

## Annual report / State Universities Retirement System of Illinois.

State Universities Retirement System of Illinois.

Champaign, Ill. : The System

<http://hdl.handle.net/2027/uiug.30112118342689>

# HathiTrust



[www.hathitrust.org](http://www.hathitrust.org)

### **Creative Commons Attribution**

[http://www.hathitrust.org/access\\_use#cc-by-4.0](http://www.hathitrust.org/access_use#cc-by-4.0)

This work is protected by copyright law (which includes certain exceptions to the rights of the copyright holder that users may make, such as fair use where applicable under U.S. law) but made available under a Creative Commons Attribution license. You must attribute this work in the manner specified by the author or licensor (but not in any way that suggests that they endorse you or your use of the work). For details, see the full license deed at <http://creativecommons.org/licenses/by/4.0/>.

551.5  
L631  
1981/82

# 1982 ANNUAL REPORT

THE LIBRARY OF THE

FEB 28 1983

UNIVERSITY OF ILLINOIS  
AT URBANA-CHAMPAIGN



Original from  
UNIVERSITY OF ILLINOIS AT  
URBANA-CHAMPAIGN



BOARD OF TRUSTEES  
of the  
STATE UNIVERSITIES RETIREMENT SYSTEM  
50 Gerty Drive  
Champaign, Illinois 61820

FROM THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS  
WILLIAM D. FORSYTH, JR., Springfield  
GEORGE W. HOWARD III, Mt. Vernon

FROM THE BOARD OF TRUSTEES OF SOUTHERN ILLINOIS UNIVERSITY  
WILLIAM R. NORWOOD, Elk Grove Village

FROM THE BOARD OF GOVERNORS OF THE STATE COLLEGES AND UNIVERSITIES  
NANCY FROELICH, Gridley

FROM THE STATE COMMUNITY COLLEGE BOARD  
WILLIAM PAYNE, Danville

FROM THE STATE BOARD OF REGENTS  
JEROME R. BENDER, Rockford

EMPLOYEE TRUSTEES  
EUGENE T. FLYNN, Philo  
JAMES A. GENTRY, Urbana  
BETSY P. HARFST, Malta

OFFICERS OF THE BOARD

GEORGE W. HOWARD III, President  
DONALD E. HOFFMEISTER, Secretary and Executive Director  
WILLIAM R. NORWOOD, Treasurer



ADMINISTRATIVE STAFF

DONALD E. HOFFMEISTER  
Secretary and Executive Director

CHARLES M. HUNDLEY  
Associate Director

DENNIS D. SPICE  
Assistant Director

WILLIAM B. JACKSON, JR.  
Assistant Secretary

JEANNE VALCIK, CPA  
Internal Auditor

BRYAN S. BLOOM, CPA  
Chief Accountant

JAMES S. BEEDIE  
Public Information Officer

LINDA L. GRAY  
Claims Manager

MARGE J. WALKER  
Disbursing Officer

ANNIE L. JESSUP  
Records Manager

ANN F. SWARTZ  
Administrative Services Manager

CONSULTING AND PROFESSIONAL SERVICES

ACTUARY  
THE WYATT COMPANY  
Chicago, Illinois

DATA PROCESSING SERVICE  
BERANEK & ASSOCIATES, INC.  
Champaign, Illinois

AUDITOR  
ALLSUP, VOLLBRACHT, MORRIS & COMPANY  
Bloomington, Illinois

MONEY MANAGER  
ALLIANCE CAPITAL MANAGEMENT CORP.  
Chicago, Illinois

MEDICAL DIRECTOR  
DR. L. M. HURSH  
Champaign, Illinois

MONEY MANAGER  
AMERICAN FLETCHER NATIONAL BANK  
Indianapolis, Indiana

MASTER TRUSTEE  
HARRIS TRUST & SAVINGS BANK  
Chicago, Illinois

MONEY MANAGER  
AMERICAN NATIONAL BANK  
Chicago, Illinois

PERFORMANCE MEASUREMENT  
A. G. BECKER, INC.  
Chicago, Illinois

MONEY MANAGER  
FAYEZ SAROFIM & COMPANY  
Houston, Texas

INVESTMENT CONSULTANT  
ENNIS, KNUPP & GOLD, INC.  
Chicago, Illinois

MONEY MANAGER  
PACIFIC INVESTMENT MANAGEMENT  
Newport Beach, California



# Contents

	<u>PAGE</u>
Letter of Transmittal to Board of Trustees.....	6
Financial Statements:	
Auditor's Opinion.....	9
Retirement Fund.....	11
Building Fund.....	14
Notes to Financial Statements.....	16
Schedule of Administrative Expenses.....	20
Actuary's Report.....	21
Statistical Tables:	
Analysis of Funding.....	24
Revenues by Source.....	26
Benefit Recipients by Type.....	28
Benefit Expenses by Type.....	30
Balance Sheet Assets and Liabilities.....	32
Active and Inactive Participants.....	33
Plan Summary.....	34
Investment Performance Summary.....	38
Investment Portfolio Summary.....	39





50 GERTY DRIVE · P.O. BOX 2710 — STATION A · CHAMPAIGN, IL 61820 · Telephone: (217) 333-3860

January 3, 1983

Board of Trustees  
State Universities Retirement System  
50 Gerty Drive  
Champaign, Illinois 61820

The Annual Report of the State Universities Retirement System for the fiscal year ending August 31, 1982, is submitted herewith. The Report consists of the financial statements which contain the opinion of the independent certified public accountant; the Actuary's certification which includes valuation results, contribution rates and summary of major actuarial assumptions; a section containing statistical tables; a summary plan description of the State Universities Retirement System; and a listing of securities held in the portfolio as of August 31, 1982.

The accrual basis of accounting is used to record the assets, liabilities, revenues and expenses. Revenues for the System are taken into account when earned, without regard to date of collection and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

The reserves needed to finance the benefits provided by the State Universities Retirement System are accumulated through the collection of employer and employee contributions and through income on investments. These income sources for fiscal year 1982 totaled \$239 million which is an increase of 6.0% over income for 1981. Employee contributions accounted for 32.0% of the total income as compared to 30.5% for the preceding fiscal year. Employer contributions provided 23.0% of the total income as opposed to 32.9% for FY 81. Investment income accounted for 45.0% of the total income as compared to 36.6% for FY 81. Employer contributions did not meet the State's share of the benefits paid during the year.

The primary expense of a retirement system relates to the purpose for which it is created; namely, the payment of benefits. Consequently, recurring benefit payments prescribed by the plan, refunds of contributions to terminated employees and the cost of administering the system comprise the total expenses. These expenses for fiscal year 1982 were \$87.0 million, an increase of 12.3% over fiscal year 1981. Contribution refunds for the same period decreased .4%. Income exceeded expenses by \$115.1 million for fiscal year 1982. The major part of the 92% increase in administrative expenses is due to the employment of multiple investment managers. The increase in investment management fees is more than offset by the improved investment performance.

The actuarial liability of the System at August 31, 1982, amounted to \$2.80 billion. The reserve balances for participants' contributions and benefits from employee and employer contributions amounted to \$1.24 billion as of the same date. The amount by which the liability exceeds the reserves is called the "unfunded accrued liability" and is shown on the balance sheet as "to be provided by future State of Illinois appropriations." The unfunded accrued liability amounts to \$1.56 billion and reflects the current State policy of not

appropriating sufficient funds to meet the normal costs of benefits being earned by current employees each year.

As in FY 81 the employer contributions for FY 82 from State funds were less than the State's share of the benefits paid to retired and disabled employees and their survivors. This underfunding passes to future taxpayers a portion of the current operating expenses for Higher Education. Future operation of the university and colleges will be restricted as the rapidly increasing benefit payments to retired employees becomes a significant part of the total operating expenses of Higher Education.

The Board of Trustees supported legislation passed late in the year, that will have a major impact on the future investment policy of the System. The passage of Senate Bill 1579 will permit Public Pension Plans in Illinois to compete with Corporate Pension Plans in the area of investment performance. This Bill replaces the legal list of permissible investment with the Prudent Person Rule. Our investment managers can fully utilize their expertise for the benefit of the System. The fiduciary standards set for trustees, administrators and investment managers will protect the interests of participants and their beneficiaries. Income from investments amounted to \$107.8 million which is an increase of \$25 million over the previous fiscal year. The income rate of return on book value was 11.28% on bonds and note, and 5.6% on stocks. A listing of securities in the investment portfolio as of August 31, 1982, can be found beginning on page 39 of this report.

The preparation of this Report reflects the combined efforts of the Retirement System Staff under the leadership of the Board of Trustees. It is intended to be used by the Trustees and Staff in making management decisions, as a means of determining compliance with legal provisions and for determining responsible stewardship for the assets contributed by the members and the State of Illinois. The Report is being mailed to all employers covered by the State Universities Retirement System and is available to individual participants and other interested persons upon request.

On behalf of the Board of Trustees, I would like to take this opportunity to express my gratitude to the Staff, the Advisors and to the many people who worked so effectively to assure the successful operation of this System.

Respectively submitted,



Donald Hoffmeister  
Executive Director



ALLSUP, VOLLBRACHT, MORRIS & CO.

PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

TED T. ALLSUP, CPA  
FRANK C. VOLLBRACHT, CPA  
JOHN C. MORRIS, CPA  
DOUGLAS J. LITWILLER, CPA  
DAVID M. RICHTER, CPA

RICHARD A. MEHALL, CPA  
JAMES W. GETIN, CPA

309-829-7081  
300 UNITY BUILDING  
BLOOMINGTON, ILLINOIS  
61701

The Honorable Robert G. Cronson  
Auditor General  
State of Illinois  
Springfield, Illinois

We have examined the balance sheet of the Retirement Fund and Building Fund of the State Universities Retirement System as of August 31, 1982 and 1981 and the related statements of revenue and expenses and changes in reserve balances 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, the financial statements referred to above present fairly the financial position of the State Universities Retirement System Retirement Fund and Building Fund as of August 31, 1982 and 1981 and the results of operations and changes in reserve balances for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis, except for the change, with which we concur, in amortization of investments as described in note 3 to the financial statements.

*Allsup, Vollbracht, Morris & Co.*  
*Professional Corporation*  
ALLSUP, VOLLBRACHT, MORRIS & CO.  
PROFESSIONAL CORPORATION

November 16, 1982



# Financial Statement ANNUAL REPORT 1982

## BALANCE SHEETS

### STATE UNIVERSITIES RETIREMENT SYSTEM

#### RETIREMENT FUND

	August 31	
	<u>1982</u>	<u>1981</u>
ASSETS		
Cash	\$ ---	\$ 9,720,413
Contributions receivable		
Participants	3,917,631	3,530,742
Federal, trust funds and other	2,432,725	1,376,290
State of Illinois	<u>2,798,201</u>	<u>1,595,173</u>
	<u>9,148,557</u>	<u>6,502,205</u>
Prepaid expenses	179,716	---
Accrued interest and dividends receivable	22,880,285	18,718,110
Investments (Note 2)	1,213,892,892	1,094,328,272
Notes receivable -		
Building Fund	461,266	474,388
	<u>\$1,246,562,716</u>	<u>\$1,129,743,388</u>
LIABILITIES AND RESERVES		
Liabilities		
Bank overdraft	\$ 2,212,784	\$ ---
Accounts payable	737,136	330,695
Benefits payable	204,848	312,400
Refunds payable	1,916,829	1,323,620
Accounts payable -		
Building Fund	62,410	83,729
Deferred income (Note 4)	<u>1,844,840</u>	<u>3,249,465</u>
	<u>6,978,847</u>	<u>5,299,909</u>
Reserves (Note 5)		
Participants' contributions	740,975,354	654,215,061
Benefits from employee and employer contributions	<u>498,608,515</u>	<u>470,228,418</u>
	<u>1,239,583,869</u>	<u>1,124,443,479</u>
To be provided by future State of Illinois appropriations	<u>1,561,445,267</u>	<u>1,389,131,928</u>
	<u>2,801,029,136</u>	<u>2,513,575,407</u>
Less unfunded accrued liability (Note 6)	<u>(1,561,445,267)</u>	<u>(1,389,131,928)</u>
	<u>1,239,583,869</u>	<u>1,124,443,479</u>
	<u>\$1,246,562,716</u>	<u>\$1,129,743,388</u>

See accompanying notes to financial statements.

Digitized by Google

Original from  
UNIVERSITY OF ILLINOIS AT  
URBANA-CHAMPAIGN

# Financial Statement ANNUAL REPORT 1982

## STATEMENTS OF REVENUE AND EXPENSES

### STATE UNIVERSITIES RETIREMENT SYSTEM

#### RETIREMENT FUND

	<u>Year Ended August 31</u>	
	<u>1982</u>	<u>1981</u>
REVENUE		
Contributions by participants	\$ 76,715,608	\$ 68,822,427
Contributions by State of Illinois		
Employer units	45,856,828	63,355,478
State Pension Fund	<u>1,322,416</u>	<u>2,142,167</u>
	47,179,244	65,497,645
Contributions from Federal, trust funds and other	7,445,796	8,348,379
Reciprocity payments	419,759	549,406
Investment income	107,724,792	82,722,437
Miscellaneous	<u>30,384</u>	<u>39,764</u>
	239,515,583	225,980,058
EXPENSES		
Benefits		
Age retirement	53,111,008	46,513,749
Disability retirement allowance	65,465	---
Disability	6,668,410	6,739,832
Survivors	6,034,706	5,144,058
Death	3,847,120	3,165,542
Reversionary	217,370	217,150
Beneficiary	<u>63,437</u>	<u>64,166</u>
	70,007,516	61,844,497
Refunds	14,040,075	14,099,953
Administrative expenses	<u>2,953,745</u>	<u>1,541,001</u>
	87,001,336	77,485,451
Excess of revenue over expenses before gain (loss) on sale of investments	152,514,247	148,494,607
Gain (loss) on sale of investments, net	<u>(37,373,857)</u>	<u>(11,355,860)</u>
Excess of revenue over expenses	<u>\$115,140,390</u>	<u>\$137,138,747</u>

See accompanying notes to financial statements.

