

#### AMENDATORY LEGISLATION

Several amendments were enacted at the 1971 session of the General Assembly. These are briefly described.

Reemployment of Retirees. A retiree may be reemployed by a city or town up to 75 days in any calendar year without loss of pension payments.

Military Service. A member may purchase up to 4 years of pension credit for active military service at a cost of 10% of his first year's earnings as a municipal employee for each year of military service. The purchase of pension credit must be made within 2 years of date of discharge from military service or July 1, 1972 whichever is later.

Ordinary Death Benefit. The amount of benefit was increased to \$400 per year of service with a minimum of \$2,000 where service was 5 years or less, and a maximum payment of \$8,000 for service of 20 years or over.

Ordinary Disability. A minimum payment of 25% of salary was established for ordinary disability benefit.

Paid-Up Membership Status. Member contributions will terminate upon attainment of maximum service credits for the retirement pension. This is 37½ years under the 2% pension formula and 45 years under the 1-2/3% pension formula.

#### ACTUARIAL VALUATION

The usual annual actuarial valuation of the system was completed as of June 30, 1971. The results of this valuation are presented in the latter part of this report. The purpose of such valuation is to establish the current financial status of the system from a technical standpoint. A check is made of the progress of the system since effect is given therein to all accrued and accruing liabilities for the prescribed benefits.

An analysis was made of the changes in membership of active employees among the several participating municipalities. In this analysis, effect was given to additions to membership during the year under review and separations from service due to resignation, death or retirement. The experience with respect to members on retirement was also reviewed. The report of the actuary points up the several factors that are basic in such a valuation and discusses briefly other matters of relevance in the operation of the system.

An actuarial survey of each participating municipality having been with the system for at least 10 years is under way for the purpose of evaluating the operating experience to date and verifying the adequacy of their contribution rates.

FINANCIAL REVIEW

Net present assets of the system at June 30, 1971 after offset by current liabilities amounted to \$15,045,626.56. These assets are credited to certain specific reserves as required to give effect to the relevant provisions of law. The reserves are subject to periodic checks and analyses to determine their adequacy in meeting the pension liabilities under the prescribed benefit schedule.

Revenues and expenditures for the year are summarized as follows:

Revenues

Member contributions	\$1,210,203.42
Contributions by cities and towns	2,432,712.70
Investment income	730,537.25
Other	<u>7,981.07</u>
Total Revenues	<u>\$4,381,434.44</u>

Expenditures

Pensions and benefits	\$ 988,025.00
Refunds	148,727.93
Employees transferred to State	103,843.10
Other	<u>26.85</u>
Total Expenditures	<u>\$1,240,622.88</u>
Excess of Revenues over Expenditures transferred to reserves	<u>\$3,140,811.56</u>

Excess revenues for the year were credited to the reserves of the system to meet future maturing obligations.

Reserves at June 30, 1971

Members' contributions	\$ 4,754,115.12
Employers' contributions	807,294.58
Retirement reserve	<u>9,484,226.86</u>
Total	<u>\$15,045,636.56</u>

Reserves at June 30, 1970

Members' contributions	\$ 3,993,474.14
Employers' contributions	438,838.74
Retirement reserve	<u>7,475,311.75</u>
Total	<u>\$11,907,624.63</u>

Increase in reserves for the year \$ 3,138,011.93

INVESTMENTS

Total investments at the close of the year, before adjustment for premiums and discounts, amounted to \$14,966,653.05. Investments are carried at amortized book value for bonds giving effect to the actual income yield on the bonds for the period of their life, and at cost for stocks. The rate of investment income for the year was 5.55%. This is a highly satisfactory rate of return on the high quality bonds and stocks comprising the investment account.

The following summary of investments shows the holdings at June 30, 1971 and at the end of the preceding fiscal year in comparison:

	<u>June 30, 1971</u>		<u>June 30, 1970</u>	
	<u>Par value for bonds and cost for stocks</u>	<u>Per cent of total</u>	<u>Par value for bonds and cost for stocks</u>	<u>Per cent of total</u>
U. S. Government	\$ 1,675,000	11.2%	\$ 1,675,000	14.2%
Commercial Paper	800,000	5.3	100,000	0.8
Federal Land Bank	465,000	3.1	465,000	3.9
FNMA Certificates	300,000	2.0	300,000	2.5
Railroad	250,000	1.7	350,000	3.0
Public Utility Bonds and Debentures	5,466,000	36.5	4,626,000	39.2
Other Corporate Bonds and Debentures	1,940,400	13.0	1,740,000	14.7
Bank Stocks	305,873	2.0	265,953	2.3
Other Common Stocks	3,764,380	25.2	2,292,202	19.4
Totals	<u>\$14,966,653</u>	<u>100.0%</u>	<u>\$11,814,155</u>	<u>100.0%</u>

Bonds and debentures are shown above at par value. Equity investments are valued at cost. At June 30, 1971, the market value of stock investments was 9% above their cost.

