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**MINNEAPOLIS TEACHERS'
RETIREMENT FUND
ASSOCIATION**

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

1670 NORTHWESTERN BANK BUILDING
MINNEAPOLIS, MINNESOTA 55402

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OF THE BOARD OF TRUSTEES

1670 NORTHWESTERN BANK BUILDING
MINNEAPOLIS, MINNESOTA 55402
(612) 338-7865

LEGISLATIVE REFERENCE LIBRARY
STATE OF MINNESOTA

**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*
A. James Heller *Vice President*
Lottie K. Warmbold *Secretary*
Betty S. Hammack *Treasurer*

Board of Trustees

Betty S. Hammack *Instructor, Hale School*
A. James Heller *Instructor, Henry High School*
Geneveve K. Johnston *Annuitant*
Carol R. Lind *School Board Representative*
Eleanor L. Matsis *Instructor, West High School*
E. Dudley Parsons *Annuitant*
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, 1976, 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 1976, 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 20, 1976. Mrs. Betty S. Hammack and Mr. A. James Heller, 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. Reducing the number of Trustees from nine to seven, eliminating the Mayor of the City of Minneapolis and a member of the Minneapolis City Council; and
2. Change of the annual meeting date to any date in the month of April; and
3. Repeal of the Stock Appreciation Funded Annuity Increases; and
4. A new "Revised Formula Annuity" to all members retired after May 1, 1974 calculated by multiplying $2\frac{1}{4}\%$ of the average salary for any five consecutive years by the number of years of service, but not to exceed 30 years; and
5. Reducing the age at which the $1-1/2\%$ annual automatic annuity increases becomes effective from age 72 to age 65 and with 24 months of retirement as of July 1 of any year; and
6. A 10% "across the Board" annuity increase for all annuities which began prior to May 1, 1974; and
7. That amendments to the Articles of Incorporation no longer require the approval of the City Council or the School Board, but where required must have approval of the State Legislature; and
8. A proportionate annuity for members hereafter required to retire at age 65 under Minnesota Law; and
9. Conforming the Articles to the Combined Service Annuity Law adopted by the Minnesota State Legislature.

Members deposited \$4,387,110 compared to \$3,812,255 during the previous year. The revenues from taxes were \$6,273,605 for 1976.

Annuity applications totaled 155 which was an increase of 53 from the previous year. A total of \$8,767,454 was paid to annuitants during the year.

The book value of investments at the close of the year was \$105,877,060 compared with \$99,775,023 for the year before.

Interest and dividends earned amounted to \$6,031,834. Members' deposits were credited with 5% interest and interest credited to the Annuity Reserve Fund was computed at 5% on the mean monthly balances.

The reserve for investment and other losses amounted to \$10,070,774 as of December 31, 1976.

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

Geneveve K. Johnston, President

Retirement - Public Employees

July 5, 1977

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, 1976. The valuation was performed on the basis of data and financial information provided by the Executive Secretary of the Fund, and employee data which were not audited by us.

Objectives

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

1. Prepare information in accordance with Minnesota Statutes, Section 356.21 (refer to page No. 1 of this Report for additional detail of methods used).
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 6.55% of payroll.
3. The necessary contribution to meet normal cost, and prevent the unfunded accrued liability (deficit) from increasing is 16.30% of payroll, compared to 13.15% shown in the December 31, 1975 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 the 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.

Avner Haya, F.S.A., M.A.A.A.

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
SUMMARY OF COSTS AS OF DECEMBER 31, 1976**

	<u>5% Interest and 2/3 of 1970 Turnover</u>	
	<u>Normal Cost</u>	<u>Accrued Liability</u>
1. Active Members		
Retirement benefits	\$5,181,580	\$116,475,735
Disability benefits	658,797	0
Refunds due to death or withdrawal	2,457,104	0
2. Deferred Annuitants and Former Members Without Formula Annuity		
Vested Rights	0	2,197,255
3. Annuitants	0	93,115,696
4. Total	<u>\$8,297,481</u>	<u>\$211,788,686</u>
5. Member deposits (8½% of Compensation)	<u>4,686,259</u>	
6. Employer normal cost	<u>\$3,611,222</u>	
7. Valuation assets		<u>\$107,844,521</u>
8. Unfunded accrued liability		<u>\$103,944,165</u>
Total payroll		\$55,132,464