# Financial Statement ANNUAL REPORT 1982

## STATEMENTS OF CHANGES IN RESERVE BALANCES

### STATE UNIVERSITIES RETIREMENT SYSTEM

#### RETIREMENT FUND

Years ended August 31, 1982 and 1981

	<u>Total</u>	<u>Participants'</u> <u>Contributions</u>	<u>Benefits From</u> <u>Employee and</u> <u>Employer</u> <u>Contributions</u>
Balance			
September 1, 1980	\$ 987,304,732	\$577,322,890	\$409,981,842
Revenue	214,624,198	68,822,427	145,801,771
Expenditures	<u>(77,485,451)</u>	<u>(16,991,329)</u>	<u>(60,494,122)</u>
Excess of revenue (expense)	137,138,747	51,831,098	85,307,649
Transfers			
Interest	---	43,503,069	(43,503,069)
Contributions	<u>---</u>	<u>(18,441,996)</u>	<u>18,441,996</u>
Net increase (decrease)	<u>137,138,747</u>	<u>76,892,171</u>	<u>60,246,576</u>
Balance			
August 31, 1981	1,124,443,479	654,215,061	470,228,418
Revenue	202,141,726	76,715,609	125,426,117
Expenditures	<u>(87,001,336)</u>	<u>(17,581,906)</u>	<u>(69,419,430)</u>
Excess of revenue (expense)	115,140,390	59,133,703	56,006,687
Transfers			
Interest	---	49,297,150	(49,297,150)
Contributions	<u>---</u>	<u>(21,670,560)</u>	<u>21,670,560</u>
Net increase (decrease)	<u>115,140,390</u>	<u>86,760,293</u>	<u>28,380,097</u>
Balance			
August 31, 1982	<u>\$1,239,583,869</u>	<u>\$740,975,354</u>	<u>\$498,608,515</u>

See accompanying notes to financial statements.



# Financial Statement ANNUAL REPORT 1982

## BALANCE SHEETS

### STATE UNIVERSITIES RETIREMENT SYSTEM

#### BUILDING FUND

	August 31	
	<u>1982</u>	<u>1981</u>
<b>ASSETS</b>		
Accounts receivable - Retirement Fund	\$ 62,410	\$ 83,729
Property and equipment, net (Note 1)		
Land	70,000	70,000
Land improvements	8,135	8,559
Office building	434,890	446,081
Building improvements	39,159	45,687
Furniture and fixtures	458,610	443,704
	<u>1,010,794</u>	<u>1,014,031</u>
	<u>\$1,073,204</u>	<u>\$1,097,760</u>
<b>LIABILITIES AND RESERVES</b>		
Notes payable - Retirement Fund (Note 2)	\$ 461,266	\$ 474,388
Reserves		
Land	70,000	70,000
Retirement Fund expenditures	510,823	495,917
Excess revenue (expense)	31,115	57,455
	<u>611,938</u>	<u>623,372</u>
	<u>\$1,073,204</u>	<u>\$1,097,760</u>

See accompanying notes to financial statements.

# Financial Statement ANNUAL REPORT 1982

## STATEMENTS OF REVENUE AND EXPENSES

### STATE UNIVERSITIES RETIREMENT SYSTEM

#### BUILDING FUND

	Year Ended August 31	
	1982	1981
REVENUE		
Office rental	\$ 98,704	\$88,600
Interest	6,698	6,502
	<u>105,402</u>	<u>95,102</u>
EXPENSES		
Building operations	85,136	51,066
Interest	28,463	29,206
Depreciation	18,143	18,143
	<u>131,742</u>	<u>98,415</u>
Excess revenue over expenses	<u>\$(26,340)</u>	<u>\$(3,313)</u>

## STATEMENTS OF CHANGES IN RESERVE BALANCES

### STATE UNIVERSITIES RETIREMENT SYSTEM

#### BUILDING FUND

Years ended August 31, 1982 and 1981

	Total	Land	Retirement Fund Expendi- tures	Excess Revenue (Expense)
Balance September 1, 1980	\$565,774	\$70,000	\$435,006	\$60,768
Excess of revenue (expense)	(3,313)	---	---	(3,313)
Retirement Fund expenditures	60,911	---	60,911	---
	<u>57,598</u>	<u>---</u>	<u>60,911</u>	<u>(3,313)</u>
Balance August 31, 1981	623,372	70,000	495,917	57,455
Excess of revenue (expense)	(26,340)	---	---	(26,340)
Retirement Fund expenditures	14,906	---	14,906	---
	<u>(11,434)</u>	<u>---</u>	<u>14,906</u>	<u>(26,340)</u>
Balance August 31, 1982	<u>\$611,938</u>	<u>\$70,000</u>	<u>\$510,823</u>	<u>\$31,115</u>

See accompanying notes to financial statements.

# Financial Statement ANNUAL REPORT 1982

## NOTES TO FINANCIAL STATEMENTS

### STATE UNIVERSITIES RETIREMENT SYSTEM

#### RETIREMENT FUND

#### 1. Summary of Significant Accounting Policies

The State Universities Retirement System is administered in accordance with Chapter 108½, Article 15 of the Illinois Revised Statutes.

The financial statements are prepared on the accrual basis of accounting.

#### 2. Investments

Investments as of August 31, 1982 and 1981 are as follows:

	August 31, 1982		August 31, 1981	
	Book Value	Market Value	Book Value	Market Value
U.S. Government & Federal obligations	\$ 270,373,301	\$ 269,379,008	\$ 114,966,585	\$ 77,258,253
Canadian Government obligations	9,648,907	8,420,091	5,526,303	2,891,681
Common & preferred stocks	391,254,452	396,435,040	356,742,283	372,710,089
Other corporate securities	520,313,959	409,002,868	597,112,265	428,477,981
Equity Index Fund	22,302,273	21,797,135	19,980,836	21,070,308
	<u>\$1,213,892,892</u>	<u>\$1,105,034,142</u>	<u>\$1,094,328,272</u>	<u>\$902,408,312</u>

On August 1, 1981, the System retained a master trustee and four investment managers to invest the securities portfolio. The System also participated in commingled investment funds with American National Bank and Trust Company of Chicago in accordance with Article 15-167 of the Illinois Pension Code.

#### 3. Investment Amortization

As of August 1, 1981, the System discontinued the practice of amortizing bond premiums and discounts. Amortization has limited justification in an actively traded portfolio where the securities will likely not be held to maturity.

#### 4. Deferred Income

Deferred income consists of prepaid employee and employer unit contributions.

# Financial Statement ANNUAL REPORT 1982

## RETIREMENT FUND - CONTINUED

### 5. Reserves

#### Participants' Contributions

This reserve accumulates the contributions by participants, with interest. Contributions are made by payroll deduction and are fully refundable upon withdrawal from the System, plus interest at the rate of 4½%, compounded annually. Interest is credited annually based on the participant's account balance at the beginning of the fiscal year. The interest rate credited is determined by the Board of Trustees and is currently 8%.

#### Benefits From Employee and Employer Contributions

##### Retirement annuities - federal and trust funds

This reserve represents employer contributions for participants whose salaries have been paid from federal and trust funds.

##### Retirement, reversionary annuities - federal and trust funds

Additions are made to this reserve when a participant retires. The additions are the participant's accumulated contributions, the employer contributions, which were from federal and trust funds, and funds transferred from other reciprocating retirement systems. A proportional part of the annuities paid are charged to this reserve.

##### Retirement, reversionary annuities - state appropriations

This reserve represents the State's share of the cost of retirement and reversionary annuities over the appropriations received.

##### Beneficiary Survivors and Death Benefits

This reserve represents contributions from employers, state appropriations and trust funds for payment of death benefits.

##### Disability Benefits

This reserve represents accumulated contributions from employers, provided from state appropriations and from trust funds, for payment of disability benefits.

##### Annual Increases in Annuities

This reserve represents employer contributions, from state appropriations and trust funds, and transfers from participants' accumulated contributions; the transfer occurring when the participant retires.

# Financial Statement ANNUAL REPORT 1982

RETIREMENT FUND - CONTINUED

## 5. Reserves - Continued

### Administrative Expenses

This reserve is used to accumulate that portion of employers' contributions used to pay the administrative costs incurred by the System.

### Variations in Mortality

This reserve represents contributions in prior years provided from state appropriations for contingencies arising from variations in mortality, interest and turnover experience.

### Undistributed Investment Income

This reserve represents the accumulated excess of investment income over interest distributed to other reserve accounts.

## 6. Unfunded Accrued Liability

The unfunded accrued liability represents the actuarial liability resulting from the difference between the total net assets of the System and the actuarial requirement to fund the System's benefits. Illinois statutes provide that any potential unfunded liability be an obligation of the State of Illinois.

The unfunded accrued liability increased from \$1,389,131,928 at August 31, 1981 to \$1,561,445,267 at August 31, 1982. The Wyatt Company was the System's consulting actuary for each year.

No material changes were made in the actuarial assumptions used between August 31, 1981 and August 31, 1982. The primary reason for the increase in the unfunded accrued liability was underfunding by the State of Illinois.

# Financial Statement ANNUAL REPORT 1982

## NOTES TO FINANCIAL STATEMENTS

### STATE UNIVERSITIES RETIREMENT SYSTEM

#### BUILDING FUND

##### 1. Summary of Significant Accounting Policies

The assets of the Building Fund are carried at cost, except the land which is carried at fair market value on the date it was received by gift.

Depreciation has been computed on the straight-line method over the estimated useful lives of the building and improvement accounts. Depreciation is not recorded with respect to furniture and fixtures, which are acquired by the Retirement Fund as an administrative expense.

##### 2. Note Payable - Retirement Fund

The System completed construction of a building in 1971 on land donated by the University of Illinois. The cost of the building was financed through a loan from the Retirement Fund. The loan is to be repaid in 30 equal annual installments of \$41,586, including interest at 6%. As of August 31, 1982, 19 installments remain to be paid.

##### 3. Rental Income

The Building Fund has an unwritten agreement with the Retirement Fund whereby it rents the west half of the building based on a per square foot-age charge varying from \$5.79 to \$6.99. Rental income to the Building Fund was \$58,600 for the fiscal year ending August 31, 1982.

The Building Fund leases part of the building to the State Universities Civil Service System on a year-to-year basis. The lessor is required to furnish utilities, custodial service, repairs and insurance. The rental rate varies from \$5.79 to \$6.99 per square foot. Rental income received from this agreement during the fiscal year ending August 31, 1982 was \$34,844.

The Adler Zone Center rented excess space from the Building Fund. Adler did not pay cash for the space rented but rather provided engineering services to the Building Fund equivalent in value to the space rented. During the fiscal year ended August 31, 1982 the Adler Zone Center was closed by the State and this lease was terminated on February 28, 1982. Engineering services valued at \$2,100 were received by the Building Fund during the current year.

The University of Illinois entered into a lease with the Building Fund on July 1, 1980 to rent excess space. The lease was terminated June 30, 1982 by mutual consent. The lease required the lessee to pay \$272 rental per month. The lessor was required to pay utilities, custodial service, repairs and insurance. Rental income received from this agreement during the fiscal year ending August 31, 1982 was \$3,160.

# Financial Statement ANNUAL REPORT 1982

SCHEDULE OF ADMINISTRATIVE EXPENSES  
 STATE UNIVERSITIES RETIREMENT SYSTEM  
 RETIREMENT FUND

	<u>Year Ended August 31</u>	
	<u>1982</u>	<u>1981</u>
Salaries	\$ 611,297	\$ 525,585
Group health insurance	25,748	22,711
Retirement contribution	69,756	68,999
Postage, freight and express	33,362	39,773
Equipment repair and rental	33,382	23,911
Office rental	58,600	48,000
Investment and actuarial services	1,893,926	595,410
Other professional fees	96,421	51,376
EDP equipment, rental and supplies	60,376	109,739
Office furniture and equipment	1,246	723
Remodeling and renovation	---	121
Telephone	5,865	4,952
Travel	15,349	11,126
Printing and copying services	30,384	25,111
Dues and subscriptions	2,203	1,358
Office supplies and expense	12,643	9,305
Conference expenses	<u>3,187</u>	<u>2,801</u>
	<u>\$2,953,745</u>	<u>\$1,541,001</u>

ATLANTA  
 BOSTON  
 CHICAGO  
 CLEVELAND  
 DALLAS-  
 FORT WORTH  
 DETROIT  
 GRAND RAPIDS  
 HONOLULU  
 HOUSTON  
 LOS ANGELES  
 MEMPHIS  
 MIAMI  
 MINNEAPOLIS-  
 ST. PAUL  
 NEW YORK

THE *Wyatt* COMPANY

ORLANDO  
 PHILADELPHIA  
 PHOENIX  
 PORTLAND  
 SAN DIEGO  
 SAN FRANCISCO  
 SEATTLE  
 STAMFORD  
 WASHINGTON  
 ———  
 CALGARY  
 HALIFAX  
 MONTREAL  
 OTTAWA  
 TORONTO  
 VANCOUVER

ACTUARIES AND CONSULTANTS

PENSION    EMPLOYEE    COMPENSATION    INTERNATIONAL    EMPLOYEE    RISK  
 PLANS    BENEFITS    PROGRAMS    BENEFITS    COMMUNICATIONS    MANAGEMENT

SUITE 5600 SEARS TOWER  
 233 SOUTH WACKER DRIVE  
 CHICAGO, ILLINOIS 60606

(312) 876-2000

ACTUARIAL CERTIFICATION

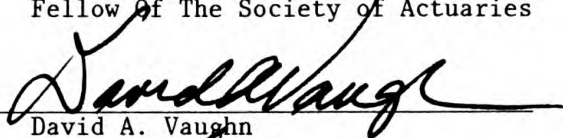
We have completed an actuarial valuation of the assets and liabilities of the State Universities Retirement System of Illinois as of August 31, 1982.