During the year investment purchases were made amounting to \$8,762,500.87. Redemptions totalled \$5,610,000.00. It is the policy of the Board to take full advantage of all investment opportunities to the end that maximum total return on invested assets may be obtained.

CONCLUSION

The financial condition of the system is steadily improving with continued operations. A greater measure of financial stability and security is being established.

The policies of the Board reflect progressive standards and are directed towards the operation of the system. A high standard of efficiency in administration of the system has been established.

Retirement Board of the Municipal Employees' Retirement System of the State of Rhode Island

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RALPH D. CUCULO

JOSEPH G. IANNELLI  
Executive Secretary

REPORT OF THE ACTUARY

There are presented herewith the results of a valuation of the System as of June 30, 1971. The benefit and contribution provisions forming the basis of the valuation are summarized in the appendix. The several assumptions relative to the actuarial factors applied in this valuation are as follows:

1. Mortality expectancy: The 1951 Group Annuity Table (modified)
2. Interest rate: Compound interest at 5% per annum
3. Turnover factors: Assumed annual rates of withdrawal from all causes -

<u>AGE</u>	<u>Rate per 1,000</u>
20	182
25	167
30	121
35	92
40	63
45	48
50	22
55	10
60 and over	Mortality only

4. Future salary increments: Assumed at an annual rate of 3%
5. Age at retirement: Average of 62 years
6. Disability rates: Class (1) rates of disablement from the Society of Actuaries 1952 inter-company study were used. It was assumed that 12% of all disablements would occur in line of duty
7. Marital status: 85% of employees in service were assumed to be married with the average of the wives 4 years younger than the employees. It was assumed that 75% of the employees retiring on pension are married.

8. Administrative expenses: No provision.

Pensioners. The pension roll at the close of the year was as follows:

	<u>Males</u>	<u>Females</u>
Number on pension roll	446	105
Annual payments	\$778,876.00	\$171,062.00
Average annual payment	\$1,746.00	\$1,629.00
Average age	67.2	66.3
Actuarial reserve requirements	\$7,026,377.00	\$1,728,513.00

The actuarial reserve requirements at June 30, 1971 on account of the pensioners amounted to \$8,754,890.00. This compares with the balance in the Retirement Reserve at that date of \$9,424,226.86. This is evidence of financial stability with respect to the retirement allowances entered upon according to the standards used in this valuation.

OBLIGATIONS OF MUNICIPALITIES

Under the law, the participating cities and towns, and the several special governmental units, have assumed the following obligations on account of their employees who are members of the System: (a) the accrued liability for service rendered by the members prior to the effective dates of participation designated as "prior services"; and (b) the accruing cost for future service commonly designated as the "normal cost".

In the case of each municipality, the liability for prior service was determined at the time of participation upon the basis of the previous service rendered by their employees. As required by law, a prior service contribution rate was fixed, as a percentage of payroll, at a rate deemed sufficient to amortize the total accrued liability over a period of 25 years from the effective date of participation.

Normal cost was calculated upon the basis of total membership giving full effect to the age and service characteristics of the membership of each municipality. This rate was fixed as a percentage of payroll. The rate is to be applied by each municipality in determining the amount of its contributions to the System for such service, additional to the annual amortization payment on account of the accrued liability.

The prior service and current service contribution rates are presented in the preceding pages of this annual report. The following statement shows, for the several participating municipalities and special units, the unfunded accrued liability at June 30, 1971.