EXHIBIT II

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

	<u>December 31, 1975</u>	<u>December 31, 1976</u>
Employer normal cost	\$ 3,503,649	\$ 3,611,222
Percentage of payroll	6.15%	6.55%
Unfunded accrued liability	76,141,829	103,944,165
Employer contribution to meet normal cost and amortize unfunded accrued liability by December 31, 1997	8,879,757	11,131,880
Percentage of payroll	15.60%	20.19%
Employer contribution to meet normal cost and prevent unfunded accrued liability from increasing, assuming payment on December 31	7,485,923	8,988,991
Percentage of payroll	13.15%	16.30%
Administrative expense	297,589	306,776
Percentage of payroll52%	.56%
Employer contribution to meet normal cost and administrative expense and amortize unfunded accrued liability by December 31, 1997	9,177,346	11,438,656
Percentage of payroll	16.12%	20.75%
Employer contribution to meet normal cost and administrative expense and prevent unfunded accrued liability from increasing, assuming payment on December 31	\$7,783,512	\$9,295,767
Percentage of payroll	13.67%	16.86%

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

Employer contribution as of December 31, 1976 to meet normal cost and administrative expense and prevent unfunded accrued liability from increasing	\$9,295,767
Percentage of payroll on December 31, 1976	<u>16.86%</u>
Contributions to Fund other than employee contributions during 1976	
State and City contributions — approximately 6-1/2% of payroll	\$3,937,420
Required tax revenue, net of \$457,716 applied to certain retirement benefit increases under Section 8, 9, and 14 granted after retirement	\$1,878,469
Total contribution during 1976	\$5,815,889
Percentage of payroll on December 31, 1976	<u>10.55%</u>

EXHIBIT IV

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

December 31, 1976													
Interest	5%												
Turnover	2/3 of the 1970 experience, graduated for smoothness:												
	<table> <thead> <tr> <th style="text-align: center;">Attained Age</th> <th style="text-align: center;">Turnover Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20</td> <td style="text-align: center;">.200</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">.133</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">.028</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">.017</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">.002</td> </tr> </tbody> </table>	Attained Age	Turnover Rate	20	.200	30	.133	40	.028	50	.017	60	.002
Attained Age	Turnover Rate												
20	.200												
30	.133												
40	.028												
50	.017												
60	.002												
Retirement Age	The later of age 64 or attained age on the valuation date												
Salary Scale —													
Annual Increase	3-1/2%												
Mortality	The 1971 Group Annuity Mortality Table with projection to 1975 by Scale D. For males the male rates were used with age setback one year. For females, the male rates were used with age setback seven years												
Valuation Assets	For valuation purposes assets are valued at cost and include effect of cumulative write-up of \$1,911,326 as provided in Article IX of the Articles of Incorporation Subsection (15), prior to July 1, 1976 Amendments												

EXHIBIT V

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
SUMMARY OF ANNUITIES IN FORCE ON DECEMBER 31, 1976**

Option	Annuity Plan	Number of Annuitants	Annuity Reserve Fund		Contingent Reserve Fund		Total	
			Annual Amount	Reserve	Annual Amount	Reserve	Annual Amount	Reserve
1	Life	1,175	\$1,344,334	\$11,313,238	\$3,496,314	\$31,378,870	\$4,840,648	\$42,692,108
2	Life, 15 year guarantee	492	657,727	7,303,240	1,422,594	16,744,694	2,080,321	24,047,934
3	Survivorship (50%)	77	152,196	1,627,517	377,199	4,287,839	529,395	5,915,356
4	Annuities Certain	84	112,881	1,026,384	273,654	2,670,863	386,535	3,697,247
5	Life, 3 year guarantee	190	342,006	3,925,760	673,763	8,437,850	1,015,769	12,363,610
6	Survivorship (75%)	33	86,471	1,082,314	224,755	2,995,593	311,226	4,077,907
7	Survivorship (100%)	38	69,678	920,304	155,632	2,188,117	225,310	3,108,421
8	Death Benefit	13	12,320	174,560	47,312	720,956	59,632	895,516
9	Disability	44	44,215	581,697	186,414	2,524,339	230,629	3,106,036
Totals		2,146	\$2,821,828	\$27,955,014	\$6,857,637	\$71,949,121	\$9,679,465	\$99,904,135
less Section 8, 9 and 14 increases (financed on a pay-as-you-go basis)					457,716	4,724,197*	457,716	4,724,197*
less Section 15 increases (financed on a pay-as-you-go basis)					200,000*	2,064,249	200,000*	2,064,249*
Grand Total		2,146	\$2,821,828	\$27,955,014	\$6,199,921	\$65,160,675	\$9,021,749	\$93,115,689

*Approximate figure

The Board of Directors
Minneapolis Teachers' Retirement Fund Association:

We have examined the statements of net assets available for plan benefits of Minneapolis Teachers' Retirement Fund Association as of December 31, 1976 and 1975 and the related statements of revenues, expenditures and provision for losses, and changes in obligations for plan benefits and 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 3 to the financial statements, pursuant to the Association's Articles of Incorporation, unrealized appreciation of 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, 1976 and 1975 and its revenues, expenditures and provision for losses, and changes in obligations for plan benefits and reserves 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 3, 1977