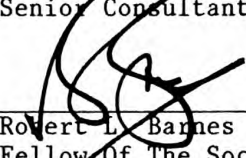
For purposes of determining contribution rates, assets have been valued at amortized Cost Value as reported in the Balance Sheet in the report prepared for the Auditor General. The liabilities have been valued based on employee data supplied by the staff of the System and based on actuarial assumptions. A summary of the major actuarial assumptions follows.

In our opinion, the following schedule of valuation results fairly presents the financial condition of the State Universities Retirement System of Illinois as of August 31, 1982 and the schedule of contribution rates complies with the applicable law in force as of the valuation date.

THE WYATT COMPANY

By   
 Lloyd L. Nordstrom  
 Fellow of The Society of Actuaries

By   
 David A. Vaughn  
 Senior Consultant

By   
 Robert L. Barnes  
 Fellow of The Society of Actuaries

Chicago, Illinois  
 December 15, 1982



# Actuarial Report ANNUAL REPORT 1982

## VALUATION RESULTS

1.	Actuarial Liability (Reserves)*	
	(a) For Members Receiving Annuities:	
	(i) Retirement Annuities	\$ 602,135,575
	(ii) Survivor Annuities	58,906,373
	(iii) Disability	51,680,906
	(iv) Total	\$ 712,722,854
	(b) For Inactive Members	121,669,343
	(c) For Active Members	1,966,636,939
	(d) Total	\$2,801,029,136
2.	Assets (Amortized Cost Value)	\$1,239,583,869
3.	Unfunded Actuarial Liability	\$1,561,445,267

## CONTRIBUTION RATES

	<u>% Of</u> <u>Payroll**</u>	<u>Annual</u> <u>Contributions**</u>
1. State Normal Cost*	8.712%	\$ 76,005,501
2. Normal Cost Plus 8% Interest on the Unfunded Actuarial Liability	22.530	196,562,192
3. Normal Cost Plus An Amount to Amortize the Unfunded Actuarial Liability Over A 40-year Period from September 1, 1980	23.314	203,402,181

\* Based on an "entry age normal" cost method.

\*\* Based on covered pay of \$872,449,875 for Fiscal Year September 1, 1982 - August 31, 1983.

# Actuarial Report ANNUAL REPORT 1982

## SUMMARY OF MAJOR ACTUARIAL ASSUMPTIONS

### Assumption:

- Mortality:** 1986 Projected Experience Table, a table based on experience underlying the 1971 Group Annuity Mortality Table, without margins, with a projection for mortality improvements to 1986, with a one year setback.
- Interest:** 8% per annum, compounded annually.
- Termination:** Illustrative rates of withdrawal from the plan are as follows:

<u>Age</u>	<u>Males</u>	<u>Females</u>
20	0.374	0.524
25	0.249	0.324
30	0.174	0.219
35	0.124	0.154
40	0.073	0.104
45	0.047	0.064
50	0.020	0.038
55	--	0.013

It is assumed that terminated employees will not be rehired.

- Salary Increases:** 8% per annum, compounded annually.
- Retirement Rates:** Retirement was assumed to occur at age 62.
- Assets:** Assets available for benefits are used at book value.
- Expenses:** As estimated and advised by SURS staff, based on current expenses with an allowance for expected increases.
- Marital Status:** 85% of employees are assumed to be married.
- Spouse's Age:** The female spouse is assumed to be 3 years younger than the male spouse.

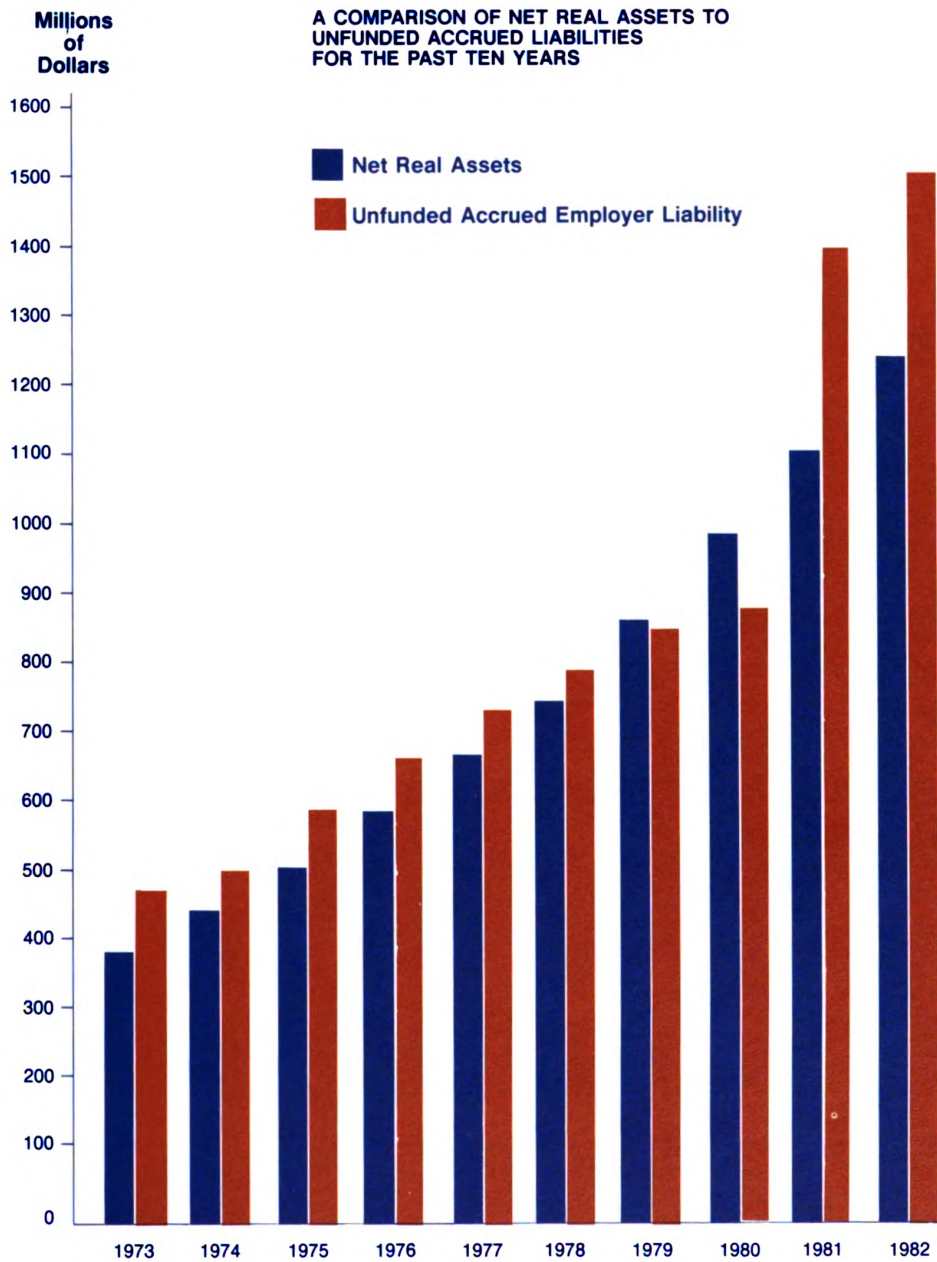
In addition to the above, other assumptions used include disability incidence, recovery from disability, mortality of disabled lives, remarriage rates and ages, and numbers of children.

# Statistical Table ANNUAL REPORT 1982

## ANALYSIS OF FUNDING

<u>Fiscal Year Ending August 31</u>	<u>Net Real Assets</u>	<u>Unfunded Accrued Liability</u>	<u>Reserve Requirement</u>	<u>Funding</u>
1973	\$ 382,465,929	\$ 467,896,311	\$ 850,362,240	44.9
1974	443,332,363	509,793,867	953,126,230	46.5
1975	507,476,930	587,893,456	1,095,370,386	46.3
1976	577,757,539	658,772,105	1,236,529,644	46.7
1977	657,455,395	730,570,416	1,388,025,811	47.3
1978	747,975,984	792,374,137	1,540,350,121	48.5
1979	857,013,637	849,722,361	1,706,735,998	50.2
1980	987,304,732	879,136,019	1,866,440,751	52.8
1981	1,124,443,479	1,389,131,928	2,513,575,407	44.7
1982	1,239,583,869	1,561,445,267	2,801,029,136	44.3

# Statistical Table **ANNUAL REPORT 1982**

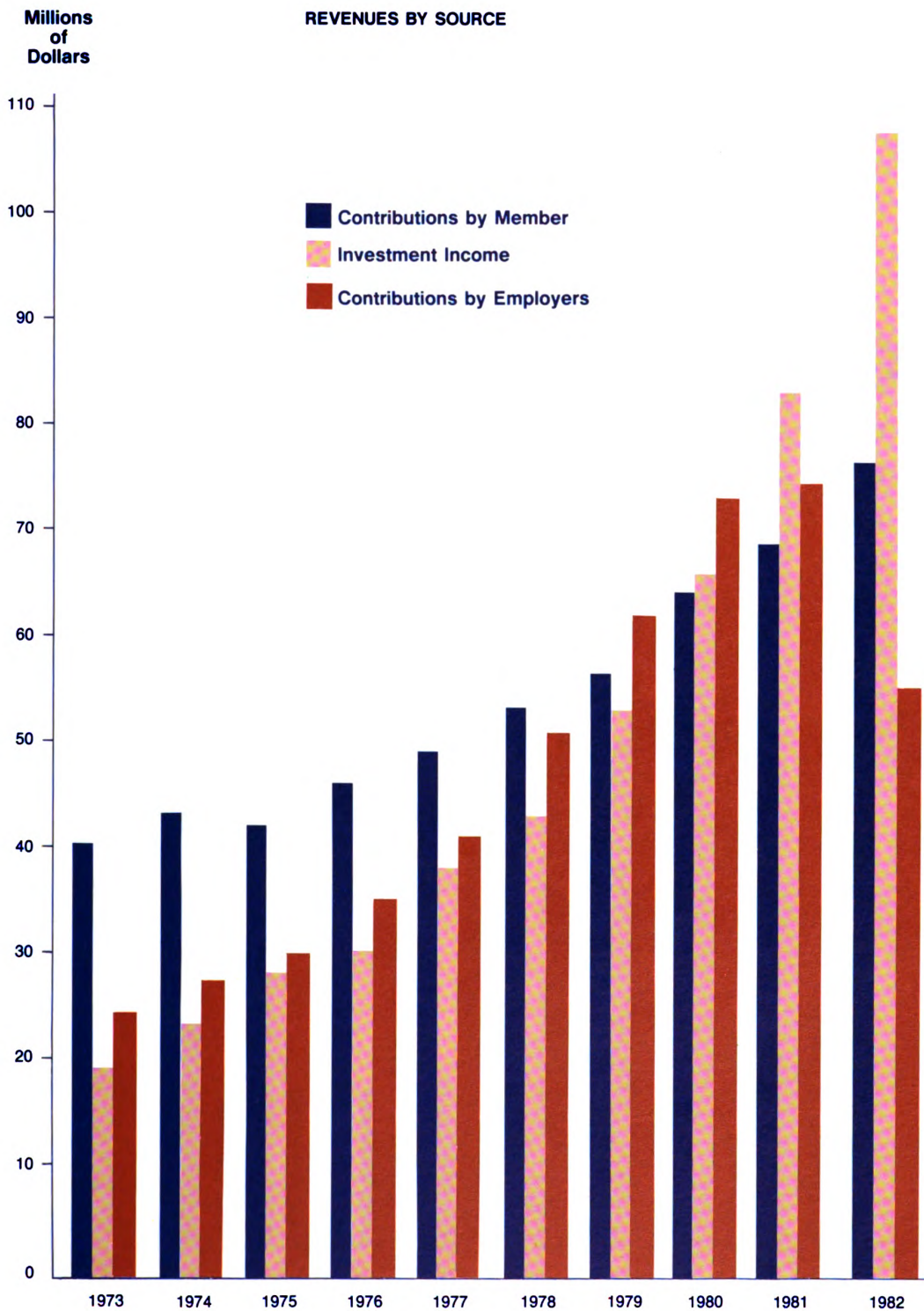


# Statistical Table ANNUAL REPORT 1982

## REVENUES BY SOURCE

<u>Fiscal Year Ending August 31</u>	<u>Employee Contributions</u>	<u>Investment Income</u>	<u>Employer Contributions</u>	<u>Total</u>
1973	\$39,873,003	\$ 19,057,261	\$24,194,339	\$ 83,124,603
1974	43,485,117	23,383,169	27,511,456	94,379,742
1975	42,171,952	28,428,446	30,298,625	100,899,023
1976	46,007,876	30,476,497	35,501,427	111,985,800
1977	48,869,685	37,862,667	41,275,044	128,007,396
1978	52,631,639	42,730,461	50,741,364	146,103,464
1979	56,503,802	53,364,829	61,595,360	171,463,991
1980	63,997,390	65,693,373	72,700,571	202,391,334
1981	68,822,427	82,762,201	74,395,430	225,980,058
1982	76,715,608	107,755,176	55,044,801	239,515,583