nos	Municipality General Employees	Year of entry	Plan	Unfunded Accrued Liability
1	Barrington	1957	2%	\$ 253,487
2	Bristol	1957	1-2/3	52,787
3	Burrillville	1968	1-2/3	262,155
7	Cranston	1963	2	1,200,711
9	East Greenwich	1957	2	51,413
0	East Providence	1961	1-2/3	608,733
4	Hopkinton	1969	1-2/3	61,386
5	Jamestown	1964	2	41,420
6	Johnston	1968	2	78,263
1	Newport	1964	1-2/3	1,098,959
3	North Kingstown	1957	1-2/3	98,366
4	North Providence	1961	2	152,283
5	North Smithfield	1964	2	70,264
6	Pawtucket	1962	1-2/3	1,788,472
0	Scituate	1967	2	228,967
1	Smithfield	1955	2	43,473
2	South Kingston	1957	2	27,868
3	Tiverton	1964	1-2/3	177,941
4	Warren	1957	1-2/3	105,868
19	Woonsocket	1962	1-2/3	1,113,655
<b>Housing Authorities</b>				
1	Cranston Housing Authority	1968	2	5,942
2	East Providence Housing Authority	1968	2	8,311
3	Pawtucket Housing Authority	1968	1-2/3	167,282
6	Cumberland Housing Authority	1969	1-2/3	1,611
7	Lincoln Housing Authority	1969	1-2/3	3,451
9	Bristol Housing Authority	1970	2	2,509
<b>Policemen &amp; Firemen</b>				
0	East Greenwich Fire District	1967	2	11,003
4	East Greenwich Policemen	1968	2	N.A.
5	North Kingstown Policemen & Firemen	1968	2	N.A.
8	North Providence Policemen	1968	2	N.A.
0	Barrington Policemen & Firemen	1970	2	N.A.
2	Warren Policemen	1970	2	N.A.
	Total			\$7,698,158

\* aforesaid liabilities are in process of verification by means of survey of the operating experience of each participating unit varying the period dating from the date of entry into the retirement an.

AMENDMENTS

The cost increase occasioned by the 1969 amendment increasing the rate of pension credit from 1-2/3% to 2% per year of service, subject to acceptance by each participating municipality, is reflected in this report in the case of those municipalities that have elected this higher rate of pension for their employees.

The amendments enacted at the 1970 session of the General Assembly eliminating the extension of compulsory retirement beyond age 70 and providing for an interchange of pension credits between this system and the Employees' Retirement System of the State, at the option of the member, were considered in the preparation of this report.

NEGATIVE RESERVE BALANCES

As discussed in previous reports, negative reserve balances exist in the Employers' Contribution Reserve for some of the participating cities and towns. These negative balances or deficiencies will be removed in the course of time as the effect of retirements of aged employees occurring shortly after the dates of participation in the System wears off and additional revenues from the cities and towns continue to accrue to the System.

CONCLUSION

The report discloses progress in the operation of the System. The financial condition of the System is showing steady improvement. The policies in effect in the management and administration of the System are constructive and in accord with progressive principles designed to effectuate its stated objectives in full measure. This is particularly striking in the management of its investment account.

A. A. Weinberg,  
Actuary

February 29, 1972

FINANCIAL STATEMENTS

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FINANCIAL BALANCE SHEET

JUNE 30, 1971

ASSETS

Cash		
Accrued Interest Receivable		\$ 103,184.03
Investments		194,029.04
Less Unamortized Premiums and Discounts (Net)	\$14,966,653.05	
Net Investments	<u>213,955.64</u>	
Total Assets		<u>14,752,697.41</u>
		<u>\$15,049,910.48</u>

RESERVES AND LIABILITIES

Unclaimed Benefits		\$ 4,273.92
<u>General Employees -</u>		
Members' Contribution Reserve	\$ 4,296,189.88	
Employer's Accumulation Reserve	738,673.33	
Retirement Reserve	9,157,647.80	
<u>Police &amp; Fire Plan -</u>		
Members' Contribution Reserve	457,925.24	
Employer's Accumulation Reserve	68,621.25	
Retirement Reserve	<u>326,579.06</u>	
Total Reserves		<u>15,045,636.56</u>
Total Liabilities & Reserves		<u>\$15,049,910.48</u>

STATEMENT OF REVENUES AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 1971

<u>REVENUES:</u>			
		\$1,100,212.42	
<u>Contributions -</u>		2,238,034.22	
Members			
Employers			
<u>Policemen &amp; Firemen -</u>		109,991.00	
Members		194,678.48	\$3,642,916.12
Employers			
<u>Investments -</u>			730,537.25
Interest & Dividends			
<u>Miscellaneous -</u>		\$ 948.24	
Unclaimed Benefits		2,430.10	
Miscellaneous Refunds		3,332.83	
Interest on Service Purchases		1,269.90	
Transferred from State			7,981.07
<u>Total Revenues</u>			<u>\$4,381,434.44</u>
<u>EXPENDITURES:</u>			
<u>Benefits -</u>			
<u>General Employees -</u>		\$861,915.66	
Pensions			
Ordinary Death		51,250.00	
Benefits			
Death Retirement		56,867.41	
Allowances			
<u>Policemen &amp; Firemen -</u>		9,575.73	
Pensions		7,416.20	
Survivor Benefits			
Ordinary Death		1,000.00	\$ 988,025.00
Benefits			
<u>Refunds of Contributions -</u>			
<u>General Employees -</u>		\$138,230.47	
Members		6,598.35	
Municipalities			
<u>Policemen &amp; Firemen -</u>		3,214.21	
Members		684.90	148,727.93
Employers			
<u>Investment Expense -</u>			26.85
Postage & Insurance			
<u>Miscellaneous -</u>			
Transferred to State			
<u>Excess of Revenues over Expenditures -</u>		103,843.10	\$1,240,622.88
Transferred to Reserves			\$3,140,811.56

