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72nd*Annual Report***of the****BOARD OF TRUSTEES****St. Paul Teachers'****Retirement Fund Association****St. Paul, Minnesota**LB
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1981**Year Ended December 31, 1981***Pursuant to Mn Stat 356.20*

BOARD OF TRUSTEES

Frank L. Kernik	President
Eugene R. Waschbusch	Vice-President
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EX-OFFICIO MEMBER

Robert D. Lowe, Sr.	Chairman, Board of Education City of St. Paul
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ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION
Room 303 555 Wabasha Street
St. Paul, Minnesota 55102



Saint Paul Teachers' Retirement Fund Association

BOARD OF TRUSTEES

MEMBERS

Joan A. Hunziker
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Frank L. Kernik President
Eugene R. Waschbusch Vice-President
Lyle T. Farmer Secretary-Treasurer

555 WABASHA STREET, ROOM 303

SAINT PAUL, MINNESOTA 55102

PHONE: 222-8689

The Board of Trustees of St. Paul Teachers' Retirement Fund Association submits herewith the Annual Financial Report for the year ended December 31, 1981 in accordance with the provisions of Minnesota Statutes 356.20.

The total membership decreased from 4,277 to 4,117. The regularly appointed members decreased by 42, the substitutes currently working decreased by 128, the inactive members remained the same, and the number of retirees at year end increased by 10 over last year. The complete membership statistics are included in this report.

Our investments on hand increased by \$13,781,916 to \$105,330,552. This figure is based on bonds at par, stock at cost, and short term at face value. The investments are presented at market and at amortized value in other sections of this report. You are encouraged to read the letter from our Investment Counsel included in this report as well as the complete listing of our holdings.

The need for improved funding for all of the teacher retirement funds in Minnesota remains a pressing problem. It was not possible to improve the funding in 1981 because of the fiscal problems that confronted the Legislature. We were given authority to amend our Bylaws to provide a pension in the Basic Plan with 10 years of service and age 55 with a discount. The Bonus Check was also made a permanent part of our plan.

The financial statements of the Association were audited by McGladrey Hendrickson & Co., Certified Public Accountants. A copy of their report is included as a part of this report.

Portions of the Actuarial Valuation and the comments from our Actuary are included in this report. The complete report is on file in our 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

Frank L. Kernik
President

Lyle T. Farmer

Lyle T. Farmer
Secretary-Treasurer



McGladrey Hendrickson & Co.

CERTIFIED PUBLIC ACCOUNTANTS



To the Board of Trustees
St. Paul Teachers' Retirement
Fund Association
St. Paul, Minnesota

We have examined the statements of net assets available for benefits of ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION as of December 31, 1981 and 1980, and the related statements of changes in net assets available for benefits for the years then ended, all prepared on a statutory basis. Our examinations were 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 described in Note 1, the Association's policy is to prepare its financial statements on the basis of accounting practices prescribed by the State of Minnesota statutes, which practices differ from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to, and do not, present financial position and results of operations in conformity with generally accepted accounting principles.

As discussed in Note 6, the portion of the Association that is funded by the State of Minnesota is at the statutory rate of 11.1881% of covered payroll. This rate is less than the 18.6953% actuarially computed funding rate required. The unfunded accumulated contribution requirement amounts to \$127,317,600 at December 31, 1981. The excess of the required funding rate over the statutory rate does not affect the accompanying financial statements but may result in the impairment of future benefits to be paid by the fund.

In our opinion, the financial statements referred to above present fairly the financial status of St. Paul Teachers' Retirement Fund Association as of December 31, 1981 and 1980, and the changes in its financial status for the years then ended, on the basis of accounting described in Note 1, which basis has been applied in a consistent manner.

St. Paul, Minnesota

McGladrey Hendrickson & Co.

March 22, 1982, except for
Note 6 as to which the date is
June 2, 1982

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

STATEMENTS OF NET ASSETS
AVAILABLE FOR BENEFITS

December 31, 1981 and 1980

Prepared on a Statutory Basis (Note 1)

ASSETS

	1981	1980
CASH	\$ 33,181	\$ 22,517
RECEIVABLES		
Governmental units	670,594	644,153
Interest	1,224,283	1,058,218
Dividends	183,050	94,109
Bonds, principal repayments	18,992	57,822
Common stock sold	-	32,850
INVESTMENTS (Note 5)		
Commercial paper and certificates of deposit	15,801,188	17,846,228
United States Treasury notes and bonds	8,365,904	5,397,533
Corporate bonds	38,424,951	37,720,697
Common stocks	35,630,405	25,327,006
DEFERRED YIELD ADJUSTMENT ACCOUNT (Note 4)	4,711,888	3,117,295
FURNITURE AND FIXTURES, at cost, less accumulated depreciation of \$12,336 in 1981 and \$11,838 in 1980	9,969	6,103
	<u>\$105,074,405</u>	<u>\$ 91,324,531</u>

LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 2,536	\$ 7,348
NET ASSETS AVAILABLE FOR BENEFITS	<u>105,071,869</u>	<u>91,317,183</u>
	<u>\$105,074,405</u>	<u>\$ 91,324,531</u>

See Notes to Financial Statements.

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

STATEMENTS OF CHANGES IN NET ASSETS

AVAILABLE FOR BENEFITS

Years Ended December 31, 1981 and 1980

Prepared on a Statutory Basis (Note 1)

	<u>1981</u>	<u>1980</u>
CHANGES IN NET ASSETS		
Additions:		
Investment income (loss)-		
Interest, net of amortization	\$ 7,045,089	\$ 6,360,336
Dividends	1,894,068	1,074,066
Gain on sale of common stock	1,465,529	809,049
Loss on sale of common stock	(61,165)	(283,466)
	<u>\$ 10,343,521</u>	<u>\$ 7,959,985</u>
Contributions (Note 3):		
Governmental units-		
State of Minnesota	\$ 6,395,176	\$ 6,243,597
Federal programs	368,034	443,488
	<u>\$ 6,763,210</u>	<u>\$ 6,687,085</u>
Members-		
Required withholdings	\$ 4,478,194	\$ 4,370,000
Voluntary	25,497	46,510
	<u>\$ 4,503,691</u>	<u>\$ 4,416,510</u>
	<u>\$ 21,610,422</u>	<u>\$ 19,063,580</u>
Deductions:		
Benefits paid to participants-		
Retirement	\$ 6,403,663	\$ 5,958,318
Disability	336,013	328,936
Survivor	294,385	239,174
Dependent children	102,127	96,896
Contribution refunds	524,933	555,534
	<u>\$ 7,661,121</u>	<u>\$ 7,178,858</u>
Administration expenses	194,615	190,399
	<u>\$ 7,855,736</u>	<u>\$ 7,369,257</u>
	<u>\$ 13,754,686</u>	<u>\$ 11,694,323</u>
Net assets available for benefits, beginning	<u>91,317,183</u>	<u>79,622,860</u>
Net assets available for benefits, ending	<u>\$105,071,869</u>	<u>\$ 91,317,183</u>

See Notes to Financial Statements.