# Statistical Table ANNUAL REPORT 1982

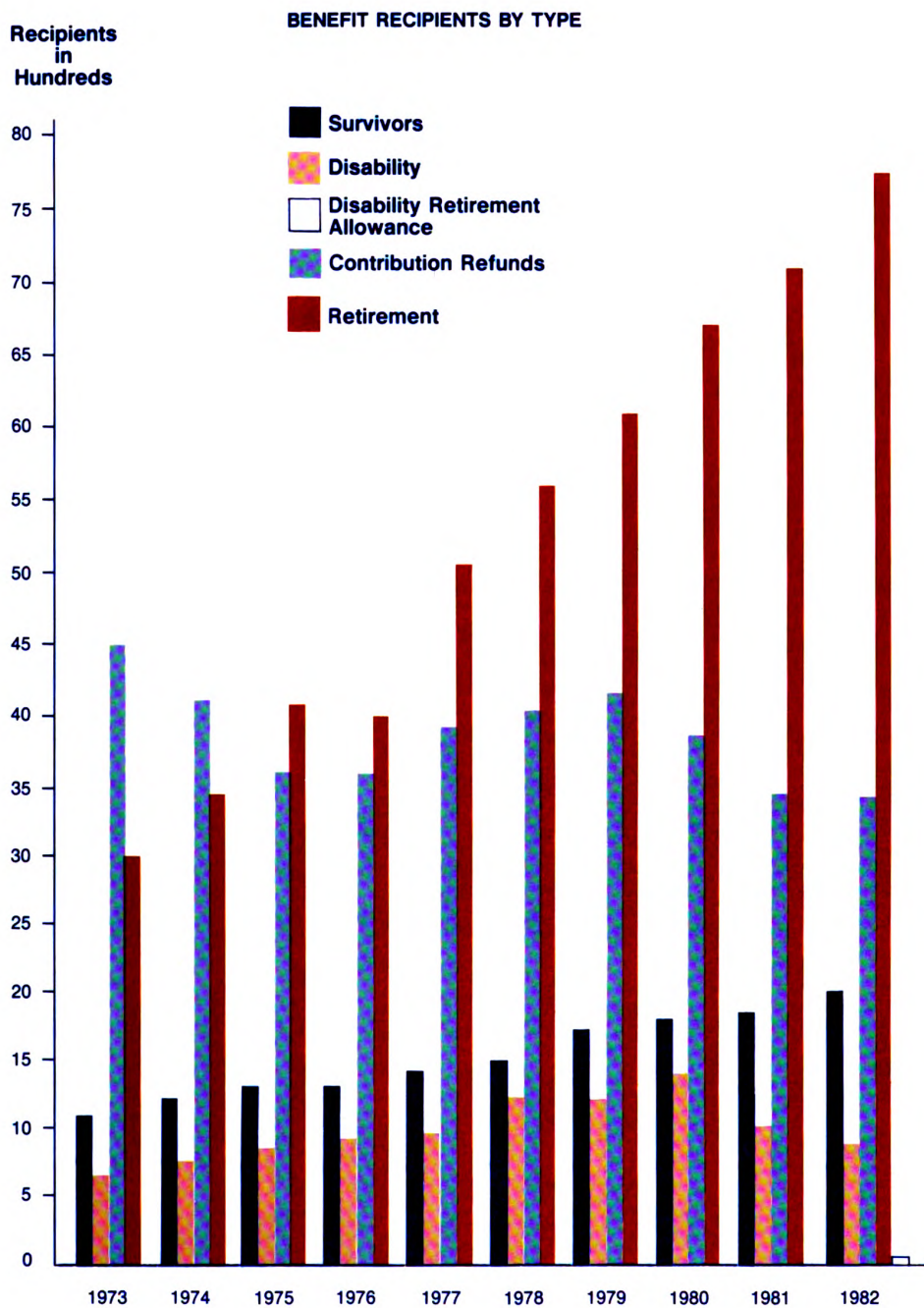


# Statistical Table ANNUAL REPORT 1982

## BENEFIT RECIPIENTS BY TYPE

<u>Fiscal Year</u> <u>Ending August 31</u>	<u>Survivors</u>	<u>Disability</u>	<u>Disability</u> <u>Retirement</u> <u>Allowance</u>	<u>Contribution</u> <u>Refunds</u>	<u>Retirement</u>
1973	993	680	---	4,515	3,050
1974	1,092	767	---	4,105	3,475
1975	1,178	844	---	3,159	4,007
1976	1,301	915	---	3,573	4,453
1977	1,370	972	---	3,892	5,075
1978	1,491	1,240	---	4,088	5,612
1979	1,726	1,222	---	4,160	6,119
1980	1,808	1,420	---	3,852	6,677
1981	1,847	988	---	3,476	7,127
1982	1,995	872	35	3,461	7,737

# Statistical Table **ANNUAL REPORT 1982**





# Statistical Table ANNUAL REPORT 1982

## BENEFIT EXPENSES BY TYPE

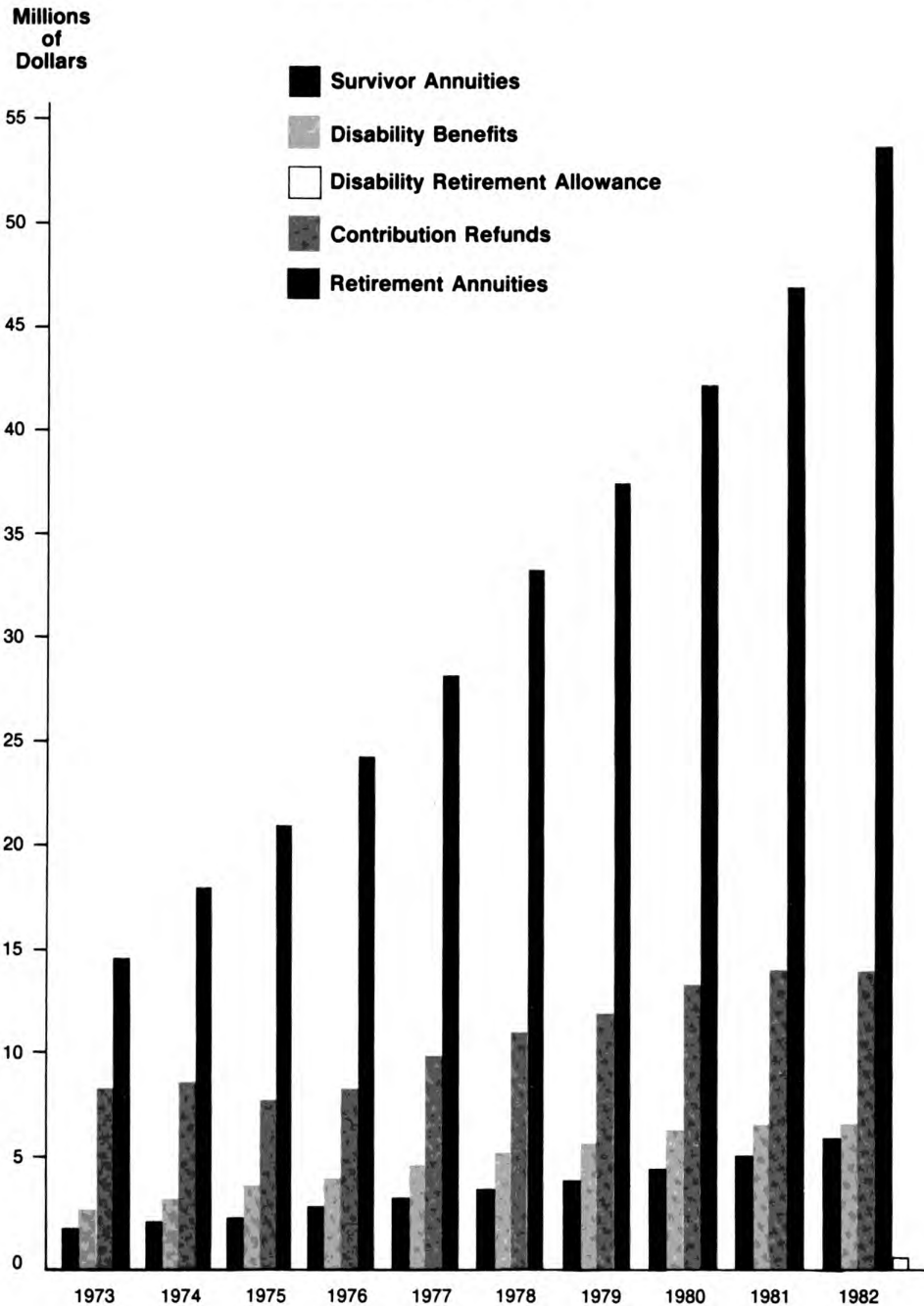
<u>Fiscal Year Ending August 31</u>	<u>Retirement Annuities</u>	<u>Disability Retirement Allowance</u>	<u>Survivors Annuities</u>	<u>Disability Benefits</u>	<u>Lump Sum Death Benefits</u>	<u>Total</u>
1973	\$14,654,159	\$ ---	\$1,712,233	\$2,550,727	\$1,052,149	\$19,969,268
1974	17,776,422	---	2,036,059	3,134,952	1,308,366	24,255,799
1975	20,965,566	---	2,325,858	3,589,230	1,295,154	28,175,808
1976	24,287,646	---	2,660,769	4,113,883	1,483,132	32,545,430
1977	28,097,278	---	3,089,241	4,680,790	1,645,252	37,512,561
1978	32,982,948	---	3,476,991	5,324,788	1,772,479	43,557,206
1979	37,220,681	---	3,998,473	5,708,948	2,299,323	49,227,425
1980	42,047,692	---	4,451,890	6,165,988	1,960,455	54,626,025
1981	46,795,065	---	5,144,058	6,739,832	3,165,542	61,844,497
1982	53,391,815	65,465	6,034,706	6,668,410	3,847,120	70,007,516

## EXPENSES BY TYPE

<u>Fiscal Year Ending August 31</u>	<u>Benefits</u>	<u>Contribution Refunds</u>	<u>Administrative Expenses</u>	<u>Total</u>
1973	\$19,969,268	\$ 8,171,073	\$ 546,600	\$28,686,941
1974	24,255,799	8,620,893	636,616	33,513,308
1975	28,175,808	7,932,634	691,373	36,799,815
1976	32,545,430	8,302,803	811,599	41,659,832
1977	37,512,561	9,897,031	899,948	48,309,540
1978	42,557,206	11,008,076	1,017,592	55,582,874
1979	49,227,425	12,021,454	1,177,459	62,426,338
1980	54,626,025	13,396,491	1,580,083	69,602,599
1981	61,844,497	14,099,953	1,541,001	77,485,451
1982	70,007,516	14,040,075	2,953,745	87,001,336

# Statistical Table ANNUAL REPORT 1982

BENEFIT EXPENSES BY TYPE



# Statistical Table ANNUAL REPORT 1982

## BALANCE SHEET ASSETS

<u>Fiscal Year Ending August 31</u>	<u>Cash</u>	<u>Receivables</u>	<u>Investments</u>	<u>Total</u>
1973	\$2,067,822	\$ 8,159,236	\$ 372,947,328	\$ 383,174,386
1974	544,339	10,068,274	433,499,519	444,112,132
1975	( 123,636)	10,626,711	497,812,710	508,315,785
1976	191,459	13,982,576	565,001,597	579,175,632
1977	286,695	12,673,603	648,599,405	661,559,703
1978	( 139,985)	14,873,963	736,335,382	751,069,360
1979	( 754,708)	16,523,670	846,618,134	862,387,096
1980	1,857,931	25,925,331	962,917,983	990,701,245
1981	9,720,413	25,220,315	1,094,802,660	1,129,743,388
1982	( 2,212,784)	32,208,558	1,214,354,158	1,244,349,932

## BALANCE SHEET LIABILITIES

<u>Ending August 31</u>	<u>Accounts Payable</u>	<u>Deferred Income</u>	<u>Fund Balances</u>	<u>Total</u>
1973	\$ 604,207	\$ 104,250	\$ 382,465,929	\$ 383,174,386
1974	601,029	178,740	443,332,363	444,112,132
1975	744,212	140,002	507,431,571	508,315,785
1976	1,013,385	404,708	577,757,539	579,175,632
1977	1,293,207	2,811,101	657,455,395	661,559,703
1978	1,307,701	1,785,675	747,975,984	751,069,360
1979	993,674	4,379,785	857,013,637	862,387,096
1980	1,219,101	2,177,412	987,304,732	990,701,245
1981	2,050,444	3,249,465	1,124,443,479	1,129,743,388
1982	2,921,223	1,844,840	1,239,583,869	1,244,349,932

# Statistical Table ANNUAL REPORT 1982

## ACTIVE AND INACTIVE PARTICIPANTS

<u>Fiscal Year Ending August 31</u>	<u>Total Active Participants</u>	<u>Average Age of Participants</u>	<u>Average Length of Service for Active Participants</u>	<u>Total Inactive Participants</u>	<u>Combined Total of Active &amp; Inactive Participants</u>
1973	35,565	42.5	6.9	3,784	39,349
1974	35,183	43.6	7.4	3,975	39,158
1975	35,007	43.2	7.7	5,280	40,287
1976	35,544	43.3	8.0	5,565	41,109
1977	36,468	43.3	8.1	5,576	42,044
1978	38,222	43.1	8.3	4,845	43,067
1979	38,553	43.3	8.4	5,061	43,614
1980	39,551	43.1	8.7	5,049	44,600
1981	40,624	42.7	8.8	5,185	45,809
1982	41,319	43.5	9.0	4,775	46,094

# Plan Summary ANNUAL REPORT 1982

## STATE UNIVERSITIES RETIREMENT SYSTEM

The following is a summary of the provisions of the State Universities Retirement System as in effect on August 31, 1982.

### Membership

The System covers faculty and non-academic permanent employees of State Universities and Colleges, Community Colleges, State Scientific Surveys and other related agencies. Participation is compulsory after three years of service but is optional during the first three years of employment.

Employees hired after age 68, employed less than 50% full-time or employed less than full-time and attending classes with an employer are ineligible to participate.

