORPORATED
Davis H. Roenisch
Fellow, Society of Actuaries

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

**FINANCIAL REPORT
December 31, 1976**

Schedule of Total Reserves Required

1. For Active Members

a) Retirement	\$123,429,018
b) Disability	10,189,617
c) Refund	4,885,215
d) Survivorship	<u>8,532,609</u>

Total \$147,036,459

2. For Deferred Annuitants 112,308

3. For Members on Leave 585,426

**4. For Former Members Without
Vested Rights** 149,147

5. For Annuitants

a) Retirement	\$ 40,084,042
b) Disability	1,451,181
c) Survivorship	<u>1,476,988</u>

Total \$ 43,012,211

Total Required Reserves \$190,895,551

St. Paul Teachers' Retirement Fund Association
REPORT ON MEMBERSHIP
December 31, 1976

Active Members

Total Regular members (including 116 on leave) December 31, 1975	2,822
New Appointments 1976	92
Re-appointments	78
Total	170
Total	2,992
Resignations and terminations from active service . . .	373
Deaths in active service	7
Total regular members (including 87 on leave) Dec. 31, 1976	380
Total	2,612
Substitutes currently working	11
Total	313

Total active members 2,925

Inactive Members 11

Retired Members

Number of retired members December 31, 1975 778

Additions during 1976:

Service Pension	54	
Limited Pension	15	
Disability Benefit.	5	
Combined Service	3	77

 Total

Deaths during 1976

Old Plan	12	
New Plan	19	31

Number of retired members December 31, 1976 824

Total number of members December 31, 1976 3,760

Reversionary Beneficiaries December 31, 1976 12

Survivor Beneficiaries December 31, 1976 24

Child Beneficiaries December 31, 1976. 23

59

**Teachers' Retirement Fund Association
St. Paul, Minnesota
SOURCES AND USES OF FUNDS**

Cash Balance January 1, 1976	\$	18,975.44
Income from Employer Contribution:		
City of St. Paul	\$	58,386.85
State of Minnesota		5,525,194.80
Federal Programs		<u>301,971.61</u>
		5,885,553.26
Income from Members:		
Payroll Deductions	\$3,541,668.39	
Prior Service	137,257.50	
Return of Refunds.	<u>53,144.70</u>	3,732,070.59
Income from Investments:		
Interest	\$2,589,460.14	
Dividends	575,427.23	
Miscellaneous	<u>1,446.58</u>	3,166,333.95
Investments Sold		<u>27,525,937.09</u>
Total		<u><u>\$40,328,870.33</u></u>

USES

Pension Paid:		
Retirements	\$4,135,821.20	
Survivor	90,909.85	
Children	67,202.34	
Disability	<u>99,579.96</u>	\$ 4,393,513.35
Refunds of Dues.		472,129.23
Administrative Expenses:		
Salaries	\$ 60,967.70	
Office Expense	16,630.87	
Legal, and Actuarial Services	8,095.00	
Taxes, Insurance and Members Dues	6,059.89	
Delegate Expense	3,950.00	
Data Processing	3,624.00	
Investment Counsel Service	29,604.00	
Office Equipment	<u>1,490.00</u>	130,421.46
Refund — Dividend Received Not Earned		2,030.00
Investments Purchased		<u>35,317,909.74</u>
Sub-Total		\$40,316,003.78
Cash Balance December 31, 1976		<u>12,866.55</u>
Total		<u><u>\$40,328,870.33</u></u>

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

**STATEMENT OF INCOME AND DEDUCTIONS
For the Year Ended December 31, 1976**

INCOME

Income from Employer Contributions:		
City of St. Paul	27,674.55	
State of Minnesota	5,706,831.48	
Federal Programs	<u>328,299.22</u>	6,062,805.25
Income from members:		
Payroll deductions	3,541,668.39	
Payment for outside service	137,257.50	
Return of refunded dues	<u>53,144.70</u>	3,732,070.59
Interest on investments, plus accumulated		
discount, less amortized premiums, less		
deferred yield adjustment		2,460,756.91
Dividends on stock		592,624.34
Gains on sale of stock		316,440.70
Miscellaneous Income		<u>82.70</u>
Total Income		13,164,780.49