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

Statements of Net Assets Available for Plan Benefits

December 31, 1976 and 1975

Assets	1976	1975
Cash and savings accounts	\$ 2,525,963	\$ 1,738,070
Accounts receivable from governmental units	341,996	757,907
Accrued interest receivable	829,941	785,531
Accrued dividends receivable	250,844	214,179
Investment securities (notes 3 and 5):		
Common stocks	53,129,454	48,355,780
Bonds	41,675,653	38,530,666
Commercial paper and certificates of deposit	5,248,764	7,088,467
Real estate mortgages	536,159	557,670
	<u>100,590,030</u>	<u>94,532,583</u>
Unrealized appreciation on common stocks	1,911,326	1,911,326
Total investment securities	<u>102,501,356</u>	<u>96,443,909</u>
Investment in and advances to (\$1,982,492 and \$1,917,492 in 1976 and 1975, respectively) MRT Properties, Inc., underlying net assets of \$3,778,085 in 1976 and \$3,547,682 in 1975	3,375,704	3,311,114
Deposit	425	425
	<u>\$109,826,229</u>	<u>\$103,251,135</u>
Liabilities and Reserves		
Claims payable	53,154	34,905
Payable for investment securities purchased	—	200,693
Accounts payable	17,228	10,135
Obligations for plan benefits:		
Annuity reserve fund	32,887,353	29,110,719
Retirement deposit fund	66,797,720	65,512,596
Unfunded accrued liability	<u>103,944,165</u>	<u>76,141,829</u>
Total obligations for plan benefits	203,629,238	170,765,144
Reserve for investment and other losses	10,070,774	8,382,087
Actuarial deficiency	<u>(103,944,165)</u>	<u>(76,141,829)</u>
Net assets available for plan benefits	<u>109,755,847</u>	<u>103,005,402</u>
	<u>\$109,826,229</u>	<u>\$103,251,135</u>

See accompanying notes to financial statements.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
Statements of Revenues, Expenditures and Provision for Losses
Years ended December 31, 1976 and 1975

	1976	1975
Revenues		
Revenue from governmental units (note 4):		
Ad valorem city taxes	\$ 107,399	\$ 5,236,624
State contributions	5,818,980	2,552,723
Federal contributions	347,226	736,624
Total revenue from governmental units	6,273,605	8,525,971
Contribution by members:		
Required	4,387,110	3,812,255
Other	12,781	21,018
Total contributions by members	4,399,891	3,833,273
Investment income:		
Interest	3,441,015	3,275,579
Dividends	2,590,819	2,081,161
Gain (loss) on sale of investments, net	(339,167)	64,081
Total investment income	5,692,667	5,420,821
Total revenues	16,366,163	17,780,065
Expenditures and Provision for Losses		
Retirement, beneficiary and disability annuities	8,767,454	7,662,409
Withdrawals	443,774	480,180
Death benefits	98,290	64,840
Administrative expenses	306,776	297,589
Provision for losses on investments (note 5)	—	1,109,050
Total expenditures and provision for losses	9,616,294	9,614,068
Revenues in excess of expenditures and provision for losses	\$ 6,749,869	\$ 8,165,997
Distribution of Excess Revenues (in accordance with the Articles of Incorporation)		
Reserve for investment and other losses	1,378,630	793,710
Annuity reserve fund	(1,170,224)	(1,191,931)
Retirement deposit fund	6,541,463	8,564,218
Total distributions	\$ 6,749,869	\$ 8,165,997

See accompanying notes to financial statements.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
Statements of Changes in Obligations for Plan Benefits and Reserves
Years ended December 31, 1976 and 1975

	<u>Annuity Reserve Fund</u>	<u>Retirement Deposit Fund</u>	<u>Unfunded Accrued Liability</u>	<u>Reserve for Investment and Other Losses</u>	<u>Reserve for Future Funding</u>
Balance at December 31, 1974	\$27,544,616	\$60,085,257	\$70,020,557	\$ 217,697	\$6,991,817
Distribution of excess revenues	(1,191,931)	8,564,218	—	793,710	—
Transfers:					
From retirement deposit fund to annuity reserve fund for purchase of annuities	2,758,129	(2,758,129)	—	—	—
From retirement deposit fund to reserve for investments and other losses for cancelled city deposits	—	(378,750)	—	378,750	—
From reserve for future funding to reserve for investments and other losses pursuant to Board of Trustees authorization (note 6)	—	—	—	6,991,817	(6,991,817)
Increase in actuarially computed prospective pension benefits and administrative expenses over Association assets	—	—	6,121,272	—	—
Other	(95)	—	—	113	—
Balance at December 31, 1975	<u>29,110,719</u>	<u>65,512,596</u>	<u>76,141,829</u>	<u>8,382,087</u>	<u>—</u>
Distribution of excess revenues	(1,170,224)	6,541,463	—	1,378,630	—
Transfers:					
From retirement deposit fund to annuity reserve fund for purchase of annuities	4,946,688	(4,946,688)	—	—	—
From retirement deposit fund to reserve for investments and other losses for cancelled city deposits	—	(309,651)	—	309,651	—
Increase in actuarially computed prospective pension benefits and administrative expenses over Association assets	—	—	27,802,336	—	—
Other	170	—	—	406	—
Balance at December 31, 1976	<u>\$32,887,353</u>	<u>66,797,720</u>	<u>103,944,165</u>	<u>10,070,774</u>	<u>—</u>