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Basis of accounting:

Minnesota State statutes establish the basis for substantially all of the Association's significant accounting policies. The accompanying financial statements were prepared on the basis prescribed by statute and are not intended to present financial position or results of operations of the Association in accordance with generally accepted accounting principles. Statutory provisions differ from generally accepted accounting principles with respect to the deferral of losses, net of gains, on the sale or disposition of debt securities (see Deferred Yield Adjustment Account below). In addition, generally accepted accounting principles as stated in a pronouncement by the Financial Accounting Standards Board (SFAS No. 35) would require that all investments be stated at fair value. As noted below, the Association's investments are stated at cost in accordance with State statutes. Also, the total actuarial present value of accumulated plan benefits disclosed in Note 6 should be segmented into vested and nonvested categories. However, the effective date of SFAS No. 35 has been deferred for plans that provide benefits to state and local government employees until plan years beginning after June 15, 1982.

Deferred yield adjustment account:

Minnesota statutes require the establishment of a deferred yield adjustment account (reported as an asset in the accompanying financial statements), which is contrary to generally accepted accounting principles. The deferred yield adjustment account is increased for losses and reduced for gains on the sale or disposition of debt securities subsequent to 1969. These losses are being amortized to operations using the straight-line method over the period to maturity of the retired debt securities, which for the year ended 1981, approximates an average of 18 years.

Investments:

Investments are valued at cost, increased by unamortized bond premiums and decreased by unamortized bond discounts.

Revenue recognition:

Member employee contributions are recorded as revenues when collected through payroll withholdings or when paid directly by the member employee.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. (Continued)

Employer contributions from the State of Minnesota are computed as a percentage of covered payroll. These revenues are recorded monthly, based upon covered payroll for the month.

Note 2. Plan Description

The following brief description of the plan is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

The Association is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

General:

The St. Paul Teachers' Retirement Fund Association was created to provide retirement and other specified benefits for its members. The Fund maintains two defined benefit pension plans covering all teachers in the St. Paul Public School System. The basic plan provides all retirement benefits for its members, while the coordinated plan combines benefits from the plan with Social Security.

Pension benefits:

Members who satisfy required length of service and minimum age requirements are entitled to annual pension benefits equal to a certain percentage of final average salary (as defined in each plan) multiplied by the number of years of accredited service.

Disability benefits:

Active members who become totally and permanently disabled and satisfy required length of service requirements are entitled to receive annual disability benefits as calculated under each plan.

Other benefits:

Limited service pensions, deferred pensions, survivor benefits and family benefits are available to qualifying members and their survivors.

Bonus payments:

The plan provides a bonus payment plan for all annuitants who have been receiving benefits for at least three years. The bonus consists of .5% of the plan's assets at the end of each year and is payable in each year that the Fund earns a return on investments in excess of

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. (continued)

5-1/2%. Each annuitant receiving benefits for more than three years, receives a bonus payment based upon a dollar amount per each year of service. Bonus payments totaling \$455,016 and \$398,443 were paid during the years ended December 31, 1981 and 1980, respectively.

Note 3. Funding Policy

Member employees, under the basic program, contribute 8% of their salaries. Employer contributions are paid by the State of Minnesota in an amount provided by statute, which was 12.63% for both 1981 and 1980. Effective July 1, 1978, the Association established, pursuant to Minnesota statutes, a coordinated retirement program for all new teachers qualifying for membership and any present members who wished to coordinate with social security. Participants under this coordinated program contribute 4.5% of their salaries. Employer contributions under this program are also paid by the State of Minnesota in an amount provided by statute which was a matching 4.5% for both 1981 and 1980.

Note 4. Deferred Yield Adjustment Account

An analysis of the deferred yield adjustment account for the years ended December 31, 1981 and 1980, is as follows:

	<u>1981</u>	<u>1980</u>
Balance, beginning of year	\$ 3,117,295	\$ 2,098,344
Add (deduct):		
Losses realized on disposition of debt securities	1,919,084	1,234,824
Gains realized on disposition of debt securities	(2,120)	-
Amortization recorded as a reduction of interest income	<u>(322,371)</u>	<u>(215,873)</u>
Balance, end of year	<u>\$ 4,711,888</u>	<u>\$ 3,117,295</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5. Investments

The market values of the investments, based principally on published market prices, are summarized as follows:

	<u>Approximate Market Values at</u>	
	<u>December 31, 1981</u>	<u>December 31, 1980</u>
Commercial paper and certificates of deposit	\$ 15,801,000	\$ 17,846,000
United States Treasury notes and bonds	7,301,000	4,760,000
Corporate bonds (face amount \$45,747,000 in 1981 and \$42,198,000 in 1980)	28,771,000	29,420,000
Common stocks	<u>36,359,000</u>	<u>31,305,000</u>
Total	<u>\$ 88,232,000</u>	<u>\$ 83,331,000</u>

Note 6. Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The accumulated plan benefits for active employees are based on their age, service and earnings up to the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances—retirement, death, disability—are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an actuary from Compensation and Capital, Incorporated, and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations were (a) life expectancy of participants (the 1951 Group Annuity Mortality Table projected through 1965 was used), (b) retirement age assumptions (the assumed average retirement age was 65), (c) investment return (5%) and (d) salary scale (3-1/2% per annum compounded annually). The

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6. (continued)

foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Using the above actuarial assumptions prescribed by state statutes as of December 31, 1981, the consulting actuary has calculated the employer's required contribution rate to be 18.6953% of covered payroll. The current statutory employer's contribution rate is 11.1881%. The deficit of the current contribution rate from the required contribution rate may impair future benefits to be paid by the Association.

The present value of accumulated plan benefits (benefits to which participants are entitled, regardless of future service) as of December 31, 1981 and 1980, are as follows:

	<u>1981</u>	<u>1980</u>
Retired members and beneficiaries	\$ 64,019,106	\$ 59,575,981
Deferred vested and inactive members	4,838,183	3,951,472
Active members	<u>97,611,342</u>	<u>88,524,228</u>
	<u>\$166,468,631</u>	<u>\$152,051,681</u>

The above amounts are in excess of the net assets available for benefits by approximately \$61,402,000 at December 31, 1981, and \$60,735,000 at December 31, 1980.