### Member Contributions

8% of gross earnings. 6-1/2% of the 8% contributions are designated for retirement annuities, 1/2% for automatic annual increases and 1% for survivor benefits. Police officers and fire fighters contribute 9-1/2% of earnings. The additional 1-1/2% is a normal retirement contribution.

The member contributions are "picked-up" by the employer and treated as employer contributions for income tax purposes. Retirement contributions are based on the gross earnings before the employer pick-up and are included in earnings.

All contributions on pre-1981 earnings and service credit payments, plus future other public employment, prior service and refund payments will be considered as previously taxed. Previously taxed contributions will be recovered tax free when distributed to the employee as a retirement annuity or refund.

### Interest Credited on Member Contributions

The interest rate credited is fixed by the Board and is currently 8%. For purposes of lump sum payments to former members, the interest rate is 4-1/2%.

### Normal Retirement

Members are eligible for normal retirement at any age after 35 years of covered service, after 8 years of covered service and age 60, or after 5 years of covered service and age 62. Policemen and firemen are eligible for normal retirement at age 55 with 20 years of service, or at age 50 with 25 years of service.

The annuity payable is based on the largest of three formulas:

- 1) The following percentages of "average earnings", the highest earnings for any 4 consecutive years:

	<u>General</u>	<u>Police &amp; Firemen</u>
a) For each of the first 10 years of service	1.67%	2.25%
b) For each of the next 10 years of service	1.90	2.50
c) For each of the next 10 years of service	2.10	2.75
d) For each year of service over 30	2.30	original from-

# Plan Summary ANNUAL REPORT 1982

- 2) The actuarial equivalent of 2.4 times the accumulated member contributions for retirement annuities (6-1/2% of earnings). The actuarial equivalent assumes an annuity payable for life.
- 3) For each year of service up to a maximum of 30 years, if employed one-half time or more, the following monthly amounts based on average earnings:

<u>"Average Annual Earnings"</u>	
Under \$3,500	\$ 8
3,500 - 4,500	9
4,500 - 5,500	10
5,500 - 6,500	11
Over \$6,500	12

For members first participating hired after September 14, 1977, the maximum annuity under (1) or (2) is 75% of average earnings. The maximum is 80% of average earnings for members who participated on or before September 14, 1977.

## Early Retirement

Members are eligible for early retirement after 8 years of service and age 55 but the annuity calculated under formula (1) or (3) above is reduced by 1/2% for each month such retirement precedes age 60.

## Early Retirement Without Discount

A member may retire between the ages of 55 and 60 with at least 8, but not more than 35 years service credit, without 1/2 of 1% reduction, provided:

- 1) The member does so between September 8, 1981 and June 30, 1987.
- 2) The member retires within 6 months of the last day of employment.
- 3) The member and the employer make one-time lump sum payments to the Retirement System based upon the member's highest full-time annual salary rate during the 4 year average salary period, or if not full-time, the full-time equivalent. The member pays 7% of the base salary for each year or fraction of a year prior to age 60. The employer payment is 20% of the base salary for each year or fraction of a year prior to age 60. These one-time payments do not increase the amount of service credit, but merely eliminates the 1/2 of 1% reduction for retiring before age 60 with less than 35 years of service.

Until June 1, 1982, the number of members using this provision was limited to any number at the option of the employer. Beginning June 1, 1982 until June 30, 1987, the number of members using this provision may be limited, at the option of the employer, to no less than 15% of those eligible during any year. The right to participate is allocated among those applying on the basis of seniority in the service of the employer.

## Disability

Members with 2 years of covered service who are unable to perform their duties because of illness or any amount of covered service if because of an accident, are eligible for disability benefits after 60 days of disability.

# Plan Summary ANNUAL REPORT 1982

The amount of the disability benefit is as follows:

- 1) 50% of basic compensation at disability or 50% of average earnings for the 24 months preceding disability, whichever is greater, payable until the total benefits paid equal 50% of the total earnings in covered service, but in no event after September 1 following the employee's 70th birthday.
- 2) After cessation of the benefit in (1), members who had 8 years of covered service will receive the normal retirement benefit commencing at or after age 55 (with no reduction for early retirement), if the member continues to be disabled.

The disability benefit will cease upon death or recovery.

## Disability Retirement Allowance

If a member's disability benefits are discontinued due to the 50% of total earnings limitation, the member is entitled to a disability retirement allowance of 35% of the basic compensation which was payable at the time the disability began, provided at least 2 licensed and practicing physicians appointed by the Board certify that the member has a medically determined physical or mental impairment which would prevent him/her from engaging in any substantial gainful activity, and which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than 12 months.

The disability retirement allowance is payable for life unless the member is able to accept substantial gainful employment, or elects to receive a retirement annuity.

If the member continues to accept a disability retirement allowance after attainment of age 60, he/she shall forfeit the right to receive a retirement annuity.

## Death Benefits Before Retirement

Upon death of an active member with 1-1/2 years of covered service, or of a former member with 10 years of covered service, the following amounts are paid to the member's survivors:

- 1) A death benefit equal to the retirement contributions (7%) and interest, plus
- 2) A lump sum payment of \$1,000, plus
- 3) A monthly survivors annuity equal to the greater of 50% of the member's accrued normal retirement benefit or the following amounts if greater:
  - a) 30% of average earnings to a spouse, child or parent, up to \$400 monthly.
  - b) 60% of average earnings to a spouse and 1 child, up to \$600 monthly.
  - c) 80% of average earnings to a spouse and 2 or more children, up to \$600 monthly.

# Plan Summary ANNUAL REPORT 1982

Survivor's benefits are payable until children attain age 18, to a spouse after age 50 and a dependent parent after age 55. The spouse's benefit is payable at any age while children are under 18 and living with the spouse. If death occurs after termination of employment, the monthly survivors annuity may not exceed 80 percent of the earned retirement annuity.

If there are no dependent survivors, the member did not have necessary service or if the dependent survivors so elect in lieu of any other benefits, the following amounts will be paid.

- 1) A death benefit equal to all contributions and interest, and
- 2) If death occurred in active service, a lump sum payment of \$2,500 or, if the beneficiary is a dependent, an amount equal to the member's average annual earnings up to \$5,000.

## Death Benefits After Retirement

A lump sum survivors benefit of \$1,000 is payable to the member's spouse, children or dependent parent. In addition, a survivor's annuity as outlined above is payable. If no survivor annuity is payable, a minimum death benefit of \$1,000 or an amount equal to the excess of the member's contributions and interest to retirement over the benefits paid is payable.

## Automatic Increases

Retirement benefits are increased annually after retirement by 3% of the original retirement annuity. Note that the increase is not compounded and does not apply to survivor's or disability benefits. The first automatic annual increase in retirement annuity is paid on the January 1 nearest the annuitant's 61st birthday or the January 1 nearest the first anniversary of retirement, whichever is later.

## Termination of Service

A lump sum refund of all member contributions and interest (at 4-1/2%) will be made. If a member has 5 years of covered service and does not apply for a refund, a normal retirement benefit will be payable at age 62.



# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PERFORMANCE SUMMARY INCOME RATE OF RETURN ON INVESTMENTS\*

<u>Fiscal Year Ending August 31</u>	<u>Fixed Income Securities</u>	<u>Fixed Income Rate of Return</u>	<u>Equity Securities</u>	<u>Equity Rate of Return</u>	<u>Total Invest- ment Portfolio Rate of Return</u>
1973	\$249,908,227	6.53%	\$122,483,225	3.20%	5.44%
1974	279,887,756	7.06	153,064,120	3.38	5.80
1975	306,868,585	7.00	190,405,210	3.59	5.74
1976	349,416,152	7.18	215,055,780	4.36	6.10
1977	405,624,316	7.27	242,455,230	4.10	6.08
1978	456,805,536	7.34	279,020,381	4.52	6.28
1979	525,456,666	7.76	320,663,021	4.99	6.71
1980	600,653,754	8.37	361,777,460	5.43	7.26
1981	717,605,153	9.59	376,723,119	5.29	8.04
1982	800,336,167	11.28	413,556,725	5.60	9.34

\*The schedule above reflects only the earnings on the average balance of securities held each year and does not reflect the net gain or loss resulting from the sales of securities. The marketable securities balance is book value as of the fiscal year end.

# Investment Summary ANNUAL REPORT 1982

Schedule I

## INVESTMENT PORTFOLIO SUMMARY August 31, 1982

	Number of Issues	Par Value	Market Value	Book Value	% of Total Book Value
<b>Bonds</b>					
<b>Government Bonds:</b>					
Federal	175	\$ 289,434,408	\$ 269,379,008	\$ 270,373,301	22.3%
Canadian	8	9,750,000	8,420,091	9,648,907	.8
<b>Total</b>	<b>183</b>	<b>\$ 299,184,408</b>	<b>\$ 277,799,099</b>	<b>\$ 280,022,208</b>	<b>23.1</b>
<b>Corporate Obligations:</b>					
Corporate Bonds	198	403,931,833	285,762,977	397,153,087	32.7
Short-Term Reserves	18	123,301,800	123,239,891	123,160,872	10.2
<b>Total</b>	<b>216</b>	<b>\$ 527,233,633</b>	<b>\$ 409,002,868</b>	<b>\$ 520,313,959</b>	<b>42.9</b>
<b>Total Bonds</b>	<b>399</b>	<b>\$ 826,418,041</b>	<b>\$ 686,801,967</b>	<b>\$ 800,336,167</b>	<b>66.0</b>
<b>Stocks</b>					
Common	89		396,251,957	391,151,239	32.2
Preferred	1		183,083	103,213	.0
Equity Index Fund	1		21,797,135	22,302,273	1.8
<b>Total</b>	<b>91</b>		<b>\$ 418,232,175</b>	<b>\$ 413,556,725</b>	<b>34.0</b>
<b>Total Portfolio</b>	<b>490</b>		<b>\$1,105,034,142</b>	<b>\$1,213,892,892</b>	<b>100.0%</b>

Schedule II

## INVESTMENT PORTFOLIO ACTIVITY Year Ended August 31, 1982

	Beginning Balance September 1	Acquisitions	Dispositions	Ending Balance August 31
<b>Bonds</b>				
<b>Government Bonds:</b>				
Federal	\$114,966,585	\$ 377,601,714	\$ 222,194,998	\$270,373,301
Canadian	5,526,303	7,397,860	3,275,256	9,648,907
<b>Total</b>	<b>\$120,492,888</b>	<b>\$ 384,999,574</b>	<b>\$ 225,470,254</b>	<b>\$280,022,208</b>
<b>Corporate Obligations:</b>				
Corporate Bonds	436,723,138	78,070,895	117,640,946	397,153,087
Short-Term Reserves	160,389,127	685,756,702	722,984,957	123,160,872
<b>Total</b>	<b>\$597,112,265</b>	<b>\$ 763,827,597</b>	<b>\$ 840,625,903</b>	<b>\$520,313,959</b>
<b>Total Bonds</b>	<b>\$717,605,153</b>	<b>\$1,148,827,171</b>	<b>\$1,066,096,157</b>	<b>\$800,336,167</b>
<b>Stocks</b>				
Common	351,577,725	208,920,845	169,347,331	391,151,239
Preferred	5,164,558	103,213	5,164,558	103,213
Equity Index Fund	19,980,836	2,321,437		22,302,273
<b>Total</b>	<b>\$376,723,119</b>	<b>\$ 211,345,495</b>	<b>\$ 174,511,889</b>	<b>\$413,556,725</b>

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO FIXED INCOME SECURITIES

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
GOVERNMENT OBLIGATIONS						
U.S. Government						
Farrell Lines Inc.....	AAA	8.050%	04/01/88	\$ 408,000	\$ 408,000	\$ 337,273
U.S. Treasury Bonds....	AAA	8.375	08/15/00	5,000,000	5,004,743	3,568,750
U.S. Treasury Bonds....	AAA	8.750	11/15/08	8,750,000	8,560,563	6,349,175
U.S. Treasury Bonds....	AAA	10.375	11/15/09	1,500,000	1,172,610	1,272,180
U.S. Treasury Bonds....	AAA	10.750	08/15/90	11,000,000	9,414,063	10,188,750
U.S. Treasury Bonds....	AAA	11.625	08/31/84	28,000,000	27,973,120	27,860,000
U.S. Treasury Bonds....	AAA	11.750	02/15/01	4,000,000	3,988,792	3,785,000
U.S. Treasury Bonds....	AAA	13.750	11/15/91	21,900,000	22,653,346	23,104,500
U.S. Treasury Bonds....	AAA	13.875	05/15/11	1,000,000	1,011,875	1,108,750
U.S. Treasury Bonds....	AAA	14.250	11/15/91	7,500,000	7,497,690	8,048,400
U.S. Treasury Bonds....	AAA	14.250	02/15/02	1,000,000	1,017,813	1,123,750
U.S. Treasury Bonds....	AAA	14.500	07/15/89	21,250,000	21,479,665	22,830,363
U.S. Treasury Bonds....	AAA	14.875	08/15/91	500,000	505,000	552,810
U.S. Treasury Bonds....	AAA	15.375	10/15/88	1,000,000	1,073,750	1,098,750
Total U.S. Government				112,808,000	111,761,030	111,228,451
Government Agency						
Fed. Home Mort. Corp...	AAA	8.000	04/01/08	586,137	392,712	400,772
Fed. Home Mort. Corp...	AAA	8.000	01/01/09	1,000,000	653,750	683,750
Fed. Home Mort. Corp...	AAA	9.400	09/15/08	4,023,000	2,856,330	3,399,435
Fed. Home Mort. Corp...	AAA	10.000	04/01/09	1,783,205	1,262,732	1,364,152
Fed. Home Mort. Corp...	AAA	10.000	06/01/10	987,377	691,164	755,343
Fed. Home Mort. Corp...	AAA	10.000	03/01/11	1,451,728	1,054,772	1,110,572
Fed. Home Mort. Corp...	AAA	10.250	09/01/09	933,524	670,387	723,481
Fed. Home Mort. Corp...	AAA	15.500	06/01/11	3,759,280	3,380,810	3,860,855
Fed. Home Mort. Corp...	AAA	16.000	03/01/12	6,141,768	6,161,644	6,333,698
Fed. Home Mort. Corp...	AAA	16.000	04/01/12	14,400,673	14,417,162	14,850,694
Fed. Home Mort. Corp...	AAA	16.000	05/01/12	998,052	999,923	1,029,241
Fed. Home Mort. Corp...	AAA	16.250	07/01/11	2,875,536	2,786,634	2,997,746
Fed. Home Mort. Corp...	AAA	16.250	10/01/11	48,792	47,450	50,865
				39,989,072	35,375,470	37,560,604
Fed. Natl. Mort. Assn..	AAA	6.200	08/12/88	4,000,000	4,005,612	2,925,000
Gov. Natl. Mort. Assn..	AAA	7.500	06/15/06	822,169	760,192	568,325
Gov. Natl. Mort. Assn..	AAA	7.500	04/15/07	862,052	795,823	595,893
Gov. Natl. Mort. Assn..	AAA	7.500	05/15/07	386,464	356,832	267,144
Gov. Natl. Mort. Assn..	AAA	7.500	07/15/07	1,410,057	1,302,346	974,702
Gov. Natl. Mort. Assn..	AAA	7.500	09/15/07	402,968	372,266	278,653
Gov. Natl. Mort. Assn..	AAA	8.000	10/15/06	1,250,492	1,267,075	889,412
Gov. Natl. Mort. Assn..	AAA	8.000	12/15/06	767,416	778,705	545,825
Gov. Natl. Mort. Assn..	AAA	8.500	07/15/08	977,917	606,309	716,325
Gov. Natl. Mort. Assn..	AAA	9.000	02/15/09	930,891	888,686	699,332
Gov. Natl. Mort. Assn..	AAA	9.000	03/15/09	971,449	927,460	729,801
Gov. Natl. Mort. Assn..	AAA	9.000	05/15/09	5,519,258	5,267,503	4,146,343
Gov. Natl. Mort. Assn..	AAA	9.500	06/15/09	1,514,581	1,077,806	1,168,121