See accompanying notes to financial statements.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

Notes to Financial Statements

December 31, 1976 and 1975

(1) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements reflect a modified accrual basis of accounting in which revenues are recognized as described under revenues below, and expenditures are recognized when services are received or plan benefits and claims are payable. Fixed Assets are not capitalized but instead are charged to expenditures in the year purchased.

The Association's investment in MRT Properties, Inc., a wholly-owned subsidiary, is carried at cost.

Revenues

Effective July 1, 1975 and thereafter, employer contributions will consist almost exclusively of amounts to be received monthly from the state of Minnesota and expressed as a percentage of payroll in accordance with the provisions of Minnesota statutes. Formerly, employer contributions were recorded in revenues on the basis of requirements certified by the Board to be raised by city and state taxes as provided in Minnesota statutes (see note 2).

Members' contributions are recorded in revenues on the basis of a percentage of compensation paid to members.

Interest income is recorded when earned and dividend income is recorded as of the date of record. Average cost is used in determining net realized gains and losses.

Investment Securities

Investment securities are carried at cost, reduced by provisions for losses on certain securities with apparent permanent declines in the underlying value and earnings power of the individual issuers.

Annuity Reserve Fund

At the time a member ceases to teach in the public schools of Minneapolis, the accumulation of member's deposits and, under certain conditions, city deposits may be applied by the member for the purchase of an annuity. Funds to the member's credit in the Retirement Deposit Fund are then transferred to the Annuity Reserve Fund from which annuities are paid. Interest is added annually to the fund.

Retirement Deposit Fund

All amounts received for deposit by or on behalf of members, plus interest, are held in the Retirement Deposit Fund for providing of benefits until withdrawal, death or retirement.

Reserve for Investments and Other Losses

Amounts included in this reserve represent profits and losses from security transactions and receipts and disbursements related to maintaining the investment portfolio.

(2) Employer's Contributions

Effective July 1, 1975, certain applicable sections of the Minnesota statutes were repealed. The new law abolishes all tax levies in cities of the first class for any support of the Association, and provides that the state of Minnesota shall assume the total employer obligation. There is no longer any provision for certifying requirements necessary to be raised by taxation to the Board of Education; rather, employer's contributions are being received monthly from the state based upon a percentage of payroll for all contributing members of the Association.

Accordingly, 1975 revenue from governmental units has been recorded on the basis of payments received, and increased principally by the excess of deferred credits over municipality contributions receivable from the City of Minneapolis at December 31, 1974.

(3) Unrealized Appreciation of Common Stocks

Prior to the amendment to the Articles of Incorporation on July 1, 1976 Article IX, subsection (15), provided that certain qualified members be entitled to increases in their annuities and that the Board of Trustees increase the carrying

value of common stocks as determined in accordance with a prescribed formula. Such increase in the carrying value of common stocks was then applied to fund annuity increases. Such increases provided in years prior to July 1, 1976 amounted to \$1,911,326 which have been credited to the annuity reserve fund.

(4) **Revenue from Governmental Units**

Revenue from governmental units for the years ended December 31, 1976 and 1975 is summarized as follows:

	<u>1976</u>	<u>1975</u>
Revenues:		
Ad valorem city taxes	\$ 107,399	\$4,024,272
State contributions	5,818,980	2,552,723
Federal contributions	347,226	736,624
Total	<u>6,273,605</u>	<u>7,313,619</u>
Add:		
Excess of prior years' net deferred credits over municipality contributions receivable from the City of Minneapolis	—	1,212,352
	<u>\$6,273,605</u>	<u>\$8,525,971</u>

(5) **Investment Securities**

The carrying value, approximate market value (based on quoted market prices or prices obtained from other reliable sources) and unrealized appreciation (depreciation) of investment securities at December 31, 1976 and 1975 are summarized as follows:

