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SEVENTY-  
FOURTH  
ANNUAL  
REPORT  
OF THE  
BOARD OF  
TRUSTEES

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**Minneapolis Teachers'  
Retirement Fund Association**

***Minneapolis Teachers'  
Retirement Fund Association***

The Association was incorporated under the Laws of the State of Minnesota, September 17, 1909 and recognized January 1, 1924. Its principal business is the management and control of funds obtained from contributions by members, public taxes and income from investments. The Association uses these funds to pay annuities and other benefits to members of the Association.



## 1983 Financial Highlights

Year ended December 31:

	1983	1982
Total Liabilities . . . . .	\$ 1,192,201	\$ 1,323,216
Net Assets Available for Plan Benefits . . . . .	<u>194,037,804</u>	<u>180,651,361</u>
	195,230,005	181,974,577
Total Revenues . . . . .	33,436,501	33,853,596
Total Expenditures and Provisions for Losses . . . . .	<u>20,050,058</u>	<u>19,026,346</u>
Total Distribution . . . . .	<u>\$ 13,386,443</u>	<u>\$ 14,827,250</u>

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## ***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, 1983, together with the Audit report of Main Hurdman and the actuary report 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 1925 to 1983, 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 May 24, 1983. Mr Robert W. Rose and Miss Geneveve K. Johnston,

nominated as trustees for three-year terms, were elected by the members pursuant to Article IX of the By-Laws.

During the year, our Articles were amended to provide for a minor change in election procedures. The change allows an extra week to elapse between mailing and counting of ballots.

Members deposited \$7,168,291 compared to \$6,150,499 during the previous year. The revenues from taxes were \$7,555,297 for 1983.

Annuity applications totaled 103 which was a decrease of 17 from the previous year. A total of \$16,503,861 was paid to annuitants during the year.

The book value of investments at the close of the year was \$192,307,130 compared to \$179,419,489 for the year before.

Interest and dividends earned amounted to \$10,280,467. Income from rentals totaled \$8,774,216. Members' deposits were credited with 5% interest and interest credited to the Annuity Reserve Fund was computed at 5% on the mean monthly balances.

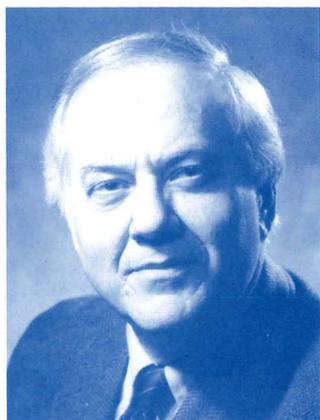
The reserve for investment and other losses amounted to \$48,337,042 as of December 31, 1983.



Geneveve K. Johnston  
*President*



A. James Heller



Robert W. Rose



Eleanor L. Matsis



Marilyn Olson-Bieger



E. Dudley Parsons



James Pommerenke

## Officers

Geneveve K. Johnston, *President*  
 A. James Heller, *Vice President*  
 Robert W. Rose, *Secretary*  
 Marilyn Olson-Bieger, *Treasurer*

## Board of Trustees

A. James Heller, *Instructor, Henry High School*  
 Geneveve K. Johnston, *Annuitant*  
 Eleanor L. Matsis, *Instructor, North High School*  
 Marilyn Olson-Bieger, *Instructor, Loring School*  
 E. Dudley Parsons, *Annuitant*  
 James W. Pommerenke, *School Board Representative*  
 Robert W. Rose, *Instructor, Roosevelt High School*

## Standing Committees

### Finance

Marilyn Olson-Bieger, *Chairman*  
 E. Dudley Parsons  
 Geneveve K. Johnston (*Ex officio*)

### Membership

Eleanor L. Matsis, *Chairman*  
 A. James Heller  
 Geneveve K. Johnston (*Ex officio*)

### Annuity

E. Dudley Parsons, *Chairman*  
 Robert W. Rose  
 Geneveve K. Johnston (*Ex officio*)

## Administrative Personnel

Newell Gaasedelen, *Executive Secretary and Investment Manager*  
 Richard H. Bachelder, *Counsel*  
 Peat, Marwick, Mitchell & Co., *Actuary*  
 Main Hurdman, *Auditors*

## Investment Advisory Committee

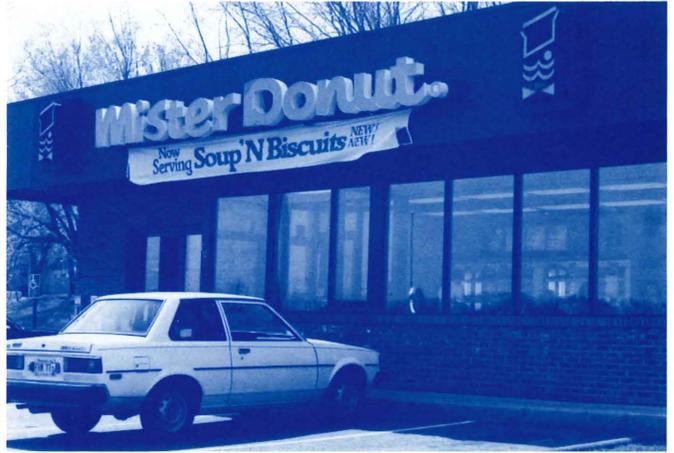
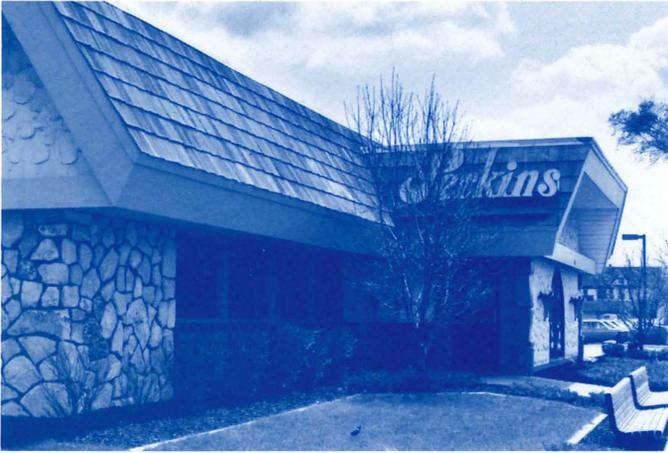
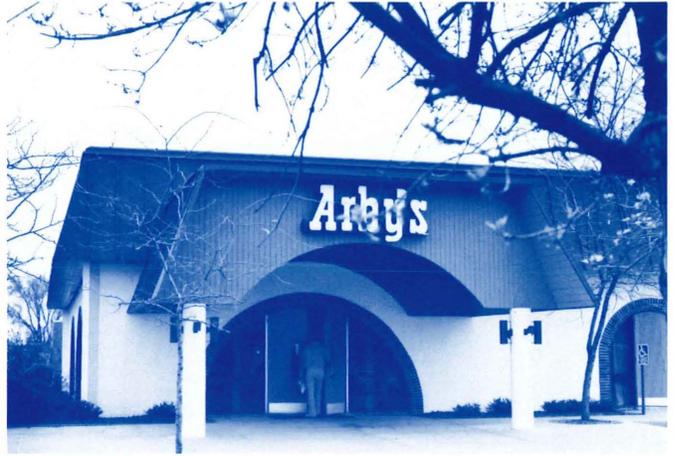
Harold Chucker, *Chair*, has received three national awards for commentary on economics; formerly *Editorial Editor and Economic Columnist for the Minneapolis Star and Tribune*; presently consultant in public affairs and an economic writer.  
 Lloyd O. Swanson, *Vice Chair, Chairman of the Board, First Federal Savings and Loan Association of Minneapolis.*  
 Lloyd Engelsma, *Chief Executive Officer, Krause-Anderson companies.*  
 Harvey N. Daniels, formerly *Economist and senior investment manager at First Bank, Minneapolis*; presently *Board member of First American Money Fund, Inc.*  
 Wyman D. Nelson, formerly *owner of Perkins Cake and Steak, Inc.*; presently *owner of Omni Venture, Ltd.*  
 Donald E. Jondahl, formerly *Executive Vice President of Investments, Northwestern National Life Insurance Company*; very recently retired.  
 Henry S. Kingman, *Director of Business Development, First Federal Savings and Loan Association of Minneapolis.*