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
GOVERNMENT OBLIGATIONS						
Government Agency - continued						
Gov. Natl. Mort. Assn..	AAA	9.500%	07/15/09	\$ 3,419,327	\$ 2,617,686	\$ 2,637,155
Gov. Natl. Mort. Assn..	AAA	9.500	08/15/09	10,327,912	8,150,136	7,965,402
Gov. Natl. Mort. Assn..	AAA	9.500	09/15/09	11,450,128	9,609,546	8,830,909
Gov. Natl. Mort. Assn..	AAA	9.500	10/15/09	14,392,343	12,458,545	11,100,093
Gov. Natl. Mort. Assn..	AAA	9.500	11/15/09	1,773,522	1,265,851	1,367,829
Gov. Natl. Mort. Assn..	AAA	11.000	11/15/10	1,026,834	755,433	871,526
Gov. Natl. Mort. Assn..	AAA	11.500	03/15/10	2,050,490	1,511,455	1,791,616
Gov. Natl. Mort. Assn..	AAA	11.500	10/15/11	1,003,841	798,054	877,106
Gov. Natl. Mort. Assn..	AAA	12.000	03/15/11	1,043,693	760,487	959,279
Gov. Natl. Mort. Assn..	AAA	12.000	08/15/11	254,876	213,248	234,261
Gov. Natl. Mort. Assn..	AAA	12.000	11/15/11	1,015,304	849,135	933,187
Gov. Natl. Mort. Assn..	AAA	12.000	02/15/12	538,914	420,690	495,326
Gov. Natl. Mort. Assn..	AAA	12.500	11/15/10	979,278	825,653	905,832
Gov. Natl. Mort. Assn..	AAA	12.500	12/15/10	2,825	2,310	2,614
Gov. Natl. Mort. Assn..	AAA	13.000	02/15/11	4,825,796	4,174,038	4,596,570
Gov. Natl. Mort. Assn..	AAA	13.000	03/15/11	49,799	44,134	47,433
Gov. Natl. Mort. Assn..	AAA	13.000	04/15/11	1,477,442	1,319,349	1,407,264
Gov. Natl. Mort. Assn..	AAA	13.000	02/15/12	1,022,345	907,970	973,783
Gov. Natl. Mort. Assn..	AAA	13.000	03/15/12	2,013,975	1,796,853	1,918,312
Gov. Natl. Mort. Assn..	AAA	13.000	04/15/12	49,955	44,772	47,582
Gov. Natl. Mort. Assn..	AAA	13.500	04/15/11	1,037,425	821,254	1,010,193
Gov. Natl. Mort. Assn..	AAA	13.500	07/15/12	1,019,404	902,809	992,644
Gov. Natl. Mort. Assn..	AAA	14.000	06/15/11	422,663	394,134	420,022
Gov. Natl. Mort. Assn..	AAA	14.000	11/15/11	99,779	93,231	99,156
Gov. Natl. Mort. Assn..	AAA	14.000	02/15/12	499,566	466,782	496,444
Gov. Natl. Mort. Assn..	AAA	14.000	03/15/12	3,890,835	3,622,581	3,866,516
Gov. Natl. Mort. Assn..	AAA	14.000	05/15/12	2,998,536	2,799,882	2,979,794
Gov. Natl. Mort. Assn..	AAA	14.750	07/15/96	982,619	906,466	994,901
Gov. Natl. Mort. Assn..	AAA	14.750	08/15/96	483,247	445,795	489,287
Gov. Natl. Mort. Assn..	AAA	14.750	09/15/96	3,920,257	3,607,236	3,969,259
Gov. Natl. Mort. Assn..	AAA	14.750	11/15/96	983,854	889,926	996,152
Gov. Natl. Mort. Assn..	AAA	14.750	08/15/97	2,018,294	2,000,633	2,043,522
Gov. Natl. Mort. Assn..	AAA	15.750	11/15/96	6,169,921	5,892,500	6,448,738
Gov. Natl. Mort. Assn..	AAA	15.750	12/15/96	2,961,400	2,868,454	3,095,226
Gov. Natl. Mort. Assn..	AAA	15.750	01/15/97	5,445,150	5,450,030	5,691,217
Gov. Natl. Mort. Assn..	AAA	15.750	03/15/97	3,506,383	3,462,276	3,664,835
Gov. Natl. Mort. Assn..	AAA	15.750	04/15/97	5,908,124	5,884,824	6,175,112
Gov. Natl. Mort. Assn..	AAA	15.750	06/15/97	968,408	977,486	1,012,170
Gov. Natl. Mort. Assn..	AAA	16.000	10/15/11	249,693	230,498	267,172
Gov. Natl. Mort. Assn..	AAA	16.750	11/15/96	575,350	580,384	612,977
Gov. Natl. Mort. Assn..	AAA	16.750	12/15/96	3,416,227	3,458,918	3,639,648
Gov. Natl. Mort. Assn..	AAA	16.750	01/15/97	2,895,888	2,913,432	3,085,280
				124,987,336	111,595,879	111,593,220
Inter-Am. Develop. Bk..	AAA	8.250	01/15/85	2,500,000	2,504,323	2,264,075
Internatl. Bk. for R&D.	AAA	4.500	02/01/90	1,000,000	1,001,275	571,760

# Investment Summary ANNUAL REPORT 1982

INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
GOVERNMENT OBLIGATIONS						
Government Agency - continued						
Internat'l. Bk. for R&D.	AAA	6.375%	10/01/94	\$ 1,650,000	\$ 1,634,807	\$ 968,798
Internat'l. Bk. for R&D.	AAA	8.150	01/01/85	2,500,000	2,494,905	2,267,100
				<u>5,150,000</u>	<u>5,130,987</u>	<u>3,807,658</u>
Total Government Agency				176,626,408	158,612,271	158,150,557
Canadian						
Ontario Province.....	A-1	5.500	04/01/96	\$ 150,000	\$ 140,287	\$ 76,755
Ontario Province.....	A-1	7.125	08/01/98	2,300,000	2,305,099	1,339,842
Ontario Province.....	A-1	7.375	02/15/99	800,000	795,790	472,384
Ontario Province.....	A-1	8.375	09/01/99	1,000,000	989,451	642,990
Ontario Province.....	NR	17.000	11/15/11	1,000,000	962,500	1,099,720
Hydro Quebec.....	NR	12.500	10/15/87	1,000,000	896,220	942,990
Hydro Quebec.....	NR	16.875	11/15/87	1,500,000	1,561,960	1,625,370
Hydro Quebec.....	NR	17.375	11/15/87	2,000,000	1,997,600	2,220,040
Total Canadian Bonds				9,750,000	9,648,907	8,420,091
Total All Government Obligations				<u>\$299,184,408</u>	<u>\$280,022,208</u>	<u>\$277,799,099</u>

## CORPORATE OBLIGATIONS

### Public Utility

Alabama Power.....	BAA-3	5.000	04/01/90	608,000	550,803	368,369
Alabama Power.....	BAA-3	7.875	04/01/02	1,000,000	1,001,976	574,590
Appalachian Power....	BAA-1	8.500	10/91/99	1,000,000	1,014,423	621,940
Baltimore Gas & Elec..	AA-2	12.125	09/15/90	8,000,000	8,000,000	7,361,120
California Water Serv.	NR	4.850	11/01/95	782,000	782,000	351,673
Commonwealth Edison...	A-2	4.625	03/01/90	300,000	298,076	170,676
Commonwealth Edison...	A-2	8.750	03/01/05	3,000,000	2,993,918	1,914,780
Conn. Light & Power....	BAA-2	3.875	01/01/88	200,000	200,035	128,732
Conn. Light & Power....	BAA-2	17.750	10/01/91	1,000,000	978,750	1,087,360
Con. Edison of New York	A-1	5.900	12/15/96	1,000,000	1,000,000	548,300
Consolidated Natl. Gas.	AA-2	4.375	04/01/88	460,000	460,601	297,648
Consolidated Natl. Gas.	AA-2	5.000	09/01/82	41,000	41,037	41,000
Consumers Power.....	BAA-3	3.250	02/01/90	100,000	100,627	53,357
Consumers Power.....	BAA-3	5.875	07/01/96	750,000	730,866	385,875
Dayton Power & Light...	A-2	3.000	09/01/84	110,000	110,000	89,999
Dayton Power & Light...	A-2	17.000	09/01/91	2,000,000	1,997,500	2,138,040
Detroit Edison.....	BAA-3	9.000	12/01/99	1,000,000	998,468	616,570
Duke Power.....	NR	4.500	02/01/95	650,000	651,463	286,825
Ensearch.....	A-1	4.875	09/01/90	500,000	477,605	287,820
Florida Power & Light..	A-1	10.125	03/01/05	1,420,000	1,372,426	1,053,100
Florida Power & Light..	A-1	12.125	11/01/09	8,000,000	7,825,995	6,835,360

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Public Utility - continued						
Florida Power Corp.....	A-1	13.300%	11/01/90	\$ 4,000,000	\$ 4,000,000	\$ 3,875,600
Georgia Power.....	BAA-1	3.375	05/01/85	50,000	49,981	39,534
Georgia Power.....	BAA-1	3.625	04/01/86	100,000	98,114	73,807
Georgia Power.....	BAA-1	5.750	07/01/96	1,695,000	1,582,483	888,214
Houston Power & Light..	A-1	8.125	01/01/04	1,500,000	824,925	928,755
Houston Power & Light..	A-1	12.000	06/01/10	8,000,000	7,738,950	6,745,840
Ind. & Mich. Electric..	BAA-1	3.875	02/01/88	350,000	336,367	231,101
Laclede Gas.....	AA-3	4.875	07/01/85	470,000	472,207	371,521
Lone Star Gas.....	A-1	4.375	09/01/88	800,000	800,000	490,680
Louisiana Power & Lt...	BAA-3	5.000	04/01/90	400,000	397,719	242,348
Louisiana Power & Lt...	BAA-3	5.750	03/01/96	900,000	868,960	458,307
Louisville Gas & Elec..	AA-2	7.500	07/01/02	1,500,000	1,515,060	886,620
Marathon Oil.....	A	12.500	03/01/94	2,000,000	1,527,500	1,675,960
New Jersey Power & Lt..	BA-3	4.875	07/01/90	170,000	170,600	85,998
N.Y. St. Elec. & Gas...	BAA-2	5.625	01/01/97	900,000	878,873	448,920
Niagara Mohawk Power...	A-3	7.750	08/01/02	2,000,000	2,028,078	1,178,580
Northern Illinois Gas..	AA-2	4.375	07/01/88	500,000	500,525	310,180
Northern Illinois Gas..	AA-2	4.625	07/01/85	382,000	382,221	301,662
Northern Illinois Gas..	AA-2	5.000	06/01/84	86,000	86,257	74,461
Northern States Power..	AA-1	4.000	07/01/88	150,000	150,029	95,964
Pacific Gas & Electric.	A-1	4.625	06/01/97	600,000	581,618	270,468
Pacific Gas & Electric.	A-1	6.625	06/01/00	1,000,000	938,583	534,740
Pacific Gas & Electric.	A-1	6.750	12/01/00	2,000,000	1,890,518	1,079,840
Pacific Gas & Electric.	A-1	7.750	06/01/05	1,500,000	1,491,599	861,180
Philadelphia Electric..	BAA-2	5.000	10/01/89	200,000	200,000	124,322
Pub. Ser. Elec. & Gas..	AA-3	8.500	03/01/04	4,500,000	4,500,000	2,944,710
Southern Calif. Edison.	AA-2	8.875	03/01/00	3,000,000	2,828,754	2,069,310
Southern Calif. Edison.	AA-2	13.500	11/15/10	3,000,000	2,823,183	2,885,100
Southern Calif. Water..	NR	4.650	07/01/95	672,000	672,000	297,770
Texas Electric Service.	AAA	3.250	03/01/85	100,000	100,270	82,600
Union Electric.....	BAA-1	3.750	07/01/86	200,000	187,864	145,504
Union Electric.....	BAA-1	4.750	09/01/90	300,000	299,658	174,444
Utah Power & Light.....	A-1	4.625	08/01/94	1,000,000	1,008,891	499,390
Virginia Elec. & Power.	A-2	7.750	06/01/99	500,000	502,235	305,340
West Penn. Power.....	AA-3	3.000	04/01/84	115,000	114,945	99,660
West Texas Utilities...	AA-1	4.625	02/01/91	476,000	479,850	273,895
Wisconsin Elec. & Power	AA-1	6.875	11/15/97	1,000,000	957,102	598,260
Wisconsin Elec. & Power	AA-1	8.750	07/15/06	5,000,000	5,000,000	3,269,800
Wisconsin Mich. Power..	AA-1	5.875	08/01/96	700,000	680,355	377,132
Wisconsin Mich. Power..	AA-1	8.500	09/15/99	996,000	985,738	657,489
Wisconsin Power & Lt...	AA-1	3.250	10/01/84	150,000	142,234	125,103
Wisconsin Public Ser...	AA-1	3.250	10/01/84	100,000	100,329	83,402
Total Public Utilities				\$ 84,983,000	\$ 82,481,144	\$ 62,376,645
Industrial and Miscellaneous						
American Can Company..	A-3	6.000	07/15/97	1,500,000	1,500,000	754,650