<u>Description</u>	<u>Carrying value</u>	<u>Approximate market value</u>	<u>Unrealized appreciation (depreciation)</u>
December 31, 1976:			
Common stocks	\$ 53,129,454	\$ 70,986,112	\$17,856,658
Bonds	41,675,653	38,317,329	(3,358,324)
Commercial paper and certi- ficates of deposit	5,248,764	5,248,764	—
Real estate mortgages	536,159	536,159	—
	<u>100,590,030</u>	<u>115,088,364</u>	<u>14,498,334</u>
Unrealized appreciation of common stocks (note 3)....	1,911,326		
	<u>\$102,501,356</u>		
December 31, 1975:			
Common stocks	48,355,780	56,192,603	7,836,823
Bonds	38,530,666	31,439,192	(7,091,474)
Commercial paper and certi- ficates of deposit	7,088,467	7,088,467	—
Real estate mortgages	557,670	557,670	—
	<u>94,532,583</u>	<u>95,277,932</u>	<u>745,349</u>
Unrealized appreciation of common stocks (note 3)....	1,911,326		
	<u>\$ 96,443,909</u>		

Management of the Association believes that unrealized depreciation of bonds is primarily a function of the rise in interest rates since dates of purchase 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.

(6) **Reserve for Future Funding**

In 1975, pursuant to authorization of the Board of Trustees, the December 31, 1974 balance in the reserve for future funding was transferred to the reserve for investment and other losses. Amounts previously charged or credited to the reserve for future funding are now charged or credited to the reserve for investment and other losses.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

Tax Revenue

Years ended December 31, 1976 and 1975

	<u>1976</u>	<u>1975</u>
Tax revenue collected:		
Ad valorem city taxes	\$ 107,399	\$4,024,272
State contributions	5,818,980	2,552,723
	<u>5,926,379</u>	<u>6,576,995</u>
Add:		
Federal contributions	347,226	736,624
Adjustment for prior years' municipality contributions receivable and deferred revenues, net	—	<u>1,212,352</u>
	<u>6,273,605</u>	<u>8,525,971</u>
Total revenue	<u>\$6,273,605</u>	<u>\$8,525,971</u>
Applied as follows:		
Credited to funds:		
Contingent fund:		
For general annuities	176,489	177,361
For expenses of management	273,684	271,653
	<u>450,173</u>	<u>449,014</u>
Retirement deposit fund for stipulated deposits..	3,937,420	3,860,091
Reserve for investment and other losses, to reduce unfunded accrued liability	—	500,000
Amounts applied in liquidation of obligations of the City of Minneapolis:		
For additional city deposits for 1974 and 1973, respectively, in respect of retiring members entitled to annuities payable under the Articles of Incorporation	—	13,782
For payments made to annuitants in 1975 and 1974, respectively	5,910,922	4,845,265
Charged to retirement deposit fund, representing excess of tax requirements over revenues recognized	<u>(4,024,910)</u>	<u>(1,142,181)</u>
	<u>\$6,273,605</u>	<u>\$8,525,971</u>

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

Administrative Expenses
Years ended December 31, 1976 and 1975

	<u>1976</u>	<u>1975</u>	<u>Increase (Decrease)</u>
Personal service:			
Staff payroll	\$ 87,177	\$ 90,050	\$(2,873)
Expert	<u>113,105</u>	<u>125,039</u>	<u>(11,934)</u>
	200,282	215,089	(14,807)
Other expenses:			
Postage and mailing	5,178	3,904	1,274
Telephone, telegraph and electricity	3,559	3,198	361
Printing, binding and address plates	6,739	5,610	1,129
Office supplies	3,092	1,197	1,895
Office rent	22,432	20,712	1,720
Employees' hospitalization insurance	4,321	2,027	2,294
Other insurance	1,043	1,275	(232)
Office equipment purchased	1,010	1,394	(384)
Collection and exchange	1,104	200	904
Investment and travel (note)	36,735	28,077	8,658
Social security taxes	4,638	4,777	(139)
Data processing	8,261	6,344	1,917
Miscellaneous	<u>8,382</u>	<u>3,785</u>	<u>4,597</u>
Total	<u>\$306,776</u>	<u>\$297,589</u>	<u>\$ 9,187</u>

Note — Amounts include \$33,092 and \$25,936 in 1976 and 1975, respectively, which were charged to the reserve for investment and other losses in accordance with the Board of Trustees' approval.