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 1971

<u>CASH BALANCE JULY 1, 1970</u>			\$ 157,044.16
<u>RECEIPTS:</u>			
<u>Investments -</u>			
Sold or Matured			
Investment Earnings		\$5,360,000.00	
Discounts on Investments		665,743.44	
Purchased			
<u>Contributions -</u>		30,984.73	\$6,056,728.17
<u>General Employees -</u>			
Members			
Employers		\$1,100,212.42	
<u>Policemen &amp; Firemen -</u>		2,238,034.22	
Members			
Employers		109,991.00	
<u>Miscellaneous -</u>		194,678.48	3,642,916.12
Misc. Refunds			
Unclaimed Benefits		\$ 2,430.10	
Interest on Service		948.24	
Purchases			
Trans. from State		3,332.83	
<u>Total Receipts</u>		1,269.90	7,981.07
<u>Total Cash Available</u>			<u>9,707,625.36</u>
<u>DISBURSEMENTS:</u>			\$9,864,669.52
<u>Investments -</u>			
Purchases			
Accrued Interest		\$8,512,500.10	
Premiums Paid		2,837.51	
Postage & Insurance		5,525.00	
		26.85	\$8,520,889.46
<u>Benefits -</u>			
<u>General Employees -</u>			
Pensions			
Ordinary Death		\$ 861,915.66	
Death Retirement		51,250.00	
Allowances			
		56,867.41	970,033.07
<u>Policemen &amp; Firemen -</u>			
Pensions			
Survivor Benefits		\$ 9,575.73	
Ordinary Death		7,416.20	
		1,000.00	17,991.93
<u>Refunds of Contributions</u>			
<u>General Employees</u>		\$ 138,230.47	
Employers		6,598.35	144,828.82
<u>Policemen &amp; Firemen</u>		3,214.21	
Employers		684.90	3,899.11
<u>Miscellaneous</u>			
Transferred to State			103,843.10
<u>Total Disbursements</u>			<u>\$9,761,485.49</u>
<u>CASH BALANCE JUNE 30, 1971</u>			<u>\$ 103,184.03</u>



STATEMENT OF INVESTMENT EARNINGS  
FISCAL YEAR ENDED JUNE 30, 1971

Interest and Dividends		\$665,743.44
<u>Add:</u>		
Accrued Interest June 30, 1971	\$194,029.04	
Accrued Interest July 1, 1970	165,446.90	
	\$ 28,582.14	
	<u>45,920.42</u>	
Discounts Amortized		
<u>Total Addition</u>		<u>74,502.56</u>
<u>Total</u>		<u>\$740,246.00</u>
 <u>Less:</u>		
Accrued Interest Purchased	\$ 7,542.30	
Premiums Amortized	<u>2,166.45</u>	
<u>Total Deductions</u>		<u>9,708.75</u>
Investment Income for the Year		<u><u>\$730,537.25</u></u>

COMPARATIVE STATEMENT OF NET INVESTMENT INCOME  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FISCAL YEARS ENDED JUNE 30, 1971 AND JUNE 30, 1970

	<u>1970-1971</u>	<u>1969-1970</u>
<u>Receipts:</u>		
Interest and Dividends	\$665,743.44	\$465,529.57
Discounts on Purchases	<u>30,984.73</u>	<u>61,357.68</u>
<u>Total Receipts</u>	\$696,728.17	\$526,887.25
 <u>Disbursements:</u>		
Accrued Interest on Purchases	\$ 2,837.51	\$ 21,683.60
Premiums on Purchases	5,525.00	5,482.00
Postage and Insurance on Purchases	<u>26.85</u>	<u>6.05</u>
<u>Total Disbursements</u>	\$ 8,389.36	\$ 27,171.65
 Excess of Cash Receipts over Disbursements for the Year	<u>\$688,338.81</u>	<u>\$499,715.60</u>