COMPENSATION & CAPITAL
INCORPORATED

125 SOUTH WACKER DRIVE
DAVIS H. ROENISCH, FSA

CHICAGO, ILLINOIS 60606

TELEPHONE 312 332-4420
ACTUARIAL SERVICES

May 28, 1982

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, 1981, 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,


Fellow, ~~Society of~~ Actuaries
Enrolled Actuary No. 174

DHR:kc

St. Paul Teachers' Retirement Fund Association

COMMENTS

This report sets forth the information of 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 3-1/2% 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".

Exhibits 5, 9 and 13 show the present value of benefits for past and future service of active members, and current benefits being received by retirees (and beneficiaries).

Exhibits 6, 10 and 14 also indicate an amount of Unfunded Accumulated Contribution Requirement of \$127,317,600. This amount represents an increase of \$5,175,333. The primary reasons for the increase are estimated in Exhibits 8, 12 and 16.

Exhibits 6, 10 and 14 restate the dollar amount of obligation in Exhibits 5, 9 and 13, respectively, 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.

The state appropriation levy of 11.1881% is well short of the actuarial requirement of 18.6953% (Exhibit 6). This short fall of roughly \$4.5 million in the current year continues to erode the financial strength of the Plan. Although the Coordinated program shows a small excess, the expectancy is that the shift between the Basic and Coordinated systems, as time goes on, will not cure the shortfall. The principal effect of the substitution of the Coordinated for the Basic program will be to highlight the financial strain on the Association to meet the peaking benefit payments over the next two decades and to emphasize the need for more adequate financing.

St. Paul Teachers' Retirement Fund Association

FINANCIAL REPORT
(December 31, 1981)

A.	Assets	
	Deposits in Banks	\$ 33,181.28
	Employer Contributions Receivable	670,594.33
	Accrued Interest on Investments	1,224,282.71
	Dividends on Stocks Declared, but not yet received	183,050.00
	Repaid Principal Receivable	18,991.99
	Investment in Bonds at Amortized Cost	43,463,090.82
	Investment in Mortgages at Amortized Cost	3,327,764.01
	Investment in Common Stocks at Cost	35,630,405.32
	Short-term Investments	15,801,188.13
	Equipment at Cost, Less Depreciation	9,968.69
	Deferred Yield Adjustment Account	4,711,887.92
	Total Assets	<u>\$105,074,405.20</u>
B.	Unfunded Accrued Liability	\$127,317,600.49
C.	Accumulated Members' Contributions (without interest)	\$ 36,582,086.91
D.	Current Liabilities	
	Accounts Payable	\$ 2,535.69
E.	Total Reserves Required as per Attached Schedule	\$312,529,444.00

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, INC.

Davis H. Roenisch

Davis H. Roenisch
Fellow, Society of Actuaries

St. Paul Teachers' Retirement Fund Association

FINANCIAL REPORT
(December 31, 1981)

Schedule of Total Reserves Required

1. For Active Members

a) Retirement	\$210,254,815
b) Disability	19,116,053
c) Refund	1,726,122
d) Survivorship	<u>12,575,165</u>

Total

\$243,672,155

2. For Deferred Annuitants

1,346,718

3. For Members on Leave

3,183,171

4. For Former Members without
Vested Rights

308,294

5. For Annuitants

a) Retirement	\$ 57,769,509
b) Disability	2,563,741
c) Survivorship	<u>3,685,856</u>

Total

\$ 64,019,106

Total Required Reserves

\$312,529,444

St. Paul Teachers' Retirement Fund Association

SOURCES AND USES OF FUNDS

S O U R C E S

Cash Balance January 1, 1981		\$ 7,496.83
Income from Employer Contribution:		
State of Minnesota-Basic	\$5,908,213.35	
-Coordinated	456,384.61	
Federal Programs -Basic	326,397.57	
-Coordinated	<u>45,772.79</u>	6,736,768.32
Income from Members:		
Payroll Deductions-Basic	\$3,965,262.16	
-Coordinated	512,932.05	
Prior Service	3,135.40	
Return of Refunds	<u>22,361.71</u>	4,503,691.32
Income from Investments:		
Interest	\$7,257,358.74	
Dividends	1,776,726.65	
Miscellaneous	<u>3,184.99</u>	9,037,270.38
Investments Sold		<u>179,156,013.81</u>
Total		<u>\$199,441,240.66</u>

USES

Pension Paid:		
Retirements	\$6,405,942.09	
Survivor	294,384.61	
Family	102,697.29	
Disability	<u>336,013.17</u>	\$ 7,139,037.16
Refunds of Dues		524,933.19
Administrative Expenses:		
Actuarial, Auditing, Legal	\$ 19,425.00	
Data Processing	998.37	
Delegate Expense	5,268.00	
Investment Services	54,673.65	
Office Equipment	5,404.07	
Office Expense	15,435.64	
Salaries	88,037.28	
Taxes, Insurance, Affiliate Dues	16,834.63	
Accounts Payable - Withheld Taxes	<u>(2,535.69)</u>	203,540.95
Refund - Dividend Received Not Due		49,837.60
Investments Purchased		191,490,710.49
Cash Balance - December 31, 1981		<u>\$ 33,181.27</u>
TOTAL		<u>\$199,441,240.66</u>

COMPENSATION & CAPITAL INCORPORATED

ACTUARIAL SERVICES

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

STATEMENT OF INCOME AND DEDUCTIONS

For the Year Ended December 31, 1981

INCOME

Income from Employer Contributions:

State of Minnesota-Basic	\$5,927,452.57	
-Coordinated	467,723.36	
Federal Programs -Basic	323,433.33	
-Coordinated	<u>44,600.50</u>	\$ 6,763,209.76

Income from Members:

Payroll Deductions-Basic	\$3,965,262.16	
-Coordinated	512,932.05	
Payment for Outside Service	3,135.40	
Return of Refunded Dues	<u>22,361.71</u>	\$ 4,503,691.32

Interest on Investments, plus
accumulated discount, less
amortized premium, less
deferred yield adjustment

7,045,029.21

Dividends on Stock

1,894,067.87

Gains on Sale of Stock

1,465,554.25

Miscellaneous Receipts

60.00

Total Income

\$21,671,612.41

DEDUCTIONS FROM INCOME

Benefits Paid:

Pensions	\$5,923,796.64	
Reversionary Pensions	24,849.92	
Survivor Benefits	294,384.61	
Family Benefits	102,126.45	
Disability Benefits	336,013.17	
Bonus Checks	<u>455,016.38</u>	\$ 7,136,187.17