DEDUCTIONS FROM INCOME

Benefit expenditures:		
Old Plan Annuities	290,312.70	
New plan annuities	3,822,606.94	
Reversionary annuities	22,679.16	
Survivors benefit	90,909.85	
Childrens Benefit	67,202.34	
Disability Benefit	<u>99,579.96</u>	4,393,290.95
Contribution refunds:		
Resignation	471,882.83	
Death	<u>246.40</u>	472,129.23
Administration expenses		129,722.51
Loss on sale of stock		<u>522,765.48</u>
Deductions from income		5,517,908.17
Applied to total reserves required		7,646,872.32
Total deductions from income		13,164,780.49

Teachers' Retirement Fund Association
St. Paul, Minnesota
RECONCILIATION OF ASSET BALANCES
December 31, 1976

Asset Balance — December 31, 1976		\$46,833,544.96
Additions:		
Employer Contributions	\$6,062,805.25	
Member Contributions	3,723,503.10	
Investment Income	<u>3,053,463.95</u>	12,839,772.30
		<u>\$59,673,317.26</u>
Deductions:		
Benefit Payments	\$4,393,265.84	
Refunds	463,586.85	
Administrative Expenses	129,722.51	
Net Loss on Sale of Stock	<u>206,324.78</u>	\$ 5,192,899.98
Asset Balance, December 31, 1976		<u>\$54,480,417.28</u>

COMPENSATION & CAPITAL INCORPORATED

222 WISCONSIN AVENUE

LAKE FOREST, ILLINOIS 60045

TELEPHONE 312 234-9050

March 21, 1977

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, 1976, 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,
Davis H. Roenisch
Fellow Society of Actuaries
Enrolled Actuary No. 174

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 3 ½ % per year, and an assumed interest of 5% per year.

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

Exhibit 4 shows the present value of benefits for past and future service of active members, and current benefits being received by retirees (and beneficiaries).

Exhibit 5 also indicates an amount of Unfunded Accumulated Contribution Requirement of \$81,485,796. This amount represents an increase of \$6,421,542.

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

During 1975, the legislature transferred the financing of the Association program to the state on the basis that the St. Paul Teachers would receive the same support as given the Minnesota Teachers Retirement Association. At the same time the unfunded cost of living increases being paid for by the City of St. Paul out of a special levy were required to be added to the Association's obligation and funded out of the state's contribution.

The actuarially required contributions to the Minnesota Teachers Retirement Association have no relationship to the requirements of the St. Paul Teachers program, both because the group characteristics of age, sex distribution, turnover pattern, historical growth, salary levels, degree of maturity of the state teachers are substantially different from the St. Paul group also but the benefit structure is quite different, being coordinated with Social Security.

The state teachers levy of 11.4486% is well short of the actuarial requirement of 17.4848% (Exhibit 5). This short fall of roughly \$2.7 million in the current year is eroding the financial strength of the plan. For example, the assets available for active teachers after fully funding the retired lives dropped from \$11.0 to \$10.6 million even though the obligation for benefits earned to date by active teachers increased from \$37.6 to \$41.3 million.

Loss of this financing cannot be continued without impairing the security of the teachers, particularly in the fact of upward pressure on the rate requirement because of a declining group. We again call for a review of the financing arrangements, with particular emphasis on developing contributions that are reflective of the benefits and the employment experience of the St. Paul Teachers rather than determining them on the basis of the experience of an outside group.

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

**FINANCIAL BALANCE SHEET
December 31, 1976**

Present Value of Benefits Expected to be Paid by Retirement Fund

To Active Teachers for

Retirement	\$123,429,018
Disability	10,189,617
Survivorship	8,532,609
Refund	<u>4,885,215</u>

Total \$147,036,459

To Vested Teachers 112,308

To Teachers on Leave 585,426

To Former Teachers without

Vested Rights 149,147

To Teachers and Beneficiaries

Now Receiving Benefits for

Retirement	\$ 40,084,042
Disability	1,451,181
Survivorship	<u>1,476,988</u>

Total \$ 43,012,211

Total Value of Benefits \$190,895,551

Less Value of Expected Future Contributions* 54,929,338

Accumulated Contribution Requirement

Assuming Full Funding During

Prior Service Period \$135,966,213

Assets on Hand 54,480,417

Accumulated Contribution Requirement

to be Amortized by 1997 \$ 81,485,796

*As Determined by the Entry Age Normal Cost Method.