Schedule 3

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

Annuity Reserve Fund
Years ended December 31, 1976 and 1975

	<u>1976</u>	<u>1975</u>
Balance at beginning of year	\$29,110,719	\$27,544,616
Add (deduct):		
Transfer from income account — interest at 5% and 4-1/2% in 1976 and 1975, respectively	1,509,818	1,248,640
Additional city deposits	—	4,594
Annuity payments	<u>(2,680,042)</u>	<u>(2,445,165)</u>
Annuity payments in excess of revenues	<u>(1,170,224)</u>	<u>(1,191,931)</u>
Members' accumulations transferred from retirement deposit fund for purchase of annuities	4,946,688	2,758,129
Other	170	(95)
Balance at end of year	<u>\$32,887,353</u>	<u>\$29,110,719</u>

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION
Retirement Deposit Fund
Years ended December 31, 1976 and 1975

	<u>1976</u>	<u>1975</u>
Balance at beginning of year	\$65,512,596	\$60,085,257
Add:		
Members' contributions:		
Required	4,387,110	3,812,255
Other	12,781	21,018
	<u>4,399,891</u>	<u>3,833,273</u>
Tax revenue credited to members — stipulated city deposits	3,937,420	3,860,091
Interest credited to members at 5% and 4-1/2% in 1976 and 1975, respectively	2,771,126	2,558,055
	<u>11,108,437</u>	<u>10,251,419</u>
Deduct:		
Death benefits	98,290	64,840
Withdrawals — members' contributions refundable	443,774	480,180
Deficiency representing excess of tax requirements over revenues recognized	4,024,910	1,142,181
Transfer to annuity reserve fund for purchase of annuities	4,946,688	2,758,129
Cancellation of employer's contributions in accordance with the Articles of Incorporation	309,651	378,750
	<u>9,823,313</u>	<u>4,824,080</u>
Balance at end of year	<u>\$66,797,720</u>	<u>\$65,512,596</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, 1976	2416	1575	3991
December 31, 1976	2301	1533	3834
INACTIVE MEMBERS:			
January 1, 1976	160	69	229
December 31, 1976	168	77	245
ANNUITANTS:			
January 1, 1976	1642	274	1916
December 31, 1976	1692	301	1993
TOTAL MEMBERSHIP	4161	1911	6072

Annuities paid to Beneficiaries in Accordance with Article IX, Section 2. Subsections (b) and (3):

January 1, 1976		146
December 31, 1976		153

DECEASED

Name	Status	Date of Death
Bernice L. Monicken	Active	3-6-76
Estella C. Holdahl	Inactive	4-16-76
Vernon V. Sanders	Active	4-30-76
Helen C. Aldonas	Active	8-5-76
John P. Sunde	Active	8-23-76
Berlene Turner	Active	11-3-76
Percy Fearing	Inactive	11-7-76
Earl G. Schwappach	Active	11-27-76

ANNUITANTS

In the calendar year 1976, the following new annuities were granted: 120 Formula Annuities and 35 other Annuities. In addition to these 155, 2 other annuities were granted to individuals who had previously retired and were already among our annuitants. Annuities paid amounted to \$8,767,454.01 and annuities in force at the close of the year totaled \$9,679,467.48.

NAME	Date Effective	NAME	Date Effective
Irene D. Knutson	12-1-75	Catherine D. Eagen	7-1-76
Myrna G. Lundberg	12-1-75	Evelyn B. Eckholdt	7-1-76
Dorothy I. Dosse	1-1-76	Luverne Eckstrom	7-1-76
Ethel P. Johnson	1-1-76	Donald M. Evans	7-1-76
Edna V. Magnuson	1-1-76	Alice A. Fadden	7-1-76
Gladys L. McKoy	1-1-76	Betty B. Forbes	7-1-76
Nathaniel Ober	1-1-76	Bernice H. Fossum	7-1-76
Mary E. Pyburn	1-1-76	Evelyn B. Foster	7-1-76
Faye C. Therrien	1-1-76	Esther L. Frazier	7-1-76
Mary C. Ford	2-1-76	Stanley G. Frostad	7-1-76
Adelaide M. Forslin	2-1-76	Cathryn M. Glander	7-1-76
Eleanor F. Haaland	2-1-76	Elizabeth A. Goggin	7-1-76
Sophie E. Hoel	2-1-76	Evelyn O. Hande	7-1-76
Richard Hollister	2-1-76	Carol H. Hauger	7-1-76
Wilson F. Luhman	2-1-76	Delia H. Hawley	7-1-76
Catherine W. March	2-1-76	Eleanor Heidkross	7-1-76
Elizabeth D. Zarbock	2-1-76	William J. Hiltner	7-1-76
Evelyn F. Anderson	3-1-76	Loretta M. Hoffman	7-1-76
Adelaide V. Brunson	3-1-76	Oren I. Hollenbeck	7-1-76
L. Josephine Harris	3-1-76	Richard R. Hulbert	7-1-76
Lester M. Mikelson	3-1-76	Marna Leland Jacobsen	7-1-76
Max Lee Murray	3-1-76	Della E. Jacobson	7-1-76
Norma F. P. Shannon	3-1-76	Aili S. Johnson	7-1-76
Marguerite B. Wuestneck	3-1-76	Chloris Johnson	7-1-76
Dorothy H. Benson	4-1-76	Earl S. Johnson	7-1-76
Leon E. Haaland	4-1-76	Naidena Kalinoff	7-1-76
Griffith C. R. O'Dell	4-1-76	Geneva S. Keohane	7-1-76
Grace S. Teeter	4-1-76	Louann LaBree	7-1-76
Evelyn C. Walman	4-1-76	Claude C. Lammers	7-1-76
Walter L. Butterwick	5-1-76	Audrey D. Landquist	7-1-76
Helen Mose	5-1-76	Gertrude W. Lang	7-1-76
L. C. Thoreson	5-1-76	Tessie M. Lampe	7-1-76
Evelyn M. Evans	6-1-76	Coral H. Lawrence	7-1-76
Ivy B. Fineout	6-1-76	Virginia M. Lewedag	7-1-76
Dorothy Pratt Smith	6-1-76	Agnes May Linn	7-1-76
William Adam	7-1-76	Chester F. Long	7-1-76
Margaret C. Ament	7-1-76	Ralph J. Luchsinger	7-1-76
Gladys S. Anderson	7-1-76	Willard M. Ludford	7-1-76
Sophie Balbot	7-1-76	Edmund I. Lukaszewski	7-1-76
Forbes W. Ballentine	7-1-76	Mary Ann MacDonald	7-1-76
Marie Barrett	7-1-76	Harriette A. Magnuson	7-1-76
Morris Biatch	7-1-76	Gladys C. Majzner	7-1-76
Gladys Blackmarr	7-1-76	Ann E. McLaughlin	7-1-76
Ralph R. Blake	7-1-76	Robert B. Means	7-1-76
Violet E. Brandhorst	7-1-76	Genevieve B. Merry	7-1-76
Margaret Brown	7-1-76	Elmer I. Moen	7-1-76
Stuart E. Butterfield	7-1-76	Sara W. Moore	7-1-76
Alice E. Campbell	7-1-76	Myrtle V. Murray	7-1-76
Anne U. Carlson	7-1-76	Majorie M. Nagel	7-1-76
Mildred A. Carlson	7-1-76	Marjorie W. Nelsen	7-1-76
Sylvia M. Christie	7-1-76	Viola F. B. Nelson	7-1-76
Florence M. Constantine	7-1-76	Jean M. Nudell	7-1-76
Carol W. Cracraft	7-1-76	Ella V. Osits	7-1-76