Refund of Dues

524,933.19

Administrative Expense

194,301.35

Loss on Sale of Stock

61,503.95

\$ 7,916,925.66

Applied to Total Reserves Required

13,754,686.75

Total Deductions from Income

\$21,671,612.41

St. Paul Teachers' Retirement Fund Association

RECONCILIATION OF ASSET BALANCES
(December 31, 1981)

Asset Balance - December 31, 1980		\$ 91,317,182.76
Additions:		
Employer Contributions	\$6,763,209.76	
Member Contributions	4,503,691.32	
Investment Income	8,939,097.08	
Net Gain on Sale of Stock	<u>1,404,110.30</u>	<u>21,610,108.46</u>
Sub-Total		\$112,927,291.22
Deductions:		
Benefit Payments	\$7,136,187.17	
Refunds	524,933.19	
Administrative Expenses	<u>194,301.35</u>	<u>7,855,421.71</u>
Asset Balance, December 31, 1981		<u>\$105,071,869.51</u>

St. Paul Teachers' Retirement Fund Association

FINANCIAL BALANCE SHEET
(December 31, 1981)

Present Value of Benefits Expected to be Paid by Retirement Fund

To Active Teachers for

Retirement	\$210,254,815
Disability	19,116,053
Survivorship	12,575,165
Refund	<u>1,726,122</u>

Total \$243,672,155

To Vested Teachers 1,346,718

To Teachers on Leave 3,183,171

To Former Teachers without
Vested Rights 308,294

To Teachers and Beneficiaries
Now Receiving Benefits for

Retirement	\$ 57,769,509
Disability	2,563,741
Survivorship	<u>3,685,856</u>

Total \$ 64,019,106

Total Value of Benefits \$312,529,444

Less Value of Expected Future Contributions* 80,139,974

Accumulated Contribution Requirement
Assuming Full Funding During
Prior Service Period \$232,389,470

Assets on Hand 105,071,870

Accumulated Contribution Requirement
to be Amortized by 2009 \$127,317,600

* As Determined by the Entry Age Normal Cost Method.

St. Paul Teachers' Retirement Fund Association

ACTUARIAL REQUIREMENTS

(December 31, 1981)

TOTAL REQUIREMENTS

Expected Future Contributions on Behalf of Active Teachers	\$ 80,139,974
Accumulated Contribution Assuming Full Funding During Prior Service Period	<u>232,389,470</u>
Total - Value of All Benefits Payable to Present Members	\$312,529,444

AMORTIZATION RATE REQUIREMENT

Accumulated Contribution Requirement	\$232,389,470	
Assets on Hand	<u>105,071,870</u>	
Amount to be Amortized	\$127,317,600	
Contribution Requirement for Amortization Period of 28 Years	\$ 8,545,880	
Current Payroll	\$ 60,342,802	
Amortization Rate Requirement		14.1622%

LEVEL CONTRIBUTION (ENTRY AGE NORMAL) RATE REQUIREMENT

Expected Future Contributions on Behalf of Active Teachers	\$ 80,139,974	
Expected Future Payroll	\$691,442,100	
Total Entry Age Normal Rate Requirement	11.5903%	
Teacher Contribution Rate*	<u>7.3792</u>	
Employer Entry Age Normal Rate Requirement		4.2111%

ACTUARIAL BALANCE

Employer Statutory Contribution Rate**		11.1881%
Rate Requirements		
Amortization Rate Requirement	14.1622%	
Entry Age Normal Rate Requirement	4.2111	
Expenses Rate Requirement	<u>0.3220</u>	
Total Rate Requirement		18.6953%
Deficit of Statutory Rate over Rate Requirement		(7.5072%)

* Weighted by Current Payroll 82.26% Basic and 17.74% Coordinated.

** Rate established by Minnesota Statute, 12.63% Basic and 4.5% Coordinated weighted by Current Payroll.

St. Paul Teachers' Retirement Fund Association

STATEMENT OF REVENUE, EXPENDITURES, CHANGES IN
UNFUNDED ACCUMULATED CONTRIBUTION REQUIREMENT
(Year Ended December 31, 1981)

Revenue:

Employer Contributions	\$ 6,763,209.76	
Employee Contributions	4,503,691.32	
Net Investment Income	<u>10,343,207.38</u>	
Total Revenue		\$21,610,108.46

Expenditure:

Benefits	7,136,187.17	
Refund of Dues	524,933.19	
Administrative Expense	<u>194,301.35</u>	
Total Expenditures		<u>7,855,421.71</u>

Increase in Assets (1981)		\$13,754,686.75
Increase in Accumulated Contribution Requirement		<u>18,930,020.00</u>
Increase (Decrease) in Unfunded Accumulated Contribution Requirement		<u>\$ 5,175,333.25</u>

St. Paul Teachers' Retirement Fund Association

INCREASE (DECREASE) IN UNFUNDED REQUIREMENTS

Unfunded	December 31, 1980	\$122,142,267
Unfunded	December 31, 1981	<u>127,317,600</u>
Increase (Decrease)		<u>\$ 5,175,333</u>

ALLOCATION OF INCREASE (DECREASE) IN UNFUNDED REQUIREMENT

Change in Average Earnings		\$ 9,491,306
Principal of Unfunded Anticipated in Total Rate Requirement	\$(1,959,836)	
Deficiency in Total Rate Require- ment over Statutory Rate	<u>4,225,932</u>	
Increase Due to Amortization		2,266,096
Investment Income in excess of 5%: Loss (Gain)		(5,788,062)
Experience Variation: Loss (Gain)		<u>(794,007)</u>
<u>Total Increase (Decrease)</u>		<u>\$ 5,175,333</u>

St. Paul Teachers' Retirement Fund Association

RECONCILIATION OF MEMBERS

ACTIVE

Active (Including 168 on Leave) December 31, 1980		2,842
Additions:		
New Apointments 1981	137	
Reappointments	<u>17</u>	<u>154</u>
Total		2,996
Separations:		
Retirements	47	
Deaths	5	
Terminations	<u>144</u>	<u>196</u>
Active (Including 164 On Leave) December 31, 1981		<u>2,800</u>
Substitutes and Part-Time currently working		<u>382</u>
Inactive Members		<u>45</u>

RETIRED

Retired Members December 31, 1980		<u>880</u>
Additions During 1981:		
Retirement	45	
Disability	<u>2</u>	<u>47</u>
Total		927
Separations - Deaths		<u>37</u>
Retired Members December 31, 1981		<u>890</u>
Beneficiaries:		
Reversionary	12	
Survivor	55	
Children	<u>24</u>	
Total	<u>91</u>	



Capital Supervisors, Inc. / 20 North Clark Street, Suite 700, Chicago, Illinois 60602 / Phone (312) 236-8271

January 7, 1982

A. Lee Thurow
President

Mr. Lyle T. Farmer
Chairman, Investment Committee
Saint Paul Teachers' Retirement
Fund Association
555 Wabasha Street - Room 303
Saint Paul, Minnesota 55102

Dear Members of the Board:

We at Capital Supervisors have just completed our sixth year as your investment advisor. We are particularly proud to report that this was the sixth year in a row that your portfolio experienced an increase on its investments. The consistency of gains is as important as the specific black number. The gain in 1981 was a modest 2 percent prior to contributions. However, this was excellent performance in a year when the Standard & Poor's 500 stock index declined 4.9 percent and the Salomon Brothers High Grade Bond Index was down 1 percent.