STATEMENT OF RESERVE ALLOCATIONS - FISCAL YEAR ENDED JUNE 30, 1970

	<u>Members' Reserve</u>		<u>Employers' Reserve</u>		<u>Retirement Reserve</u>	
	<u>General Employees</u>	<u>Police &amp; Fire</u>	<u>General Employees</u>	<u>Police &amp; Fire</u>	<u>General Employees</u>	<u>Police &amp; Fire</u>
Reserve Balances - July 1, 1970	\$3,776,715.95	\$216,758.19	\$ 416,780.10	\$ 22,058.64	\$7,325,538.86	\$149,772.89
<b>Receipts:</b>						
From Members	1,100,212.42	109,991.00	2,238,034.22	194,678.48		
From Employers						
Transfers From:						
Members' Reserve					191,853.96	13,690.60
Employers' Reserve					1,858,871.35	146,430.97
Inter-Fund Transfers	4,784.70	152,865.56				
Trans. from State	1,269.90					
Interest on Purchases					3,332.83	
Misc. Receipts			578.71		696,833.87	33,676.53
Investment Income						
<b>Total Revenues</b>	<b>\$1,106,267.02</b>	<b>\$262,856.56</b>	<b>\$2,238,612.93</b>	<b>\$194,678.48</b>	<b>\$2,750,892.01</b>	<b>\$193,798.10</b>
<b>Total Available</b>	<b>\$4,882,982.97</b>	<b>\$479,614.75</b>	<b>\$2,655,393.03</b>	<b>\$216,737.12</b>	<b>10,076,430.87</b>	<b>\$343,570.99</b>
<b>Expenditures:</b>					\$ 861,915.66	\$ 9,575.73
Pension Benefits						7,416.20
Survivor Benefits			\$ 51,250.00	\$ 1,000.00		
Ordinary Death						
Death Retirement Allowances					56,867.41	
Refunds	\$ 138,230.47	\$ 3,214.21	6,598.35	684.90		
Transfers:						
To State	103,843.10					
To Retirement Reserves	191,853.96	13,690.60	1,858,871.35	146,430.97		
Inter-Fund	152,865.56	4,784.70				
<b>Total Expenditures</b>	<b>\$ 586,793.09</b>	<b>\$ 21,689.51</b>	<b>\$1,916,719.70</b>	<b>\$148,115.87</b>	<b>\$ 918,783.07</b>	<b>\$ 16,991.93</b>
Reserve Balances - June 30, 1971	\$4,296,189.88	\$457,925.24	\$ 738,673.33	\$ 68,621.25	\$9,157,647.80	\$326,579.06

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SUMMARY OF INVESTMENTS

FROM JULY 1, 1970 TO JUNE 30, 1971

<u>ADD:</u>	
Total Investments July 1, 1970	\$11,814,152.95
Purchases during the year	8,762,500.10
	\$20,576,653.05
<u>DEDUCT:</u>	
Redemptions and Sales during the year	5,610,000.00
	\$14,966,653.05
<b>TOTAL INVESTMENTS AT JUNE 30, 1971</b>	<b>\$5,610,000.00</b>

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DETAILED LISTING OF INVESTMENTS OWNED

Description	Rate of Interest	Maturity	Carrying Value
<u>UNITED STATES OF AMERICA</u>			
Treasury bonds	4%	8/15/71	\$ 100,000
Treasury bonds	4	2/ 2/72	200,000
Treasury bonds	4	8/15/73	200,000
Treasury bonds	7-3/4	2/15/74	100,000
Treasury bonds	7-1/4	5/15/74	150,000
Treasury bonds	4-1/4	5/25/74	225,000
Treasury bonds	5-3/4	11/15/74	100,000
Treasury bonds	5-3/4	2/15/75	200,000
Treasury bonds	8	2/15/77	50,000
Treasury bonds	8	5/15/85	100,000
Treasury bonds	4-1/4	5/15/89-94	25,000
Treasury bonds	4-1/8	8/15/92	100,000
Treasury bonds	4-1/4	5/15/94	125,000
Treasury bonds	4-1/4		
Total United States of America			\$ 1,675,000
<u>TWELVE FEDERAL LAND BANKS</u>			
Federal Land Banks	5	2/24/76	\$ 250,000
Federal Land Banks	5-3/8	7/20/76	115,000
Federal Land Banks	5	1/22/79	100,000
Total Federal Land Bank Bonds			\$ 465,000
<u>FEDERAL NATIONAL MORTGAGE ASSOCIATION</u>			
Participating certificates	5.2	1/ 1/82	\$ 100,000
Participating certificates	5.1	4/ 6/87	100,000
Participating certificates	6.05	2/ 1/88	100,000
Total Federal National Mortgage Association			\$ 300,000
<u>COMMERCIAL PAPER</u>			
Brunswick Pulp-Paper	Disct.	7/15/71	\$ 800,000