Harriet B. Peterson	7-1-76
Margaret L. Peterson	7-1-76
Edith Anne Grau Reynolds	7-1-76
Oliver W. Rhodes	7-1-76
Lorraine M. Rouzer	7-1-76
Victorine K. Rykken	7-1-76
Leona Saatoff	7-1-76
Mary L. D. St. Clair	7-1-76
Majorie Sealander	7-1-76
Dean R. Shawbold	7-1-76
Amanda Shepherd	7-1-76
Violet P. Skoglund	7-1-76
Gerald R. Stewart	7-1-76
George H. Strand	7-1-76
Bernice Flowers Strane	7-1-76
Jerome W. Sullivan	7-1-76
Viola R. Svensson	7-1-76
Evelyn M. Swedensky	7-1-76
Ann T. Tracht	7-1-76
Edna C. Traff	7-1-76
Beatrice M. Undine	7-1-76
Irvin G. Vogtsberger	7-1-76
Olga L. Weiseth	7-1-76
Vernice M. West	7-1-76
Irene H. Wood	7-1-76
Eugene C. Wylie	7-1-76
Daisy H. Young	7-1-76
John D. Justad	8-1-76
Gertrude H. Sears	8-1-76
Marion A. Svang	8-1-76
Berniece M. Erickson	9-1-76
Lucille A. Fackler	9-1-76
Ralph H. Johnson	9-1-76
Mary C. Kasbohm	9-1-76
Eleanor P. Nordley	9-1-76
Allen M. Teeter	9-1-76
Harold W. Tietz	9-1-76
Bernard O. Schmidt	9-1-76
Henriette Kern Cary	10-1-76
Clifford E. Lundberg	10-1-76
Corydon O. Nichols	10-1-76
Selma Goldstein Schwartz	10-1-76
Dorothy S. Hegdal	11-1-76
Jean L. Stancari	11-1-76
Margaret L. Steiger	11-1-76
Rae E. Wilbur	11-1-76

The following death benefit annuities were granted:

Charles Swanson	10-1-75
Bernardine C. Johnston	1-1-76
John Sunde	9-1-76

DECEASED

Vernice M. Govett	12-10-75
Ellen Elise McGregor	12-16-75
Phoebe Fish Gough	1-4-76
*Ralph J. Ahlstrom	1-5-76
Alvena M. Blanchettee	1-7-76
*L. Katherine P. Nesse	1-13-76
Florence R. Benner	1-28-76
Laila K. Holt	2-6-76
Ralph C. Tapp	2-10-76
Jessie M. Shattuck	2-17-76
Katherine H. Robertson	2-19-76
Florence G. Harper	2-24-76