Teachers' Retirement Fund Association
St. Paul, Minnesota
ACTUARIAL REQUIREMENTS
December 31, 1976

TOTAL REQUIREMENTS

Expected Future Contributions on Behalf of	
Active Teachers	\$ 54,929,338
Accumulated Contribution Assuming Full	
Funding During Prior Service Period	<u>135,966,213</u>
Total — Value of All Benefits Payable	
to Present Members	\$190,895,551

AMORTIZATION RATE REQUIREMENT

Accumulated Contribution Requirement . . .	\$135,966,213	
Assets on Hand	<u>54,480,417</u>	
Amount to be Amortized	\$ 81,485,796	
Contribution Requirement for Amortization		
Period of 21 Years	\$ 6,355,575	
Current Payroll	\$ 44,783,565	
Amortization Rate Requirement		14.1918%

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

Expected Future Contributions on Behalf		
of Active Teachers	\$ 54,929,338	
Expected Future Payroll	499,210,100	
Total Entry age Normal Rate Requirement	11.0033%	
Teacher Contribution Rate	<u>8.0000</u>	
Employer Entry Age Normal Rate Requirement		3.0033%

ACTUARIAL BALANCE

Employer Statutory Contribution Rate*	11.4486%
Rate Requirements	
Amortization Rate Requirement	14.1918%
Entry Age Normal Rate Requirement	3.0033
Expenses Rate Requirement	<u>0.2897</u>
Total Rate Requirement	17.4848%
Deficit of Statutory Rate over Rate Requirement	(6.0362%)

*Rate established by Minnesota Teachers Retirement Association.



Capital Supervisors /

135 South La Salle Street, Chicago, Illinois 60603 / Phone (312) 236-8271

A. Lee Thurow

Senior Vice President

January 11, 1977

Mr. Lyle T. Farmer
Chairman, Investment Committee
Saint Paul Teachers' Retirement
Fund Association
555 Wabasha Street
Saint Paul, Minnesota 55102

Dear Lyle:

The year 1976 can only be described as a super year for the investment portfolio of the Saint Paul Teachers' Retirement Fund. The overall portfolio closed the year at new highs in both market value and indicated income. Your equity holding appreciated 33% in 1976 while the Dow Jones advanced 22% - both numbers include dividend income. The total portfolio increased 25% on performance and 38% overall, adding in contributions. Your total market value is now in excess of \$50 million. The fixed income assets now have a higher market value than cost, while yielding over 8%. One of the more obvious and rewarding examples of the good performance was the addition of Super Valu to your portfolio and it's nearly doubling by year-end.

The major investment decision made early in the year was to promptly commit buying reserves to both fixed income and equity investments. By year-end equities had been increased to almost 40% at cost, the legal limit. This reflects our optimism for the economy in general and conviction that equity investments represent good value at this point in time. In spite of the record of the last 10 years, long term equity investments have consistently outperformed fixed income issues and we believe it is far more likely to expect the world to return to normal than continue the distortion of recent years.

This favorable attitude toward equity investments is based on many factors, two of which we will mention. First, equity investments are at the same absolute levels as 10 years ago. Secondly, during this 10 year period, earnings and dividends have doubled allowing today's buyer to receive twice as much value.

We cannot realistically expect to repeat the percentage gains of last year in 1977, but do foresee moderate growth in the economy of about 5% and a generally satisfactory year for investors. It is our intention to maintain the portfolio's overall yield, excluding appreciation, at or above 6%. This will give you a cushion over actuary assumptions and establishes a strong base to meet your longer term goals.