## Real Estate Investments

Our Real Estate Investment program goes on. We have sold some properties, added others, and ended the year somewhat better than the one before. During 1983 we added seven properties to our holdings and sold four. We expect to acquire more real estate in 1984, adding perhaps 15 or 20 investments. On the whole, the restaurant business was much improved in 1983 over 1982 which made for higher percentage rentals for the Fund. In 1983, 21 restaurants paid percentage rental compared to 15 in 1982.

During 1984 we expect to increase our commitments to common stocks and real estate and gradually decrease our exposure in fixed-income securities.



**Consolidated Statement of Net Assets Available for Plan Benefits**  
**Years ended December 31:**

	1983	1982
<b>Assets</b>		
Investments:		
Commercial paper and certificates of deposit . . . . .	\$ 47,756,047	\$ 38,627,160
Bonds . . . . .	18,878,429	22,375,632
Common stocks . . . . .	58,012,057	52,216,713
Rental properties, net of accumulated depreciation . . . . .	62,230,921	62,149,091
Property held for sale or lease, net . . . . .	5,141,973	3,701,726
Real estate mortgages . . . . .	287,703	349,167
Other . . . . .	1,135	1,135
Total investments . . . . .	<u>192,308,265</u>	<u>179,420,624</u>
Receivables:		
Accounts receivable from governmental units . . . . .	911,410	934,001
Accounts and notes receivable from lessees . . . . .	105,683	69,345
Accrued interest receivable . . . . .	1,203,327	861,888
Accrued dividends receivable . . . . .	408,646	401,207
Receivable from investments sold . . . . .		34,135
	<u>2,629,066</u>	<u>2,300,576</u>
Cash and savings accounts . . . . .	292,674	253,377
	<u>\$ 195,230,005</u>	<u>\$ 181,974,577</u>
<b>Liabilities and Net Assets Available for Plan Benefits</b>		
Member deposits payable . . . . .	\$ 101,846	\$ 86,597
Payable for lump sum post-retirement benefit . . . . .	977,000	910,000
Accounts payable . . . . .	2,980	9,564
Rents received in advance . . . . .	10,375	38,529
Deposits on rental property . . . . .	100,000	120,000
Deferred premiums received from outstanding options on common stock . . . . .		158,526
Total liabilities . . . . .	<u>1,192,201</u>	<u>1,323,216</u>
Obligations for plan benefits:		
Annuity reserve fund . . . . .	59,574,245	55,008,672
Retirement deposit fund . . . . .	130,312,507	120,689,101
Unfunded accrued actuarial liability . . . . .	<u>313,715,604</u>	<u>260,908,720</u>
Total obligations for plan benefits . . . . .	503,602,356	436,606,493
Reserve for investment and other losses . . . . .	48,337,042	41,017,286
Funding deficiency—State of Minnesota . . . . .	(44,185,990)	(36,063,698)
Unfunded accrued actuarial liability . . . . .	<u>(313,715,604)</u>	<u>(260,908,720)</u>
Net assets available for plan benefits . . . . .	<u>194,037,804</u>	<u>180,651,361</u>
	<u>\$ 195,230,005</u>	<u>\$ 181,974,577</u>

The accompanying notes are an integral part of these financial statements.

## Consolidated Statement of Revenues, Expenditures and Provision for Losses

Years ended December 31:

	1983	1982
<b>Revenues:</b>		
Revenue from governmental units:		
State contributions . . . . .	\$ 7,555,297	\$ 8,755,388
District contributions . . . . .		1,263,829
Total revenue from governmental units . . . . .	<u>7,555,297</u>	<u>10,019,217</u>
Contributions by members:		
Required . . . . .	7,151,550	6,132,193
Other . . . . .	<u>16,741</u>	<u>18,306</u>
Total contributions by members . . . . .	<u>7,168,291</u>	<u>6,150,499</u>
Investment income:		
Interest . . . . .	5,560,502	6,563,979
Dividends . . . . .	4,719,965	4,502,483
Loss on sale of investments . . . . .	(460,093)	(817,106)
Loss on option trades . . . . .	(20,821)	(147,017)
Rent income . . . . .	8,774,216	7,592,718
Gain (loss) on sale of rental property . . . . .	<u>139,144</u>	<u>(11,177)</u>
Total investment income . . . . .	<u>18,712,913</u>	<u>17,683,880</u>
Total revenues . . . . .	<u>33,436,501</u>	<u>33,853,596</u>
Expenditures and provisions for losses:		
Retirement, beneficiary and disability annuities . . . . .	16,503,861	15,359,377
Withdrawals . . . . .	421,088	684,919
Death benefits . . . . .	57,460	74,126
Administrative expenses . . . . .	685,932	651,673
Depreciation on rental properties . . . . .	1,432,069	1,276,922
Other rental property expenses . . . . .	347,648	142,329
Provision for losses on property held for sale or lease . . . . .	<u>602,000</u>	<u>837,000</u>
Total expenditures and provision for losses . . . . .	<u>20,050,058</u>	<u>19,026,346</u>
Revenues in excess of expenditures and provision for losses . . . . .	<u>\$ 13,386,443</u>	<u>\$ 14,827,250</u>
Distribution of excess revenues (in accordance with the Articles of Incorporation):		
Annuity reserve fund . . . . .	\$ (1,920,712)	\$ (1,802,647)
Retirement deposit fund . . . . .	16,187,747	15,109,421
Reserve for investment and other losses . . . . .	7,241,700	6,885,270
Funding deficiency—State of Minnesota . . . . .	<u>(8,122,292)</u>	<u>(5,364,794)</u>
Total distributions . . . . .	<u>\$ 13,386,443</u>	<u>\$ 14,827,250</u>