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Industrial and Miscellaneous - continued						
American Can Company..	A-3	7.750%	03/15/01	\$ 2,000,000	\$ 1,993,459	\$ 1,188,380
American Cyanamid Co..	AA-3	8.375	03/15/06	4,500,000	4,481,531	2,797,200
American Hosp. Supply.	AA-2	7.875	08/15/07	5,000,000	4,994,544	3,030,950
Anaconda Company.....	AAA	6.625	11/15/93	2,500,000	2,493,854	1,610,500
Anheuser Busch.....	A-1	8.550	09/01/08	6,200,000	6,200,000	3,914,742
Ashland Oil & Ref. Inc	A-3	6.150	08/01/92	1,635,000	1,602,490	934,190
Ashland Oil & Ref. Inc	A-3	8.800	02/15/00	1,500,000	1,500,000	899,490
Atlantic Richfield Co.	AAA	5.625	05/15/97	2,000,000	1,895,679	1,097,880
Atlantic Richfield Co.	AAA	8.625	04/01/00	1,000,000	1,000,000	677,640
Atlantic Richfield Co.	AAA	7.750	12/15/03	2,000,000	2,000,000	1,247,620
Beatrice Foods Co.....	AAA	8.500	08/15/08	5,650,000	5,650,000	3,768,606
Bethlehem Steele Corp.	BAA-1	5.400	01/15/92	485,000	489,183	254,620
Borg Warner Corp.....	A-2	5.500	03/01/92	1,000,000	964,987	616,990
Caterpillar Tractor...	AA-1	8.600	05/01/99	3,000,000	3,000,000	2,013,000
Cities Service Co.....	A-2	9.750	10/01/00	3,000,000	2,988,500	1,993,890
Consolidated Foods....	AA-2	7.375	11/01/96	2,000,000	2,000,000	1,257,240
Continental Group Inc.	A-2	8.850	05/01/08	6,000,000	5,991,953	3,752,700
Deere & Co.....	AA-3	8.000	11/15/02	5,000,000	4,962,615	3,007,200
Dow Chemical Co.....	A-1	7.625	07/01/03	2,000,000	2,000,000	1,147,820
Dow Chemical Co.....	A-1	7.875	07/15/07	5,000,000	4,967,552	2,930,950
Dupont E.I. De Nemours	AA-2	8.500	05/01/06	6,300,000	5,917,990	4,057,515
Eaton Corporation.....	A-2	7.875	12/01/03	2,000,000	2,000,000	1,170,080
Eldorado Nuclear Ltd..	NR	14.500	08/01/92	1,000,000	991,250	1,010,960
General Electric Co...	AAA	8.500	05/01/04	3,000,000	3,000,000	2,052,810
General Electric Co...	NR	5.750	11/01/91	250,000	250,000	179,705
General Mills Inc.....	AA-2	9.375	03/01/09	5,000,000	4,954,430	3,507,150
Goodyear Tire & Rubber	A-3	8.600	09/30/95	1,368,000	1,368,000	897,682
Gulf Oil.....	AAA	8.500	11/15/95	2,000,000	1,994,283	1,429,180
Honeywell Inc.....	A-2	9.375	06/15/09	5,500,000	5,500,000	3,731,475
Inland Steel Co.....	BAA-2	11.250	06/01/90	8,000,000	7,964,667	6,199,520
IBM.....	AAA	9.375	10/01/04	4,500,000	4,414,603	3,409,965
International Paper...	AA-3	8.850	12/15/00	3,000,000	3,000,000	2,024,850
Marathon Oil Company..	A-3	8.500	02/01/00	2,000,000	1,996,917	1,257,620
Mead Corporation.....	BAA-1	8.500	12/15/95	2,000,000	2,000,000	1,217,200
Mead Corporation.....	BAA-1	9.875	11/01/00	3,000,000	2,988,450	1,989,960
Mobil Oil Corp.....	AAA	7.375	10/01/01	2,000,000	2,000,000	1,222,240
Monsanto Corp.....	AA-3	8.500	06/15/00	3,000,000	2,988,675	1,976,190
Monsanto Corp.....	AA-3	8.750	05/15/08	6,000,000	5,966,417	3,819,420
Motorola.....	AA-2	8.000	10/01/07	5,000,000	4,986,880	2,983,500
Owens Illinois Inc....	A-2	7.625	04/01/01	2,000,000	1,993,426	1,184,360
J.C. Penny Co. Inc....	A-1	9.000	06/15/99	3,000,000	3,000,000	2,053,230
J.C. Penny Co. Inc....	A-1	10.750	06/15/90	4,000,000	4,000,000	3,378,480
Pet Inc.....	NR	5.875	06/01/92	700,000	696,947	437,066
Pittsburgh Pl. Glass..	AA-3	5.625	08/01/91	950,000	921,585	597,303
R.J. Reynolds Indus...	AA-1	8.000	01/15/07	5,000,000	5,000,000	3,024,550
Scott Paper Company...	A-2	8.875	06/01/00	1,660,000	1,657,404	1,119,072
Shell Oil Company.....	NR	4.500	04/15/90	226,666	226,666	159,738

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Industrial and Miscellaneous - continued						
Shell Oil Company.....	AAA	7.250%	02/15/02	\$ 2,250,000	\$ 2,261,433	\$ 1,356,390
Shell Oil Company.....	AAA	8.000	04/15/07	5,000,000	5,000,000	3,079,400
Shell Oil Company.....	AAA	8.500	09/01/00	1,373,000	1,370,816	922,917
Shell Oil Company.....	AAA	8.750	05/15/05	1,500,000	1,587,332	1,006,860
Sherwin Williams Co...	BAA-3	5.450	04/15/92	1,000,000	1,000,000	473,110
Standard Oil of Ind...	AAA	7.875	08/01/07	5,000,000	4,983,750	3,102,200
Standard Oil of Ind...	AAA	8.375	06/15/05	4,000,000	3,968,167	2,627,280
Standard Oil of Ohio..	A-1	7.600	07/01/99	1,000,000	1,000,000	618,200
Standard Oil of Ohio..	A-1	8.500	01/01/00	1,500,000	1,497,692	970,575
Stauffer Chemical Co..	A-1	8.125	06/01/96	1,500,000	1,491,100	978,300
Swift & Company.....	NR	4.750	10/01/83	23,000	23,000	20,824
Swift & Company.....	NR	6.300	08/01/92	659,000	659,000	427,586
Texas Instruments Inc.	AA-3	12.700	02/01/05	7,500,000	7,500,000	6,908,175
Union Carbide Corp....	AA-3	5.300	03/01/97	1,000,000	1,000,000	521,210
Union Oil Co. of Cal..	AA-1	6.625	06/01/98	1,500,000	1,489,480	865,605
Westinghouse Electric.	A-2	5.375	04/01/92	1,100,000	1,100,000	643,610
Weyerhaeuser Co.....	AA-3	8.625	10/01/00	1,828,000	1,828,000	1,199,607
Weyerhaeuser Co.....	AA-3	7.950	08/15/06	5,000,000	4,984,261	2,978,150
Total Industrial & Miscellaneous				\$188,157,666	\$187,198,969	\$123,687,078
Finance						
Associates Investment.	A-2	7.375	12/01/88	1,500,000	1,495,692	1,082,445
Bank of America.....	NR	9.500	12/01/08	1,013,565	683,523	711,695
Bank of America.....	AAA	11.875	07/01/10	993,602	777,183	813,820
Bankamerica Corp.....	AA-1	7.875	12/01/03	2,500,000	2,484,180	1,511,875
Beneficial Corp.....	NR	15.875	02/09/87	1,000,000	1,000,000	1,049,250
Beneficial Corp.....	NR	16.000	01/15/85	3,000,000	3,000,000	3,105,000
Beneficial Corp.....	NR	16.250	12/10/86	2,500,000	2,500,000	2,500,000
CIT Financial Corp....	AA-3	4.625	05/01/89	500,000	501,220	304,135
CIT Financial Corp....	AA-3	15.500	10/15/87	1,000,000	1,001,250	1,046,940
Commercial Credit Co..	A-3	14.125	12/01/85	4,000,000	3,819,180	3,957,200
John Deere Credit Co..	AA-3	7.500	04/30/98	2,000,000	1,993,267	1,243,880
Ford Motor Credit Co..	BAA-2	7.500	10/15/92	2,000,000	2,000,000	1,188,560
Ford Motor Credit Co..	BAA-2	8.375	11/01/01	4,000,000	4,054,278	2,251,520
Ford Motor Credit Co..	NR	9.750	01/15/01	3,000,000	2,985,455	1,946,220
Gen. Motors Acc. Corp.	AA-3	4.500	11/01/85	300,000	281,731	237,456
Gen. Motors Acc. Corp.	AA-3	7.350	01/15/87	2,500,000	2,483,271	2,007,950
Gen. Motors Acc. Corp.	AA-3	7.750	10/01/94	3,000,000	2,858,116	2,012,280
Gen. Motors Acc. Corp.	AA-3	7.850	11/01/98	2,000,000	2,000,000	1,264,240
Gen. Motors Acc. Corp.	AA-3	8.000	05/01/93	2,000,000	1,989,278	1,378,840
Gen. Motors Acc. Corp.	A-1	8.150	08/15/86	1,750,000	1,332,800	1,435,472
Gen. Motors Acc. Corp.	AA-3	8.875	06/01/99	3,000,000	2,991,948	2,029,680
Gen. Motors Acc. Corp.	NR	16.000	03/05/87	3,000,000	3,000,000	3,090,000
Gen. Motors Acc. Corp.	NR	16.250	11/03/86	2,000,000	2,070,000	2,050,900
Heller Walter E. & Co.	BAA-1	11.750	07/15/90	8,000,000	7,951,198	6,757,280
Household Finance Corp	AA-3	7.500	10/01/97	2,500,000	2,481,782	1,577,450



# Investment Summary ANNUAL REPORT 1982

INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
Finance - continued						
Household Finance Corp	AA-3	8.375%	10/01/03	\$ 5,200,000	\$ 5,165,847	\$ 3,278,444
Household Finance Corp	AA-3	12.000	04/15/87	4,000,000	4,000,000	3,747,040
Household Finance Corp	NR	Var.	03/01/87	500,000	496,250	495,000
Total Finance				\$ 68,757,167	\$ 67,397,449	\$ 54,074,572
Telephone						
Amer. Tel. & Telegraph	AAA	4.625	02/01/94	1,500,000	1,335,009	791,730
Amer. Tel. & Telegraph	AAA	4.375	05/01/99	500,000	502,021	218,080
Central Tel. Co. of IL	NR	6.375	10/01/92	860,000	860,000	501,784
Chesapeake & Potomac..	AAA	12.375	09/01/17	8,000,000	7,910,669	7,286,640
Cincinnati Bell Inc...	AAA	8.375	10/01/09	1,000,000	1,010,246	641,020
Gen. Tel. Co. of CA...	A-3	4.125	03/01/88	745,000	655,629	479,840
Gen. Tel. Co. of CA...	A-3	4.500	03/01/95	755,000	726,238	359,448
Gen. Tel. Co. of CA...	A-3	5.000	06/01/87	84,000	78,755	60,133
Gen. Tel. Co. of CA...	A-3	5.000	12/01/95	495,000	424,933	235,853
Gen. Tel. Co. of CA...	A-3	14.125	10/01/90	2,000,000	1,740,800	1,932,300
Illinois Bell Tel. Co.	AAA	4.875	07/01/97	525,000	497,009	255,670
Illinois Bell Tel. Co.	AAA	8.000	06/01/05	500,000	506,636	314,985
Michigan Bell Tel. Co.	AAA	4.625	08/01/96	900,000	816,733	427,446
Mountain St. T. & T...	AAA	2.625	05/15/86	40,000	40,082	29,479
NJ Bell Tel. Co.....	AAA	2.750	03/15/90	50,000	50,295	28,508
NJ Bell Tel. Co.....	AAA	3.000	05/01/89	50,000	50,059	29,254
NJ Bell Tel. Co.....	AAA	3.125	07/15/88	50,000	50,176	31,990
NJ Bell Tel. Co.....	AAA	4.625	06/01/05	850,000	856,978	345,389
Northwestern Bell Tel.	AAA	3.250	02/01/96	120,000	121,031	51,046
Pacific NW Bell Tel...	AAA	7.750	08/01/09	750,000	750,000	443,400
Pacific Tel. & Tel....	A-3	2.750	12/01/85	90,000	90,360	66,941
Pacific Tel. & Tel....	A-3	3.125	10/01/87	10,000	10,054	6,436
Pacific Tel. & Tel....	A-3	6.000	11/01/02	3,000,000	2,677,613	1,424,820
South Central Bell Tel	AAA	12.875	10/01/20	8,000,000	7,693,022	7,515,920
Southern Bell T. & T..	AAA	3.125	09/01/89	110,000	111,017	65,565
Southern Bell T. & T..	AAA	5.000	12/01/97	300,000	303,399	144,162
Southern Bell T. & T..	AAA	6.000	10/01/04	2,000,000	1,785,604	997,900
Southern Bell T. & T..	AAA	8.000	02/15/14	3,500,000	3,384,103	2,154,215
Southern Bell T. & T..	AAA	8.250	04/15/16	5,000,000	4,978,307	3,150,500
Southern Bell T. & T..	AAA	12.875	10/05/20	2,000,000	1,990,208	1,878,980
SW Bell Tel. Co.....	AAA	2.750	10/01/85	100,000	99,455	78,579
SW Bell Tel. Co.....	AAA	4.500	08/01/97	500,000	502,021	225,790
SW Bell Tel. Co.....	AAA	4.625	08/01/95	400,000	402,096	198,284
SW Bell Tel. Co.....	AAA	6.875	02/01/11	2,000,000	1,828,800	1,062,860
SW Bell Tel. Co.....	AAA	16.125	09/18/21	2,250,000	2,118,540	2,386,485
Total Telephone				\$ 49,034,000	\$ 46,957,898	\$ 35,821,432
Pipeline						
Exxon Pipeline Co.....	AAA	8.250	03/01/01	4,000,000	4,007,860	2,660,680