Sincerely,
A. Lee Thurow
Senior Vice President

PURCHASES AND SALES OF INVESTMENTS

During 1976

Investments on Hand, December 31, 1975	Value
Purchases during the year:	\$46,615,930.08

	Maturity	Interest	
Bonds (At Par)	Date	Rate	
Northern Natural Gas.	11-01-95	9.000	600,000.00
Manitoba Hydro.	1-15-06	9.250	500,000.00
Lone Star Gas Co.	3-15-99	8.950	500,000.00
Eltra Corp.	1-15-01	8.500	750,000.00
U.S. Treasury Notes.	2-15-83	8.000	200,000.00
Flintkote Co.	7-15-96	8.250	275,000.00
Province of Nova Scotia.	3-01-01	9.250	250,000.00
Pacific Lighting Service	11-01-85	9.300	500,000.00
Standard Oil Calif.	8-01-92	5.750	300,000.00
Kansas Nebraska Nat. Gas.	1-01-96	9.000	700,000.00
Exxon Corp.	11-01-97	6.000	1,270,000.00
Sohio BP Pipeline	5-01-01	8.750	500,000.00
U.S. Treasury Notes.	5-15-86	7.875	500,000.00
Southern Calif. Gas	5-01-96	8.750	500,000.00
Combustion Engineering	7-15-92	5.875	100,000.00
Columbia Gas System	5-01-96	9.125	600,000.00
Goodyear Tire & Rubber	9-30-95	8.600	500,000.00
Transamerica Financial	7-01-01	8.500	750,000.00
Ashland Oil Co.	8-01-92	6.150	520,000.00
Firestone Tire & Rubber.	10-15-01	7.300	200,000.00
Standard Oil Indiana	1-15-98	6.000	350,000.00
Consolidated Edison	2-15-03	7.750	500,000.00
U.S. Treasury Notes.	8-15-86	8.000	300,000.00
Southern Calif. Edison	3-15-01	8.875	500,000.00
Northern Natural Gas.	11-01-95	9.000	600,000.00
Big Three Industries.	4-01-01	8.550	750,000.00
General Mills Inc.	2-15-99	8.000	750,000.00
General Electric Credit	1-15-85	8.125	750,000.00
Total Bonds (At Par)			14,515,000.00

Stock (At Cost)

	Shares	
Amax Inc.	2000	103,385.00
Boise Cascade	2000	51,164.52
Bucyrus Erie.	15000	333,800.00
Chemetron.	10000	450,845.50
Citicorp	4000	128,220.00

Stock (continued)

	Shares	Value
Cooper Industries.	11300	368,679.50
R.R. Donnelley.	30000	634,728.68
Dresser Industries	8000	467,835.13
Exxon Corp.	800	72,947.12
Farmers Group.	1600	94,849.80
General Electric	2200	125,575.50
General Foods	10000	276,050.00
B.F. Goodrich	15000	406,266.81
Goodyear Tire & Rubber	20000	466,615.39
Gulf Oil	20000	496,448.85
Hercules Inc.	4000	120,550.88
Houston Natural Gas	15000	474,000.00
Howard Johnson	30000	453,047.76
IBM	400	111,556.00
IT&T	20000	550,350.00
Josten's Inc.	5000	91,900.00
Lincoln National.	10000	279,108.00
Marshall Field.	10000	240,403.00
Missouri Pacific Corp.	15000	514,425.00
Monsanto	3000	261,251.73
Nabisco	6000	231,397.50
NLT Corp.	30000	564,501.17
Northern States Power-Minn. . .	10000	251,300.00
Northwest Airlines	10000	336,600.00
Norton Simon	3001	73,261.11
Pfizer Inc..	20000	578,850.00
So. Calif. Edison.	15000	331,875.00
Super Valu Stores	10000	275,102.16
United Technologies	4000	145,338.35
Xerox.	1500	88,620.00
Total Stock		10,450,849.46

Short Term (At Face Value)

American National Savings	775,864.44
First National Savings	765,283.73
Northwestern National Savings	720,242.39
Short Term on Hand 12-31-76	2,261,390.56
Total Purchases	27,227,240.02
Purchases and Balance	73,843,170.10