## Consolidated Statement of Changes in Obligations for Plan Benefits, Reserves and Funding Deficiency

Years ended December 31: 1983 and 1982

	Annuity Reserve Fund	Retirement Deposit Fund	Unfunded accrued actuarial liability	Reserve for investment and other losses	Funding deficiency—State of Minnesota
<b>Revenues:</b>					
Balance at December 31, 1981 . . . . .	\$ 50,009,943	\$ 112,465,752	\$ 241,833,892	\$ 34,047,320	\$ (30,698,904)
Distribution of excess reserves . . . . .	(1,802,647)	15,109,421		6,885,270	(5,364,794)
<b>Transfers:</b>					
From retirement deposit fund to annuity reserve fund for purchase of annuities . . . . .	6,801,376	(6,801,376)			
From retirement deposit fund to reserve for investments and other losses for cancellation of employer contributions . . . . .		(84,696)		84,969	
Increase in actuarially computed accrued liability and administrative expenses over Association net assets . . . . .			19,074,828		
Balance at December 31, 1982 . . . . .	55,008,672	120,689,101	260,908,720	41,017,286	(36,063,698)
Distribution of excess reserves . . . . .	(1,920,712)	16,187,747		7,241,700	(8,122,292)
<b>Transfers:</b>					
From retirement deposit fund to annuity reserve fund for purchase of annuities . . . . .	6,486,285	(6,486,285)			
From retirement deposit fund to reserve for investments and other losses for cancellation of employer contributions . . . . .		(78,056)		78,056	
Increase in actuarially computed accrued liability and administrative expenses over Association net assets . . . . .			52,806,884		
Balance at December 31, 1983 . . . . .	<u>\$ 59,574,245</u>	<u>\$ 130,312,507</u>	<u>\$ 313,715,604</u>	<u>\$ 48,337,042</u>	<u>\$ (44,185,990)</u>

The accompanying notes are an integral part of these financial statements.

## Notes to Consolidated Financial Statements

### (1) Summary of Significant Accounting policies

**Principal business**—The principal business of the Association is the management and control of funds obtained from contributions by members, public taxes and income from investments. The Association uses these funds to pay annuities and other benefits to members of the Association.

Effective July 1, 1978, the Association established a plan, coordinated with Social Security, in accordance with Minnesota State Statutes. Teachers who become members of the Association subsequent to June 30, 1978 automatically become members of the coordinated plan. Teachers who were members of the Association prior to July 1, 1978, referred to as basic members, were given an opportunity to elect coverage under the coordinated plan. Members' contributions and benefits under the coordinated plan have been adjusted to reflect contributions to and benefits from Social Security. As described in Note 7, separate actuarial valuations are required for the basic and coordinated plans of the Association.

**Basis of accounting**—The financial statements reflect a modified accrual basis of accounting in which revenues are recognized as described below under "revenues", and expenditures are recognized when services are rendered 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 financial statements include the consolidated accounts of the Association, MRT Properties, Inc., Min-Tex Foods, Inc. and Min-Tex Foods Ltd. MRT Properties, Inc. is a wholly owned subsidiary of the Association and its principal activity consists of investing in real estate in the State of Minnesota. Min-Tex Foods Ltd. is a limited partnership of which the Association is the sole limited partner, with Min-Tex Foods, Inc. (a Texas corporation) as the general partner, and its principal activity consists of investing in real estate in the State of Texas. Min-Tex Foods, Inc. and the limited partnership were organized to allow the Association's real estate acquisitions to qualify as tax-exempt transactions in Texas.

The Association is tax-exempt as an organization under Section 501(c)(11) of the Internal Revenue Code and is subject to Federal income tax only on net unrelated business income. The Association had no unrelated business income in 1983 or 1982.

**Revenues**—Members contribute 8½% of compensation paid if they are basic plan members and 4½% of compensation paid if they are coordinated plan members. Contributions are recorded as revenues when received.

Effective January 1, 1983, the Minnesota Legislature passed into law a requirement that members of state public employee retirement plans contribute, in addition to the percentages specified above, an additional 2% of compensation paid. This requirement was repealed effective July 1, 1983. Members retiring between January 1, 1983 and June 30, 1985 will receive a lump sum refund of the 2% contribution collected together with interest at the prevailing refund rate (currently 5%).

State contributions are based upon a specific formula applied to teacher compensation used to fund all teachers' retirement plans in the State of Minnesota and are recorded when earned.

District contributions are based on a specific formula applied to teacher compensation funded primarily by Federal grants and are recorded when received from the Minneapolis School District.

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 upon disposal of investment securities.

Rental income from investments in real estate is recorded when earned.

**Investments**—Common stocks, bonds and real estate mortgages, commercial paper and certificates of deposit are carried at cost, reduced by provisions for losses on certain securities with apparent permanent declines in the underlying value and earning power of the individual issuers.

**Rental properties** have been classified as operating leases and are carried at depreciated cost (Note 3). Depreciation has been provided using the straight-line method over the estimated useful lives of approximately 30 to 35 years.

**Property held for sale or lease** is stated at the lower of depreciated cost or net realizable value.

**Annuity reserve fund**—At the time a member ceases to teach in the public schools of Minneapolis, the accumulation of the member's deposits and, under certain conditions, State deposits may be applied by the member for the purchase of an annuity from the Association. 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 at a rate of 5% to the fund.

**Retirement deposit fund**—All amounts received for deposit by or on behalf of members, plus interest at a rate of 5% annually for basic members only, are held in the Retirement Deposit Fund for providing of benefits until withdrawal, death or retirement.

**Reserve for investments and other losses**—Includes investment income in excess of amounts credited to the Retirement Deposit Fund less provisions for losses and other costs related to maintaining the investment portfolio.

**Funding deficiency**, State of Minnesota, represents the cumulative excess of the actual cost of annuities purchased upon members' retirement, credits to members' accounts as State deposits for such year and administrative expenses in excess of revenues received from the State of Minnesota.

**Unfunded accrued actuarial liability** represents the excess of the present value of future benefits over current plan net assets.

**Reclassifications**—Certain amounts reported in the 1982 financial statements have been reclassified to conform to classifications used in the current year.

### (2) Investments in Marketable Securities

Investments in marketable securities at December 31, 1983 and 1982, are summarized as follows:

	<u>Carrying value</u>	<u>Approximate market value</u>	<u>Unrealized appreciation (depreciation)</u>
December 31, 1983:			
Commercial paper and certificates of deposit . . . .	\$ 47,756,047	\$ 47,756,047	
Bonds . . . . .	18,878,429	15,265,582	\$ (3,612,847)
Common stocks . . . . .	58,012,057	99,155,109	41,143,052
	<u>\$ 124,646,533</u>	<u>\$ 162,176,738</u>	<u>\$ 37,530,205</u>
December 31, 1982:			
Commercial paper and certificates of deposit . . . .	\$ 38,627,160	\$ 38,627,160	
Bonds . . . . .	22,375,632	17,948,072	\$ (4,427,560)
Common stocks . . . . .	52,216,713	82,625,924	30,409,211
	<u>\$ 113,219,505</u>	<u>\$ 139,201,156</u>	<u>\$ 25,981,651</u>

## Notes to Consolidated Financial Statements (continued)

Market values for investments are based on published market quotations.

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.

### (3) Description of Leasing Arrangements

The Association is the lessor of real estate (land and buildings) to various franchise operations with lease terms ranging from twenty to twenty-five years. The Association purchases the land and building and leases it back to the franchise operator. The franchise operations are primarily in the fast food and, to a lesser extent, in the minor automotive maintenance industries. The lease obligations are generally guaranteed by individuals and/or corporations.