Description	Rate of Interest	Maturity	Carrying Value
<u>RAILROADS</u>			
Clinchfield Railroad	5-1/2%	1/15/78	
Norfolk & Western Ry.	4-1/8	4/ 1/75	\$ 100,000
Texas & Pacific Railway	5-1/8	2/ 1/77	50,000
Total Railroads			100,000
			\$ 250,000
<u>PUBLIC UTILITIES</u>			
American Tel. & Tel. Co.			
Debentures	2-3/4	8/ 1/80	\$ 135,000
Debentures	4-5/8	2/ 1/94	25,000
Debentures	5-1/2	1/ 1/97	100,000
Debentures	4-3/4	6/ 1/98	50,000
Arkansas Power & Light Co.	5-1/8	4/ 1/01	40,000
Baltimore Gas	4-7/8	5/ 1/81	50,000
Boston Edison Illuminating	7-1/4	4/15/01	300,000
Central Illinois Electric & Gas Co.	6-7/8	11/ 1/98	100,000
Central Illinois Public Service Co.	3	2/ 1/75	100,000
Chesapeake & Potomac Tel.	4-3/4	1/ 1/89	180,000
Cleveland Electric	6-5/8	10/ 1/08	250,000
Columbia Gas System	8-3/4	11/15/05	50,000
Commonwealth Edison Co.	4-7/8	10/ 1/90	50,000
Commonwealth Edison Co.	4-1/4	3/ 1/87	80,000
Consolidated Natural Gas Co.	6-1/4	2/ 1/98	100,000
Duke Power	5	2/ 1/85	50,000
Florida Power	8-1/2	3/ 1/00	200,000
General Telephone of California	7	12/ 1/98	200,000
General Telephone & Electric	5	12/ 1/95	40,000
Georgia Power	4	3/15/90	100,000
Georgia Power	3-1/2	6/ 1/81	111,000
Illinois Bell Tele. Co.	8-5/8	4/ 1/00	200,000
Louisiana Power & Light Co.	4-3/8	3/ 1/94	50,000
Michigan Bell Telephone	5	4/ 1/90	25,000
Mountain States Tel.	8-5/8	2/ 1/10	200,000
N. E. Tel. & Tel.	8	10/ 1/09	200,000
N. E. Telephone	6-1/8	10/ 1/06	100,000
New Jersey Power & Light Co.	6-3/8	9/ 1/08	200,000
Northern Illinois Gas Co.	2-7/8	6/ 1/79	30,000
Pacific Gas & Electric Co.	4-3/8	7/ 1/88	50,000
Pacific Power	6-5/8	6/ 1/00	100,000
Philadelphia Electric	3-1/4	7/ 1/77	75,000
Public Service Electric & Gas Co.	8	8/15/75	100,000
Public Service Co. of Indiana	4-5/8	8/ 1/88	25,000
	3-3/8	7/ 1/82	50,000