Sales and Redemptions:**Bonds (At Par)**

	Maturity Date	Interest Rate	Value
Quebec Hydro Electric	4-15-92	5.375	350,000.00
Gulf States Utilities	3-01-04	8.625	750,000.00
New York Telephone	8-15-12	8.300	275,000.00
Philadelphia Electric	10-15-80	11.000	500,000.00
Deere & Co.	2-15-92	5.400	300,000.00
AT & T	1-01-97	5.500	750,000.00
Pacific N.W. Bell	11-01-12	9.000	500,000.00
Bendix Corp.	12-01-92	6.625	100,000.00
Northern Natural Gas	11-01-95	9.000	600,000.00
Union Carbide	1-15-05	8.500	500,000.00
Cities Service Co.	11-01-97	6.125	520,000.00
Anaconda Co.	11-15-93	6.625	200,000.00
Combustion Engineering	7-15-92	5.875	344,000.00
Consolidated Edison	4-15-02	7.900	500,000.00
Carolina Power & Light	8-01-00	8.750	200,000.00
Central Power & Light	1-01-00	8.750	500,000.00
Ashland Oil	8-01-92	6.150	520,000.00
Columbia Gas System	5-01-96	9.125	600,000.00
General Mills	2-15-99	8.000	750,000.00
Big Three Industries	4-01-01	8.550	750,000.00

Total Bonds (At Par)

9,509,000.00

Repaid Principal

26,940.73

Stock (At Cost)

	Shares	
Allegheny Power	8000	135,342.38
American Can Co.	3700	123,016.25
Aztec Oil & Gas	1600	34,211.40
Bankers' Trust N.Y.	6000	240,545.02
Chicago Bridge & Iron	1350	133,497.25
Digital Equipment	2000	200,287.88
Dupont	1600	215,326.90
S.S. Kresge	7300	351,812.05
Medtronic Inc.	1900	107,299.20
New England Electric	7500	119,724.76
Pacific Gas & Electric	6187	132,544.50
Revlon	3000	225,798.58
G.D. Searle	12000	316,840.11
St. Paul Companies	6500	245,679.02
Superior Oil Co.	200	66,130.30
Tampa Electric	9000	119,702.01

Stock (Continued)

	Shares	Value
Texas Instruments	2500	284,029.17
Tropicana Products	2400	63,197.22
Upjohn Co.	7000	336,957.08
Watkins Johnson	3000	75,000.00

Total Stock (At Cost)		3,526,941.08
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Short Term (At Face Value)

	Yield	Due	
Northwestern National CD	7.300	1-02-76	409,120.00
National Can Corp.	6.000	1-09-76	390,000.00
Postal Finance	6.125	1-14-76	366,863.02
Ford Motor Credit Corp.	5.500	1-21-76	728,322.92
Expressway Properties LC	5.625	1-29-76	564,546.56
Northwestern National CD	6.250	2-02-76	330,398.12
Gamble Credit Corp.	6.060	2-06-76	676,767.68
Montgomery Ward Credit Corp.	5.750	2-09-76	757,187.50
Postal Finance	6.500	2-23-76	203,286.11
Gamble Credit Corp.	6.245	3-02-76	407,841.03
American National CD	5.550	4-02-76	355,018.12
Northwestern National Savings			993,808.39
American National Savings			695,358.26

Short Term on Hand 12-31-75		6,878,517.71
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Total Sales and Redemptions		19,941,399.52
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Investments on Hand December 31, 1976		\$53,901,770.58
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Common Stock At Cost	19,180,814.73	
Bonds At Par	32,459,565.29	
Short Term At Face Value	<u>2,261,390.56</u>	<u>\$53,901,770.58</u>