The Association's investment in rental properties under lease consists of the following as of December 31:

	1983	1982
Land . . . . .	\$ 22,457,809	\$ 21,633,292
Buildings . . . . .	44,216,218	43,736,573
	66,674,027	65,369,865
Less accumulated depreciation . . . . .	(4,443,106)	(3,220,774)
	<u>\$ 62,230,921</u>	<u>\$ 62,149,091</u>

Under the terms of the various lease agreements the Association is entitled to receive minimum lease payments as follows:

Years ending December 31,	
1984 . . . . .	\$ 8,330,000
1985 . . . . .	8,330,000
1986 . . . . .	8,330,000
1987 . . . . .	8,330,000
1988 . . . . .	8,330,000
Later years . . . . .	99,963,000
Total minimum future rentals . . . . .	<u>\$141,613,000</u>

The Association is also entitled to receive contingent rentals which are determined on the basis of a percentage of sales in excess of contractually stated minimums. Contingent rentals were \$392,653 in 1983 and \$271,312 in 1982.

The Association has reported all real estate leases as operating leases even though such leases meet the criteria for classification as direct financing leases in accordance with the provisions of Financial Accounting Standards Board Statement No. 13. The Association's "revenues in excess of expenditures and provision for losses" and net assets would have been \$490,000 and \$2,475,000 more in 1983 and \$675,000 and \$1,985,000 more in 1982, respectively, had the Association reported these leases as direct financing leases.

### (4) Property Held for Sale or Lease

The Association holds for sale or subsequent lease property on which the lessee has discontinued operations and defaulted on contractual monthly payments. Property held for sale or lease in 1983 consists of fourteen properties with an aggregate depreciated cost of \$5,141,973, which is net of an allowance for loss of \$1,889,000.

### (5) District Contributions

District contributions relate to teachers' compensation funded primarily by Federal grants and, in accordance with Association policy, are recognized as revenue upon receipt. At December 31, 1983, the District owes the Association \$634,382 for teachers' compensation funded in 1983.

The Association did not receive contributions in 1983 and received contributions in 1982 of \$1,263,829, \$652,793 of which related to 1981.

### (6) Lump Sum Post-Retirement Benefits

A lump sum post-retirement benefit is declared if the Association, on an annual basis, has excess investment income as defined by the Articles of Incorporation. The amount of the benefit, if payable, is determined by applying ½% to the Association's total assets at year-end and is payable to eligible annuitants and benefit recipients. In 1983, the Association paid \$908,053 and recorded a payable of \$977,000 based on total assets at December 31, 1982 and 1983, respectively.

### (7) Actuarial Valuations

The laws of Minnesota, 1978, require that actuarial valuations after July 1, 1978 show separately the actuarial valuation of the basic and coordinated plans. Compliance with this statutory requirement necessitates an allocation of Association assets to the two plans. Assets have been allocated for actuarial purposes by adding deposits and investment income on a time-weighted basis to beginning-of-the-year assets. An aggregate interest rate based on total investment income and average ledger assets as determined in accordance with a formula approved by the State Insurance Commissioner is used in the calculation.

The allocation of net assets available for plan benefits and the unfunded accrued actuarial liability is as follows:

	Basic plan	Coordinated plan	Total
December 31, 1983:			
Net assets available for plan benefits . . .	<u>\$192,011,136</u>	<u>\$2,026,668</u>	<u>\$194,037,804</u>
Unfunded accrued actuarial liability	<u>\$312,461,800</u>	<u>\$1,253,804</u>	<u>\$313,715,604</u>
December 31, 1982:			
Net assets available for plan benefits . . .	<u>\$179,381,796</u>	<u>\$1,269,565</u>	<u>\$180,651,361</u>
Unfunded accrued actuarial liability	<u>\$260,717,473</u>	<u>\$ 191,247</u>	<u>\$260,908,720</u>

### (8) Commitments

The Association has entered into commitments to purchase and lease back property totaling approximately \$2,400,000 at December 31, 1983. All of these commitments are subject to the seller meeting various terms of the commitments.

## **Report of Independent Certified Public Accountants**

The Board of Trustees  
Minneapolis Teachers' Retirement Fund Association

We have examined the consolidated statement of net assets available for plan benefits of Minneapolis Teachers' Retirement Fund Association and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of revenues, expenditures and provision for losses, and changes in obligations for plan benefits, reserves and funding deficiency for the years then ended. 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.

In our opinion, such consolidated financial statements present fairly the net assets available for plan benefits of Minneapolis Teachers' Retirement Fund Association and subsidiaries at December 31, 1983 and 1982, and their revenues, expenditures and provision for losses, and changes in obligations for plan benefits, reserves and funding deficiency for the years

then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations referred to above were directed primarily toward formulating an opinion on the consolidated financial statements of Minneapolis Teachers' Retirement Fund Association and subsidiaries, taken as a whole. The accompanying information included in Schedules 1 through 6 are presented for purposes of additional analysis and are not necessary for a fair presentation of the net assets available for plan benefits and revenues, expenditures and provision for losses and changes in obligations for plan benefits, reserves and funding deficiency of Minneapolis Teachers' Retirement Fund Association and subsidiaries. Such accompanying information has been subjected to the auditing procedures applied in the examinations of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects only when considered in conjunction with the consolidated financial statements taken as a whole.

**MAIN HURDMAN**  
Certified Public Accountants

Minneapolis, Minnesota  
March 23, 1984

**Years ended December 31:**

**Annuity Reserve Fund—Schedule 1**

	1983	1982
Balance at beginning of year	\$ 55,008,672	\$ 50,009,943
Add (deduct):		
Interest at 5%	2,782,220	2,532,063
Annuity expenditures	(4,702,932)	(4,334,710)
	(1,920,712)	(1,802,647)
Members' accumulations transferred from retirement deposit fund for purchase of annuities	6,486,285	6,801,376
Balance at end of year	<u>\$ 59,574,245</u>	<u>\$ 55,008,672</u>

**Retirement Deposit Fund—Schedule 2**

	1983	1982
Balance at beginning of year	\$ 120,689,101	\$ 112,465,752
Add:		
Members' contributions:		
Required	7,151,550	6,132,193
Other	16,741	18,306
	7,168,291	6,150,499
Tax revenue credited to members—stipulated state deposits	3,818,204	4,471,212
Interest at 5%	5,679,800	5,246,755
	<u>16,666,295</u>	<u>15,868,466</u>
Deduct:		
Death benefits	57,460	74,126
Withdrawals—members' contribution refundable	421,088	684,919
Transfer to annuity reserve fund for purchase of annuities	6,486,285	6,801,376
Cancellation of employer's contributions in accordance with the Articles of Incorporation	78,056	84,696
	<u>7,042,889</u>	<u>7,645,117</u>
Balance at end of year	<u>\$ 130,312,507</u>	<u>\$ 120,689,101</u>

**Annuity Expenditures—Schedule 3**

	1983	1982
Charged to the annuity reserve fund	\$ 4,702,932	\$ 4,334,710
Charged to the contingent fund:		
In accordance with Articles of Incorporation, Article IX, sections:		
8	1,003	1,568
9	434,876	442,143
11	8,561,573	7,883,531
14	1,501,734	1,444,781
15	108,747	117,180
	<u>10,607,933</u>	<u>9,889,203</u>
Charged to the reserve for investment and other losses in accordance with Articles of Incorporation, Article IX, Section:		
18	975,052	905,388
General annuities	217,944	230,076
	<u>11,800,929</u>	<u>11,024,667</u>
	<u>\$ 16,503,861</u>	<u>\$ 15,359,377</u>

Years ended December 31:

**Tax Revenue and District Contributions\*—Schedule 4**

	1983	1982
Tax revenue collected:		
State contributions . . . . .	\$ 7,555,297	\$ 8,755,388
District contributions . . . . .		1,263,829
Total revenue . . . . .	<u>\$ 7,555,297</u>	<u>\$ 10,019,217</u>
Application of tax revenue:		
Credited to:		
Contingent fund:		
Payments made to annuitants . . . . .	\$ 10,607,933	\$ 9,889,203
Expenses of management . . . . .	1,033,508	793,520
General annuities . . . . .	<u>217,944</u>	<u>230,076</u>
	11,859,385	10,912,799
Retirement deposit fund for stipulated deposits . . . . .	3,818,204	4,471,212
Funding deficiency—State of Minnesota . . . . .	<u>(8,122,292)</u>	<u>(5,364,794)</u>
	<u>\$ 7,555,297</u>	<u>\$ 10,019,217</u>

\*Note: Amounts charged during the year to the contingent fund are the unfunded portion of annuity expenditures and only those general and administrative expenses incurred by the Association. State contributions in excess of stipulated deposits are credited to the contingent fund. At the end of each year, the remaining deficiency in the contingent fund is added to the funding deficiency—State of Minnesota.