The key to maintaining progress last year was the use of high yielding buying reserves. We commented on their use in this letter last year, as well as some of the problems that led to weak markets in 1981 and why we were maintaining these reserves.

Based on economists and other "experts" lack of success in recent years in predicting economic developments, we will touch lightly on this area. However, we can confidently state that we are now in a recession. Last year at this time the issue was very much in doubt. On the positive side, we have turned the corner on inflation and anticipate a further decline in 1982. This has significant positive benefits for your pension plan. The benefits may not show up immediately, but the real rates of return should be trending upward.

We are fully invested on the fixed income side since we consider current yields very attractive. These funds are earning considerably more than actuarial assumptions and assure a high stream of earnings. Ignoring short term gyrations, we believe there is greater pressure for lower yields. On the equity front we are more cautious and continue to retain significant high yielding reserves. This approach enhances our performance and seems particularly appropriate in light of the many unknowns. We would expect interest rates to come down before we will want to be fully invested on the common stock side.

As in past years, we want to thank you for the opportunity to work with you. Let me assure you that we will be continuing to strive to maintain good performance while adhering to the preservation of principal policies that are appropriate for a public pension fund per your instructions.

Sincerely,


Lee Thurow

LT:bf

CHANGES IN INVESTMENT HOLDINGS

During 1981

Investments on Hand, December 31, 1980 \$91,548,635.47

Corporate Bonds at Par Value, December 31, 1980 \$35,464,325.70

Purchases During 1981 (At Par):

	<u>Maturity Date</u>	<u>Interest Rate</u>	
Carolina Power & Light	5-01-02	7.750	\$ 500,000.00
Columbia Gas System	5-01-96	9.125	450,000.00
Commonwealth Edison	4-01-97	5.375	650,000.00
Consolidated Edison	2-15-03	7.750	500,000.00
Enserch Corporation	3-15-99	8.950	500,000.00
General Telephone-Florida	3-01-05	9.375	500,000.00
Harris Corporation	12-15-01	7.750	250,000.00
ICI North America	1-15-03	8.875	500,000.00
Kerr McGee	6-01-06	8.500	500,000.00
New York Telephone	8-15-12	8.300	500,000.00
Seaboard Coastline Railroad	3-15-96	8.350	500,000.00
SOHIO	1-01-00	8.500	750,000.00
Tenneco	4-01-02	8.375	500,000.00
Union Oil Co.	6-01-98	6.625	650,000.00
Union Tank Car	12-15-96	15.875	830,000.00
Virginia Electric & Power	3-01-06	9.250	500,000.00
Worthington Industries	8-15-06	11.000	<u>250,000.00</u>
			\$ 8,830,000.00

Sales During 1981 (At Par)

Ashland Oil Inc.	8-15-02	8.200	\$ 500,000.00
Citicorp Floating Rate	9-01-98	17.850	1,000,000.00
Consolidated Edison	2-15-03	7.750	500,000.00
Exxon Corporation	11-01-97	6.000	620,000.00
Firestone Tire & Rubber	12-01-04	9.250	500,000.00
John Deere Credit Co.	4-30-98	7.500	500,000.00
Louisiana Power & Light	11-01-81	9.500	500,000.00
Mountain Fuel Supply	8-01-01	8.875	500,000.00
Natural Gas Pipeline	3-01-95	9.250	440,000.00
Public Service Colorado	5-01-96	5.375	650,000.00
Ryder Systems Inc.	5-01-93	7.800	500,000.00
SOHIO	5-01-01	8.750	750,000.00
Texaco Inc.	5-01-05	8.875	500,000.00
Union Carbide	1-15-05	8.500	500,000.00
Union Electric Co.	11-01-93	4.500	250,000.00
Vermont Yankee Power	10-01-98	9.625	<u>487,000.00</u>
			\$ 8,697,000.00

Repaid Principal \$ 129,353.55

Corporate Bonds at Par Value, December 31, 1981 \$35,467,972.15

U. S. Gov't. & Agency Bonds at Par Value, Dec. 31, 1980 \$11,583,103.16

Purchases During 1981 (At Par):

	<u>Maturity Date</u>	<u>Interest Rate</u>	
Federal Farm Credit Banks	1-20-86	15.800	\$ 1,000,000.00
Federal Home Loan Mortgage	3-15-09	9.875	501,000.00
Federal Home Loan Mortgage	3-15-09	10.250	501,000.00
Government National Mortgage Assn.	4-15-96	13.750	509,409.55
Government National Mortgage Assn.	5-15-96	13.750	509,916.28
U.S. Treasury Notes	11-15-90	13.000	2,000,000.00
U.S. Treasury Notes	8-15-91	14.875	<u>1,000,000.00</u>
			\$ 6,021,325.83

Repaid Principal \$ 369,648.12

U.S. Gov't. & Agency Bonds at Par Value, Dec. 31, 1981 \$17,234,780.87

Foreign Bonds at Par Value, December 31, 1980 \$ 1,050,000.00

Purchases During 1981 (At Par):

Quebec Hydro	12-15-95	9.750	\$ 250,000.00
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Sales During 1981 (At Par):

Province of Nova Scotia	3-15-95	9.750	\$ 250,000.00
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Foreign Bonds at Par Value, December 31, 1981 \$ 1,050,000.00

Total Bonds at Par Value, December 31, 1981 \$53,752,753.02

Common & Preferred Stock at Cost, December 31, 1980 \$25,327,005.91

Purchases During 1981: (At Cost)