Esther F. Kellas	3-5-76
Hilma J. Kihlgren	3-7-76
Helen J. Murray	3-7-76
Blanche Winn	3-15-76
Elsie M. Leffholm	3-18-76
*Esther A. Chriss	3-22-76
Clifford E. Reichard	3-24-76
Laura I. Sherman	3-24-76
*Sophie E. Hoel	3-27-76
*Raymond J. Ross	3-30-76
Harriet E. Wahlgren	4-10-76
W. W. Sturtevant	4-18-76
Margarette E. Morse	4-21-76
*Andrew W. Eckert	5-3-76
Elizabeth Cook	5-5-76
Ruth Tupper	5-11-76
Miriam H. McQuoid	5-16-76
Ivy E. Moore	5-16-76
Ebba M. Rice	5-21-76
Esther L. Claessens	5-23-76
Marie W. Lee	5-27-76
Mary R. Gale	5-30-76
Clinton W. Symonds	6-1-76
Viola M. Sodergren	6-5-76
Luella B. Cook	6-7-76
*Edwin L. Olson	6-15-76
Selma M. Larson	6-18-76
*Frank R. Johnson	6-25-76
*Donald Kassera	7-12-76
Harriet U. Pope	7-13-76
Hannah D. Dahlen	7-31-76
Kay P. Taylor	8-16-76
Mary C. McGrath	8-23-76
Lillian Jaspersion	8-26-76
Olga W. Johns	9-2-76
*Donald B. Moldenhauer	9-6-76
Viola B. Knudson	9-11-76
Marie M. Beeler	9-12-76
Gladys M. Campbell	9-12-76
Grace Jane Styer	9-19-76
*Cora M. Holmes	9-23-76
*Milo I. Sween	9-28-76
Gretchen S. Hankey	10-1-76
Mary S. Kunert	10-1-76
Lucinda C. Vivian	10-5-76
Elizabeth M. Daniels	10-8-76
Hope W. Morey	10-8-76
Eva S. Fortier	10-9-76
Gladys I. Roberts	10-12-76
Zelia Paquin	10-14-76
*Frances H. Zeglen	10-30-76
Charlotte M. O'Meara	11-1-76
Bessie C. LaPres	11-18-76
Edgar E. Merrifield	11-18-76
Gladys Sanders	11-20-76
Hannah Swensrud	11-21-76
May H. Findley	11-22-76
A. Elora Guy	12-1-76
Catherine F. Green	12-7-76
Alice I. Murray	12-9-76
George H. Pieh	12-13-76
Emma J. Choudek	12-22-76
Gladys Kitchin	12-25-76

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

**RANGE OF CURRENT ANNUITIES IN FORCE AT DECEMBER 31, 1975
AND GRANTED DURING LAST 4 YEARS**

<u>Amount</u>		<u>In Force At Dec. 31, 1975</u>		<u>Total Number of Annuities Granted During Last 4 Years</u>				
<u>From</u>	<u>To</u>	<u>No.</u>	<u>%</u>	<u>Total</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>
\$ 5	100	14	.6	5		1	4	
100	200	21	1.0	4	1	1	2	
200	300	30	1.5	11	3	5	1	2
300	400	26	1.3	10	4		2	4
400	500	<u>29</u>	<u>1.4</u>	<u>10</u>	<u>1</u>	<u>2</u>	<u>6</u>	<u>1</u>
Sub-Total		120	5.8	40	9	9	15	7
500	600	30	1.5	11	2	2	4	3
600	700	23	1.1	6	1		2	3
700	800	41	2.0	9	1	2	4	2
800	900	35	1.7	9		1	5	3
900	1,000	27	1.3	5		1	2	2
1,000	2,000	229	11.1	45	11	14	7	13
2,000	3,000	282	13.7	45	9	13	13	10
3,000	4,000	379	18.3	46	11	5	19	11
4,000	5,000	328	15.9	38	9	12	7	10
5,000	and up	<u>568</u>	<u>27.6</u>	<u>176</u>	<u>49</u>	<u>49</u>	<u>43</u>	<u>35</u>
Sub-Total		<u>1,942</u>	<u>94.2</u>	<u>390</u>	<u>93</u>	<u>99</u>	<u>106</u>	<u>92</u>
Total		2,062	100.0	430	102	108	121	99

**Statement Showing Mean Ledger Assets, as Adjusted and Amount and
Rate of Interest Earned for the Years 1924 to 1976 Inclusive**

Year ended December 31	Mean Ledger	Interest Earned	
	Assets, as adjusted	Amount	Rate
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
1975	96,021,440.00	5,356,739.00	5.579
1976	102,482,504.00	6,031,834.00	5.886

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.