**Administrative Expenses—Schedule 5**

	1983	1982
Personal service:		
Staff payroll . . . . .	\$ 195,271	\$ 193,985
Social Security taxes . . . . .	12,636	12,448
Professional fees . . . . .	<u>165,525</u>	<u>176,122</u>
	<u>373,432</u>	<u>382,555</u>
Investment and travel:		
Air transportation . . . . .	9,802	15,277
Conference fees, tuition and registration . . . . .	10,889	16,119
Hotels and meals . . . . .	27,909	33,808
Investment expense . . . . .	<u>11,989</u>	<u>22,103</u>
	<u>60,589</u>	<u>87,307</u>
Other expenses:		
Postage and mailing . . . . .	15,055	13,283
Telephone and electricity . . . . .	12,955	14,979
Printing, binding and address plates . . . . .	22,671	20,172
Office supplies . . . . .	6,876	5,117
Office rent . . . . .	61,717	37,301
Employees' hospitalization insurance . . . . .	14,481	15,672
Other insurance . . . . .	39,448	22,699
Office equipment purchased . . . . .	59,817	23,905
Data processing . . . . .	14,217	14,093
Other (unclassified) . . . . .	<u>4,674</u>	<u>14,590</u>
	<u>251,911</u>	<u>181,811</u>
	<u>\$ 685,932</u>	<u>\$ 651,673</u>

Years ended December 31:

**Other Rental Property Expenses—Schedule 6**

	1983	1982
Legal fees . . . . .	\$ 176,338	\$ 58,984
Transportation, hotels and meals . . . . .	33,068	26,359
Property taxes . . . . .	73,010	20,295
Insurance . . . . .	44,712	26,883
Utilities . . . . .	10,067	3,444
Other (unclassified) . . . . .	10,453	6,364
	<u>\$ 347,648</u>	<u>\$ 142,329</u>

**Membership**

The membership of the MTRF Association includes, as **Active Members**, teachers and administrative personnel employed by the Board of Education of Special School District #1—City of Minneapolis. The membership also includes, as **Inactive Members**, those who have left the employ of the Minneapolis Board of Education but who are entitled to a present or future benefit. **Annuitants** are also members of the Association.

	Women	Men	Total
<b>Active Members</b>			
January 1, 1983 . . . . .	1904	1210	3114
December 31, 1983 . . . . .	1928	1173	3101
<b>Inactive Members</b>			
January 1, 1983 . . . . .	352	217	569
December 31, 1983 . . . . .	375	220	595
<b>Annuitants:</b>			
January 1, 1983 . . . . .	1657	508	2165
December 31, 1983 . . . . .	1647	537	2184
<b>Total Membership</b> . . . . .	3950	1930	5880

Annuities paid to beneficiaries of deceased active and annuitant members (in accordance with Article IX, Section 2, Subsections (b) and (c)):

January 1, 1983 . . . . .	151
December 31, 1983 . . . . .	156

**Deceased:**

Name	Status	Date of Death
Philip F. Nash	Inactive	2- 5-83
Carol M. Kinchelow	Active	3-21-83
Patricia K. Cortez	Active	5-20-83
John S. Ferraro	Active	6- 8-83
Albert J. Briscoe, Sr.	Active	10-15-83

## New Annuitants, 1983

In the calendar year 1983, the following new annuities were granted: 86 Formula Annuities and 17 other Annuities. Annuities paid amounted to \$16,503,861 and annuities in force at the close of the year totaled \$16,045,198.

Name	Date Effective	Name	Date Effective	Name	Date Effective	Name	Date Effective
Julane Coyer . . . . .	1-1-83	Conrad Case . . . . .	7-1-83	Jeanne Lundheim . . . . .	7-1-83	George A.	
Fern E. Gronneberg . . . . .	1-1-83	John F. Cumming . . . . .	7-1-83	Elise D. Lyle . . . . .	7-1-83	Christenson . . . . .	8-1-83
William H. Jones . . . . .	1-1-83	Eleanor V. Dahlquist . . . . .	7-1-83	Jean B. McNamee . . . . .	7-1-83	Gudren Conmy . . . . .	8-1-83
Melvin Kurnow . . . . .	1-1-83	Harriet J. Danielson . . . . .	7-1-83	William Michalko . . . . .	7-1-83	Earl R. Daniels . . . . .	8-1-83
Mary S. Lees . . . . .	1-1-83	Donald G. DeChant . . . . .	7-1-83	Robert W. Menzel . . . . .	7-1-83	DeLoris N. Holler . . . . .	8-1-83
James W. Murphy . . . . .	1-1-83	Margaret J. Decker . . . . .	7-1-83	Evelyne G. Meyers . . . . .	7-1-83	Mary Ann Olson . . . . .	8-1-83
Charlotte Rotzel . . . . .	1-1-83	Katherine G.		Alvina Mjelve . . . . .	7-1-83	Jane H. Restrepo . . . . .	8-1-83
Jeanne I. Wilson . . . . .		Doepke . . . . .	7-1-83	Clarette Noah . . . . .	7-1-83	Kenneth A.	
Joyce M. Anderson . . . . .	2-1-83	Dorothy E. Dolmar . . . . .	7-1-83	Geraldine Northfelt . . . . .	7-1-83	Schumack . . . . .	8-1-83
Lucille M. Priem . . . . .	2-1-83	Charles Elias . . . . .	7-1-83	Tom T. Ohno . . . . .	7-1-83	Karl E. Axelsen . . . . .	9-1-83
Rose Marie Schwan . . . . .	2-1-83	Ann M. Fiedler . . . . .	7-1-83	Robert A. O'Rourke . . . . .	7-1-83	Margaret	
Janette R. Andrews . . . . .	3-1-83	Sylvia F. Fisher . . . . .	7-1-83	Sterling D. Peterson . . . . .	7-1-83	Frederickson . . . . .	9-1-83
Arlis Christeck . . . . .	3-1-83	Florence M. Fiskum . . . . .	7-1-83	Alvin Quiring . . . . .	7-1-83	DeLores Hare . . . . .	9-1-83
George L. Austin . . . . .	4-1-83	George J. Flugaur . . . . .	7-1-83	Othmar E. Rohling . . . . .	7-1-83	Doris W. Holmgren . . . . .	9-1-83
Dorothy G.		Robert L. Fricke . . . . .	7-1-83	Robert E. L. Roy . . . . .	7-1-83	James A. McDonell . . . . .	9-1-83
Thompson . . . . .	4-1-83	Marlyce J. Gustafson . . . . .	7-1-83	Jacquelyn B. Sahlin . . . . .	7-1-83	Melvin C. Sorenson . . . . .	9-1-83
Peter Aguilar . . . . .	7-1-83	Lawrence C. Hansen . . . . .	7-1-83	Charlotte Scarlett . . . . .	7-1-83	Rodney K. VanSickle . . . . .	9-1-83
Alvin John Anderson . . . . .	7-1-83	Fredrick V. Hayen . . . . .	7-1-83	Mavis Scott . . . . .	7-1-83	Janet Benson . . . . .	10-1-83
Coral L. Anderson . . . . .	7-1-83	Mary Jane Higley . . . . .	7-1-83	Esther A. Shaleen . . . . .	7-1-83	Rose V. Jones . . . . .	10-1-83
Florence D.		Elizabeth Hnatko . . . . .	7-1-83	Arnold Sirotiak . . . . .	7-1-83	D. Frances Reed . . . . .	10-1-83
Anderson . . . . .	7-1-83	Gladys A. Kougl . . . . .	7-1-83	Rosella L. Sirotiak . . . . .	7-1-83	Patricia Boylan . . . . .	11-1-83
James E. Anderson . . . . .	7-1-83	Beverly I. Jensen . . . . .	7-1-83	William Tomlinson . . . . .	7-1-83		
Joseph R. Barnas . . . . .	7-1-83	Joseph Jockey . . . . .	7-1-83	Armillia C. Walsh . . . . .	7-1-83	The following death benefit	
Agnes R. Bergee . . . . .	7-1-83	Alphonse V. Johnson . . . . .	7-1-83	Daynor C. Weis . . . . .	7-1-83	annuity was granted:	
Earle A. Berge . . . . .	7-1-83	Michael P. Joseph . . . . .	7-1-83	M. Patricia Westberg . . . . .	7-1-83	Robert J. Treacy . . . . .	1-1-83
Maurice W. Britts . . . . .	7-1-83	Geneva Kachina . . . . .	7-1-83	Shirley M. Wicklund . . . . .	7-1-83		
Harry J. Brown . . . . .	7-1-83	Mary P. Lake . . . . .	7-1-83	Muriel R. Wiest . . . . .	7-1-83		
Gerald Cady . . . . .	7-1-83	Lois G. Lance . . . . .	7-1-83	Jens E. Broin . . . . .	8-1-83		
Edward R. Carlson . . . . .	7-1-83	Linton T. Lange, Jr. . . . .	7-1-83	Lucille Cheezig . . . . .	8-1-83		