INVESTMENTS ON HAND
December 31, 1976

Corp. & Govt. Bonds	Coupon	Maturity	Par Valu
Louisiana Power & Light	9.500%	11-01-81	\$ 500,000
United States Treas. Notes	8.000%	2-15-83	200,000
General Electric Credit Corp.	8.125%	1-15-85	750,000
Grand Trunk Western R.R.	9.250%	3-15-85	178,021
Northern Natural Gas	9.000%	5-01-85	500,000
Pacific Lighting Service	9.300%	11-01-85	500,000
United States Treas. Notes	7.875%	5-15-86	500,000
United States Treas. Notes	8.000%	8-15-86	300,000
Cincinnati Gas & Electric	5.000%	5-01-90	200,000
Wisconsin Natural Gas	4.875%	10-01-90	325,000
Transamerica Financial Corp.	7.875%	11-01-91	500,000
Consolidated Edison N.Y.	4.375%	6-01-92	197,000
Standard Oil of California	5.750%	8-01-92	500,000
American Tel. & Tel.	4.750%	11-01-92	280,000
Sears Roebuck & Co.	6.375%	4-01-93	100,000
Ryder Systems	7.800%	4-01-93	500,000
Quebec Hydro Electric	6.250%	6-01-93	300,000
Union Electric Co.	4.500%	11-01-93	250,000
Southern Bell Tel. & Tel.	4.625%	12-01-93	675,000
International Harvester	7.500%	1-15-94	700,000
Continental Pipeline Co.	7.500%	5-01-94	177,000
Philadelphia Electric	4.500%	5-01-94	200,000
Delaware Power & Light	4.625%	10-01-94	250,000
Niagara Mohawk Power	4.625%	12-01-94	550,000
Natural Gas Pipeline	9.250%	3-01-95	500,000
Province of Nova Scotia	9.750%	3-15-95	250,000
Goodyear Tire & Rubber	8.600%	9-30-95	500,000
Armco Steel Corp.	8.700%	10-01-95	300,000
Rexnord Inc.	8.950%	10-15-95	250,000
Northern Natural Gas	9.000%	11-01-95	600,000
Florida Power & Light	5.000%	12-01-95	700,000
Kansas Nebraska Nat. Gas	9.000%	1-01-96	700,000
Tampa Electric Co.	5.500%	4-01-96	500,000
Public Service of Colorado	5.375%	5-01-96	650,000
Southern California Gas	8.750%	5-01-96	500,000
Diamond Shamrock	8.250%	6-01-96	250,000
Flintkote Co.	8.250%	7-15-96	275,000

Corp. & Govt. Bonds (cont'd)

	Coupon	Maturity	Par Value
American Tel. & Tel.	4.375%	10-01-96	255,000
Exxon Corp.	6.000%	11-01-97	1,270,000
Standard Oil of Indiana	6.000%	1-15-98	350,000
John Deere Credit	7.500%	4-30-98	500,000
Carolina Power & Light	6.875%	10-01-98	550,000
Vermont Yankee Nuclear	9.625%	10-01-98	241,000
Chrysler Corp.	8.000%	11-01-98	750,000
General Mills Inc.	8.000%	2-15-99	750,000
Enserch Corp.	8.950%	3-15-99	500,000
Research Properties.	8.250%	11-01-99	250,000
Penin Properties Inc.	8.750%	12-01-99	226,544
Sohio BP Alaska Pipeline	9.750%	12-01-99	500,000
Pacific Gas & Electric	6.625%	6-01-00	725,000
Carolina Power & Light	8.750%	8-01-00	300,000
Southern Bell Tel. & Tel.	4.750%	9-01-00	475,000
Central Kansas Power	9.750%	10-01-00	235,000
Phillips Petroleum	8.875%	11-15-00	750,000
Eltra Corp.	8.500%	1-15-01	750,000
Province of Nova Scotia.	9.250%	3-01-01	250,000
Southern California Edison.	8.875%	3-15-01	500,000
Sohio Pipeline Co.	8.750%	5-05-01	500,000
Transamerica Financial Corp....	8.500%	7-01-01	750,000
San Diego Gas & Electric	8.000%	9-01-01	500,000
Firestone Tire & Rubber.	7.300%	10-15-01	200,000
Consolidated Edison N.Y.	7.750%	2-15-03	500,000
Southwestern Bell Tel.	5.875%	6-01-03	500,000
Illinois Bell Tel.	4.375%	7-01-03	475,000
Carolina Power & Light	8.125%	11-01-03	500,000
International Harvester.	9.000%	6-15-04	500,000
Dow Chemical Co.	8.500%	2-01-05	500,000
General Telephone-Florida.	9.375%	3-01-05	240,000
Texaco Inc.	8.875%	5-01-05	500,000
Manitoba Hydro Electric.	9.250%	1-15-06	500,000
New England Tel. & Tel.	6.125%	10-01-06	325,000
Pacific Tel. & Tel.	7.625%	6-01-09	510,000
New York Telephone Co.	8.300%	8-15-12	225,000