Description	Rate of Interest	Maturity	Carrying value
<b><u>PUBLIC UTILITIES - continued</u></b>			
Public Service Co. of Indiana	7-5/8%	1/ 1/01	\$ 250,000
Puget Sound Power & Light Co.	4-1/8	5/ 1/88	25,000
Rochester Gas & Electric Co.	4-7/8	7/ 1/87	75,000
South Central Bell Tel.	8-1/2	11/ 1/01	100,000
Southern Bell Tel. & Tel.	3	7/ 1/79	25,000
Southern Bell Tel. & Tel.	4	10/ 1/83	75,000
Southern Bell Tel. & Tel.	8-3/4	8/ 1/07	100,000
Southern Bell Tel. & Tel.	6-7/8	2/ 1/11	200,000
Southwest Bell	3-7/8	4/15/81	75,000
Southern California Edison			
Tampa Electric:		9/30/72	100,000
Promissory Notes	8.6	10/15/94	100,000
Tennessee Valley Authority	8-1/4	10/ 1/99	250,000
Union Electric Co.	8-1/4	6/ 1/91	75,000
Virginia Electric Power Co.	4-7/8	6/ 1/00	200,000
West Penn Power	9-5/8	11/ 1/99	100,000
Wisconsin Electric	8-3/8		
Total Public Utilities			\$ 5,466,000
<b><u>OTHER CORPORATE BONDS</u></b>			
American Brands	8-7/8	5/15/75	\$ 180,000
Anheuser Busch, Inc.	5.45	3/ 1/91	100,000
Becton Diskinson	5	12/ 1/89	20,000
Chase Manhattan	4-7/8	5/ 1/93	100,000
Dow Chemical Co.	7-3/4	7/15/99	100,000
Ford Motor Co.	8-1/8	1/15/90	200,000
General Motors Acceptance Corporation	4-7/8	12/ 1/87	50,000
International Harvester	4.8	3/ 1/91	80,000
Lone Star Cement	4-7/8	7/ 1/97	60,000
Marine Midland	7-5/8	4/ 1/94	100,000
Nabisco	7-3/4	5/ 1/01	200,000
Pan American Airways	5-1/4	2/15/89	100,000
R. C. A.	4-1/2	8/ 1/91	100,000
Sears, Roebuck & Co.	4-3/4	8/ 1/83	200,000
Shell Oil Co.	5.3	3/15/92	50,000
Standard Oil of New Jersey	2-3/4	7/15/94	200,000
United States Steel Corp.	4-1/2	4/15/86	100,000
Xerox Corp.	6	11/ 1/95	400
Total Other Corporate Bonds			\$ 1,940,400

Description	Number of Shares	Carrying Value
<b><u>BANK STOCKS</u></b>		
Bank of America	880	
B T New York Corp.	1,000	\$ 46,983
Chase Manhattan Bank	750	64,931
First National Bank of Boston	500	42,802
First National City Bank of New York	1,600	24,521
Morgan Guaranty Trust Company of New York		48,666
Western Bancorporation	260	
Total Bank Stocks	1,600	21,524
		56,446
		\$ 305,873
<b><u>CORPORATE STOCK - PREFERRED</u></b>		
American Express	650	
Detroit Edison	700	\$ 44,598
Northern Illinois	80	65,919
Pitney Bowes	1,000	3,483
R. C. A.	900	46,938
Squibb Beechnut	500	76,729
Woolworth	1,000	32,692
Total Corporate Stock - Preferred		57,462
		\$ 327,821
<b><u>CORPORATE STOCKS - COMMON</u></b>		
Abbott Laboratories	1,000	\$ 43,655
American Cyanamid	2,000	62,592
American Electric Power	4,000	129,867
American Telephone & Telegraph Co.	2,000	106,411
Boise Cascade	2,004	98,799
Central Illinois Light Co.	2,050	55,824
Central & Southwest	1,500	63,866
Commonwealth Edison Co.	3,000	111,357
Connecticut General Ins.	1,000	59,584
Consumers Power Co.	2,000	68,708
Control Data Corp.	300	34,664
Delmarva Power	3,343	80,445
Dow Chemical	1,000	90,745
E. I. DuPont de Nemours	800	93,005
Eastman Kodak Co.	1,000	76,313
Florida Power & Light Co.	1,300	91,135
General Electric Company	2,400	103,144
General Foods Corporation	1,200	48,557
General Motors Corporation	1,101	79,305
General Public Utilities Corp.	3,000	82,479
Honeywell Inc.	1,000	87,572
International Business Machines Corp.	400	71,374

Description	Number of Shares	Carrying Value
<u>CORPORATE STOCKS - COMMON - continued</u>		
International Nickel Corp.	1,000	\$ 45,556
International Paper Company	1,500	52,043
Liberty National Insurance	2,000	55,308
Merck & Co.	500	51,061
Middle South Utilities	2,200	49,934
Monsanto Chemical	3,000	128,095
Northern States Power Co.	1,700	51,792
Penney, J. C. Co.	1,000	22,921
Chas. Pfizer Co.	3,000	84,224
Phillips Petroleum Company	2,100	54,955
Polaroid Corp.	600	60,698
Proctor & Gamble	1,000	61,716
Southern Company	200	47,868
Squibb Beechnut	700	34,834
Standard Oil of California	1,000	60,966
Standard Oil Company of New Jersey	1,100	67,855
Standard Oil Company of Indiana	1,800	84,439
Texasco, Inc.	3,000	102,675
Texas Utilities	1,200	66,346
Transamerica Corp.	3,000	58,032
Union Carbide Corp.	3,000	134,193
Union Electric Co.	900	62,993
U. S. Fidelity & Guaranty Co.	900	54,315
Weyerhaeuser	900	42,572
Woolworth	2,000	88,461
Xerox Corp.	600	73,306
		<u>\$ 3,436,559</u>
Total Corporate Stocks - Common		<u>\$14,966,653</u>
<b>TOTAL INVESTMENTS</b>		