## Deceased Annuitants, 1983

Ruth R. Youngquist . . . . .	10-5-82	George W. Carlson . . . . .	2-25-83	Leone E. Peters . . . . .	5-17-83	Gertrude L. Knoerr . . . . .	9-27-83
*Frances M.		Ingval M. Ostreim . . . . .	3-2-83	Arlene May		Genevieve R.	
Fleming . . . . .	10-28-82	Mabel E.		Anderson . . . . .	5-19-83	Otterstein . . . . .	10-10-83
Alice Gudmestad . . . . .	11-24-82	Christensen . . . . .	3-15-83	Sue Green . . . . .	5-26-83	Helen T. Solum . . . . .	10-10-83
Mabel W. Vincent . . . . .	12-3-82	Hazel M. Litchke . . . . .	3-15-83	Grace M. Gray . . . . .	5-27-83	Marie Kallio . . . . .	10-13-83
Emma Bjerke . . . . .	12-5-82	Violet J. Briley . . . . .	3-20-83	Hazel P. Myers . . . . .	6-4-83	Rudolph R. Kogl . . . . .	10-14-83
Teresa Flahavan . . . . .	12-6-82	*Vivian K. Straka . . . . .	3-23-83	Helen S. Grant . . . . .	6-7-83	Olga M. Bjornstad . . . . .	10-15-83
Janet M. James . . . . .	12-14-82	Edith K. Bowman . . . . .	3-30-83	*Norman Terwilliger . . . . .	6-9-83	Evelyn M. Pease . . . . .	10-16-83
Dagny D. Awes . . . . .	12-22-82	Marion M.		Luise C. Coester . . . . .	6-19-83	Nora G. Viker . . . . .	10-18-83
Louise J.		Redmann . . . . .	3-31-83	*Richard J. Hughes . . . . .	6-22-83	Hazel C. Musson . . . . .	10-20-83
Degerstedt . . . . .	12-31-82	Marian Shoreman		Clare E. Bell . . . . .	7-7-83	Ruth A. Kollman . . . . .	10-22-83
Mabel C. Johnson . . . . .	1-1-83	Levine . . . . .	4-7-83	Emma J. Perrin . . . . .	7-8-83	Helen M. Marshall . . . . .	10-22-83
Lucile McCauley . . . . .	1-5-83	Faye M. Scherieble . . . . .	4-7-83	Pearle M. Booth . . . . .	7-11-83	Phonsie Ramey . . . . .	10-29-83
John M. Socha . . . . .	1-10-83	Grace G. Kuhlmann . . . . .	4-9-83	*Howard R.		Louise P. Westphal . . . . .	11-1-83
Celia A. Langley . . . . .	1-14-83	Gertrude W. Lang . . . . .	4-9-83	Halvorsen . . . . .	7-13-83	*Huldah M. Lunder . . . . .	11-10-83
Caroline G. Johnson . . . . .	2-1-83	Chloris Johnson . . . . .	4-24-83	*Ralph H. Johnson . . . . .	7-19-83	*Esther Shaleen . . . . .	11-10-83
Irene G. Wolf . . . . .	2-4-83	*Irvin G.		Odea E. Danielson . . . . .	7-21-83	*Joseph Anfinson . . . . .	11-14-83
Lucile Moorman . . . . .	2-6-83	Vogtsberger . . . . .	4-26-83	*Almira O. Hove . . . . .	8-25-83	*Harriet B.	
Esther M. Page . . . . .	2-7-83	Augusta K. Larson . . . . .	4-27-83	*Earl Follmuth . . . . .	8-26-83	Peterson . . . . .	11-14-83
H. Florence		Florence W.		Edward H.		Mildred B.	
Gustafson . . . . .	2-18-83	Benedict . . . . .	5-6-83	Schimmele . . . . .	8-26-83	Trumble . . . . .	11-19-83
Patience Knight . . . . .	2-20-83	*Viola A. Cheezig . . . . .	5-7-83	Helen L. Haberman . . . . .	8-28-83		
Frances W. Cowan . . . . .	2-22-83	*L. Edmond Leipold . . . . .	5-8-83	Cora P. Stoneman . . . . .	8-31-83	*Annuity continued to	
Caroline Turek		Cora S. Dodge . . . . .	5-12-83	*Verner J. Johnson . . . . .	9-14-83	beneficiary according to	
Kane . . . . .	2-22-83	Rowena B. Marnie . . . . .	5-13-83	Janice H. Anderson . . . . .	9-18-83	Article IX, Section (2),	
Delores W. Jacobs . . . . .	2-23-83	*Irvin W. Gerecke . . . . .	5-16-83	Anna E. Dillner . . . . .	9-27-83	Subsections (b) and (c).	