Total Bonds

\$32,459,565

COMMON STOCK	Shares	Cost	Market Value 12-31-76
CAPITAL GOODS			
AEROSPACE			
United Technologies	12,000	367,061	466,500
BUSINESS EQUIPMENT			
Burroughs Corp.	3,000	295,826	274,875
Intl. Business Machines	3,025	905,796	844,353
NCR Corp.	15,000	449,896	562,500
Xerox Corp.	7,000	746,816	409,500
ELECTRICAL PRODUCTS			
General Electric Co.	9,600	524,560	534,000
MULTI PRODUCTS			
Intl Telephone & Telegraph	20,000	550,350	677,500
TRW Inc.	13,300	289,275	488,775
MACHINERY			
Bucyrus Erie Co.	15,000	333,800	406,875
Caterpillar Tractor	6,450	254,611	374,100
Cooper Industries.	11,300	368,680	454,825
Dresser Industries	12,000	467,835	504,000
Total Capital Goods		5,554,506	5,997,803
CONSUMER DURABLES			
AUTOMOTIVE			
Ford Motor Co.	3,000	178,682	184,500
General Motors	5,000	327,386	392,500
HOME DURABLES			
Minnesota Mining Mfg.		254,368	169,875
LEISURE PRODUCTS			
Jostens Inc.	5,000	91,900	91,875
PHOTOGRAPHIC			
Eastman Kodak	3,000	364,990	258,000
TIRES AND RUBBER			
B. F. Goodrich	15,000	406,267	403,125
Goodyear Tire and Rubber	20,000	466,615	475,000

	Shares	Cost	Market Value
TOTAL CONSUMER DURABLES		2,090,208	1,974,875
CONSUMER NON-DURABLES			
DRUGS AND COSMETICS			
Abbott Laboratories	4,000	142,371	196,500
Bristol-Meyers	3,000	181,119	205,125
Pfizer & Co.	20,000	578,850	587,500
FOODS			
General Foods	10,000	276,050	302,500
Nabisco	6,000	231,398	303,000
Norton Simon Inc.	9,864	280,935	197,280
PUBLISHING			
R. R. Donnelley	30,000	634,729	720,000
RETAIL AND WHOLESALE			
Dayton Hudson Corp.	7,500	201,088	286,875
Marshall Field & Co.	10,000	240,402	227,500
Super Valu Stores	20,000	275,102	485,000
Total Consumer Non-Durables . . .		3,042,044	3,511,280
RAW MATERIALS			
CHEMICALS			
Chemetron Corp.	10,000	450,846	317,500
Hercules Inc.	10,000	331,786	280,000
Monsanto Chemical Co.	5,000	404,182	440,625
ENERGY PRODUCTS			
Houston Natural Gas	15,000	474,000	515,625
METALS			
Amax Inc.	6,000	322,920	358,500
PAPER			
Boise Cascade	15,000	375,650	504,375
PETROLEUM			
Atlantic Richfield	4,800	213,431	277,200
Exxon Corp.	7,000	315,798	375,375
Gulf Oil Corp.	20,000	496,449	577,500
Phillips Petroleum	4,000	204,512	264,500

	Shares	Cost	Market Value
STEEL			
Bethlehem Steel	8,300	267,668	335,113
Total Raw Materials		3,857,242	4,246,313
SERVICES			
AIRLINES			
Northwest Airlines	10,000	336,600	297,500
FINANCE AND INSURANCE			
Citicorp	8,600	320,372	281,650
Farmers Group Inc.	12,000	233,450	273,000
Govt. Employees Ins.	6,668	331,115	47,510
Lincoln National Corp.	10,000	279,108	362,500
NLT Corp.	30,000	564,501	720,000
FREIGHT AND TRANSPORT			
Missouri Pacific Corp.	15,000	514,425	613,125
LEISURE INDUSTRY			
Howard Johnson	30,000	453,048	375,000
McDonalds Corp.	5,000	321,358	266,875
Total Services		3,353,977	3,237,160
UTILITIES			
ELECTRIC			
Duke Power Co.	8,600	119,328	189,200
Northern States Power Mn.	10,000	251,300	295,000
Southern Calif. Edison	15,000	331,875	343,125
NATURAL GAS			
Texas Eastern Transmission	6,000	235,706	245,250
TELEPHONE			
American Tel. & Tel.	7,000	344,629	444,500
Total Utilities		1,282,838	1,517,075
Total Comon Stock		\$19,180,815	\$20,484,506

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
1931-33	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	46	754	3,372,452.55
1975	52	778	3,765,322.19
1976	77	883	4,393,513.35