	<u>Shares</u>	
Allied Corp.	15,000	\$ 673,162.50
Bristol Myers	10,000	483,250.00
Bucyrus Erie	5,000	98,100.00
Capital Holding	20,000	398,912.50
CBI Industries	10,000	456,700.00
Central Louisiana Electric	30,000	435,512.50
Central Louisiana Energy	5,000	194,642.10
Citicorp	13,000	320,875.00
Continental Illinois Corp.	25,000	873,825.00

Stock Purchases (continued)

	<u>Shares</u>	
Deere & Company	30,000	\$ 1,237,050.00
Deluxe Check	5,000	251,837.50
Dow Chemical	9,000	254,167.50
Exxon Corporation	4,000	213,290.00
Fluor Corporation	6,000	210,755.00
General Electric	2,000	112,810.00
Goodyear Tire & Rubber	10,000	194,850.00
Harris Corporation	5,000	257,975.00
Interco Inc.	5,000	248,500.00
International Business Machines	5,000	280,090.00
Lincoln National Corporation	15,000	582,900.06
Medtronic Inc.	20,000	705,783.40
Merck & Company Inc.	10,000	834,175.00
Mobil Corporation	10,000	270,600.00
Nabisco Brands	10,000	262,550.00
Nabisco Inc.	10,000	288,900.00
NL Industries	5,000	316,800.00
Pillsbury Company	15,000	591,325.00
Public Service-Colorado	10,000	140,900.00
Sears Roebuck	40,000	737,785.20
Southern California Edison	30,000	714,650.00
Southwestern Public Service	29,970	342,637.00
Sperry Corporation	10,000	524,450.00
Super Valu Stores	19,800	586,278.00
Teco Energy Inc.	10,000	195,761.44
Warner Communications	10,000	502,700.00
Weyerhaeuser Company	15,000	519,075.00
Xerox Corporation	9,000	350,495.00
		<hr/>
		\$15,664,069.70

Sales During 1981: (At Par)

Amstar Corporation	15,000	\$ 303,525.00
CSX Corporation	13,505	429,079.30
Harris Corporation	5,000	154,850.00
Litton Industries	4,080	228,000.00
Marine Midland	12,999	239,299.09
Nabisco Brands Inc.	41,200	1,041,000.00
NLT Corporation	20,000	376,301.17
Norton Simon Inc.	20,433	356,840.73
Southern California Edison	30,000	714,650.00
Squibb Corporation	10,000	321,600.00
Sterling Drug	20,000	321,500.00
Transco Company Inc.	10,000	371,325.00
Warner Communications	10,000	502,700.00
		<hr/>
		\$ 5,360,670.29

Common & Preferred Stock at Cost, December 31, 1981 \$35,630,405.32

Short Term Inventory (Face Value), December 31, 1980

	<u>Rate</u>	<u>Due</u>	
Ford Motor Credit Corporation	17.250	1-02-81	\$ 101,485.42
First National Bank CD	14.125	1-05-81	665,557.12
Allis Chalmers Credit Corporation	14.000	1-05-81	834,333.61
Northwestern National Bank CD	15.200	1-09-81	745,719.33
Montgomery Ward Credit Corporation	19.250	1-09-81	431,817.71
Int'l. Harvester Credit Corp.	20.600	1-12-81	269,700.81
Northwestern National Bank CD	20.050	1-15-81	874,369.17
Peavey Company	16.050	1-19-81	1,000,000.00
Con Agra Incorporated	18.126	1-19-81	1,000,000.00
Con Agra Incorporated	20.941	1-22-81	850,000.00
Pru-Lease	19.000	1-22-81	182,755.00
Postal Finance Company	19.250	1-23-81	213,144.17
Barclays American Corporation	20.375	1-26-81	618,354.11
CIT Financial Corporation	18.125	1-27-81	1,521,901.04
Equico Lessors Inc.	19.048	1-30-81	1,030,000.00
Commercial Credit Company	17.000	1-30-81	867,744.58
Hormel Co.	20.338	1-30-81	1,000,000.00
American National Bank CD	14.000	2-02-81	766,187.78
Equico Lessors Incorporated	21.030	2-09-81	550,000.00
Allis Chalmers Credit Corp.	20.250	2-12-81	1,078,647.75
Montgomery Ward Credit Corp.	20.375	2-12-81	1,126,397.67
Pru-Lease	20.125	2-13-81	1,196,962.92
American National Bank CD	18.500	3-09-81	1,099,102.08
U.S. Treasury Bills	14.345	3-12-81	85,000.00
First National Bank Savings			4,379.41
American National Bank Savings			4,290.94
Northwestern National Bank Savings			6,350.08
Total Short Term at 12-31-80			<u>\$18,124,200.70</u>

Short Term Inventory (Face Value), December 31, 1981

	<u>Rate</u>	<u>Due</u>	
Con Agra Inc.	11.889	1-04-82	\$ 1,015,000.00
American National Bank CD	14.300	1-04-82	973,773.75
Allis Chalmers Credit Corp.	13.500	1-08-82	1,206,750.00
Postal Finance Company	11.750	1-11-82	1,113,643.06
First National Bank CD	12.000	1-11-82	858,783.33
U.S. Life Credit Corporation	12.636	1-14-82	600,000.00
Sears Roebuck Acceptances	12.400	1-15-82	1,009,644.44
Union Oil Credit Corporation	12.250	1-18-82	637,074.38
Union Oil Credit Corporation	11.500	1-18-82	1,073,883.06
Pru-Lease	12.500	1-19-82	681,796.88
General Electric Credit	12.125	1-20-82	293,320.90
General Motors Acceptance	11.625	1-25-82	116,968.18
Commercial Credit Corporation	12.500	1-27-82	1,414,583.33

Short Term (continued)

	<u>Rate</u>	<u>Due</u>	
Northwestern National Bank CD	12.400	1-29-82	\$ 404,408.89
Con Agra Inc.	13.237	1-29-82	980,000.00
American National Bank CD	14.300	2-01-82	984,339.86
Barclays American Corporation	12.550	2-11-82	588,896.56
Northwestern National Bank CD	12.300	2-12-82	1,121,046.67
Bankers Acceptance	13.375	5-21-82	<u>873,479.90</u>
Total Short Term at 12-31-81			<u>\$ 15,947,393.19</u>

Investments on Hand, December 31, 1980	\$ 91,548,635.47
Total Purchases - Bonds & Stock	\$ 30,765,395.53
Total Sales - Bonds & Stock	14,806,671.96
Net Decrease in Short Term Inventory	<u>2,176,807.51</u>

Investments on Hand, December 1981	<u>\$105,330,551.53</u>
------------------------------------	-------------------------