**Statement showing mean ledger assets, as adjusted and amount and rate of interest for the years 1925 to 1983 inclusive**

Year ended December 31	Mean Ledger Assets, as adjusted	Interest Earned Amount	Rate
1983	\$177,343,230.50	\$17,622,614.00	9.937%
1982	163,539,313.00	17,382,258.00	10.629
1981	149,966,838.00	15,590,934.00	10.396
1980	137,369,213.00	12,110,211.00	8.809
1979	127,441,400.00	9,555,212.00	7.498
1978	119,002,976.00	8,244,038.00	6.928
1977	109,690,047.00	7,080,484.00	6.455
1976	102,482,504.00	6,031,834.00	5.886
1975	96,021,440.00	5,356,739.00	5.579
1974	89,803,630.00	4,748,985.00	5.288
1973	82,860,227.00	4,248,383.00	5.127
1972	73,156,501.00	3,507,766.00	4.794
1971	63,956,260.00	3,082,911.00	4.820
1970	57,281,444.00	2,680,399.00	4.679
1969	50,987,871.61	2,291,990.27	4.495
1968	46,162,651.99	2,111,541.20	4.575
1967	42,365,970.56	1,884,841.39	4.448
1966	39,281,614.43	1,756,422.58	4.471
1965	37,449,239.33	1,611,580.12	4.303
1964	35,391,079.71	1,517,775.56	4.288
1963	33,647,847.97	1,349,232.98	4.009
1962	31,899,302.87	1,247,245.82	3.909
1961	30,437,359.43	1,164,795.25	3.826
1960	29,080,638.95	1,142,686.48	3.929
1959	27,846,792.94	1,126,328.62	4.045
1958	26,560,860.62	991,336.08	3.732
1957	25,230,130.36	912,070.82	3.615
1956	23,958,498.11	810,268.45	3.381
1955	22,627,156.81	751,597.06	3.321
1954	21,429,372.66	703,029.44	3.281
1953	20,370,891.76	658,579.25	3.233
1952	19,457,766.21	607,935.49	3.124
1951	18,559,601.68	566,824.11	3.054
1950	17,550,340.60	520,238.90	2.964
1949	16,547,387.66	472,841.11	2.858
1948	15,695,815.67	415,271.39	2.646
1947	14,536,784.39	373,731.25	2,571
1946	13,384,728.20	391,046.39	2.921
1945	12,714,006.41	379,850.01	2.987
1944	12,240,130.42	354,096.35	2.892
1943	11,752,470.13	349,777.19	2.976
1942	11,303,712.07	344,634.06	3.049
1941	10,817,852.83	325,629.10	3.010
1940	10,196,598.63	333,087.48	3.267
1939	9,524,180.18	329,502.33	3.460
1938	8,836,807.22	318,229.50	3.601
1937	8,154,626.79	301,951.16	3.703
1936	7,452,624.01	283,542.42	3.805
1935	6,741,092.30	275,790.07	4.091
1934	6,036,087.19	256,574.71	4.251
1933	5,395,507.11	227,254.57	4.212
1932	4,810,177.70	207,277.66	4.309
1931	4,173,207.88	182,277.63	4.368
1930	3,513,913.19	156,459.89	4.453
1929	2,895,964.01	129,892.32	4.485
1928	2,364,529.38	106,684.96	4.512
1927	1,897,742.32	86,296.42	4.547
1926	1,448,643.89	64,792.71	4.473
1925	1,006,594.73	43,241.84	4.296

**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.

# **Basic and Coordinated Retirement Programs**

## *Summary of Actuarial Valuations as of December 31, 1983*



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## Actuaries' Report

April 3, 1984

Separate actuarial valuations as of December 31, 1983, have been submitted for the basic and coordinated programs of the Minneapolis Teachers' Retirement Fund Association. These valuations were performed in accordance with Minnesota Statutes, Sections 356.20 to 356.23. This summary brings together the most important results of those reports and develops figures for the two programs combined.

At present, there are no members retired under the coordinated program. As of December 31, 1983, under the basic program, 2,340 individuals were receiving total payments of \$16,045,198 per year. The actuarial accrued liability for these payments is \$191,469,102 which is less than the amount of assets allocated to the basic program, \$192,011,136.

In 1983, the average age of new retirees awarded formula annuities under the basic program was 60.24. This compares to an average age of new retirees from 1973 through 1983 of

61.57. This average age was affected by early retirement incentives which were provided during 1983.

The attached five exhibits provide information and comparisons between the December 31, 1983, and December 31, 1982, valuations concerning (I) the current assets of the programs, (II) the numbers of active members and their salaries (1983 only), (III) the normal cost, unfunded accrued liability and required contribution levels for the programs and (IV) a comparison of alternative contribution levels for 1983 and (V) a summary of the actuarial assumptions.

Based upon the unaudited employee data and financial information provided by the Executive Secretary of the Fund, our interpretation of plan provisions, the valuation method prescribed by Minnesota Statute and the actuarial assumptions set forth in this report, we hereby certify that the summary exhibits on the following pages represent the results of the valuations.

PEAT, MARWICK, MITCHELL & CO.

James L. Cowen, A.S.A.  
Enrolled Actuary Number 1230

Dennis M. Polisner, F.S.A.  
Enrolled Actuary Number 986



# Basic and Coordinated Retirement Programs

## Assets and Liabilities—Exhibit I Years ended December 31:

	<u>1983</u>	<u>1982</u>
<b>Consolidate Assets (Cost Basis)</b>		
Investments:		
Commercial paper and certificates of deposit . . . . .	\$ 47,756,047	\$ 38,627,160
Bonds . . . . .	18,878,429	22,375,632
Common stocks . . . . .	58,012,057	52,216,713
Rental properties, net of accumulated depreciation . . . . .	62,230,921	62,149,091
Property held for sale or lease, net . . . . .	5,141,973	3,701,726
Other . . . . .	1,135	1,135
Real estate mortgages . . . . .	<u>287,703</u>	<u>349,167</u>
Total investments . . . . .	<u>192,308,265</u>	<u>179,420,624</u>
Receivables:		
Accounts receivable from governmental units . . . . .	911,410	934,001
Accounts and notes receivable from lessees . . . . .	105,683	69,345
Accrued interest receivable . . . . .	1,203,327	861,888
Accrued dividends receivable . . . . .	408,646	401,207
Receivable from investments sold . . . . .	<u>                    </u>	<u>34,135</u>
	2,629,066	2,300,576
Cash and savings accounts . . . . .	<u>292,674</u>	<u>253,377</u>
Total consolidated assets . . . . .	<u>\$ 195,230,005</u>	<u>\$ 181,974,577</u>
<b>Current Liabilities</b>		
Member deposits payable . . . . .	\$ 101,846	\$ 86,597
Payable for lump sum post-retirement benefit . . . . .	977,000	910,000
Accounts payable . . . . .	2,980	9,564
Rents received in advance . . . . .	10,375	38,529
Deposits on rental property . . . . .	100,000	120,000
Deferred premiums received from outstanding options on common stock . . . . .	<u>                    </u>	<u>158,526</u>
Total liabilities . . . . .	<u>1,192,201</u>	<u>1,323,216</u>
Net assets available for plan benefits . . . . .	<u>\$ 194,037,804</u>	<u>\$ 180,651,361</u>
Total . . . . .	<u>\$ 195,230,005</u>	<u>\$ 181,974,577</u>
Assets allocated to:		
Basic program . . . . .	\$ 192,011,136	\$ 179,381,796
Coordinated program . . . . .	\$ 2,026,668	\$ 1,269,565
Unrealized appreciation (depreciation) on:		
Common stocks . . . . .	\$ 41,143,052	\$ 30,409,211
Bonds . . . . .	\$ (3,612,847)	\$ (4,427,560)
Rates of return on mean invested assets:		
Excluding unrealized capital gains and losses . . . . .	10.143%	10.629%
Including unrealized capital gains and losses . . . . .	9.754%	10.032%