INVESTMENTS ACQUIRED DURING THE YEAR

Description	Rate of Interest	Maturity	Carrying Value
<u>UNITED STATES OF AMERICA</u>			
Treasury bonds	7-3/4%	11/15/74	\$ 100,000
Treasury bonds	7-1/4	2/15/74	150,000
Treasury bonds	5-3/4	11/15/74	100,000
Total United States of America			<u>\$ 350,000</u>
<u>COMMERCIAL PAPER</u>			
Amoco Credit	Disct.	8/20/70	\$ 100,000
Amoco Credit	Disct.	8/20/70	100,000
Sperry Rand Finance	Disct.	8/20/70	100,000
Anderson Clayton	Disct.	9/29/70	100,000
Frushauf Finance	Disct.	2/17/71	800,000
United Aircraft	Disct.	3/16/71	1,500,000
Georgia Pacific	Disct.	4/22/71	1,500,000
Family Finance	Disct.	6/17/71	200,000
Allied Stores	Disct.	6/17/71	600,000
Brunswick Pulp-Paper	Disct.	7/15/71	800,000
Total Commercial Paper			<u>\$ 5,800,000</u>
<u>PUBLIC UTILITY BONDS</u>			
Baltimore Gas	7-1/4%	4/15/01	\$ 300,000
Cleveland Electric	8-3/4	11/15/05	50,000
Public Service of Indiana	7-5/8	1/ 1/01	250,000
Southern Bell	8-3/4	8/ 1/07	100,000
Southwest Bell	6-7/8	2/ 1/11	200,000
Total Public Utility Bonds			<u>\$ 900,000</u>
<u>INDUSTRIAL BONDS</u>			
Nabisco	7-3/4	5/ 1/01	\$ 200,000
Xerox	6	11/ 1/95	400
Total Industrial Bonds			<u>\$ 200,400</u>

Description	Number of Shares	Carrying Value
<b>PREFERRED STOCKS</b>		
Detroit Edison	400	\$ 34,270.06
Pittway Power	1,000	46,927.50
R. C. A.	400	28,927.50
Squibb	300	18,167.98
F. W. Woolworth	1,000	18,600.45
Total Preferred Stocks		\$ 174,492.49
<b>BANK STOCKS</b>		
Bank of America	280	\$ 15,578.07
Bankers Trust	200	12,905.80
Chase Manhattan	250	11,438.39
Total Bank Stocks		\$ 39,922.26
<b>COMMON STOCKS</b>		
Abbott Laboratories	400	\$ 30,851.64
American Cyanamid	1,000	35,027.10
American Electric	1,900	42,119.30
American Tel. & Tel.	1,588	40,705.85
Boise Cascade	760	74,208.12
Central Illinois Light Co.	1,000	19,460.12
Central & Southwest	1,000	42,660.25
Commonwealth Edison	1,000	32,133.80
Connecticut General	700	37,995.80
Consumer Power	1,250	45,251.90
Dalhousie Power	843	22,671.47
Dow Chemical	1,000	90,745.30
E. I. DuPont	100	11,657.08
Eastman Kodak	400	28,902.28
Florida Power	300	19,011.00
General Public Utilities Corp.	1,000	23,691.60
Honeywell Inc.	667	58,927.11
International Business Machines	82	23,457.88
International Nickel Corp.	1,000	45,555.60
Liberty National Life	1,000	29,978.10
Merkel & Co.	500	51,000.79
Monsanto Chemical	1,000	40,279.40
Northern States Power	1,000	18,286.50
Polaroid Corp.	633	17,310.40
Proctor & Gamble	200	17,310.40
Southern Company	1,000	61,716.30
Standard Oil of California	1,000	21,547.50
		60,965.50

Description	Number of Shares	Carrying Value
<b>COMMON STOCKS - continued</b>		
Xerox Inc.	500	\$ 14,619.70
Standard Oil of New Jersey	100	7,286.23
Union Carbide	2,200	89,609.00
Transamerica Corp.	1,351	6,428.62
Union Electric Co.	1,000	19,479.40
Woolworth	2,000	88,460.65
Xerox Corp.	200	18,310.40
Total Common Stocks		\$1,286,743.87
<b>TOTAL INVESTMENTS ACQUIRED DURING THE YEAR</b>		
		\$8,762,500.10