Bonds at Par Value	\$ 53,752,753.02
Stock at Cost	35,630,405.32
Short Term at Face Value	<u>15,947,393.19</u>
	<u>\$105,330,551.53</u>

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

INVESTMENTS ON HAND

DECEMBER 31, 1981

BONDS

<u>CORPORATE BONDS</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par Value</u>
National Fuel Gas	9.000%	6-15-84	\$ 500,000
General Electric Credit	8.125%	1-15-85	750,000
Grand Trunk Western Railroad	9.250%	3-15-85	88,656
Pacific Lighting Service	9.300%	11-01-85	500,000
Bear Creek Security Corp.	8.125%	3-01-88	945,565
Cincinnati Gas & Electric	5.000%	5-01-90	200,000
Chrysler Corp. Gov't. GTD	10.350%	6-01-90	1,000,000
Pacific Tel. & Tel.	11.350%	7-15-90	1,000,000
Wisconsin Natural Gas	4.875%	10-01-90	325,000
Consolidated Edison NY	4.375%	6-01-92	197,000
Standard Oil Co. - California	5.750%	8-01-92	500,000
American Tel. & Tel.	4.750%	11-01-92	755,000
New England Power	4.375%	12-01-92	700,000
Ford Motor Credit Co.	7.875%	7-15-93	500,000
Southern Bell Tel. & Tel.	4.625%	12-01-93	675,000
International Harvester Credit	7.500%	1-15-94	700,000
Philadelphia Electric Co.	4.500%	5-01-94	200,000
Continental Pipeline Co.	7.500%	5-01-94	129,000
Delaware Power & Light	4.625%	10-01-94	250,000
Niagara Mohawk Power	4.625%	12-01-94	550,000
Southwestern Bell Telephone	4.625%	8-01-95	1,000,000
Kansas Nebraska Natural Gas	9.000%	1-01-96	682,000
U.S. Steel	4.625%	1-01-96	250,000
Seaboard Coastline Railroad	8.350%	3-15-96	500,000
Tampa Electric Co.	5.500%	4-01-96	500,000
Columbia Gas System	9.125%	5-01-96	450,000
Trailer Train Co.	11.875%	7-15-96	959,464
Aluminum Co. of America	7.450%	11-15-96	250,000
Union Tank Car	15.875%	12-15-96	830,000
Commonwealth Edison	5.375%	4-01-97	1,400,000
Standard Oil Co. - Indiana	6.000%	1-15-98	350,000
Union Oil Co. - California	6.625%	6-01-98	650,000
Carolina Power & Light	6.875%	10-01-98	550,000
Chrysler Corp.	8.000%	11-01-98	750,000
General American Transportation	9.000%	11-15-98	600,000
Enserch Corp.	8.950%	3-15-99	500,000
J.C. Penney Co.	9.000%	6-15-99	500,000
Long Island Lighting	8.200%	9-01-99	500,000
Research Properties	8.250%	11-01-99	483,585
Pacific Gas & Electric	6.875%	12-01-99	250,000
Sohio BP Transalaska Pipeline	9.750%	12-01-99	500,000
Penin Properties	8.750%	12-01-99	198,592
Standard Oil Co. - Ohio	8.500%	1-01-00	750,000
Consolidated Edison Co. NY	9.375%	9-15-00	250,000
Pacific Gas & Electric	6.750%	12-01-00	250,000
Eltra Corp.	8.500%	1-15-01	750,000
Southern California Edison	8.875%	3-15-01	500,000
Transamerica Financial Corp.	8.500%	7-01-01	750,000
San Diego Gas & Electric	8.000%	9-01-01	500,000
Harris Corp.	7.750%	12-15-01	250,000

Investments on Hand (continued)

<u>CORPORATE BONDS</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par Value</u>
Tenneco Inc.	8.375%	4-01-02	\$ 500,000
Carolina Power & Light	7.750%	5-01-02	500,000
Long Island Lighting	7.625%	9-01-02	500,000
ICI North America	8.875%	1-15-03	785,000
Pacific Tel. & Tel.	6.500%	7-01-03	325,000
Ford Motor Co.	9.150%	8-01-04	500,000
Union Carbide Corp.	8.500%	1-15-05	700,000
General Telephone of Florida	9.375%	3-01-05	500,000
Pembroke Capital Corp.	11.500%	8-01-05	1,000,000
Virginia Electric & Power	9.250%	3-01-06	500,000
Kerr McKee Corp.	8.500%	6-01-06	500,000
Worthington Industries	11.000%	8-15-06	250,000
Inland Steel Co.	7.900%	1-15-07	750,000
Virginia Electric & Power	8.625%	3-01-07	300,000
New York Telephone	8.300%	8-15-12	500,000
Total Corporate Bonds			\$35,453,862

U.S. GOVERNMENT SECURITIES

U.S. Treasury Note	8.375%	9-30-82	200,000
Federal Farm Credit Banks	15.800%	1-20-86	1,000,000
U.S. Treasury Note	7.875%	5-15-86	1,500,000
U.S. Treasury Note	8.000%	8-15-86	300,000
U.S. Treasury Note	9.250%	5-15-89	1,000,000
U.S. Treasury Note	13.000%	11-15-90	2,000,000
U.S. Treasury Note	14.875%	8-15-91	1,000,000
U.S. Treasury Bond	8.625%	8-15-93	700,000
Govt. National Mortgage Assn.	13.750%	4-15-96	503,768
Govt. National Mortgage Assn.	13.750%	5-15-96	504,220
U.S. Treasury Bond	7.875%	2-15-00	500,000
U.S. Treasury Bond	8.375%	8-15-00	200,000
U.S. Treasury Bond	8.250%	5-15-05	500,000
Federal Home Loan Mortgage Corp.	8.850%	3-15-08	790,000
Federal Home Loan Mortgage Corp.	9.875%	3-15-09	1,336,000
Federal Home Loan Mortgage Corp.	10.250%	3-15-09	1,336,000
U.S. Treasury Bond	9.125%	5-15-09	1,000,000
Govt. National Mortgage Assn.	9.500%	8-15-09	985,014
Govt. National Mortgage Assn.	9.500%	10-15-09	170,955
Govt. National Mortgage Assn.	9.500%	1-15-10	768,497
Govt. National Mortgage Assn.	11.500%	8-15-10	589,465
Govt. National Mortgage Assn.	11.500%	10-15-10	345,979
Total U.S. Government Securities			\$17,229,898

FOREIGN BONDS

Quebec Hydro Electric	6.250%	6-01-93	300,000
Quebec Hydro Electric	9.750%	12-15-95	250,000
Province of Ontario	9.250%	11-15-05	500,000
Total Foreign Bonds			\$ 1,050,000