# Basic and Coordinated Retirement Programs

## Number and Earnings of Active Members Covered, December 31, 1983—Exhibit II

### By Service Group

Service Group	Basic Program			Coordinated Program			Both Programs Combined		
	Partic- ipants	Earnings	Average Earnings	Partic- ipants	Earnings	Average Earnings	Partic- ipants	Earnings	Average Earnings
0- 4	54	\$ 858,764	\$ 15,903	395	\$ 4,790,234	\$ 12,127	449	\$ 5,648,998	\$ 12,581
5- 9	286	5,935,636	20,754	148	2,336,434	15,787	434	8,272,070	19,060
10-14	534	13,526,502	25,330	18	343,584	19,088	552	13,870,086	25,127
15-19	831	24,978,661	30,059	1	10,725	10,725	832	24,989,386	30,035
20-24	357	11,603,823	32,504	0	0	0	357	11,603,823	32,504
25-29	253	8,671,575	34,275	2	2,990	1,495	255	8,674,565	34,018
30-35	75	2,504,645	33,395	2	3,660	1,830	77	2,508,305	32,575
35+	12	373,472	31,123	0	0	0	12	373,472	31,123
Total	2,402	\$ 68,453,078	\$ 28,498	566	\$ 7,487,627	\$ 13,229	2,968	\$ 75,940,705	\$ 25,586

### By Age Group

Service Group	Basic Program			Coordinated Program			Both Programs Combined		
	Partic- ipants	Earnings	Average Earnings	Partic- ipants	Earnings	Average Earnings	Partic- ipants	Earnings	Average Earnings
Under 20	0	0	0	0	0	0	0	0	0
20-24	0	0	0	43	247,300	5,751	43	247,300	5,751
25-29	9	130,731	14,526	112	1,399,748	12,498	121	1,530,479	12,649
30-34	135	2,473,762	18,324	132	1,848,366	14,002	267	4,322,128	16,188
35-39	518	13,074,291	25,240	105	1,518,681	14,464	623	14,592,972	23,424
40-44	498	14,311,355	28,738	81	1,275,480	15,746	579	15,586,835	26,920
45-49	389	11,928,604	30,665	50	660,199	13,204	439	12,588,803	28,676
50-54	395	12,455,924	31,534	17	259,433	15,261	412	12,715,357	30,863
55-59	293	9,157,107	31,253	19	219,834	11,571	312	9,376,941	30,054
60-64	131	3,875,372	29,583	7	58,586	8,369	138	3,933,958	28,507
65+	34	1,045,932	30,763	0	0	0	34	1,045,932	30,763
Total	2,402	\$ 68,453,078	\$ 28,498	566	\$ 7,487,627	\$ 13,229	2,968	\$ 75,940,705	\$ 25,586



# Basic and Coordinated Retirement Programs

## Summary of Employer Contribution Levels—Exhibit III

	Basic Program		Coordinated Program		Both Programs Combined	
	Dec. 31, 1983	Dec. 31, 1982	Dec. 31, 1983	Dec. 31, 1982	Dec. 31, 1983	Dec. 31, 1982
I. Expected payroll for year just beginning	\$ 68,453,078	\$ 67,343,949	\$ 7,487,627	\$ 5,424,323	\$ 75,940,705	\$ 72,768,272
II. Employer normal cost:						
A. Annual amount	\$ 3,338,249	\$ 3,934,517	\$ 411,960	\$ 223,731	\$ 3,750,209	\$ 4,158,248
B. As a percent of expected payroll	4.88%	5.84%	5.50%	4.12%	4.94%	5.71%
III. Unfunded accrued liability	\$ 312,461,800	\$ 260,717,473	\$ 1,253,804	\$ 191,247	\$ 313,715,604	\$ 260,908,720
IV. Administrative expenses						
A. Annual amount	\$ 647,979	\$ 760,453	\$ 37,953	\$ 33,549	\$ 685,932	\$ 794,002
B. As a percent of expected payroll	.95%	1.13%	.51%	.62%	.90%	1.09%
V. Contribution levels inclusive of Administrative expenses, equal normal cost plus						
A. Amortization of unfunded accrued liability by Dec. 31, 2009, payable at the beginning of the year						
1. Annual amount	\$ 24,687,363	\$ 21,652,000	\$ 532,980	\$ 269,719	\$ 25,220,343	\$ 21,921,719
2. As a percent of expected pay	36.06%	32.15%	7.12%	4.97%	33.21%	30.13%
B. Interest on unfunded accrued liability to keep it from increasing, payable at the end of the year						
1. Annual amount	\$ 19,808,629	\$ 17,965,593	\$ 535,099	\$ 279,706	\$ 20,343,728	\$ 18,245,299
2. As a percent of expected pay	28.94%	26.68%	7.15%	5.16%	26.79%	25.07%



**Comparison of Alternative Contribution Levels for 1983—Exhibit IV**

	Basic Program	Coordinated Program	Both Programs Combined
Expected 1983 payroll from December 31, 1982 valuation	\$ 67,343,949	\$ 5,424,323	\$ 72,768,272
Employer contribution as of December 31, 1983 to meet normal cost and administrative expenses and prevent unfunded accrued liability from increasing from December 31, 1982 valuation	\$ 17,965,593	\$ 279,706	\$ 18,245,299
Above contribution as percent of expected payroll	26.68%	5.16%	25.07%
Actual 1983 payroll	\$ 64,028,805	\$ 7,902,525	\$ 71,931,330
Actual 1983 city/state contributions	\$ 7,348,935	\$ 206,362	\$ 7,555,297
Actual 1983 contributions as percent of actual 1983 payroll	11.48%	2.61%	10.50%



**Summary of Actuarial Assumptions—Exhibit V**

	December 31, 1983		December 31, 1983												
Interest	5% Prescribed by Statute.	Valuation Assets	For valuation purposes assets are valued at cost.												
Turnover	2/3 of the 1970 experience, graduated for smoothness:	Disablement	1955 UAW rates of disablement (with separate rates for males and females).												
	<table border="1"> <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	Cost of Living	1.5% per year beginning at later of age 65 and 24 months after date of retirement. For annuities paid to disabled members, cost-of-living increases (COL) begin at the earlier of age 60 and 9 years after date of disability retirement. For beneficiaries, COL begins when it would have begun for the member had the member survived.
Attained Age	Turnover Rate														
20	.200														
30	.133														
40	.028														
50	.017														
60	.002														
Retirement age	The later of age 63 or attained age on the valuation date.	Family Composition	80% of males are married, 60% of females are married. Males are 3 years older than their spouses.												
Salary Scale— Annual Increase	3 1/2 Prescribed by Statute.														
Mortality	The 1971 Group Annuity Mortality Table with projection to 1975 by Scale D. For males the male rates were used with age setback two years. For females, the male rates were used with age setback eight years.														