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO - FIXED INCOME SECURITIES - continued

COMPANY	Moody's Rating	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>CORPORATE OBLIGATIONS</b>						
Pipeline - continued						
Exxon Pipeline Co.....	AAA	8.875%	10/15/00	\$ 6,000,000	\$ 6,126,165	\$ 4,227,960
Transcon. Gas Pipeline	BAA-2	17.250	10/01/91	1,500,000	1,482,000	1,592,670
<b>Total Pipeline</b>				<u>\$ 11,500,000</u>	<u>\$ 11,616,025</u>	<u>\$ 8,481,310</u>
Transportation						
Norfolk & Western Rail	AAA	7.000	01/01/83	500,000	500,110	489,435
Norfolk & Western Rail	AAA	7.000	01/01/84	500,000	500,289	460,675
Union Tank Car Co.....	A-3	7.625	04/01/89	500,000	501,203	371,830
<b>Total Transportation</b>				<u>\$ 1,500,000</u>	<u>\$ 1,501,602</u>	<u>\$ 1,321,940</u>
<b>Total Corporate Bonds</b>				<u>\$403,931,833</u>	<u>\$397,153,087</u>	<u>\$285,762,977</u>
Short Term Reserves						
Arkla Incorporated....	NR	9.250	09/16/82	2,000,000	1,991,778	1,991,778
Bankers Trust Co.....	NR	8.375	09/08/82	5,000,000	5,000,000	5,000,000
Bank of America.....	NR	14.625	03/25/85	5,000,000	5,000,000	5,000,000
Beneficial Corp.....	NR	16.250	12/10/86	2,000,000	2,000,000	2,000,000
British Amer. Tobacco.	NR	9.500	09/09/82	3,000,000	2,988,125	2,988,125
Chemical Bank of NY...	NR	14.500	04/22/86	3,000,000	3,000,000	3,000,000
Cooper Industries.....	NR	8.000	09/07/82	3,000,000	2,988,000	2,988,000
Gen. Motors Acc. Corp.	NR	16.000	03/02/87	2,000,000	2,000,000	2,000,000
Harris Investment Fund	NR	*	*	72,301,800	72,301,800	72,301,800
K Mart.....	NR	7.625	09/10/82	1,900,000	1,893,561	1,893,561
Motorola Incorporated.	NR	7.500	09/08/82	1,600,000	1,595,000	1,595,000
Ntl. City Bk./Clev. OH	NR	16.875	09/23/85	5,000,000	5,000,000	5,000,000
Ntl. City Bk./Clev. OH	NR	17.000	10/07/85	5,000,000	5,000,000	5,000,000
Nestles Capital Corp..	NR	8.500	09/10/82	1,000,000	995,986	995,986
Panhandle E. Pipeline.	NR	9.625	09/07/82	3,000,000	2,993,584	2,993,584
JC Penny Credit Corp..	NR	7.250	09/02/82	3,000,000	3,000,000	3,000,000
Wells Fargo.....	NR	13.650	11/13/85	3,000,000	2,920,981	3,000,000
Weyerhausen.....	NR	7.625	09/10/82	2,500,000	2,492,057	2,492,057
<b>Total Short Term Reserves</b>				<u>\$123,301,800</u>	<u>\$123,160,872</u>	<u>\$123,239,891</u>
<b>Total Bonds and Corporate Notes</b>				<u>\$826,418,041</u>	<u>\$800,336,167</u>	<u>\$686,801,967</u>

\*The Harris Bank Investment Reserve Fund provides a vehicle for investment of liquid reserves on a daily basis. The fund, available to employee benefit plans only, had an annualized yield at August 31, 1982 of 7.65%.

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO EQUITIES

COMPANY	Shares	Book Value	Market Value
<b>PREFERRED STOCKS</b>			
Cigna Corporation.....	7,110	\$ 103,213	\$ 183,083
<b>COMMON STOCKS</b>			
<b>Aerospace Defense</b>			
McDonnell Douglas Corporation.....	100,000	3,200,214	4,237,500
Raytheon Company.....	100,000	3,478,812	4,287,500
<b>Automobiles &amp; Auto Parts</b>			
General Motors Corporation.....	80,000	5,297,288	3,870,000
TRW Incorporated.....	50,000	2,150,850	2,862,500
<b>Banking and Finance</b>			
American Express Company.....	268,140	12,274,637	12,401,494
Citicorp.....	200,000	6,391,339	5,275,000
First Columbia Financial Corporation.....	7,000	18,690	38,062
Interfirst Corporation.....	135,000	3,739,817	2,868,750
Merrill Lynch & Company Incorporated.....	172,000	5,839,252	5,869,500
JP Morgan & Company Incorporated.....	120,000	6,559,520	6,690,000
Southwest Bancshares Incorporated.....	106,800	3,303,226	2,403,000
Texas Commerce Bancshares.....	100,000	3,686,245	3,100,000
<b>Beverages</b>			
Pepsico Incorporated.....	128,000	3,087,748	5,488,000
<b>Electrical &amp; Electronic</b>			
Avnet Incorporated.....	60,000	2,928,350	2,775,000
General Electric Company.....	125,000	6,366,547	9,406,250
Perkin-Elmer Corporation.....	170,000	3,720,849	3,910,000
<b>Food, Soap &amp; Tobacco</b>			
Philip Morris Incorporated.....	285,000	10,792,688	15,461,250
<b>Health Care and Cosmetics</b>			
American Home Products Corporation.....	75,000	2,833,606	3,056,250
American Medical International Incorporated.....	170,000	4,065,873	4,823,750
Baxter Travenol Laboratories Incorporated.....	29,000	615,083	1,192,625
Humana Incorporated.....	150,000	3,263,490	4,781,250
Eli Lilly & Company.....	90,000	4,447,437	4,702,500
Merck & Company Incorporated.....	52,000	3,429,627	3,958,500
Pfizer Incorporated.....	50,000	2,823,776	3,137,500
Revlon Incorporated.....	80,000	2,374,918	2,280,000

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO - EQUITIES - continued

COMPANY	Shares	Book Value	Market Value
<b>COMMON STOCKS</b>			
<b>Health Care and Cosmetics - continued</b>			
Schering Plough Corporation.....	90,000	\$ 2,385,056	\$ 3,172,500
Smithkline Beckman Corporation.....	100,000	5,632,920	6,887,500
<b>Insurance</b>			
Aetna Life and Casualty Company.....	225,000	8,807,112	8,240,625
Alexander & Alexander Services Incorporated.....	120,000	3,127,200	2,820,000
Cigna Corporation.....	213,403	7,730,499	8,216,016
N L T Corporation.....	185,000	3,814,945	7,631,250
<b>Leisure &amp; Entertainment</b>			
MCA Incorporated.....	70,000	3,048,687	4,663,750
Outboard Marine Corporation.....	90,000	2,109,163	2,250,000
Taft Broadcasting Company.....	120,000	3,717,806	4,335,000
Warner Communications Incorporated.....	160,000	8,063,125	6,480,000
<b>Machinery &amp; Equipment</b>			
Browning Ferris Industries Incorporated.....	90,000	2,890,648	3,105,000
Combustion Engineering Incorporated.....	80,000	2,980,204	2,200,000
Thiokol Corporation.....	40,473	1,239,737	1,836,462
<b>Office Equipment</b>			
Burroughs Corporation.....	100,000	8,295,425	3,600,000
Computervision Corporation.....	80,000	1,903,037	2,170,000
International Business Machines Corporation.....	280,000	17,334,641	19,740,000
NCR Corporation.....	100,000	5,604,925	6,187,500
Storage Technology Corporation.....	149,400	3,872,875	3,230,775
Wang Laboratories Incorporated.....	100,000	2,882,654	3,575,000
<b>Oil and Gas</b>			
Atlantic Richfield Company.....	280,000	8,503,147	10,990,000
Exxon Corporation.....	380,000	7,820,781	10,830,000
Getty Oil Company.....	100,000	6,808,174	4,787,500
Kerr McGee Corporation.....	140,000	5,528,046	4,060,000
Mobil Corporation.....	380,000	4,757,238	8,930,000
Murphy Oil Corporation.....	150,000	5,152,592	3,093,750
Pennzoil Company.....	110,000	5,556,840	3,025,000
Shell Oil Company.....	85,000	3,937,694	3,038,750
Standard Oil Company of California.....	250,000	10,939,264	6,937,500
Standard Oil Company of Indiana.....	400,000	9,731,960	15,950,000
Union Oil Company of California.....	75,000	2,932,725	1,996,875
Zapata Corporation.....	50,000	1,256,363	725,000

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO - EQUITIES - continued

COMPANY	Shares	Book Value	Market Value
<b>COMMON STOCKS</b>			
<b>Oil Support Services</b>			
Halliburton Company.....	265,000	\$ 14,212,055	\$ 6,525,625
McDermott Incorporated.....	85,000	2,904,039	1,487,500
Sedco Incorporated.....	136,000	5,351,285	3,910,000
<b>Paper &amp; Forest Products</b>			
Champion International Corporation.....	250,000	3,952,500	4,000,000
International Paper Company.....	70,000	3,285,275	2,913,750
<b>Photographic &amp; Related</b>			
Eastman Kodak Company.....	130,000	9,899,464	10,708,750
<b>Printing and Publishing</b>			
R R Donnelley and Sons.....	60,000	2,160,976	2,760,000
McGraw-Hill Incorporated.....	55,000	2,626,491	2,866,875
Time Incorporated.....	100,000	3,807,976	3,362,500
<b>Retail Trade</b>			
Jack Eckerd Corporation.....	150,000	4,061,450	3,281,250
Federated Department Stores Incorporated.....	125,000	4,376,540	5,062,500
K Mart Corporation.....	60,000	1,998,706	1,275,000
Tandy Corporation.....	20,000	489,100	587,500
<b>Transportation - Air</b>			
Delta Air Lines Incorporated.....	100,000	3,120,500	3,137,500
Federal Express Corporation.....	20,000	952,662	1,072,500
<b>Transportation Excluding Air</b>			
Santa Fe Industries Incorporated.....	35,000	736,305	660,625
Union Pacific Corporation.....	75,000	4,917,307	2,868,750
<b>Utilities</b>			
American Telephone and Telegraph Company.....	57,026	3,169,516	3,229,097
Arkla Incorporated.....	200,000	3,484,528	3,025,000
Florida Power and Light Company.....	137,626	3,526,255	4,730,894
Gulf States Utilities Company.....	250,000	2,937,500	3,187,500
Houston Industries Incorporated.....	250,000	5,359,372	5,000,000
Public Service Electric & Gas Company.....	200,000	3,916,600	4,325,000
Texas Eastern Corporation.....	100,000	5,086,620	4,700,000
Texas Gas Transmission Corporation.....	60,000	1,968,159	1,567,500

# Investment Summary ANNUAL REPORT 1982

## INVESTMENT PORTFOLIO - EQUITIES - continued

COMPANY	Shares	Book Value	Market Value
COMMON STOCKS			
Conglomerates and Miscellaneous			
Best Products Company.....	200,000	\$ 3,112,200	\$ 3,675,000
Big Three Industries Incorporated.....	120,000	3,472,805	2,190,000
Computer Sciences Corporation.....	200,000	2,443,004	2,700,000
Florida Progress Corporation.....	201,063	3,112,335	3,292,407
International Telephone and Telegraph.....	52,000	2,245,824	1,417,000
SCA Services Incorporated.....	300,000	3,408,525	3,150,000
COMMON TRUST FUNDS			
American National Bank & Trust Company..... (S&P 500 Index Fund)	914,202	\$ 22,302,273	\$ 21,797,135
Total Common and Preferred Stocks		<u>\$413,556,725</u>	<u>\$418,232,175</u>







UNIVERSITY OF ILLINOIS-URBANA



3 0112 118342689