Total Bonds \$53,733,760

Investments on Hand (continued)

COMMON & PREFERRED STOCK

	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u> <u>12-31-81</u>
Allied Corporation	15,000	\$ 673,162	\$ 658,125
American Tel. & Tel.	7,000	344,629	411,250
Bristol Meyers Co.	10,000	483,250	531,250
Bucyrus Erie	30,000	645,750	487,500
Capital Holding Corp.	50,000	955,668	1,112,500
CBI Industries	10,000	456,700	427,500
Central Louisiana Electric	40,774	570,451	591,223
Central Louisiana Energy	25,000	865,991	856,250
Citicorp	25,000	754,954	631,250
Continental Illinois Corp.	25,000	873,825	828,125
Deere & Co.	30,000	1,237,050	1,065,000
Deluxe Check Printers	20,000	472,787	562,499
Dow Chemical	30,000	919,618	787,500
Eli Lilly & Co.	15,000	767,250	840,000
Exxon Corp.	30,000	843,660	937,500
Fluor Corp.	30,000	537,062	900,000
FMC Corp.	25,000	611,902	640,625
General Electric Co.	20,000	1,075,774	1,147,500
General Signal Corp.	14,000	507,350	540,750
Goodyear Tire & Rubber	40,000	869,553	760,000
Great Northern Nekoosa	10,000	321,824	367,500
Harris Corp.	20,000	722,558	822,500
International Business Machines	32,000	2,116,400	1,819,999
International Mineral & Chemical	22,500	749,450	728,436
Interco	25,000	1,050,125	1,181,250
Lincoln National Corp.	25,000	903,738	1,015,625
Medtronic Inc.	10,000	705,783	767,500
Merck & Co. Inc.	10,000	834,175	847,500
Minnesota Mining & Manufacturing	17,000	1,026,649	926,500
Mobil Corp.	30,000	1,017,200	723,750
N.L. Industries	30,000	695,900	1,192,500
Pfizer Inc.	20,000	578,850	1,065,000
Phillips Petroleum	8,000	204,511	324,000
Pillsbury Co.	25,000	940,325	990,625
Public Service Co. of Colorado	50,000	687,830	712,500
Revlon Inc.	15,000	682,622	459,375
Sears Roebuck & Co.	40,000	737,785	645,000
Southwestern Public Service Co.	69,970	808,525	909,610
Sperry Corp	10,000	524,450	352,500
Super Valu Stores	40,000	591,752	785,000
Teco Energy	40,000	689,386	800,000
Texas Gas Transmission	30,000	696,480	1,050,000
United Technologies	7,500	255,015	313,125
United Technologies PFD	10,000	778,463	520,000
United Telecommunications	20,000	392,000	435,000
Weyerhaeuser Co.	15,000	519,075	435,000
Worthington Industries	20,000	317,500	440,000
Xerox Corp.	25,000	1,615,648	1,012,500
Total Common & Preferred Stock		\$35,630,405	\$36,358,642

Investments on Hand (continued)

SHORT TERM

	<u>Rate</u>	<u>Due</u>	<u>Face Value</u>
Con Agra Inc.	11.889	1-04-82	\$ 1,015,000
American National Bank CD	14.300	1-04-82	973,774
Allis Chalmers Credit Corp.	13.500	1-08-82	1,206,750
Postal Finance Company	11.750	1-11-82	1,113,643
First National Bank CD	12.000	1-11-82	858,783
U.S. Life Credit Corp.	12.636	1-14-82	600,000
Sears Roebuck Acceptances	12.400	1-15-82	1,009,644
Union Oil Credit Corp.	12.250	1-18-82	637,074
Union Oil Credit Corp.	11.500	1-18-82	1,073,883
Pru-Lease	12.500	1-19-82	681,797
General Electric Credit	12.125	1-20-82	293,321
General Motors Acceptance	11.625	1-25-82	116,968
Commercial Credit Corp.	12.500	1-27-82	1,414,583
Northwestern National Bank CD	12.400	1-29-82	404,409
Con Agra Inc.	13.237	1-29-82	980,000
American National Bank CD	14.300	2-01-82	984,340
Barclays American Corp.	12.550	2-11-82	588,897
Northwestern National Bank CD	12.300	2-12-82	1,121,047
Bankers Acceptance	13.375	5-21-82	<u>873,480</u>
Total Short Term			\$ 15,947,393

Bonds at Par Value	\$ 53,733,760
Stock at Cost	35,630,405
Short Term at Face Value	<u>15,947,393</u>
	\$105,311,558

RETIREMENT RECORD

Year	Pensions Granted	Persons on Payroll at end of year	Benefits Paid During Year
1910	15	13	\$ 4,860.00
1930-31	8	125	69,023.70
1931-32	8	130	72,961.43
1932-33	2	126	74,190.43
1933-34	6	127	74,119.87
1934-35	9	131	74,000.70
1935-36	14	135	75,864.08
1936-37	19	151	80,747.43
1937-38	17	160	89,709.13
1938-39	11	161	93,184.46
1939-Dec.'39	0	158	23,869.78
1940	71	222	170,685.43
1941	35	246	210,256.94
1942	27	266	234,217.27
1943	38	286	253,030.76
1944	34	311	282,299.18
1945	56	350	308,112.55
1946	51	378	337,511.79
1947	28	387	360,570.89
1948	42	413	375,912.29
1949	42	441	419,617.54
1950	30	461	450,641.30
1951	27	476	472,669.54
1952	28	486	508,922.59
1953	32	487	525,959.02
1954	10	482	529,428.97
1955	38	509	666,993.54
1956	46	529	750,146.33
1957	59	560	840,882.59
1958	41	579	1,019,501.72
1959	30	585	1,084,505.78
1960	38	600	1,144,380.21
1961	39	611	1,230,715.41
1962	49	624	1,352,779.11
1963	42	647	1,467,460.56
1964	33	653	1,545,252.32
1965	40	668	1,631,554.34
1966	43	676	1,770,082.68
1967	36	682	1,862,248.99
1968	45	695	1,969,759.81
1969	53	726	2,319,185.68
1970	31	719	2,385,867.50
1971	47	731	2,522,349.85
1972	51	745	2,742,660.45
1973	36	744	3,039,252.98
1974	46	754	3,372,452.55
1975	52	778	3,765,322.19
1976	77	883	4,393,513.35
1977	63	919	5,050,507.44
1978	48	946	5,523,548.09
1979	40	946	6,240,308.59
1980	47	963	6,623,803.55
1981	47	981	7,139,037.16